



March 13, 2009

Watco Team:

This past weekend Watco reached a milestone in many ways—we began operations on our 20th railroad, Grand Elk Railroad (GDLK), and by doing so added Michigan and Indiana to our list of states served. With the start of the Grand Elk, Watco now has railroads in 17 states and operates in a total of 26 states.

The Grand Elk's 123 miles run from Grand Rapids, Michigan to Elkhart, Indiana and I am excited and proud to have this operation as a member of the Watco Family. As always our goal is to provide Improved Customer Service and Profitability Over the Long Term and we are doing this by putting capital into this railroad that will result in safer, timelier service for the Grand Elk's Customers. The process to improve the infrastructure has already started and these improvements will increase velocity, and we are providing jobs for many good people in the area.

Starting operations in Michigan has been a challenging road and many people have played a role in this endeavor. I want to thank everyone who helped us with this start-up, including Rodney Gordon, Shasta Stump, Ed McKechnie, Larry Jensen, Kirk Hawley, Ron Spencer, Kellie Sisler, Sofrona Howard, Chris Spear and Gary Vaughn. These people ensured the paperwork was done, people were in place, locomotives were on site, Customers were informed and everything was ready to go safely and efficiently. I want to especially share my appreciation for Rodney Gordon, General Manager, and his operations team. With his leadership and guidance we were able to successfully

start the Grand Elk three weeks earlier than anticipated. The dedication and willingness of the Grand Elk Team to go the extra mile truly paid off and I am proud of this accomplishment.

Someone else I would like to recognize with an “Atta Boy” is Jason Lloyd, Location Manager at our Green River, Wyoming switching location. One of our newest locations, Green River provides outstanding service to a chemical Customer, and under Jason’s leadership this service has solidified our relationship. The Green River Team has provided service second to none, resulting in the Customers’ interest to expand its relationship with Watco into the Gulf at Greens Port Industrial Park in Houston. I am proud of Jason and his team and look forward to the great things they will continue to accomplish.

The Grand Elk Team and Green River Team are true examples of my previous message stating that we all represent Customer Service. By working hard and doing the right thing they have proved that the Watco Team is the best team in the industry. I am pleased to recognize them and know that the entire Watco Team works hard every day serving Customers across the country. Thank you for being part of our Team and keep making great things happen!

Rich