



January 15, 2010

Watco Team,

Coach Wooden's teachings on success are based on the concept of the pyramid. The structural strength of a pyramid is due to its broad supporting base and narrowing design which graduates to an apex. The blocks are bound together by mortar running through the structure. The mortar represents values that Coach Wooden believes must exist throughout all points of character to allow the pyramid to endure all challenges that life can present. The first mortar we discussed was ambition, the second was sincerity, the third mortar is adaptability, the fourth honesty and the fifth is resourcefulness.

Resourcefulness is the ability to deal skillfully and promptly with new situations or difficulties. It is one of the most common and possibly greatest assets of the entrepreneurs I've encountered over my career. Entrepreneurs are normally very optimistic people who pursue opportunities primarily based on the potential of the project. Those who are successful normally have an unyielding will to succeed, tremendous energy level and significant problem solving skills. They have the ability and confidence that they can solve any challenge they encounter. In the end, they view the challenge as a hurdle and not an obstacle that would stop most other people. Entrepreneurs are people who find ways to get things done driven by the desire to realize the full extent of the opportunity.

Humanity is imperfect by its very nature which means we face challenges in every aspect of our lives every day. Business is no different. Our ability to build Watco from a single operation in DeRidder, Louisiana to a national leader in the rail industry is a credit to the resourcefulness, energy and drive of Dick Webb and the many great Watco People who have contributed to the Company's success over the last 26 years. Likewise this is and will continue to be an important part of our future success. As leaders, we must provide an atmosphere that fosters the involvement of all of our People in our business. The best way to solve problems and continuously improve performance is to engage all of our People in a holistic way. This includes not only physically, but intellectually and emotionally. The best way to do this is to give everyone a chance to gain mental and emotional

ownership in decisions which will increase their commitment and pride. Watco's success becomes everyone's success.

As leaders one of the most important duties we have is to constantly seek ways to improve our performance. This must be a daily quest as we know that change and likewise challenges are inevitable. If we become complacent and are satisfied with our current position it is just a matter of time before our success will slip into decline.

Thank you for all you do to make Watco a success.

A handwritten signature in black ink, appearing to read "Tom Steen". The signature is written in a cursive style with a horizontal line above the first few letters.