



June 22, 2007

Watco Team:

Safety is paramount to the achievement of our Foundation Principles, as we are committed to the health and welfare of our people and to serving our customers by delivering the right service at the right time in the right condition at a value-added price. As all of you know, we are in the middle of the "Summer Spike Program", which is the time of year that traditionally marks the highest increase in work related injuries. During this time, we would like all of you, the Watco Family, to be especially aware of performing daily duties safely and make a special commitment to place safety first in all your activities.

While we can identify many reasons for safety issues, it is our philosophy that all injuries in the railroad industry, whether transportation or mechanical, are human factor. That means most injuries and even deaths, are caused by human error. Industry-wide, injuries and deaths are decreasing, but we must not become complacent with our effort to reach zero injuries and deaths in our industry. Our team is the most important asset we have and to continue to avoid fatalities we must focus on safety every day. We must continue to strive to improve safety in all operations and ensure that every person will go home healthy and sound.

Watco's Safety Vision is simple; we believe that our Team Members are the most important part of our company and that every accident or injury is preventable. We envision all of our properties operating free of accidents and injuries. It is expected that all leaders and people in Watco will take safety as a personal responsibility by taking it seriously and holding everyone accountable to operate accordingly. While our safety team has assembled an outstanding safety training program, it must be reinforced in the field everyday through on-the-job training and testing. With proper use of efficiency testing and prevention methods, we can continue to improve our safety record and not only be the best, but the safest Team in the industry. If you have questions or concerns about safety, do not hesitate to seek support from anyone on the Safety Team. Making safe decisions every day is our best defense against injuries and fatalities.

Thanks for being a member of the Watco Team and be safe every day.

A handwritten signature in black ink, appearing to be 'J. D. [unclear]', written in a cursive style.