



November 2, 2007

Watco Team:

Last week Terry wrote about our Customers; this week I want to write a few words about the next most important part of our company, our Watco people. You've heard us say many times we wouldn't be the success we are without our great people. We will keep saying it because no truer words were ever written.

If we think about what we do for our Customers, it is very easy to see why our Watco people are so important. We provide a service for our Customers, not a manufactured product. Even in our mechanical profit centers, it's very seldom when we take new or reconditioned parts and manufacture a new rail car. The vast majority of the time we take a Customer's rail car and provide a service to that car, whether it is a light, running type of repair service or a more detailed, heavy repair service. The transportation side of our business is a 100% service based relationship with our Customers.

As we know from personal experiences, when a Customer buys a service, they want the absolute best person possible to provide that service for the amount of money they are willing to spend. So it goes to reason that the better our Watco people become at providing accurate, timely, safe and value added service to our Customers, the more revenue our Customers will share with us. Also, the better our Watco people become at providing the right car, at the right time, in the right condition, for the right price while using the least amount of dollars and assets, the more valuable Watco becomes for all of us. That has been and will forever be the Watco recipe for success.

So always remember the most important part of Watco is our relationships with our Customers. Since our Watco people provide the service to create, improve and perpetuate those important relationships, it is up to our Watco management, support staff and executive officers to do all we can to assist our great Watco people. We are all on a journey of continually improving our relationships with our Customers. By always striving to improve, our Watco people will take our success to new heights.

Thanks for all you do and keep making great things happen.

*Rich*