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Watco Team:

In today's business environment it is more difficult than ever to find, hire and retain the Right Talent. There are several reasons for this. For example, there are many new companies, new industries and new national markets vying for the top talent. Another is the talent pool is aging and shrinking in size in comparison to the markets it serves. To quote a recent business article, "Companies have traditionally focused on financial capital over human capital. Now talent is one of the biggest sources of strategic value to companies."

What can we do to insure we are able to compete for the best people in order to deliver the highest value service for our Customers and ourselves? First we need to "talent multiply". In other words take our best people and replicate their performance by combining their knowledge and skills throughout all parts of Watco. To achieve maximum success this approach must be holistic and applied consistently across profit centers and support services. Second we must continually find new talent to replace those who are retiring and to fill new roles as we continue to improve and grow.

To find the best and keep the best we must define what is needed, then discover the best person to fill that job, then develop their talent by providing adequate training and tools with the right environment and then deploy and support them as they strive to succeed. Defining talent is not writing a job description; it is the understanding of our foundation principles of service, profitability and long-term thinking in order to find the right person to fill all roles. Discovering talent is not just putting an advertisement in a local paper or a railroad magazine, it is using creative ways to explore any area where the best person may be found. Developing talent cannot be based on a job specific function alone, in order to fully utilize the best people. We must take the time to encourage and train our people to fully develop all their skills so they can continue to improve and grow to the best of their God-given ability. A recent study showed that leadership development was focused on the top 5% of the management team, virtually leaving the other 95% untouched. This creates a void of leadership in the mid-management ranks that is not acceptable long-term. Deploying talent is critical to the success of the right person. We need to encourage advancement and learning by allowing our best people to find the most efficient and effective ways to improve their individual and our company wide performance.

It is up to us to insure all our people are given the best chance for individual and company-wide success by clearly defining what's needed, discovering the best talent, developing that talent to go

beyond the needs of today and to deploy them with the support and encouragement necessary to achieve tremendous success. With this approach we will stay the best team in the railroad industry.

Keep making great things happen,

*Rick*