



March 24, 2008

Watco Team:

I hope every member of the Watco Team had a very Happy Easter. My wish is that you were able to spend the Holiday in remembrance of the sacrifice that was given for us so we may enjoy our time on this earth and that you were able to spend the day with family and friends or just relaxing in the spirit of the day. If you were one of the Watco Team that had to work, thanks for your special effort on this Holiday.

Also, I want to congratulate the South Kansas & Oklahoma Railroad (SKO) on being named Railway Age's Regional Railroad of the Year for 2008. The SKO received notice of the award primarily for how we responded to last year's devastating flood that delivered extensive damage to 10% of our track mileage and caused us to embargo over 60% of our system.

When the flood happened it was amazing to watch how our SKO & Central Region team banded together to insure that our Customers' needs were met and our bottom line was protected by making efficient and cost effective repairs in a timely manner. The reason the SKO was so successful in recovering from this 100 year flood was because there was a clear plan, well defined and understood by all that was executed, with a disciplined focus to achieve all of the plan's goals. The SKO Team showed in this instance that nothing less than outstanding performance would be acceptable. The SKO Team, especially our Maintenance of Way forces, deserves this award for a job well done.

We all can learn from how the SKO recovered from the flood by focusing on devising the best plan possible that will satisfy our Customers' needs, while at the same time improving our profitability and asset utilization over the long term, and then having the discipline to execute on the plan without fail. All of us must understand that achieving one part of the plan or having some success in the short term doesn't mean we can let down our guard and claim victory. We should celebrate those successes but never be satisfied that we have done all we can to become great.

I congratulate the SKO for their well deserved award and recognition of some fantastic efforts. I challenge all of us to keep continual improvement at the forefront of our minds and drive all of our actions at all times. Let's not ever let good be good enough.

Keep making great things happen!

*Rich*