



April 8, 2008

Watco Team:

*Improved Customer Satisfaction and Improved Profitability over the Long Term.* We use this phrase to describe the principles on which our company is based and there are many important components represented within each part of the phrase. One component that is vital to our success is SAFETY.

Safety is a decision that each of us makes every moment of every day. It's very humbling to realize every one of us holds the key to our success or failure in our own actions and decisions. Those decisions we make today directly influence not only the present, but the future. When one of us makes a decision to act unsafely, it not only affects that person, but every other member of the Watco Team. Effects of unsafe decisions can lead to not only injuries, but also the inability to serve Customers, damaged property or equipment, financial loss and even death. We must never forget Watco is only one bad decision away from a catastrophe. Thankfully, and by the positive decisions and actions of our great Watco people, we have produced many good improvements in our safety performance.

The rail industry is an unforgiving business. Daily tasks involve working physically close to large and heavy machinery, hazardous materials, moving parts and others who are faced with the same opportunities to make good or bad decisions. The vast majority of accidents and incidents in our industry are caused by bad decisions such as not paying attention or choosing to overlook a needed repair. These decisions are unacceptable. We are a team so we are not only responsible to ourselves, but to one another. We have safety and operating rules in place so we can safely and efficiently perform our jobs accurately the first time. There are no second chances and no excuses to not follow the rules.

Focus on the job at hand; work safely and efficiently to take care of yourself and everyone around you. Making safe decisions will result in us achieving our goals for the long term.

Keep making great things happen!

*Rich*