



May 5, 2008

Watco Team:

Webster's dictionary defines success as *the attainment of a favorable or desired outcome*.

How do we define success?

For our Customers we define it by delivering our service timely, accurately, safely and economically. For our Railroad and Switching services our Customers measure us on each car moved and delivered. For our Mechanical service our Customers measure us on each car repaired. In all cases, they expect us to deliver accurate, timely, safe and value driven service. When we do, our Customers call that success. When we don't, our Customers begin to look for other service providers to satisfy their needs. We only have one option and that is achieving our definition of success.

For our Company we define success by delivering a quality, satisfactory service for our Customers that leads to additional revenue growth, improved cost control, more efficient utilization of all our assets and an improved bottom line. All of these factors together will create more Economic Value for our Company and we will become a stronger Company that will be able to survive and thrive for many, many years to come. A stronger Company means a more stable Company that will help insure our people's jobs are more stable and secure so that we can continue to build on our past success with those same great Watco people into the future. Again it is easy to see we only have one option and that is to achieve our definition of success.

For both our Customers and our Company we define success by continuing to raise the bar of expectation for the future by never letting our past successes be good enough. Watco's focus on long term, continuous improvement is what truly makes our definition of success unique. It is something we must always cherish no matter how difficult it may be to achieve. Far too often, companies are after instant gratification, which invariably leads to long term mediocrity in both Customer satisfaction and company performance. We will never subscribe to that definition of success.

So like Webster says, we must always remain focused on the attainment of our favorable and desired outcomes, of delivering the right car, at the right time, in the right condition and at the right price, in a manner that will lead to additional revenue growth, improved bottom line performance and increased Economic Value for our company. By focusing on this over the long term we will succeed, which by the way is defined by Webster as *to achieve the desired end*. Just remember that end we are after is 37 more years of one success after the other.

Keep making great successes happen!

*Rick*