



August 1, 2008

Watco Team:

This week I will share with you the final rule from “The Lombardi Rules”, written by Vince Lombardi, Jr. As I have explained each rule, I have demonstrated how they can apply to many aspects of life, not just football. I firmly believe Lombardi’s Rules can help us all become better people, both at work and at home. In addition to Rule 26 below, I have attached the entire list of lessons to this message for you to review.

RULE #26 –Run to win: Coach Lombardi is known to tell his players that “Winning isn’t everything; it is the only thing.”

As leaders we all know that a Company does not have a right to exist, but must justify its existence by providing value to Customers that they value, and for which they are willing to pay a fair price. Just like winning football games was the measure of success for Coach Lombardi, our measure of success is winning the game of delivering Customer Satisfaction and Profitability over a Long Term. This means we sacrifice short term logic and gains to deliver a mutual benefit to our Customers, our People, Communities we serve and our Company. How we do this is through an unrelenting dedication to delivering the service and satisfaction our Customers require to be successful in their business.

The railroad industry struggles with delivering real satisfaction due to its long history of autocratic management approach to business and the arrogance that monopolistic protections created by limited competition. This is exactly the legacy that has given us the opportunity to exist in this industry and exactly the reason for our success over the past 25 years. Anything less than understanding the service needs of our Customers and working with firm resolve to deliver this service is losing the game according to the rules as established by our Foundation Principles. Yes we can be profitable without providing such service in the short term. But history teaches us that when any organization fails to satisfy the needs of its Customers, they will search for and ultimately find alternative solutions. How we communicate the importance of all aspects of our Foundation Principles and how we live by these fundamentals will dictate how we carry on the legacy started by Dick Webb, and our ability to sustain our success over the next 25 years.

Thanks for everything you do for our Customers, People and Company.

A handwritten signature in black ink, appearing to read "Dick Webb".