



September 8, 2008

Watco Team:

Over the past few weeks, our safety performance for Watco, as a whole, has been less than desirable. We have had too many derailments, injuries and man-failure incidents across all our services. This past week alone we reported 1 OSHA – FRA reportable injury per day that had a severe negative influence on our ratio of reportable injuries per 200,000 man hours. These results are not acceptable. The purpose of this week’s message is to remind everyone that each safety incident is preventable. We must do everything possible to eliminate all future incidents that have such a negative impact on our Customers satisfaction and our financial performance.

When a safety incident occurs, it has long lasting negative effects that show up in many different forms. Last week for example, one of our major Customers was still dealing with the effects of a derailment that happened 2 weeks earlier and was almost run out of product due to the clean up process and working off the traffic backlog. In another instance, we compounded a bad situation when one of our people, who was repairing track after a derailment, used the wrong tool and suffered a reportable injury. In both of these situations, and virtually every one like it, the safety incident costs us in many more ways than just short term dollars. Our reputation with our Customers and our ability to provide the right people to take care of them are negatively impacted every time a safety incident occurs.

Starting today and every day hereafter, I expect each of us to start our day with safety on our minds and have it remain with us for every decision we make until our day ends. I am counting on each of us to do that and will be watching our performance very closely. Let’s show our desire to improve our performance by not having any safety incidents today. Then after we achieve that success let’s do it again tomorrow and the next day and the next day and the next day.

To those of you who have done an outstanding job in improving our safety performance, and there are many of you in many different parts of our company, keep up the good work. Don’t let yourself be the cause of the next safety call. To those of you whose decisions have led to the recent trend in our poor safety performance, I encourage you to use these incidents as a wake up call to make sure you don’t let any negative safety incident happen again on your watch. I am counting on all of you to make this improvement happen, TODAY!!

Start again today and everyday thereafter, make great things happen with our safety performance.

*Rich*