



September 15, 2008

Watco Team:

Last week, we visited a company in Chicago and I noticed a display of their core values in the corporate lobby. Their values, called the 5Cs, are as follows, along with my take on each:

**COMMUNICATIONS** - *accurate and timely*

The strength of any company resides with the coordination and teamwork among its many parts, rather than attempting to perform our duties in isolation. Development of good internal communication habits is essential to proper involvement and coordination among the parts to make the whole the best it can be. Likewise we know we are not perfect even though we strive for perfection. With this in mind, we must always perform our roles with the Customer in mind. Our goal must be that performance failures are a rare event and when it becomes apparent to us that a failure to serve the Customer is likely, we must act to inform the Customer as quickly as possible. Many times the pain to our Customer caused by service failures can be greatly mitigated by the courtesy of timely communications and information about the situation. The way we succeed is by building strong relationships in organization and with our Customers and external partners.

**COMMITMENT** - *meet them; no excuses*

Our commitment is to the achievement of our Watco Foundation Principles. We do this by providing our Customers with the service they need, our People with an opportunity to achieve their professional aspirations and quality of life, and the Communities in which we work good corporate stewardship and citizens through a Company that cares for the resources that are entrusted to us.

**CONTINUOUS IMPROVEMENT** - *plan, execute, evaluate and react*

Most companies never reach the heights of success that Watco has achieved over its 25 year history. As a company grows, it must transform itself as the methods used at a smaller size often fail to work at a larger size. To continue our success we must improve on our critical business skills while continuing to hone our technical capabilities. As we've grown, it has become more important for us to develop the leadership and management skills of our people as well as develop our abilities to run a successful business. Leadership and management of people is how we get things done in a timely, safe, efficient manner. Acting without goals and a plan understood by all team members is like a traveler without a destination; you'll get nowhere fast. Not only do we need to know what needs to be done, but how and when it needs to be accomplished. It is crucial that we establish expectations that are clearly understood by those responsible and that we measure and evaluate their work. To be of value, measurement and evaluation must be timely and accurate and communicated to our people with a purpose of coaching them to success. Lastly we must assess accountability based on performance including a reward for a job well done or discipline when and only when we have done our part to coach our people. This basic management process is the corner stone to successful execution of a plan.

**CUSTOMER SERVICE** - *meet or exceed Customer expectations*

Our business success is built on a strong foundation of Customer relationships. Customer relationships are built on our ability to provide quality service in a value oriented manner. When Customers can depend on us to do as we say, then we build lasting loyalty and trust with them. Their trust in our abilities will allow us to gain a larger share of their transportation market and the ability to expand our Customer relationship in an exponential manner. First we have the opportunity to expand beyond the immediate relationship we have to the furthest reaches in the Customer organization whether it be local, regional, national or even international. Second we are able to gain a greater share of the total business of the Customer in not only the immediate services we provide today, but also to cross market other services so that we provide a broad array of services. Our goal should be to “maximize” the value of our Customer relationships across both spectrums of our services and the reach of the Customer organization.

**CAN DO ATTITUDE** - *relentless drive for results*

Winning is based on a confident attitude. Having played on two championship football teams, we always went into our games believing we would win. Winning was our passion. Passion is the first step to achievement because passion fuels our will to make the sacrifice necessary to win. Passion is what kept us focused on a singular goal to become champions and it is what sets winners apart from those who finish second.

If we all strive to live by these qualities each day, we can't help but perform better individually and as a team. Thanks for all you do to care for our Customers, People, Communities and Company.

A handwritten signature in black ink, appearing to read "J. D. [unclear]". The signature is written in a cursive style with a long horizontal stroke at the end.