



October 13, 2009

This week in continuing to focus on Coach Wooden's "Pyramid of Success" I'll introduce Building Block #14 – Confidence. For review, the previous Building Blocks were:

1. Industriousness and Planning
2. Enthusiasm
3. Friendship
4. Cooperation
5. Loyalty
6. Self-control
7. Alertness
8. Initiative
9. Intentness
10. Condition
11. Speed
12. Team Spirit
13. Poise

According to Coach Wooden, poise and confidence are symbiotic in that poise is calm self-assuredness that results from readiness and confidence. Confidence that is beneficial to performance is derived from being prepared and keeping all things in proper perspective. It is respect without fear with a foundation of knowledge of what to do, how to do it and preparedness to execute. Confidence is knowing you can encounter any of the unknowns in a dynamic circumstance.

As leaders, our primary focus is to teach our People in a positive and respectful manner that empowers them to make decisions and take or initiate actions to achieve our Watco Foundation Principles. Our goal is to prepare our People for the tasks of serving our Customers in a safe, efficient and profitable manner. We do this by first engaging them holistically in our business. By this we mean active involvement of the whole person: mentally, emotionally and physically. When we do this, our People gain ownership in our business and accept responsibility for performance beyond that which exists when they are told what to do. Once we engage our People in this manner, our next responsibility is building their confidence by building their knowledge: understanding why and how to execute our service and operating plans. We are preparing them to act on their own in the dynamic environment of our daily business and in a manner consistent with our Foundation Principles. Finally, we as a Company expect for our People to share in the rewards of the success they help to create.

That is why we have begun to establish "Improvement Committees" and have begun to implement formal communications efforts throughout our Company. The Improvement Committees are intended to involve representatives from among our People at each business unit to identify and take actions to improve the

quality of our work life while improving our business performance. We also require that all business units communicate key information about our Company and performance through channels such as regularly scheduled town hall meetings and by posting information on bulletin boards among other things. Finally, we have initiated two performance reward programs to compensate our People based on safety and profitability. In 2008, we established both our 2+2 safety program in our transportation department and our EVA incentive plans. Our efforts must focus on teaching our People how to achieve success and rewards through these programs which directly represents the success of each team in achieving targeted business objectives. In the end, we create a win-win situation for our Customers, by improving the quality of our service, our People by giving them ownership in decision making and empowering them to act and deliver success, and our Company as we improve our performance by improving Customer Satisfaction and improving Profitability over the long term.

Thank you for everything you do to serve our Customers, People and Company.

A handwritten signature in black ink, appearing to read "T. D. ...", is located below the text. The signature is stylized and somewhat cursive.