



February 9, 2009

Watco Team:

At 211 °F water is hot. At 212 °F it boils. With boiling water comes steam and steam can power a locomotive.

One degree's difference can be one of the most powerful things in the world by turning a hot pool of water into something that generates enough force to power one of the most impressive machines in the world. How can this translate into our daily lives of improving our Customers satisfaction with our services, controlling our costs, and improving on our record of long term success with both? It can be done in very simple, yet profound ways, by just doing the job slightly better today, than we did it yesterday, and coming back tomorrow and doing it even better still.

That commitment to improve by one degree can mean the difference between getting that extra car from our Customer to move, repair or unload. That one degree can also mean the difference between more dollars in our pocket instead of someone else's. For example, if all 2,200 members of the Watco Team found a way to move, repair or unload one more car for our Customers every day, we would create an additional 803,000 cars to earn our Customers' satisfaction on and additional revenue from. Or put another way, if all 2,200 members of the Watco Team found a way to save \$1 per day we would create almost \$1,000,000 in savings annually that would go straight to the bottom line to be used to make us a better company. All it takes is a commitment on all our parts to make that one degree of difference every day, because from that small degree of improvement comes exponential improvement.

Remember the difference between winning and losing is usually a matter of inches or seconds, so let's do all we can every day to make us winners. We have done it well for many years and it's tempting at times to rest and say, "What I did yesterday will be good enough for today." But that is not what our Customers, nor I, want going forward. We want improvement everyday that will take us to new places and new successes that

few others have achieved. As the old saying goes, "To get what we have never had, we must do what we have never done." That belief and the passion to improve by a small amount every day will keep us winning for many years to come.

Keep making great things happen,

*Rich*