



July 3, 2009

Watco Team,

This week in continuing to focus on Coach Wooden's "Pyramid of Success" I'll introduce Building Block #9 – Intentness. For review, the previous Building Blocks were:

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| #1 - Industriousness and Planning | #5 - Loyalty |
| #2 - Enthusiasm | #6 - Self-control |
| #3 - Friendship | #7 - Alertness. |
| #4 - Cooperation | #8 - Initiative |

Intentness, according to Coach Wooden, is more than just the persistence and tenacity to focus and achieve a goal. Intentness includes the special quality of patience to persevere until the goal is met, even when it takes longer to accomplish than your original plan. Intentness is patient perseverance with action.

Our society is permeated with a need for immediate gratification. Too many people have weakened their will through impatience. They want too much too soon and if the rewards are not realized in a compressed time frame they relent to the challenge and give up. Intentness includes having the strength of patience.

People who are intent also must be realistic in setting their goals. Goals that are too easy have little or no merit. Goals that are unrealistic usually lead to discouragement and reduce self esteem. Goals must make us stretch our abilities to a degree beyond our present capabilities to truly produce a reward. People who achieve at this level usually possess the virtue of being flexible. We will all face challenges and hurdles along the path to goal achievement. Those who fail are usually those who unrealistically expect things to go perfect. Those who achieve are those who find ways to overcome the challenges that cause others to fail. Mental strength and creativity are significant traits of those who succeed. Rather than being discouraged by challenges, achievers are malleable enough to find ways to overcome, go around or go under obstacles. Roadblocks may cause them to alter their course but never to deter them from reaching their final destination. As they do so, they become stronger, just as an athlete gains strength and endurance from weight training. In every way-physically, morally, emotionally and spiritually-we increase our strength when life is hard. As we become stronger we can expand our goals and extend our capabilities to levels beyond our own imagination over the long term.

Intentness is certainly a quality on which Watco was built. Over a 26 year time period, we have successfully grown by remaining true to our Foundation Principles of improving Customer Satisfaction and

Profitability while also building long term and enduring relationships with our Customers, People and the Communities where we live and work. We have prospered and grown despite encountering many adversities, all of which have been a platform for learning and improvement. We have also benefited from the virtue of patience as we resisted the temptations to pay exorbitant prices and incur unsustainable debt levels for properties that were overpriced. In the end, we benefited from the decision by others to do so when they collapsed under the strain of their short term decision.

This has been our formula for success along with the many great Customers and our team of hard working People who have united with the intentness to become the best rail transportation company in the industry. The intentness to execute on our Foundation Principles will continue to be our formula for success for many more years to come.

Thanks to all of you for your dedication and hard work in service our Customer, People and Company. Have a safe and great 4th of July holiday.

A handwritten signature in black ink, appearing to read "T. D. ...", is located in the lower-left quadrant of the page. The signature is fluid and cursive, with a prominent horizontal stroke at the top.