



January 12, 2009

Watco Team:

When a new year begins, many people take the opportunity to review their finances and find ways to reduce spending. Business is no different and we all should not only think about our own personal finances right now, but also our company's. This has never been more important than now in this tough economic time.

Controlling costs is vital to Watco's success and longevity and there are many key components to controlling costs. These may include costs of sales, reducing overhead, or inventory reduction, but I want to remind everyone of simpler components--safely following our foundation principles of Improved Customer Service and Profitability Over the Long Term. Broken down we define these principles as providing the right car at the right time in the right condition and at the right price with value added. To offer "the right price" we must control our own spending, whether it be price-shopping for locomotive parts, choosing the most affordable contractor or buying office supplies during a special sale. Each of us has the power to impact Watco's bottom line by having the discipline to make the right spending decisions and sometimes the right decision is not to spend.

The economic future is unknown right now and many businesses are not doing well and many have even been forced to close their doors. We have been blessed with success and our everyday decisions are key to that success. Be sure to think carefully and control costs so we all can be blessed with our jobs and success.

Thanks for everything you do to make us successful and keep making great things happen in 2009!

*Rick*