



June 14, 2010

Watco Team:

Safety is the foundation for everything we do and without safety we cannot meet our Customer First Foundation Principles of Improved Customer Satisfaction and Profitability Over the Long Term. Our goal is zero accidents and injuries, however our recent performance in derailments and reportable personal injuries shows we are well below our safety goals and expectations. For example, January through April this year, our Mechanical Services had 2.5 reportable personal injuries per month for a total of 10, which was 1 better than the 11 we had during the same period in 2009. Our goal is to continue to improve our safety performance as the year progressed. However, during May alone, Mechanical Services had 10 reportable injuries, which is totally unacceptable.

We all must believe all accidents and injuries will be prevented and our performance, especially in our Mechanical Services must improve immediately. As we all know our industry is unforgiving and accidents and injuries not only affect our ability to serve our Customers and our financial future, but the lives of you—our Watco Team. You must be prepared to come to work, do your job safely and profitably and then go home to your family. No one should receive the number of safety calls we received in May, so starting right now let's improve our safety performance.

All of us, whether part of Mechanical, Transportation or Transload/Intermodal Services have to focus on safety every minute of every day. We have the best team in the industry, but accidents and injuries will quickly take away our success. We will not allow that to happen. Our vision for the future is bright and we must each take responsibility for our own well being by not only making safe decisions for ourselves, but by making sure those around us do the same. If you see someone working in an unsafe manner, stop it, correct it and report it. Unsafe practices must be reported to your supervisor immediately. We also have a safety hotline you can reach by calling 866-899-2826. However, if someone is working unsafely, don't wait to make a phone call later, stop them immediately, correct and teach them how to perform the job safely and report it because the life you save might be your own.

Understand the expectation is to decrease and eliminate accidents and injuries immediately. If you have any questions about safety, contact your supervisor today. We all want you to be safe, but there is only one person who can make that happen. That person is YOU!!!

Keep making great things happen, safely,

*Rick*