



October 2, 2011

Watco Team:

As we approach the 2nd anniversary of the Great Financial Crisis this month, there are many challenges still holding our national economy back. Some of these will just take more time to work thru while others are self-inflicted. In my opinion, the biggest self-inflicted challenge we face is the uncertainty coming out of Washington D.C., regarding the potential and even actual new burdensome regulatory changes that make it difficult to plan how best to improve our service to our Customers and provide an improved quality of life for our Watco Team. My concerns are not aimed at one political party but on the lack of leadership from our politicians that we have seen for several years now.

As I have stated and will continue to state, our Customer First Foundation Principles demand we do the right thing for our Customers and our Watco Team. Not when it is convenient for today, but do whatever it takes to always improve our service over the long term. It is far more important to continually ask ourselves what we are doing well for our Customers and our Watco Team and what we need to do to improve. We must have the courage to listen to our Customers and our Watco Team and respond to their changing needs with leadership and dedication to provide the best service possible while always doing all we can to control our costs and use our locomotives, rail cars, track, shops, transload facilities and all our assets in the most efficient manner.

It is way past the time for our politicians to understand in order for the US economy to improve; they must do the right thing for the American people and make the tough decisions to put us on track for long term sustainable growth and improvement. Those decisions will not be the most politically expedient, but will allow the American People, the most innovative, hardest working people in the world to show the rest of the world how to get past these difficult times. I hope our politicians will eventually make the tough choices to do the right thing for the country. I know our Watco Team will continue to live by our Customer First Foundation Principles and always do the right things for our Customers.

Keep making great things happen, SAFELY,

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