

Corporate Update

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Dear Shareholder,

In this issue, our fifth Corporate Update, we feature an excerpt of an article that appeared in an online article this past week.

It discusses the recent purchase by Warren Buffet of BNSF Railroad.

All Corporate Updates will be announced via a news release and the actual Corporate Update will be placed on Kelso's website in the "News" section at www.kelsotech.com. We look forward to your comments and suggestions for content.

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- 1. Warren Buffet delivers a "tremendous vote of confidence" as he acquires a much bigger stake in the rail sector**

An Excerpt

This past Thursday, rail industry constituents and observers were abuzz about billionaire Warren Buffet's proposal to buyout [Burlington Northern Santa Fe Corp.](#) to the tune of \$44 billion. In what would amount to the largest-ever deal for Buffet's Berkshire Hathaway Inc., the firm would pay \$100 per share, or about \$34 billion, for all of BNSF's outstanding stock (totaling 77.4 percent of all shares) and cover \$10 billion of the railroad's outstanding debt.

BNSF's main western competitor, which typically tends to remain mum on issues affecting other Class I's, even issued a statement on the deal.

"We view Berkshire Hathaway's decision to purchase all of the outstanding shares of BNSF Railway as a tremendous vote of confidence in the future of America's freight-rail industry," Union Pacific Railroad officials said. "A healthy, growing railroad industry is good for our investors, our customers, our employees and our economy."

Berkshire Hathaway investors had something to say, too. Tom Russo, a partner at Gardner Russo & Gardner, believes the deal is another example

of “Warren being Warren” by taking advantage of a soft market when the “possibility for competitive bids is relatively low.”

“He looks at this as a business that has advantages against other forms of transportation,” said Russo.

The buyout is a “pretty simple bet” on an industry Buffet knows quite well, said Mario Gabelli, CEO of Berkshire Hathaway investor Gamco Investors Inc.

“He’s been involved in basic businesses like this for years,” said Gabelli.

Meanwhile, Larry Bonderud — the mayor of Shelby, Mont., and a BNSF stockholder — believes the deal exemplifies the railroad’s value in the nationwide transportation network.

“Warren Buffett is a miracle guy, most things he touches do a lot better,” he said. “I think this is good. You've got stock increasing to a higher value, so the company should be able to do more improvement to infrastructure and add more jobs.”

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