

Corporate Update

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Dear Shareholder,

In this issue, our sixth Corporate Update, we feature an article that appeared online this past week. The article was written by Alexandra Zendrian and posted on Forbes.com.

It discusses the recent purchase by Warren Buffet of BNSF Railroad and also states that **the rail “sector will boom in the recovery, so get in while the getting's good.”**

All Corporate Updates 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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Forbes’ rail sector assessment on – and off – target again

Berkshire Hathaway Inc.’s proposed buyout of Burlington Northern Santa Fe Corp. shares is making investors pay more attention to the transportation sector, which largely has been overlooked, according to an interesting article posted online by Alexandra Zendrian on Forbes.com.

“This sector will boom in the recovery, so get in while the getting's good. As the economy eases into more of a recovery, and people begin to buy more goods or want to travel more, transportation modes are going to literally be the vehicles to make this possible,” he said in the article, which is titled “Buffett Bought A Choo-Choo (And You Should Too).”

As companies gain revenue and can afford to hire more workers, and people are more securely employed and have more money saved, they'll begin to take vacations and travel more on trains and airplanes, said Zendrian.

For now, railroads are doing better than other modes, aside from barges, because they move freight at a lower cost, according to Clint Currie, an analyst at Concept Capital's Washington Research Group that Zendrian quotes.

However, the article veers from insightful to uninformed when Zendrian quotes Currie on potential “re-regulation” legislation that could impact railroads’ growth.

“The Railroad Antitrust Enforcement Act, for example, would target the railroad monopolies and open up competition, which could hurt the industry,” Currie said.

Railroads aren’t monopolies — captive shippers notwithstanding — and they already compete with other railroads and modes for traffic. The legislation certainly would impact railroads, but not by “opening up” rail competition. As railroads themselves would tell Zendrian, the effects would be an inability to set or increase rates based on market conditions and invest sufficient capital in infrastructure improvements.

those implied or expressed in such statements, which speak only as of the date the statements were made. The Company does not update forward-looking statements continually as conditions change. We seek safe harbor.