

From: Chairman, Easton and Potomac Board of Directors

To: All Easton and Potomac employees

Subject: Happy New Year

At this start of a New Year, the entire E&P BOD (Board of Directors) joins me in wishing you and your families the happiest of new years. We at the E&P take pride in our railroad and thank you for the small contribution to its success that each of you occasionally makes.

In this New Year there is a specific issue that requires your focused attention - that of on time performance for trains that carry U.S. Mail. With the appointment of Mr. Wormer as the Postal Service inspector General for the state of Virginia, a great deal of additional scrutiny has been placed upon on time delivery. Mr. Wormer has stated repeatedly that Virginia based railroads will either deliver the mail on time or forfeit their contracts. The Teamsters union has seized upon his position as an opportunity to move mail delivery to a truck based network and has thrown their considerable political clout behind Mr. Wormer's initiative by providing "volunteer junior postal inspectors" at each depot handling U.S. Mail. These volunteers will track the actual delivery time of each mail sack. Late delivery of more than 2 sacks in any given week will result in an unsatisfactory performance rating for that week. More than 3 weeks of unsatisfactory performance in any calendar year will result in forfeiture of the road's mail contract. Unfortunately because of prior unfortunate late deliveries and a history of complaints from our customers, the E&P has been placed on double secret probation and classified by the postal service as a habitual offender. Such classification means that two late deliveries within the next 6 months will result in termination of our mail contract.

As many of you no doubt realize, the E&P is not exactly a gusher of profitability. Lackadaisical employees, aging infrastructure, and cast off equipment combine to strain the Board's ability to generate the margin needed to support our generous executive compensation. Our inflated mail contract is the only thing keeping our head above water. Therefore, the Board has instituted the following policy effective immediately; Any E&P employee found to be responsible for causing or contributing to the late delivery of mail will be disciplined. First offenders will serve six month's duties as the clean out man for the livestock cars. Second time offenders will be promoted to dispatcher.

Again, Happy New Year to all of you in the E&P family.

Sincerely,

*Finneas Lardass*

Finneas Lardass

Chairman, Easton & Potomac Railroad