



July 6, 2007

To Customers, Employees and Friends of Ferrovías Guatemala:

As you know, nearly a year ago, on August 25, 2006, the Government of Guatemala promulgated a Declaration of Lesividad with regard to our usufruct contract for our rolling stock and equipment; this action was reflective of the Government's determination to put us out of business. As a result of this Declaration, our shipments have declined and our operating difficulties have increased. Among the problems created have been an inability to obtain credit; an increase in squatters of all types, ranging from families to private companies; judicial interference; and police indifference and neglect. Most significantly, and fundamental to our profitability, our ability to attract additional investment and revenue from various uses of our right of way has disappeared.

Through the tireless efforts of our employees and the determined support of Railroad Development Corporation (RDC), we have continued to operate in order to see whether there was anything that we could possibly do to overcome the effects of the Declaration of Lesividad. Unfortunately, we must report to you that, instead of improving, matters have gotten worse; it is therefore impossible for FVG to continue operations under the current circumstances.

At present, FVG has a commitment to move traffic that will require approximately 12 weeks to complete. RDC has agreed to continue its support of FVG to enable us to satisfy these commitments; this support will enable us to satisfy any other customer needs during that period and to enable our employees to plan for the future. Therefore, FVG will continue rail operations until October 1, 2007, at which point rail operations will be suspended until further notice.

On its part, RDC will continue with the actions necessary to vindicate its legal rights. RDC will also continue to set the record straight about the grave violations and abuses committed by the government of Guatemala that have obstructed the vision that we have had as a company to make the revival of the national rail system a reality.

As one who has personally dedicated himself to the cause of railways in Guatemala since 1995, I felt that I should be the one to deliver this news. This has been a personal burden as well as a financial one, but because of the Government's action and the lack of rule of law in Guatemala, we have no other alternative.

Sincerely yours,

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