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KARL MORELL
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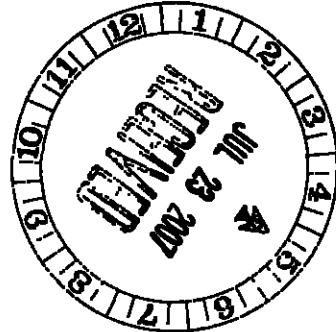
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Part of
Public Record

July 23, 2007

BY HAND DELIVERY

The Honorable Vernon Williams
Secretary
Surface Transportation Board
395 E Street S.W.
Washington, DC 20423



Re: STB Finance Docket No. 35063, Michigan Central Railway, LLC -
Acquisition and Operation Exemption - Lines of Norfolk Southern
Railway Company 219834
STB Finance Docket No. 35064, Watco Companies, Inc., and 219835
Watco Transportation Services, Inc. - Continuance in Control
Exemption - Michigan Central Railway, LLC
STB Finance Docket No. 35065, Norfolk Southern Railway 219836
Company - Trackage Rights - Michigan Central Railway, LLC

Dear Secretary Williams:

Michigan Central Railway, LLC ("Michigan Central"), Watco Companies ("Watco") and Norfolk Southern Railway Company ("NS") hereby notify the Surface Transportation Board ("Board") that on July 20, 2007, Michigan Central, Watco and NS made a good faith effort of serving, by email or first class mail, postage prepaid, the attached notice on all shippers located on the rail lines involved in these proceedings. The notice provides the shippers a summary of the proposed transactions and instructions on how to obtain copies of all the filings made with the Board on July 13, 2007, in these proceedings.

Please time and date stamp the extra copy of this letter and return it with our messenger.

BALL JANIK LLP

The Honorable Vernon Williams
July 23, 2007
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If you have any questions, please contact me.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Karl Morell". The signature is fluid and cursive, with a long, sweeping horizontal stroke at the end.

Karl Morell

Enclosure

July 20, 2007

Dear Valued Customer

Michigan Central Railway, LLC ("Michigan Central") has filed a Petition for Exemption with the U.S. Surface Transportation Board ("STB") for approval of its proposed acquisition and operation of certain rail lines currently owned and operated by Norfolk Southern Railway Company ("NS") in Michigan and Indiana. These rail lines consist of 299 miles of NS rail lines between Ypsilanti and Kalamazoo, MI; Elkhart, IN and Grand Rapids, MI; and Jackson and Lansing, MI, along with 80 miles of trackage rights between Kalamazoo and the Michigan/Indiana border and other incidental trackage rights in and about Grand Rapids, Lansing, and Battle Creek, MI. Detroit-area NS and Conrail lines are not involved.

Michigan Central will be a joint venture between NS and Watco Transportation Services, Inc. ("Watco"), a leading short line owner and transportation services provider. In the proposed transaction, NS will contribute these rail lines, trackage rights, and related assets to Michigan Central, subject to certain traffic restrictions, in exchange for a non-controlling 33 percent interest in Michigan Central. Watco will contribute \$18 million to Michigan Central over time in cash and locomotives in exchange for a controlling 67 percent interest. Michigan Central will be an operating interline settlement agreement common carrier railroad, with its employees operating and maintaining its own railroad equipment and lines.

Michigan Central's acquisition of these rail lines will serve several important goals. The structure of the proposed transaction will permit NS and Watco to make substantial capital contributions to Michigan Central. Michigan Central's independent access to working capital will facilitate investment in capital projects (several of which are mentioned below). Michigan

Central's independent local management will be able to provide responsive service to local shippers, and maintain and expand the current traffic base, while operating and maintaining its railroad safely and efficiently, thereby enhancing its long term financial viability and strength.

Over the first five years, Michigan Central intends to rehabilitate more than 200 miles of line. On the Michigan main line, Michigan Central plans to perform 25 miles of surfacing and 112 miles of timbering and surfacing in the first three years in order to assure continued operation of Amtrak trains at existing speeds and service levels. Plans for the Kalamazoo Branch between Elkhart and Grand Rapids call for 102 miles of timbering and surfacing, permitting removal of existing slow orders and restoration to FRA Class III with operation at 40 miles per hour. Michigan Central plans to rehabilitate the Lansing Secondary between Jackson and Lansing with 20 miles of timbering and surfacing work, allowing operation at FRA Class 1 standards. Nine miles of yard and siding track rehabilitation are planned. Michigan Central also intends to continue NS's program of replacing the obsolete code line on the Michigan main line. Michigan Central also plans to perform bridge rehabilitation projects in each year as the work comes due.

No shipper will suffer a loss of competitive rail service, or a reduction in competition, as a result of the proposed acquisition. All shippers now open to reciprocal switch will remain so following the proposed acquisition. Michigan Central will be well-prepared to operate these rail lines safely, economically, and efficiently, and will have ample capital reserves to ensure its ability to maintain and operate the lines in the future.

The transaction is subject to STB approval. Copies of Michigan Central's Petition for Exemption and related filings are available on the STB's website at www.stb.dot.gov under STB Finance Docket Nos. 35063, 35064 and 35065, and on the Watco website at

July 20, 2007

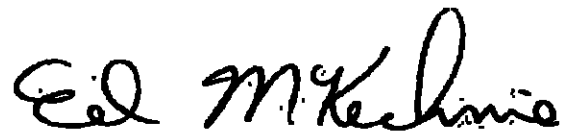
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www.watcocompanies.com. Alternately, you may contact Karl Morell, Of Counsel, Ball Janik
LLP, Suite 225, 1455 F Street, N.W., Washington, D.C. 20005, (202) 638-3307.

Sincerely,



Donald W. Seale
Executive Vice President and
Chief Marketing Officer
Norfolk Southern Corporation



Ed McKechnie
Chief Commercial Officer
Watco Companies, Inc.