



Talgo, Inc.  
505 Fifth Avenue South, Suite 170  
Seattle, WA 98104

Phone: (206) 254-7051  
Fax: (206) 748-6147

November 1, 2012

Hand-Delivered to Recipient

Secretary Mark Gottlieb  
Wisconsin Department of Transportation  
4802 Sheboygan Ave.  
Room 120B  
Madison, WI 53705

Re: Talgo Trainsets

Dear Secretary Gottlieb:

I am writing as a follow up to my letter to you dated July 5, 2012, whereby Talgo, Inc. ("Talgo") had formally served its Notice of Default upon the State of Wisconsin, acting by and through its Department of Transportation ("Wisconsin"), pursuant to Section 25.06 of the State of Wisconsin Department of Transportation Contract to Purchase of Intercity Passenger Rail Equipment (the "Purchase Contract") between Talgo and Wisconsin.

It has been more than one hundred days since Talgo served its Notice of Default upon Wisconsin. Wisconsin has still not cured its default.

**Accordingly, pursuant to the terms of the Purchase Contract, Talgo is hereby immediately terminating the Purchase Contract.** Wisconsin remains obligated to pay all its "previously accrued liabilities" under the Purchase Contract. You have received invoices for the balance of the Purchase Contract prior to your receipt of this Notice of Termination.

As of this moment, Talgo is under no obligation to deliver the trainsets to Wisconsin. The trainsets shall remain the property of Talgo. If Wisconsin fails to pay for the outstanding invoices under the Purchase Contract, Talgo will take action to recover those damages.

Antonio Perez  
President & CEO

