



February 29th, 2008

Dear Kato Customer,

While the new N GS4 operates well in DC mode, we understand there is an issue with the use of DCC in the GS4 locomotive.

We have devised a solution and we are currently working on the arrangements for making this solution available. We will update our website as we continue to make progress and ask that our customers bear with us during this time.

In the meantime, to prevent damage to the locomotive and decoders, we ask that customers **DO NOT** install decoders in their locomotives and to **NOT** operate them on DCC until we announce a correction to this issue in the very near future.

We apologize for the inconvenience this may cause some of our customers.

We will resolve this issue in a timely and effective manner.

Thank you for your understanding and support.

Best regards,

Staff of Kato USA, Inc.