

The prototypes listed below are projects that we are firmly committed to and actively working on. Fair pricing is essential to our future success and to control costs it is very important for us to have a calculated approach to the development and production of our models. While we plan our future those interested in what we offer can plan their future acquisitions.

- Union Pacific 'Type' 4-12-2** (two versions: flying pumps & bald face)
- Pennsylvania Railroad K-4 'Pacific'** (three versions)
- Chesapeake & Ohio K3/ K3a 'Mikado'** (two tender versions, RA & 16,000 gallon Vanderbilt)
- Union Pacific Class 4884-1&2 'Big Boy'** (both production variations)
- New York Central 'Niagara' S1a, S1b & S2a**
- Erie S-4 'Berkshire'**
- Chesapeake & Ohio H-8 'Allegheny'** (three versions) / **Virginian 'AG'**

### ***Model Reservation and Purchase Policy***

It is important for those interested in purchasing one of our models to understand how our products are sold, we try very hard to handle our reservations and sales as fairly as possible. Because our existing customers have already supported our efforts through the purchase of one of our products, we feel that it is only fair to provide the first opportunity to purchase new projects to those same individuals. We consider all customers in the same light, no one customer is more important than another and an existing customer need not purchase each and every project to maintain his or her preferred status, once a customer, always a customer for the purposes of new reservations. As we receive inquiries from potential new customers we develop lists on a project by project basis so we can more effectively update those individuals as specific projects progress. General inquiries are handled as such, we will further explain what that means as we detail the reservation process.

Any person making an inquiry about our projects will automatically receive an information packet on our current project, if they indicate an interest for a particular upcoming project we will make note of that interest and will follow up with additional pertinent information when it becomes available. Approximately 30 days prior to starting the reservation process on a project we will make a general announcement in writing to everyone on our mailing list that the reservation process will commence on a given date. As close to the announced date as possible, existing customers will receive the reservation package, two weeks later those new customers with an expressed interest in that project will receive the reservation package and again two weeks later the balance of people on our mailing list, those with general interest, will receive the reservation package. This approach should provide a sort of 'fail safe' mechanism in the event of lost mail, which has happened in the past. With the advance warning, everyone should have an opportunity to financially prepare for the required deposit at the time of making a reservation. I should also mention that reservations will only be accepted when using the appropriate form or facsimile there of.

The deposit required with a reservation will typically be approximately 20% of the purchase price and we will follow the Train Collector's Association (TCA) rules regarding cancellations and refunds. We require what we feel are reasonable deposits because we typically offer a number of options when ordering one of our models and if we are going to produce a model to meet a specific request, it is only fair that order should be secured by a nominal commitment. Once we receive a reservation with deposit we issue a confirmation that spells out the particular's of the order which allows us to correct any errors early in the process. The remaining balance on orders will be requested when we know that project is on final delivery to our facility. The orders will be processed for delivery in the order in which we receive the final payments, it is only fair that those that pay first receive their models first.

Regarding forms of payment, we are currently not accepting credit cards, we do accept personal/business checks and money orders. Although we prefer full payment when our finished projects become available, we are more than willing to consider payment plans arranged on an individual basis with our customers preferably at the time of reservation. Should you have questions regarding our sales procedure please feel free to contact us for clarification.

#### ***Show Schedule***

- O Scale West / February 8-11, 2001  
Santa Clara, California
- Big Railroad Hobby Show / February 3-4, 2001  
West Springfield, Massachusetts
- Brass Expo '01 / February 24-25, 2001  
Baltimore, Maryland

#### ***Contact Information***

Kohs & Company, Incorporated  
Post Office Box 689  
Clarkston, Michigan 48347-0689  
Phone: 248-625-6396  
Fax: 248-625-7994  
Email: gwk@kohs.com  
Web: www.kohs.com

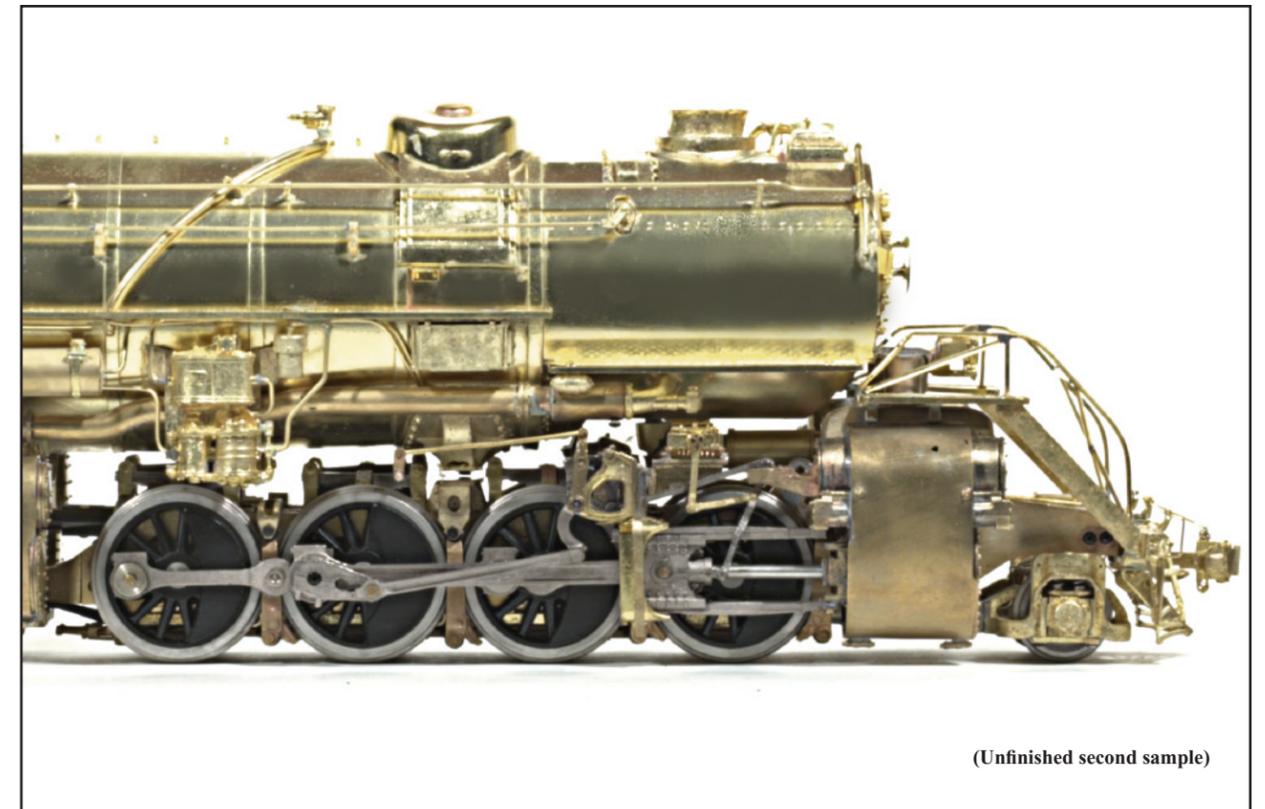
***Kohs & Company*** ***The Finest in O'Scale***  
I N C O R P O R A T E D

## **November Update**

It never seems that we have enough time to get our updates out as frequently as we would like, but we'll continue to try and as we become more efficient maybe you'll hear from us more frequently! Our web site continues to be our main-line of communication although that frustrates many people that are interested in what we are doing, but that do not own computers. The web is so convenient and cost effective that it would be very difficult for us to ignore this technology in trying to communicate with our existing and potential customers. We are currently averaging approximately 1,200-1,500 'hits' a day on our site.....that's a substantial number of impressions.

We currently have a number of very exciting projects in the works, but in this update we'll concentrate on those that are in or near production. You are always welcome to phone, write or E-mail us with specific questions or recommendations, we greatly appreciate the effort put forth by many to try and help in our decision making process. If there are topics that you would like to see addressed in our updates please let us know that information as well.

The **Norfolk & Western Y6b** remains as the focus of our design and development effort and we are thrilled at this point with the progress that we are making. We have included photos of the incomplete second prototype sample for the project in this update. We have written at great length over the last few months about the difficulty we have had in researching this project and it remains the most difficult that we have ever undertaken. As is usually the case, persistence pays off and with the loan of one additional collection and the acquisition of another (so far we have purchased 6 collections and borrowed 3), we have finally reached a comfort zone in terms of accurate and detailed information pertaining to the Y6b class of locomotives. In addition to the material either purchased or borrowed, there have been three (3) trips to the National Museum of Transportation in St. Louis, Missouri to visit and document the Y6a in their collection. During our most recent visit, the entire day was spent crawling underneath the Y6a photographing and measuring the entire brake system for inclusion in our model, on the next page you'll see a sample from the 150 digital images recorded in that effort. In addition to the photos we also used a laptop computer loaded with ProEngineer software on location to draw the brake arrangement as it was measured and photographed. Luckily for us, the Y6a had the same brake arrangement as the Y6b as the complete original design materials have not come our way during our research efforts. The multiple challenges have been great, but we are thrilled with the results thus far.



(Unfinished second sample)



(Unfinished second sample)

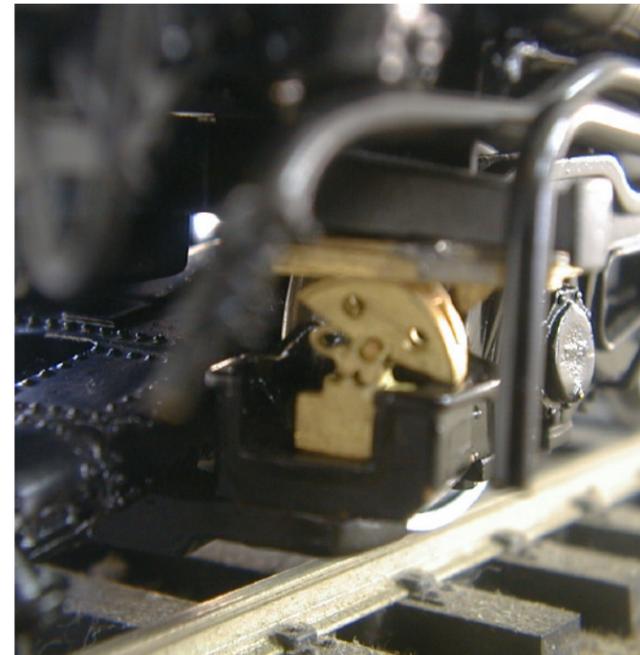
Our original plan was to begin our offering to existing customers approximately 60 days ago, but our research efforts have altered that plan. As we moved from a situation from not having enough reference material to having a ‘glut’ of material, we actually had to go back to our builder and make certain that we are all on the same page in terms of features, details and most importantly, pricing. Those issues being resolved, we are ready to move forward with the official offering, initially to our existing customers and then to all that have expressed interest in this project.

Our project offering will consist of models carrying road numbers from four (4) of the original five (5) production groups. The first ‘group’ is a single road number, 2171. The second group of road numbers will be 2172-2180, these locomotives were originally built in a configuration hallmarked by the oval smoke box, we will model this group as rebuilt and utilizing the round smoke box door. The third group (fourth production group) to be offered will be road numbers 2188-2184, these locomotives were all originally built in the configuration using the round smoke box door. 2188 is a unique locomotive in that it was one of two that operated with an unlagged smoke box, we will offer a special limited number of this particular loco. The final group will be road numbers 2195-2200 (fifth production group), this group was also originally built using the round smoke box door configuration. All of the production groups utilized the 22-I class of tender, the major difference between production groups is the amount of welding that was used in the construction of the tenders. To simplify the explanation of differences between groups, the earlier road numbers have tenders that have more exposed rivets on the side sheets of the tenders, with each successive group, rivets were eliminated during construction by welding seams rather than riveting them. The offering materials will include basic historical information about significant road numbers and it will also provide actual rivet counts so that you’ll have a very good idea about the difference in appearance of the tenders. In addition to the locomotive and 22-I class tender, we will be offering the ‘A’ tank auxiliary tender in a matching paint scheme.



I should stress at this point that the tenders will both have the correct trucks, I know that this has been a problem with previous model offerings.

If this is a project of interest to you and you are not currently one of our customers, please make certain that we are aware of your interest. The initial offering will go out to existing customers and approximately two weeks later to all that have expressed interest in participating in this project. We are working very hard at this point to push the project along, but due to the delays we experienced in gathering reference, delivery will not take place until early next year. As with all of our projects, we are more concerned about doing the project correctly and not necessarily fast, this approach seems to have struck a cord with most serious modelers.



Our New York Central ‘Late’ variation J3a Hudson’s are being finished up this month and we are very excited about how the project has turned out. Even though the project has been sold out for several months, because of our commitment to delivering the best product we possibly can, we’ve added additional features that were not mentioned or promised at the outset. Pictured at the left is the prototype functional ‘hard’ rocker installation that we are incorporating into the production models, in addition to the rocker function working the device is also sprung on the vertical axis, these will be included on all appropriate models in the future.

In another area, we are particularly pleased with the graphics we are using for the Hudson’s it was a very painstaking process to recreate the individual characters from scratch, but it was well worth the effort as you’ll see when the models are delivered. We have also recreated in miniature the data plates used on both the locomotive and tender. Our goal as we expressed it three and half years ago, is to continue to improve with each project we undertake, we will never take our customer base for granted. We feel very certain that those holding reservations for this project will be very pleased when they receive their pre-holiday present.....to themselves!

Finally, we’re making progress on our rolling stock development and production, pictured below is our first sample, the **Pennsy GLe class cement car**. Although we’ve had images of this car up on the web site for several weeks, for those of you without computers, this is your first exposure. We are actually at the point where we are ready to start the reservation process, but we have to work the offering into the schedule of other financial considerations we are presenting to our customers at this point in time. This car will serve as the benchmark for our rolling stock efforts and it will illustrate that we will be taking the same approach on rolling stock projects as we do with our locomotives. All of our rolling stock will have complete detail, interior and exterior, sprung trucks equipped with ball-bearings and in the case of this car, the wooden walkways will be made from laser cut wood. The GLe will be offered in two versions and four paint schemes and as with all of our projects, if you have interest, please let us know so we can keep you informed. The projected selling price for the GLe is \$350 fully painted and decorated, ready to run.

We are already working on our first passenger equipment and there are plans in the works for our next freight rolling stock.....just a hint, for those of you that have expressed interest in cabooses, you won’t be disappointed!

