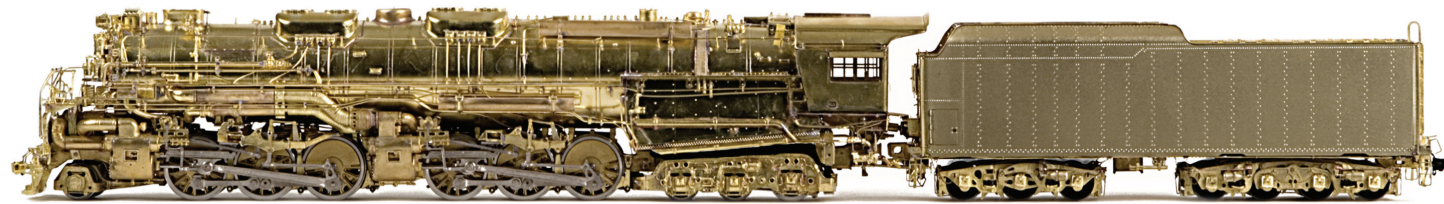


The H-8 'Allegheny' is considered by many to be the most desirable of all prototypes to have in model form, regardless of scale. It's popularity is owing to it's massive size and the very obvious abundance of detail to be modeled. This prototype has been modeled by virtually every other importer and now it's our turn.

Every member of our team considers this project to be a hallmark for our collective modeling abilities and we will make certain that the finished model reflects that attitude. It should be mentioned that we are also developing the Virginian Railway 'AG' version of this locomotive class, it will make a great companion piece for our Virginian 'C-10' caboose!

Shown above and below are photos of the first completed sample model, as always I have to caution that corrections, additions and modifications are yet to be made. The first project update since the reservation process was started is in production now and will be mailed to all of our reservation holders to provide a status report on this project in detail. Some development time was lost at the end of last year due to the other projects that were being completed, but the path is clear now to push hard towards the completion of this project. This promises to be an absolutely outstanding model project when it is completed!



Future Projects

The prototypes listed below are projects to which we are firmly committed and are actively developing. We are currently reviewing the status of the reference material on hand for each of these projects so we can better determine in which order they will be produced. There are additional projects to which we are also committed and are potentially ready to move forward on so don't be surprised.

- Chesapeake & Ohio K3/ K3a 'Mikado' (two tender versions, RA & V-16)
- New York Central 'Niagara' S1a, S1b & S2a
- Union Pacific Class 4884-1&2 'Big Boy'
- Erie S class 'Berkshire'

Show Schedule

- March O Scale Meet / March 18-19, 2006
Chicago, Illinois
- TCA York Spring Meet / April 21-22, 2006
York, Pennsylvania
- NMRA National Train Show / July 7-9, 2006
Philadelphia, Pennsylvania

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

A new year is under way and we are already working hard to develop and produce the models that we have on our schedule. Great progress was made in the past year in terms of bringing projects to market and 2006 will be even better in that regard. Although we are very encouraged by our own progress it has to be said that the production of brass models in Korea is certainly in a state of great flux. The competition of the Chinese model companies based solely on model cost, certainly not quality, has had a major impact on the Korean model business with many builders closing their doors or going into other businesses. It has become increasingly more expensive to produce in Korea, but for high-end models there are few options or alternatives.

January 2006 Update

Our alliance with Mr. Lee at Sun Jin Model Company has become ever stronger and we have been planning very carefully to ensure our future with your continued support. We will never be accused of being fast, but we are firm in our conviction that each new project must surpass the previous in terms of quality and features. With our builder's like-minded commitment to excellence we have worked to provide a sense of security for those of you placing reservations for our models. Although you can almost surely count on our projects being delayed, there is little concern that it will not be correct when delivered.

We finished off 2005 with a flurry of activity completing and delivering the long awaited Pennsylvania railroad N5c cabin cars (caboose) and also finishing the Pennsylvania K-4 'Pacific' project production. We are starting 2006 working hard to deliver the newly completed K-4 models. You will see below and on pages two and three photos of these latest projects. The few remaining N5c cabin cars that remained unsold when the production was completed sold very quickly once the completed models were seen in the first production model photos that were posted on our web site, this project is now totally sold out. With the release of the photos of our production K-4's and models just now reaching customers we expect that the remaining models from this project will sell out very quickly as well.

The production of this update was held back waiting for the sample model for our Allegheny project to arrive and it is now in our shop, it was definitely worth the wait! The Allegheny will be one of the featured models in our booth at the Nurnberg Toy Fair this year and you can see the first photos of the model on page four. The Allegheny has been the fastest selling project we have ever done and the finished models will be delivered to clients in at least fifteen countries this coming summer. It should be mentioned that there are project specific brochures available for each of our projects that are not already sold out. The most timely information is always available on our web site first so be sure to check it regularly if you have Internet access available. You may forward your request for additional information by postal or electronic mail as well as by phone or fax, all of our contact information is listed on the last page of this update.



Welcome!



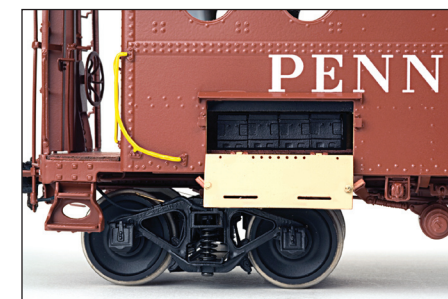
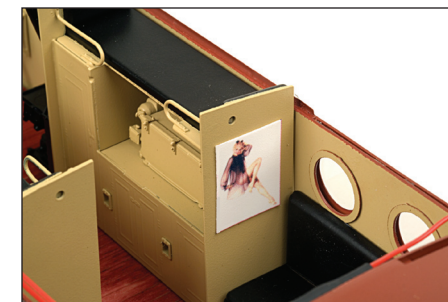
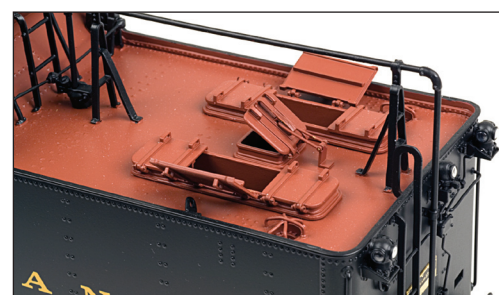
Spielwarenmesse
International Toy Fair
Nürnberg
02.02.-07.02.2006



The photos on this page are of our Pennsylvania K-4sa model which was one of our special editions within the overall K-4 project. We are highlighting this particular model because it has never been produced before in O scale. Although the K-4 is one of the smaller locomotives that we have modeled, it is absolutely packed with detail and features. Included are our old standard such as equalized suspension with real leaf springs, ball-bearings throughout, prototypically mounted running boards, very complete underbody and cab detail, but we have pushed the limits and added new detail that really makes our K-4 a standout. The arm rests that fold in and out of the cab side windows just like the prototype help to establish a new standard for a state-of-the-art model.

We produced the K-4 locomotive in six different versions with seven different tender variations, they cover the entire service life of the K-4 class, so all periods of interest are covered. The detail variations required to be period accurate over the approximately forty year period that we modeled are mind numbing. Certainly there were differences in drivers, sheet metal, piping arrangements and the like, but to meet our standard we had to model as many of the standardised changes as we could identify, right down to the unique brackets and gussets used on the running boards. It's a real challenge to compare versions and identify the many differences between them, that is something we will be doing for you on our web site, there just is not enough room here to do so.

We have again incorporated our custom designed and built sound and lighting control system developed for us by Dalle Electronics. The sounds produced by our system are actual K-4 sounds digitized by Dalle to provide the utmost in accurate sound reproduction, there are no toy train sounds used here!



Shown above are photos of our Pennsylvania N5c cabin car of which we produced thirteen variations. Our versions covered a service period from their original construction in 1942 up to approximately 1960. During this time span there were different paint schemes, different styles of lettering and both antenna and non-antenna equipped versions. It has become almost impossible to entice builders to undertake projects like this because there just is not enough profit to justify the required effort. It takes a serious model builder and not just a man in the model business to agree to the challenge and that is exactly what it is, a challenge to the model builder's skill to complete a model with the features that our N5c embodies. The good news is that we have an agreement in place for several new projects of this type

Shown below are the prototype photos for our next rolling stock/caboose project, they are the Norfolk & Western 'CF' class wooden caboose, the 'C-2' class steel caboose and the Virginian Railway's 'C-10' class steel caboose. The 'CF' class was the single largest group of 'cabs' on the N&W road and they were in service until the end of steam and beyond. The 'C-2' cabs were the first cars built in a shop other than the roads own, they were constructed by the St. Louis Car Works which was also responsible for the 'C-10' units, they were nearly identical. The 'CF' cabooses will be particularly interesting as we intend to use real wood sheathing on the exterior, the prototypes used tongue and groove planking and that will be simulated in our construction. In later years the tongue and groove planking was replaced by plywood sheeting, we are undecided at this point if we will produce any units in this style. This project will be built to the same standard as our 'Penny' N5c cabin cars using double-wall construction, full interior detail with regulated lighting, removable illuminated marker lights, fully detailed ball-bearing equipped trucks, interchangeable couplers (Kadee and scale brass) with complete underbody and draft-gear pocket detail. A selection of car numbers will be offered on all three caboose classes and there will also be a variety of graphics and lettering representative of periods throughout their service life. As we do with all of our projects, an official offering package will be automatically mailed to all of our clients, this will happen in approximately 30 days. Following the first mailing we will mail to all others who have expressed an interest in this project, if you are not currently a customer and are interested, let us know.

