



The consistent quality that we have worked so hard for in our locomotive projects is what we are now striving for with our rolling stock. Consistency from one builder is critical particularly when planning passenger equipment production over an extended period of time and that is something that we have not been able to count on until now, Our long planned 'Pennsy' heavyweights should now begin to take shape in the wake of the results achieved with our current rolling stock projects.

In recent months we have had a number of conversations with clients regarding their interest in DCC operation of their models and there seems to be a growing interest, so we have contacted North Coast Engineering to acquire components for testing and evaluating their current technology. We would like to solicit feedback from those of you that have DCC experience that may help us in objectively evaluating and hopefully integrating this technology into our future products.

From the outset we have stressed that our models are not meant only to look good, but to operate. All of our future locomotive models will be delivered with documented performance information stating their actual measured range of scale operating speed and pulling power. This should help our clients realize optimum performance and in diagnosing problems should they arise as a result of inadequacies on their home road, particularly with power supplies. A brief side note; we recently tested several of our Y6b's to calibrate their performance after over a year in service, on average at the bottom end they ran at a very smooth 1.9 SMPH, at the top end 70.5 SMPH (a prototypical maximum speed) and they all pulled like they were built in Roanoke!

Future Projects

The prototypes listed below are projects to which we are firmly committed and are actively developing. The order of listing is our current thinking on production timing, but it is subject to change, should we encounter problems associated with research and development.

- Chesapeake & Ohio H-8 'Allegheny'** (three versions) / **Virginian 'AG'**
- New York Central 'Niagara' S1a, S1b & S2a**
- Union Pacific Class 4884-1&2 'Big Boy'** (both production variations)
- Erie S class 'Berkshire'**
- Chesapeake & Ohio K3/ K3a 'Mikado'** (two tender versions, RA & V-16)

Show Schedule

- Indy O Scale Meet / September 19-20, 2003
Indianapolis, Indiana
- TCA Spring Meet / October 17-18, 2004
York, Pennsylvania
- O Scale West / February 19-21, 2004
Santa Clara, California

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

It's time for our quarterly update and we are actually on schedule which is no small feat for our small operation. There has been a great deal of activity since our last mailing and we'll try to bring you up to the minute on all of our active projects as well as take care of some administrative matters. The month of June saw the passing of the O Scale National Convention in Dallas, Texas so a few comments on that subject seem appropriate.

June 2003 Update

First of all we would like to thank John Smith and all of his support staff for their effort in putting on the convention this year, although it was not well attended, I think a good time was had by all there. It's unfortunate that the conventions in general have garnered less than overwhelming support in recent years and I would hope that collectively we can determine why that is. During discussions with other attendees this year the thought was offered that eBay has had a great impact on the attendance at shows in general and that is probably very true. From our standpoint, we look forward to the direct feedback obtained during shows regarding current projects as well as ideas for the future, with minimal attendance much of that opportunity is lost. It is regrettable that many other importers did not support this and previous conventions, the hobby suffers as a result. We would certainly like to know what we can do as a company to make your individual attendance more likely in the future. We thank our friends that did come by to share some time, ideas and great food with us in Dallas!

A few thoughts about our future project planning; it would seem that our efforts to coordinate our future project selections with our competitors is doomed, as a result we will now be guided by the wishes of our current and potential future clients in selecting projects that are best suited for our mutual goals. With multiple competent production sources now at hand, our new projects to be announced shortly may not fall at the end of our existing list in terms of production. Our commitment to previously announced projects remains unchanged, we are quite frankly looking to supplement our deliveries in a more timely fashion. If you have a favorite project of ours that you are following and you have not notified us of your interest, it is highly recommended that you do so to ensure the mostly timely production possible for that project. We have looked at a variety of alternatives during the last 2-3 years to increase our production and it is only now that we are feeling confident with our future arrangements. Our atypical fourteen year relationship with our primary builder, Sun Jin Models Company, has established our standard of reference and we are known by other builders in Korea by the quality of our models and not our misdealing. We are often asked how we deliver consistent quality and our answer is very straight forward; we do not shop our projects around looking for the best price from a variety of builders, we try to build on our established base standard and work to improve with each project. In trying to increase our output we have endeavored to establish the foundations for additional long-term exclusive business relationships that will lead to a continuing excellence in delivered products and not simply a quick buck.

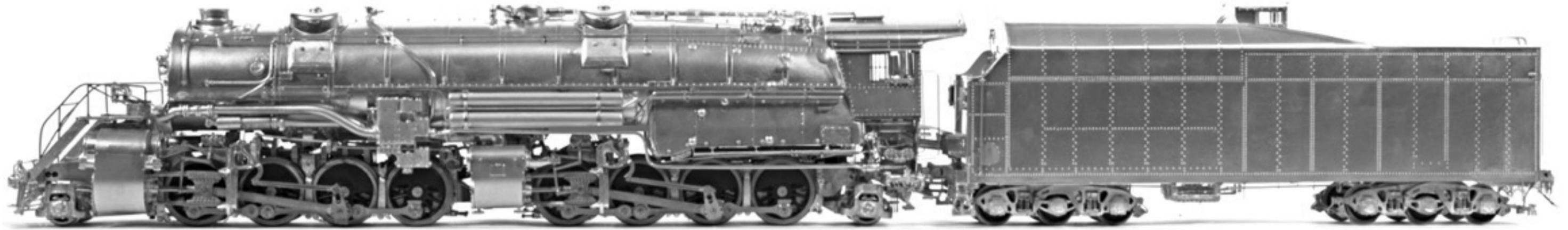
An understanding of our methods is important in order to have confidence in what we commit to in the future. Our growth is not a unique situation, it is one typically faced by every small business that survives it's first hand-full of years, but it can certainly be a defining period in a companies history.

Union Pacific 'type': a gratifying conclusion is in sight! This project has been the reason we felt it necessary to reevaluate our planning strategy. Once the massive amount of accumulated data was recompiled and we felt a redesign was in order to allow us to deliver the ultimate versions, it left us with a huge void in our delivery schedule. Our

passion for the project and the support of our reservation holders made it a simple decision, but the financial realities



made it a less than desirable situation. In order to take the pressure off of any one project, we saw the need to pursue multiple projects in parallel. We are extremely happy that we persevered and we know our clients will be as well once the finished product is available for review. The detail offered



on this model will be the most sophisticated and historically accurate that we have delivered to date and will be very difficult for us or our competitors to surpass with future efforts. The drivers alone have been redesigned five times to ensure the ultimate in fidelity to the prototype. We are awaiting the arrival of the pre-production sample models that are based on the redesign data and then the final production will push forward, we anticipate the completion later this Fall. Reservations for this project are almost closed out so do not delay if you are interested. A sampling of the latest detail is shown in the two construction photos of the preproduction 'post war' third version of the model at the bottom of this page.

Norfolk & Western Y6a: a limited run of only fifty (50) units in four versions. Only two weeks after the reservations were started earlier this month we were over two-thirds reserved, this promises to be a very popular project with our Norfolk & Western aficionados. The Y6a is based on our very successful Y6b project, but there were no shortcuts taken in the development, Jim Gillum and the great volunteer staff at the Norfolk & Western Historical Society archives supplied over two hundred additional blueprints to guide us through the design. We would also like to thank a good friend, Jim Williams in Columbus, Ohio for sharing his vast knowledge on this subject and contributing greatly to the necessary research, we could never do it alone. The 22C tender that ran behind the Y6a offers great modeling opportunities; because these were rebuilt tenders with layers of material added on, we will faithfully model that layer detail and to our knowledge this will be a first for this level of accuracy. Each tender tank sheet is being mechanically milled to thickness along seam lines to represent the appropriate layers, no expense or effort is being spared. We had an extensive learning experience with our Y6b and that was taken into consideration while fine-tuning our Y6a design. The models are currently in production and we are anticipating the completion of the production late in September or early October of this year. The photo above and on the first page are of the pre-production sample model completed by Sun Jin Models Company. If you expressed interest in this project and have not yet received the reservation material please let us know immediately so we can get it out to you before it's too late.

Pennsylvania G22b Gondola w/ Containers: it's finally underway! The design has been complete for several months, but we have been trying to put this project in capable hands to make certain that our basic standards would be upheld. Although we put together a production situation for which we had high hopes, it became apparent that it would not be a long-term arrangement and we opted out before too much effort was wasted and we wound up establishing a good builder for one of our competitors. We expect our first sample model near term and the reservation process will begin shortly there after. For those not familiar with the G22b, it is a car that was rebuilt from the original G22 by adding heavier trucks and having the interior modified for blocking containers in place. Our model will be available with two container styles, the HB1 which is a hopper-bottom container and the DB4 which is a drop-bottom style. The photos at the far right are of the car loaded with HB1's and the solitary container is a DB4. Our G22b will be available with two

graphics styles, the circle keystone and the shadow keystone which are appropriate for different time periods. Each car will be loaded with twelve finely detailed brass containers, all with operating hatches and bottom openings. It had been suggested that the containers be produced to a lower standard, but the nominal savings seemed of little consequence when we are trying to deliver the absolute best models possible. Let us know if your are interested and we'll be certain to get the reservation brochure out to you as soon as it is available.

Pennsylvania K-4: the development is still progressing nicely and the first sample model is being constructed now. A dedicated mail update for this project is still pending as we have dealt with a number of more timely issues, but we expect that update to go out in the very near future. I should mention that the K-4 update will only go out to customers and those individuals that have expressed an interest in this specific project. With the large number of K-4's that the 'Pennsy' had in service and the endless variations possible to model, our biggest challenge is not to be over energetic in trying to fulfill every wish. We have achieved a comfort level with the basic versions that will be offered, but it's the detailing that remains to be resolved. Do we offer only road numbers that we can document as being detail correct or do we offer a variety of road numbers with detailing that is factually based, but not necessarily photographically documented? Please give us your thoughts, if you are planning a K-4 purchase you should be part of the decision making process.

Southern Pacific GS-1: the basic design phase is just about complete and we are moving into developing the specific versions that will be offered. We are continuing to gather data where ever we can find it and the T&NO material is of particular interest, specifically photos or drawings that show the doghouse arrangements used on that line. This being our first Baldwin built locomotive, we are spending extra time becoming familiar with that builders construction style, this will be key to capturing the true character of the prototype. It's fascinating just how different the styles and design philosophies of the three major builders actually were, although they used many common components, the typical installations often varied greatly. For those interested in this evaluation process, please stay tuned for more detail.

Pennsylvania N5c Cabin Car: our original intent was to produce three different versions of 'Pennsy' cabin cars (called cabooses on most other roads), but that has evolved into a series of caboose projects from a variety of roads. The first in the series will be the N5c (shown on the last page) with and without antennas, decorated for several different division assignments. The N5c project is already underway with a sample expected in early Fall. Additionally, we are looking at cabooses from the N&W, C&O, Erie, Southern Pacific and Union Pacific, our second selection will be certain to compliment one of our previously produced locomotives. All of the cabooses in this series will be built to the same standard as our locomotives including complete interior and underbody detail, the entire series will be handled by a builder dedicated exclusively to this effort. We have now responded to the long heard demand for such a series, so please let us know what caboose classes you would like to see included.

