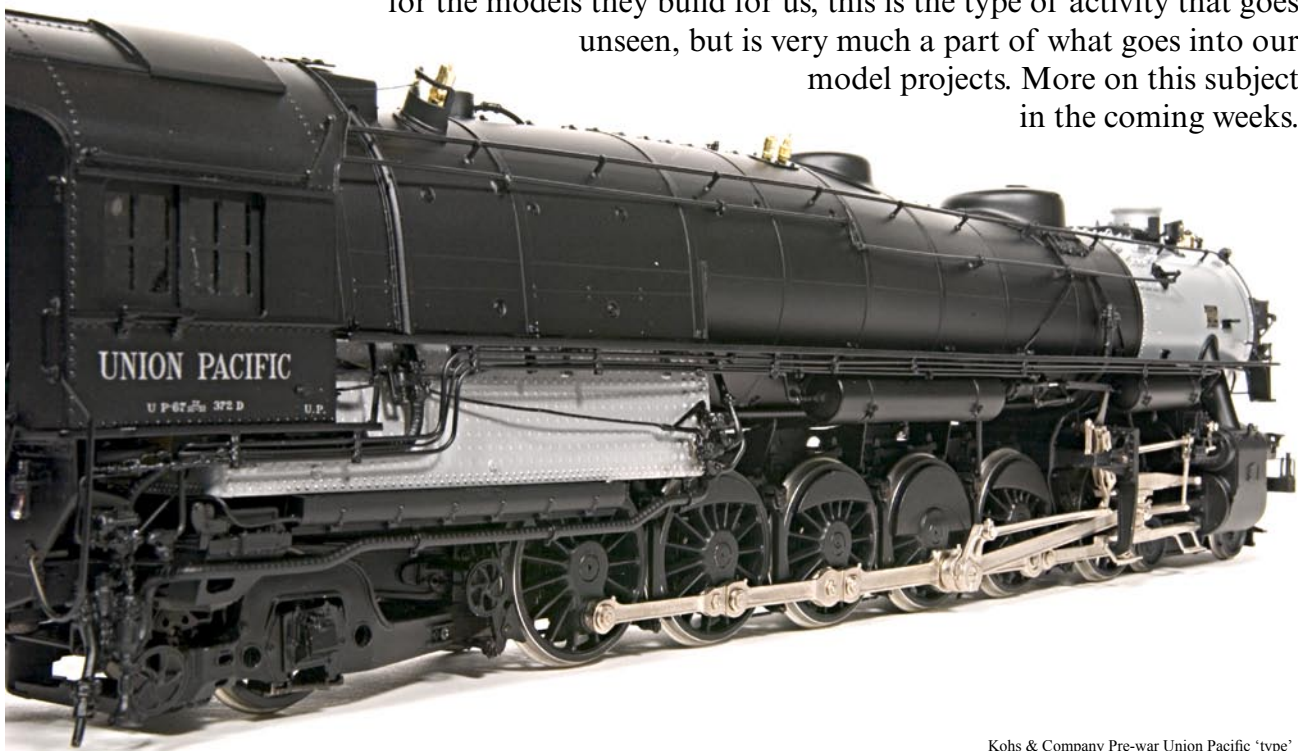


As another year draws to a close it seems an appropriate time to review the year past and look forward to what lies ahead. As you read this we will be in the midst of the holiday season and we want to take the opportunity also to wish you all the best during the holidays and in the new year. The past year has provided a number of opportunities to meet many of you in person at shows or other hobby related gatherings and we are the richer for that, not monetarily but having been able to share a common interest. We look forward to more of the same in the months ahead.

## Seasons Greetings 2004

We started this year with great expectations launching two new projects and looking to finish up one that has seemingly taken forever to bring to a conclusion, that being the Union Pacific 'type'. We have certainly faced a number of new challenges both on the modeling front as well as with the business dealings behind the scenes, and we have ultimately fared pretty well. We have finished the Union Pacific production which is a great relief and we head into the new year in a much stronger business position with two great projects well under way, one of which is near completion. We are also looking forward to the launch of a couple of new projects, but more on that subject later in the update. We could write pages and pages with all that has happened in the last six months, but we'll try to let the images speak for themselves in this expanded update.

In recent weeks we have received a number of inquiries regarding the state of the brass model building business in Korea, I suspect that in large part this has been driven by the fact that several of the large well known builders have ceased operations. While companies like Samhongsas have stopped building train models there are many smaller companies that have really been the backbone of the model building 'industry' in Korea. The smaller companies tend to come and go as their fortunes rise and fall, often times when they go they come back under another name looking for a fresh financial start. The difficulty has and always will be forging ongoing relationships with the very capable builders if you are looking to construct high-end models of the best quality. Much of our time in the last year has been spent making certain that we will have a consistent production capability well into the future. To realize the type of model we require at this point requires a major commitment on our part in supporting our builders over and above simply paying the bill for the models they build for us, this is the type of activity that goes unseen, but is very much a part of what goes into our model projects. More on this subject in the coming weeks.



Kohs & Company Pre-war Union Pacific 'type'



We would like to share with you that we have been invited to participate in the 2005 Nürnberg Toy Fair, something that we are very proud of. This will be our first year as an exhibitor, but we have been given a prime location in the center of the train hall, our exact location is: Hall 7A, Booth D-127. If you have any interest in attending and we can help you with information about the show, do not hesitate to get in touch and we'll be happy to let you know what we know.

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It is with great pleasure that we can say that as of this writing our Union Pacific 'type' deliveries are nearly complete.....finally, the last of the models are on the way to their new owners. This has been our longest running project to date and it has seemed like a lifetime not only for us, but for our many clients that have patiently waited for this long anticipated model. Over the many months of the life of this project we have shared in great detail the trials and tribulations that we have gone through with the development of our 4-12-2, but our 'testing' didn't stop there. The 9000's were a very difficult model to build in large part due to being a 3-cylinder locomotive and all that entails in terms of detail and operating characteristics, including a sound system capable of reproducing the unique cadence. There was also the issue of being the longest rigid frame prototype ever built and many clients wanting to squeeze our model around tight radius curves without giving up any of the detail related to brake rigging and valve-gear.

By the time we have completed a project, we always have a pretty good feeling for what we have accomplished, but it is always very important for us to hear the feedback that comes once the finished models are in the hands of our clients. We have to pay very close attention to where the feedback comes from as some owners are operators, some are strictly collectors and some fall into both categories, the judgements rendered will be based on varying criteria and it is important to consider that. We can say for certain that the response thus far has been among the most positive we have received on any of our projects completed to date. The universal comment from across the states and from Europe is that the wait was worth it, considering the length of the wait, that offers us great solos.

On the cover and the adjacent page are photos of one of our pre-war 9000's ready for delivery, the layout photo was taken at the home of Ken Schlinger in Illinois, his model being a post-war configuration. If you have not had the opportunity to review in depth the detail and features our Union Pacific 'type' models have to offer, let us know and we'll be happy to forward a complete package of information on this project.

As we mentioned earlier, we have two ongoing active projects at this point, the Pennsy K-4 'Pacific' and the N5c cabin car, the next four pages are dedicated to those projects exclusively so here we'll move on to the subject of future projects. As we look forward to the launch of new projects in the very near future we continue to seek the most equitable means of dealing with reservation deposits, tying up client funds for as short a period as possible while securing what essentially is a custom order for one of our models. With the start of reservations for the next locomotive project we expect to require a smaller initial payment with an additional small incremental payment added as well, this will all be laid out with the next reservation announcement. It is important to make note that we have reached a point with our business that we will not be building models on speculation with future projects, in other words, we will build only to the orders received up to the reservation limit which means if you want a model at the end of a project one will only be available if a client drops out relinquishing their order.

On the subject of future projects, there has been a great deal of anticipation regarding the production of our C&O H-8 and Virginian 'AG' project, as we head into the new year we will be starting the reservation process, actually toward the end of January. Based on initial inquiries this may well be our highest demand project to date. As of now we plan on at least three (3) versions with this project, the basic version characterized by the photo on the last page which is a late period in-service version, a version never offered in previous productions by other importers. In later service the distinguishing characteristics between production groups tended to melt away, but we will provide a variation of this basic version that has the original overfire jets associated with the final production group. The other two versions will be an H-8 with Commonwealth trucks on the tender which has never been offered before



and the basic Virginian ‘AG’.  
There will be complete descriptions of the versions we are doing included in the reservation information, if you have a favorite variation be sure to let us know soon. If this is a project of interest and you have not advised us of that fact, let us know so you’ll be sure to be included in the reservation offer mailing.

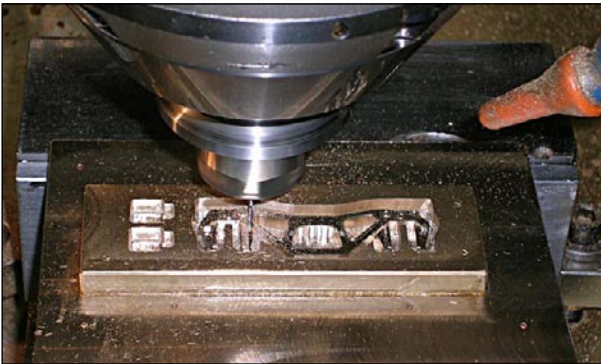
Our Pennsy G22b gondola with containers has been a pending project for a number of months as we have sought to develop our builder for rolling stock and passenger equipment. Based on the work with our N5c project, we will be ready to move forward with the G22b as soon as the N5c is completed, with reservations tentatively starting in February.





Our Pennsy K-4 project was launched earlier this year and the first sample seen in the adjacent photos is nearly complete. A dedicated project update mailing will be going out to all of you that have reservations already in place for this project, but the overview provided here will provide insight into what we have accomplished thus far. Mr. Lee our builder, seen in the bottom, photo, indicates that the production for this project should be completed by late Spring or early Summer of 2005.

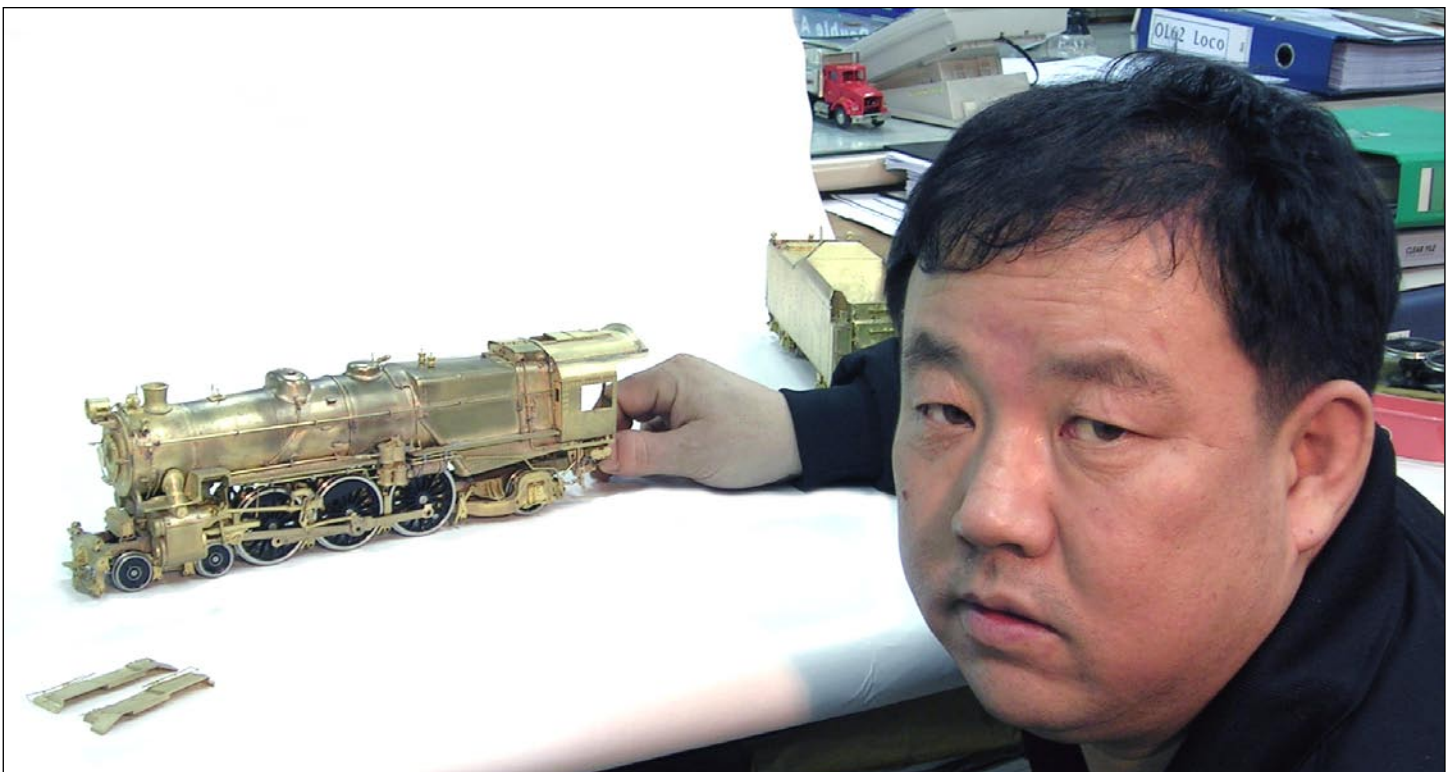
The photos to the left graphically represent what the master pattern development process has evolved to; the creation of computer 3D solid model, feeding that data to a CNC machining center to cut the actual metal part which is typically a very precise and highly detailed pattern for casting. Seems easy enough, but the level of skill required to feed the process is immense, we are very lucky to have the skilled craftsman involved that make this possible.

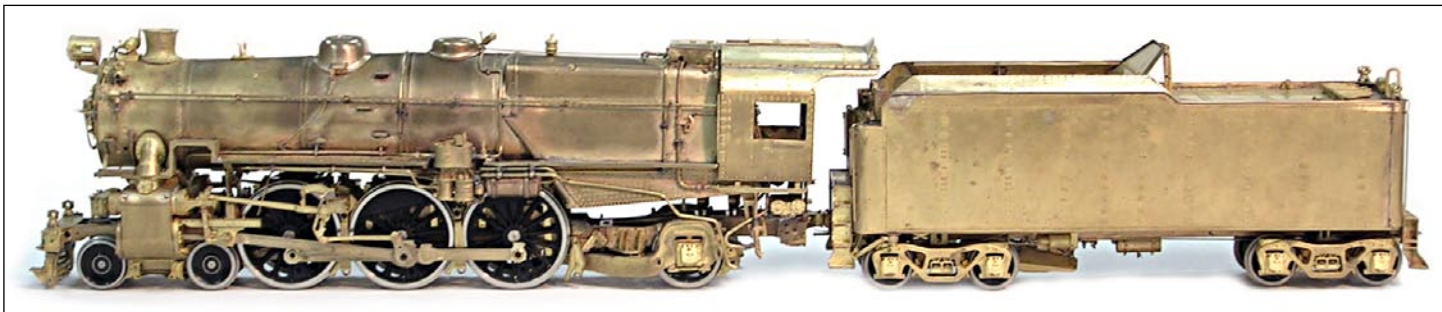
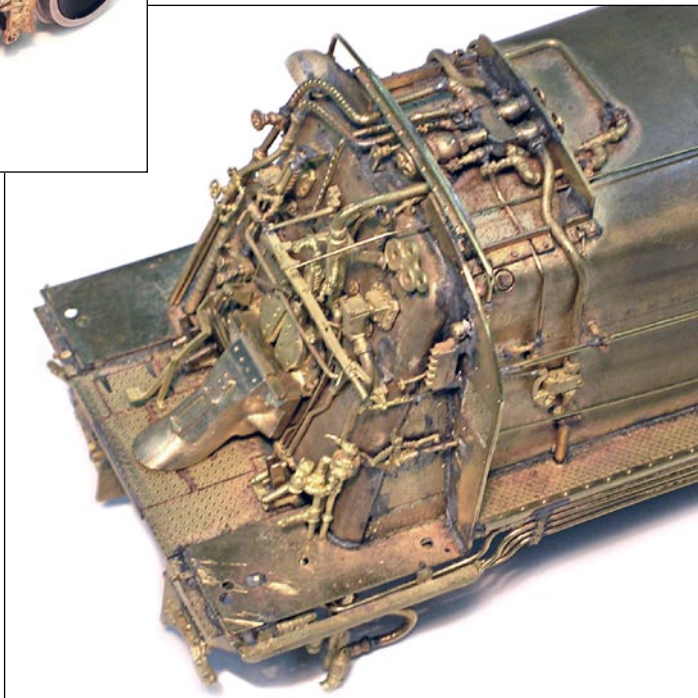
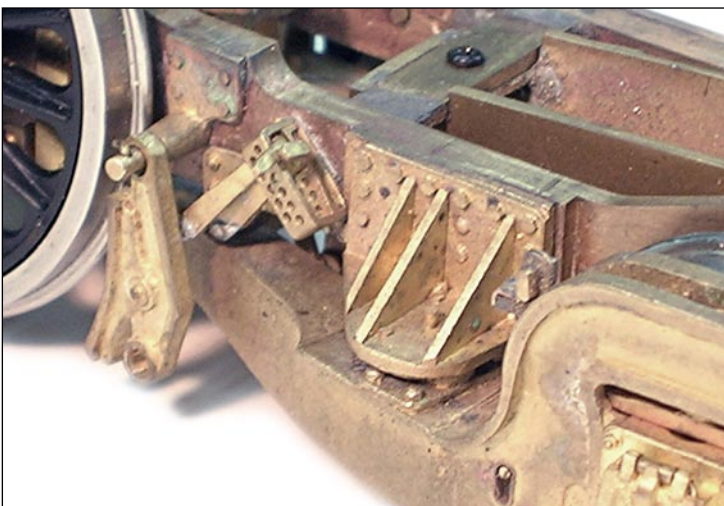
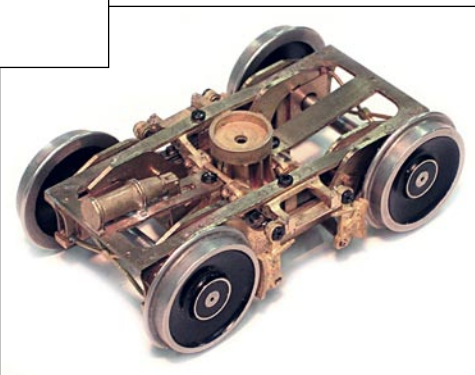
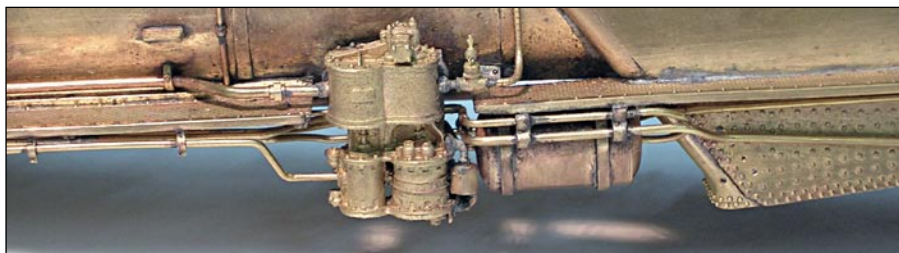
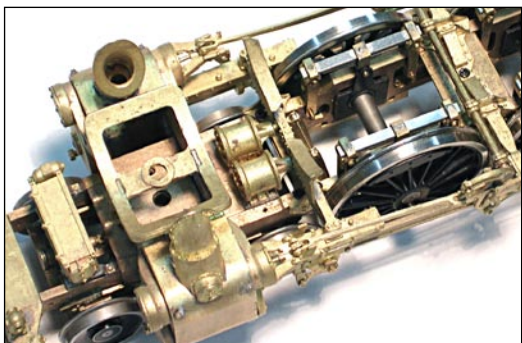
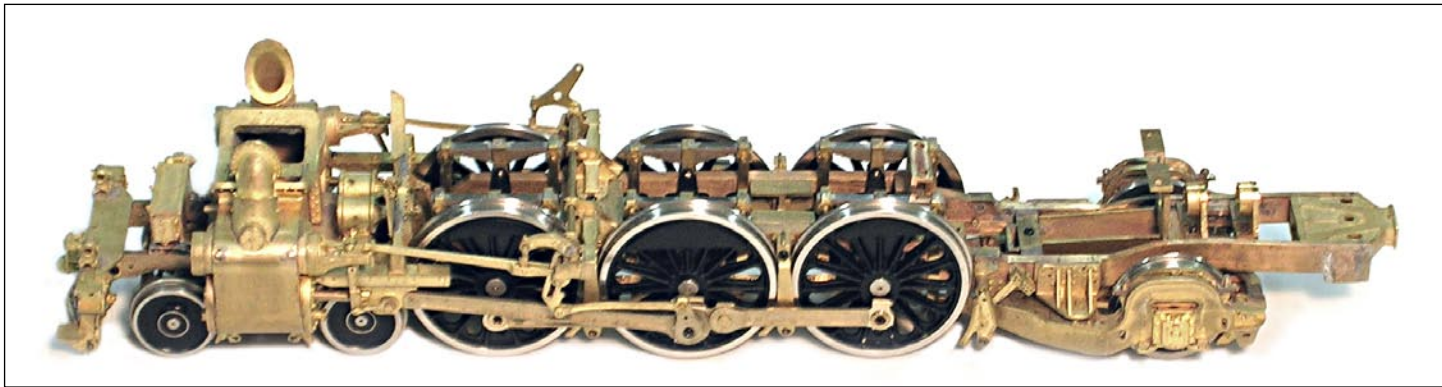


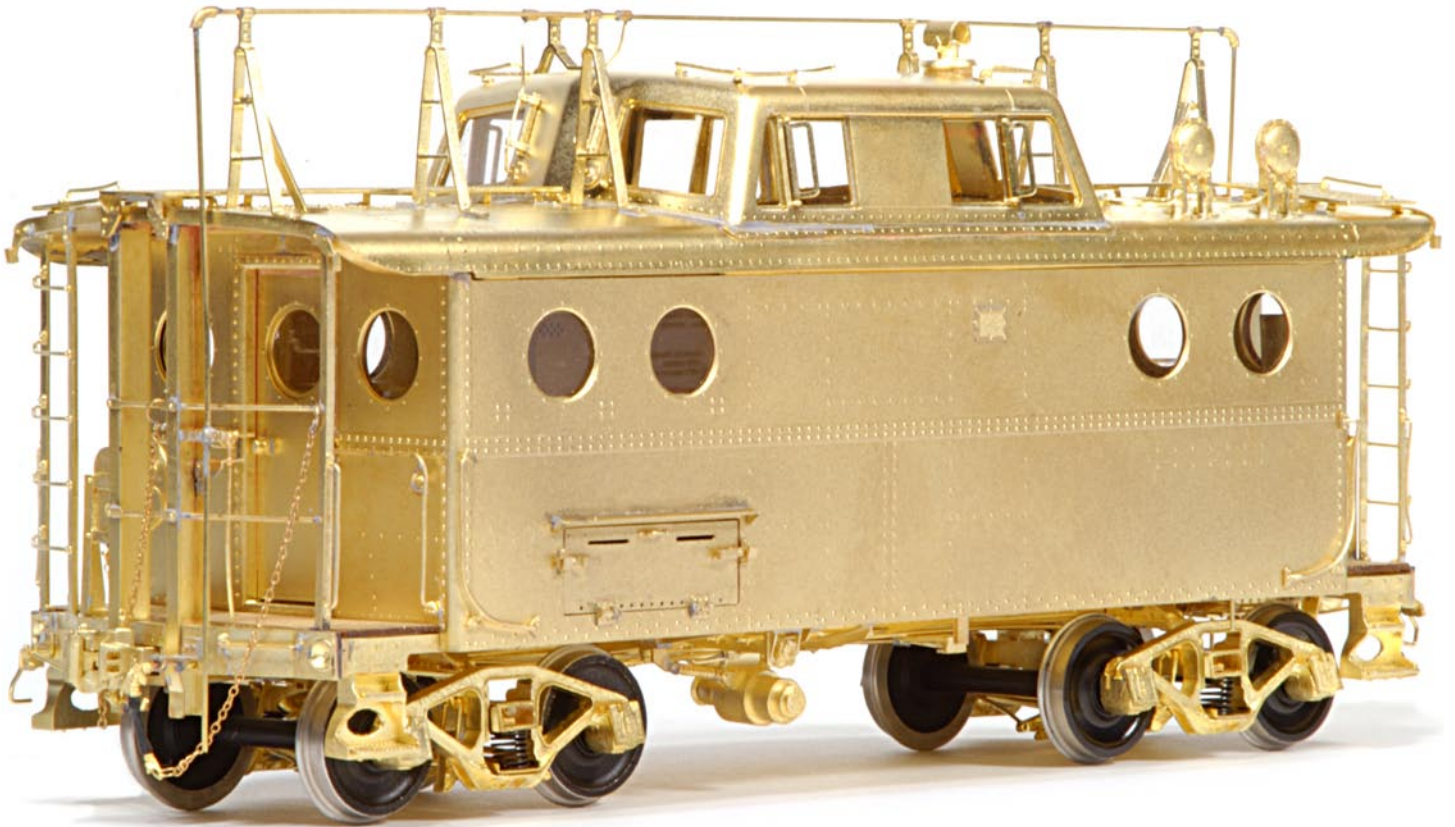
Aside from the usual detail our models have become known for, with each new project there is always the question of how we can improve our modeling efforts and each new project seems to guide us in a direction that not only improves our modeling techniques, but also more accurately captures the character of our prototype subject. With our K-4 the emphasis is on suspension and piping. From our first project we have utilized equalized suspension and that continues, but we are now using fabricated leaf springs not only on the main driver suspension, but every where there are leaf springs, the lead truck, trailing truck and even the tender trucks, this is not just a modeling gimmick, but an effort to improve the suspension performance. Piping in O scale models has typically been a 'point to somewhere' proposition, our focus now is a point to point approach with no dangling ends visible even on the underside of the model. With this in mind, consider the photos to the right of the backhead and turret box area of our K-4.



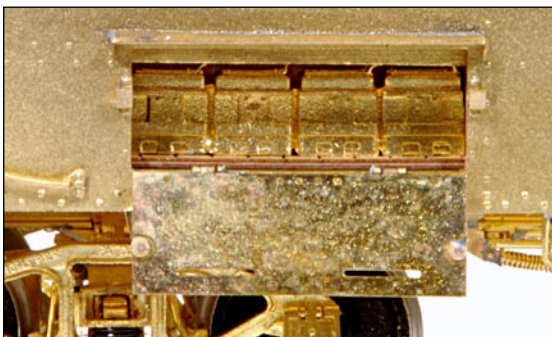
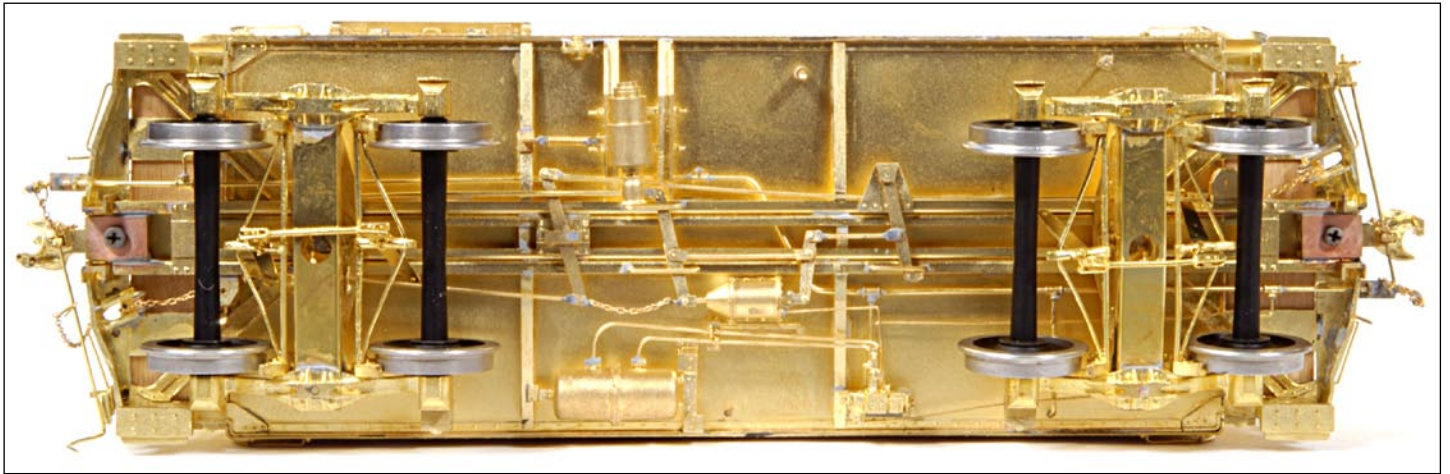
Another new feature to be included are functional ash pan dumps, the photo to the right shows the levers above the trailing truck that operate the dumps, there is another set of levers on the engineer's side as well. The brake hangers will be held in position by miniature cotter keys as we did with our Union Pacific 'type' project. A complete information package is available for this project.

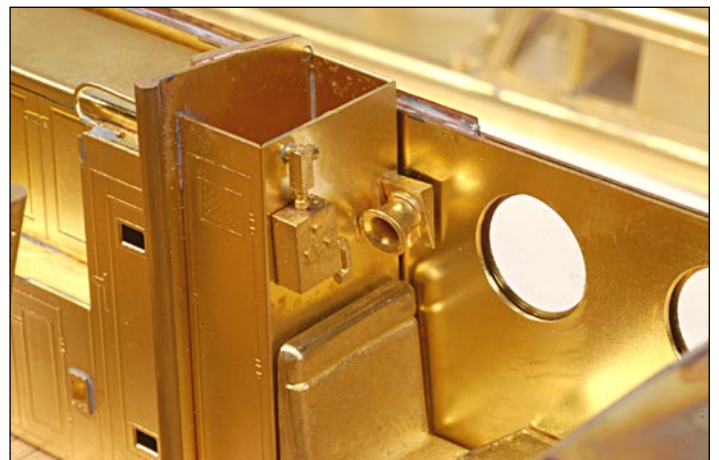
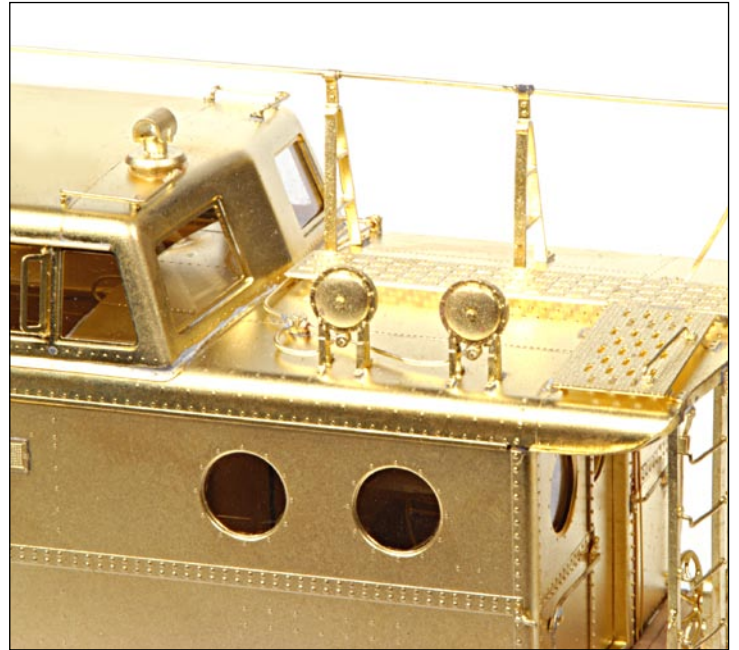
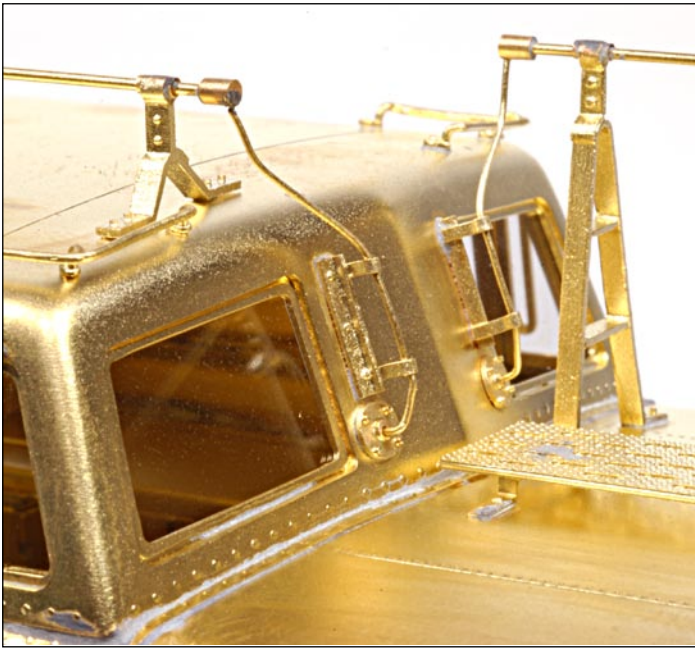






The images on these two pages are of the latest sample for our Pennsylvania N5c cabin car project which we hope to have completed during the first month of 2005. As always the project has taken longer than we had hoped, but the results should speak for themselves. From the double-wall carbody construction to the correct spring rate coils used in the trucks to allow for an accurate ride height, we have tried very hard not to miss the smallest of details. We used a combination of punched and etched rivets, the etched where the detail was too small for punching, to correctly model the exterior construction. While most of the 160 corrections that were deemed necessary from the original sample have been made, not all of them are present on this sample, there was still a little work left to be done. If this is a project of interest to you and you have not already ordered, please get in touch and we'll be happy to forward an information package.







We have been contemplating the possibilities of doing the C&O K3/K3a 'Mikes' for the past couple of years and it has been officially on our production list during that time. We have explained that there has been a real problem with acquiring adequate data to develop the project, to the point of moving the project down in our schedule. With fingers crossed, we can say that this situation appears to have been overcome. We are actually making serious progress at this point, but can still use the assistance of anyone with detail photos or drawings that is willing to share. As with all of our projects private contributions make all the difference in allowing us to successfully complete our chosen projects. If our current progress continues the K3/K3a project will be coming up soon in our production schedule.

We haven't covered all the latest information, but we are at the end of our space even in this expanded update edition. It seems that we need to do updates more frequently, something we already knew and have struggled to accomplish, but we'll try even harder in the new year We thank you for your continued interest and support!

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### ***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 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'

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### ***Show Schedule***

Big Railroad Hobby Show / January 29-30, 2005  
West Springfield, Massachusetts

Nürnberg International Toy Fair / February 10-15, 2005  
Nürnberg, Germany

O Scale West / February 24-26, 2005  
Santa Clara, California

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