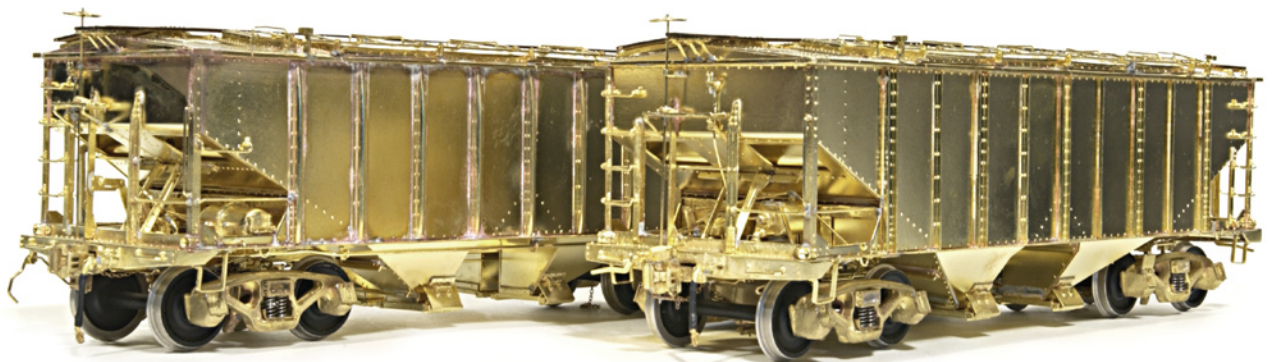


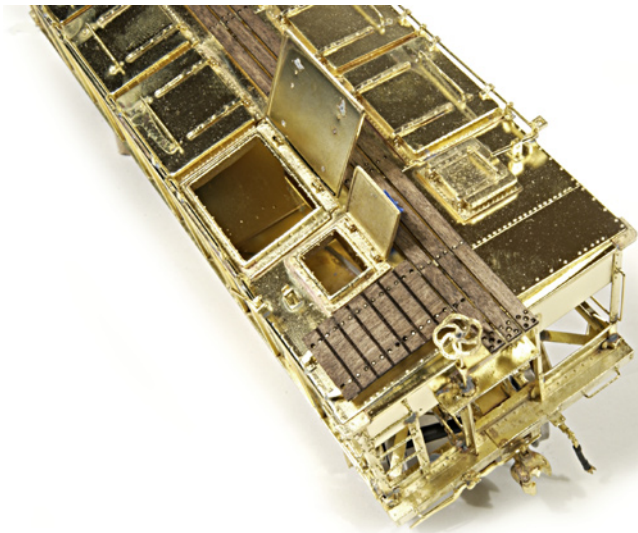
## O Scale Nationals 2002

It seems crazy, but there is complete interior detail, much of which is not readily visible, if it belongs there, it belongs there! The image above shows the new truck sideframe for our 2D-F8 truck that will be used on the GLe, make special note of the lettering detail that in actual size on the model is approximately .025" tall. This master part was machined from a solid billet the remnants of which can be seen at both ends. The image below shows the real wood walkways, opening hatches and complete hatch locking mechanisms faithfully modeled. No detail has been overlooked, even the lettering that will be used for these cars has been purposely developed and drawn to exacting standards, close enough is not good enough even for our rolling stock. We are hoping for delivery beginning in about six (6) weeks. It has been too long since our last update and we regret this, but the demands of producing our last project, the Norfolk & Western Y6b kept us incredibly busy right up to the end, Since the completion of the project and the delivery of the models to our shop in January, we have been breaking back to get the models shipped to customers as quickly as possible, while trying to maintain the integrity of the finished product. We need to elaborate more on what is involved in the preparation and delivery process, but we'll save that for later in the update, it is important that all concerned are aware of what goes into the delivery of one of our models and that may help explain why it is not a 'quick' process. We have a lot on our plate at the moment and we'll do our best to bring you up to speed with this update.

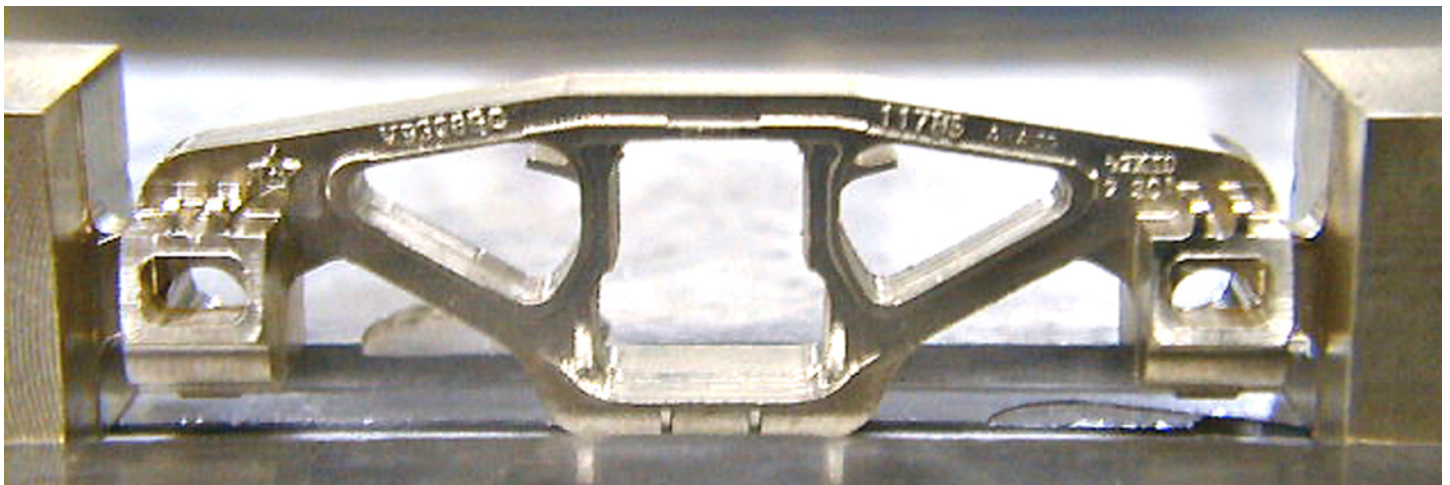
As mentioned, the production of our Y6b is complete and many of you have one in your hands to 'play' with. The response to the finished product has been exceptional, this has been our best project to date any way you want to evaluate it. The most common comment has been that this model represents the finest that has been produced regardless of scale, we love to hear it, particularly from customers, but we won't be the ones to say it. At the outset of our very first project we made a commitment to deliver more than promised in our models and I truly feel that we have again lived up to that standard. Can we continue to improve, we certainly can and will. Can we add more detail and features to our finished projects, we plan on it and are actively working to do so with our very next projects, locomotives and rolling stock alike.

We take great pride and pleasure in doing what we do, but there is one aspect of the business that will always be a 'pain', that being the financial side. I suspect that world events had an impact on all of us, but the final payments for the Y6b came in very slowly which only adds to our costs. We are continuing our effort to maintain reasonable pricing, but in light of the most recent project are re-evaluating our reservation and payment routine with an eye toward making it more user friendly so payments can be more timely. Beginning with our next locomotive project, the Union Pacific 'type', a new or modified plan will be in place, it is being derived from many of the comments and suggestions that we have heard from customers and potential customers alike. The bottom line is, we cannot deliver a state-of-the-art model at reasonable prices and afford to finance the purchase for customers without making up the difference somewhere.





We have been very pleased with the response we have had to our projects. With each new effort the models have sold out quicker and quicker which is a bit surprising since each new project has been more expensive than the previous due to the type of prototype. The only models we currently have on hand are two New York Central PT-4 tenders at \$950 each and a very limited number of Northfolk & Western auxiliary tenders at \$650 each. If you have an interest in either of these items, please get in touch with us directly to confirm exactly what we have at the time you would like to place your order. We expect that all of these items will be sold out quickly.

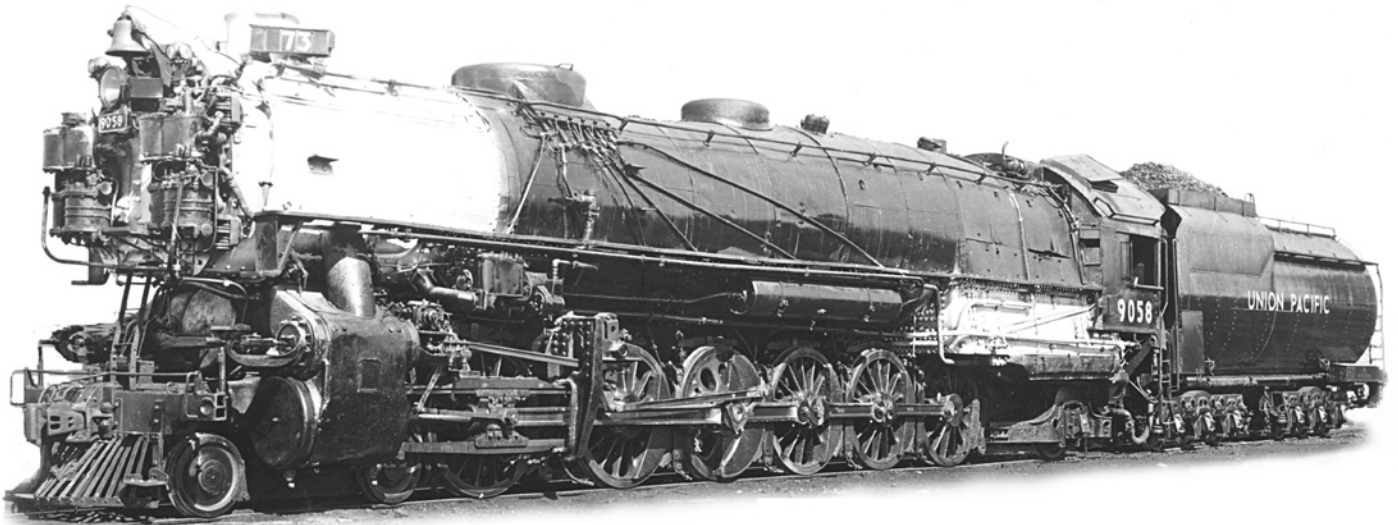


Our next project scheduled for delivery, one that is long overdue, is the Pennsylvania GLe cement car. The effort that has gone into developing and producing this project rivals the effort required for many locomotive projects. We feel certain that once all reservation holders see the finished models that the wait will not be an issue, our GLe at \$375 complete and ready to run is a real bargain. The images on the front page of this update show both the 'structural' side stake car with 'K' brakes in the foreground and the 'pressed' side stake car with 'AB' brakes in the background, these are the pre-production samples. Unfortunately, you can not see all of the detail that has been added, but suffice it to say, the same approach we use with our locos was used with this project.

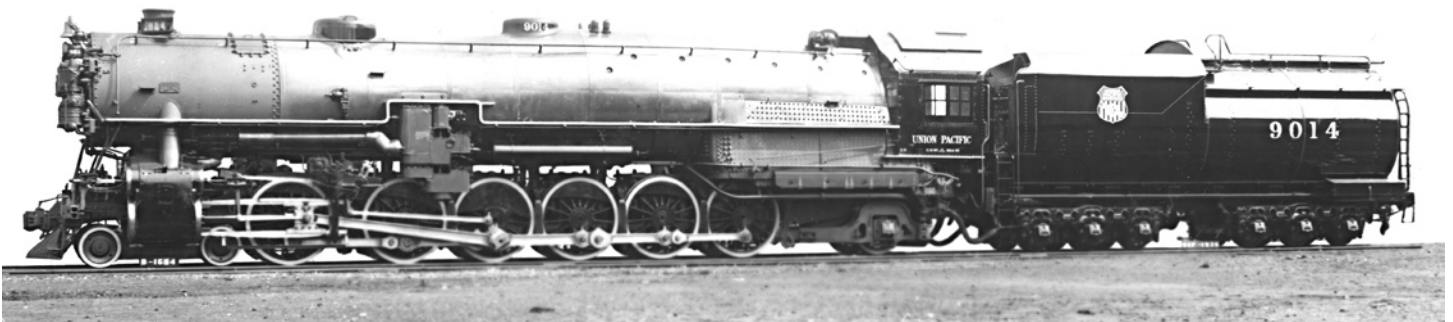
As previously mentioned, our next locomotive project is the Union Pacific 'type' 4-12-2, the most successful three cylinder prototype ever put into service by a major American road. As we do with all of our projects, we sought out the best guidance possible for our research and development and with this project, we hit the 'mother load'. The definitive volumes on this prototype, we feel on any prototype, entitled *The Union Pacific Type* were authored by William Kratville and John Bush, we have had the distinct pleasure of meeting with both of these gentlemen and will continue to do so until the project is complete.

Our sincere hope is that because of the wealth of knowledge available to us we will be able to more rapidly develop and produce this project. We will show the sample for the first time at the O Scale National Convention in Chicago this Summer and are planning on delivery of the finished project by late Fall this year. The reservation process will start later this month and will be announced as usual with a dedicated mailing to all customers first and then to all that have expressed interest in the project.

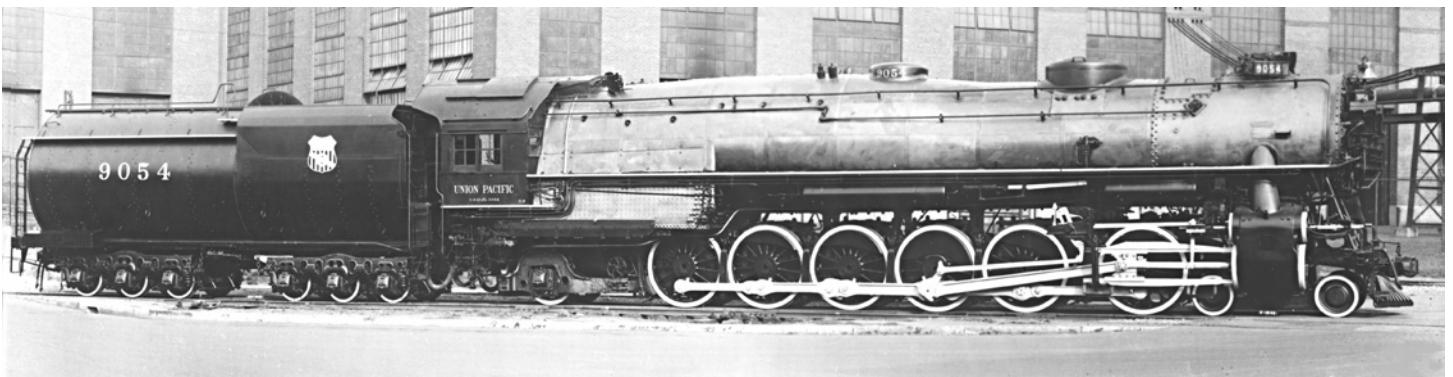
There are a number of very distinct versions of this prototype available for the choosing, but we have narrowed our choices to the three shown below. The bulk of the production will be of a post-war version which became the standard for the class, all UP 'types' in service after WWII received the treatment shown immediately below. All versions that we produce will be equipped with 18-C tenders.



The version next is the 'as built' UP-2 class equipped with the 'BL' style feedwater heater hung on the fireman's side of the locomotive, a very distinctive look. This group included road number 9001-9014



The final group to be produced will be the 'as built' UP-4 class, the largest single group (9030-9054) and also the last fabricated frame UP 'types' built. Both this group and the UP-2's will be very limited quantities and will be part of our new custom shop program that will be explained in greater detail when the reservation information is distributed.



This project will include a number of firsts for us including the use of Swiss custom built coreless motors, Swiss cut gear-sets and several new features that we can not talk about presently due to competitive concerns. All of the drivers for each version will be flanged and we will rely on the use of lateral motion devices to get this monster around as tight a radius as possible.

We have already begun work on the loco project up next after the Union Pacific 'type', that being the Pennsylvania K-4 'Pacific'. We are planning 30's and 40's versions with all of the popular variations available in terms of headlight and pilot arrangements. There will be two tenders available, the 110P75A and the 130P75. We are tentatively planning two offerings in very limited quantities from the Custom Shop for this project; a K-4sa version with radio equipped 130P75 tender and an original passenger paint scheme 1928 version. More information will be offered on this project in upcoming updates and on our web site.

Every time we reach the delivery point with a project the question always arises, why it takes us the length of time that it does to get the models into service and the answer is very simple; attention to final detail and a sincere concern about delivering a quality product. Although the models are all produced at the same time and when the production is complete, the models are fully assembled and operational, all of the final detailing and fine tuning is accomplished once the models arrive stateside. With each production run every model produced is run in Korea a minimum of three times prior to leaving for the our shop, upon arrival, every model is run again, then fine tuned and test run at least one more time. The packing time alone for one of our Y6b's is typically 45-55 minutes. Unfortunately, there are no shortcuts available for trying to ensure that we deliver the best model we possibly can.

You may notice on our future project list below that there has been a schedule change made for four projects. Originally, we had planned on producing the C&O 'Mikes' after the Pennsy K-4, but due to difficulties in procuring reference material for that project we have exchanged production slots with the C&O H-8 and I have to say, no one seems very disappointed, everyone wants an H-8. In addition, it was decided that we should not produce the H-8 and Union Pacific 'Big Boy' consecutively, we have exchanged production slots between the 'Big Boy' and the New York Central 'Niagara'. As we push further and further with each new project, complete and accurate reference data is essential and if we do not have it ready on a timely basis the production costs soar and the frustration builds for all involved. As with most businesses, time is money for our builder.

We thank you for taking the time to update yourself on our activities and as always, we encourage you to check out our web site if you have access to the Internet and by all means, if you have a question get in touch!!

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### *Future Projects*

The prototypes listed below are projects that we are firmly committed to and are actively working on. Fair pricing is essential to our future success and to help control costs it is very important for us to have a calculated approach to the development and production of our models. With our list presented, as we plan for the future, those interested in our projects can also give thought to future acquisitions.

**Union Pacific 'Type' 4-12-2**  
**Pennsylvania Railroad K-4 'Pacific'**  
**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)**

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### *Show Schedule*

O Scale National Convention / June 13-16, 2002  
Chicago, Illinois

TCA Fall Meet / October, 2002  
York, Pennsylvania

### *Contact Information*

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