

Fresno Operation Analysis-Current Traffic

INCOME STATEMENT										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
PROJECTED CARLOADS:	4,764	4,812	4,860	4,908	4,957	5,007	5,057	5,108	5,159	5,210
AVERAGE REVENUE PER CARLOAD:	\$ 350	\$ 350	\$ 350	\$ 350	\$ 355	\$ 361	\$ 366	\$ 373	\$ 381	\$ 388
OPERATING REVENUES										
Freight Revenue	\$ 1,667,400	\$ 1,684,074	\$ 1,700,915	\$ 1,717,924	\$ 1,761,130	\$ 1,805,422	\$ 1,850,828	\$ 1,906,723	\$ 1,964,307	\$ 2,023,629
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING REVENUES	\$ 1,667,400	\$ 1,684,074	\$ 1,700,915	\$ 1,717,924	\$ 1,761,130	\$ 1,805,422	\$ 1,850,828	\$ 1,906,723	\$ 1,964,307	\$ 2,023,629
OPERATING EXPENSES										
MAINTENANCE OF WAY	\$ 355,320	\$ 360,650	\$ 366,060	\$ 371,550	\$ 377,124	\$ 382,781	\$ 388,522	\$ 394,350	\$ 400,265	\$ 406,269
MAINTENANCE OF EQUIPMENT	\$ 246,300	\$ 249,995	\$ 253,744	\$ 257,551	\$ 261,414	\$ 265,335	\$ 269,315	\$ 273,355	\$ 277,455	\$ 281,617
TRANSPORTATION	\$ 454,743	\$ 461,459	\$ 468,276	\$ 475,194	\$ 482,540	\$ 490,001	\$ 497,580	\$ 505,396	\$ 513,339	\$ 521,412
GENERAL AND ADMINISTRATIVE	\$ 353,469	\$ 358,750	\$ 364,110	\$ 369,550	\$ 375,137	\$ 380,809	\$ 386,567	\$ 392,436	\$ 398,395	\$ 404,445
OPERATING EXPENSES BEFORE DEPRE. & AMORTI.	\$ 1,409,831	\$ 1,430,853	\$ 1,452,190	\$ 1,473,845	\$ 1,496,214	\$ 1,518,926	\$ 1,541,985	\$ 1,565,536	\$ 1,589,454	\$ 1,613,744
EBITDA	\$ 257,569	\$ 253,221	\$ 248,725	\$ 244,079	\$ 264,915	\$ 286,496	\$ 308,844	\$ 341,187	\$ 374,852	\$ 409,885
OPERATING MARGIN	15.4%	15.0%	14.6%	14.2%	15.0%	15.9%	16.7%	17.9%	19.1%	20.3%
DEPRECIATION	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
AMORTIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INCOME BEFORE INTEREST & TAX	\$ 187,569	\$ 183,221	\$ 178,725	\$ 174,079	\$ 194,915	\$ 236,496	\$ 258,844	\$ 291,187	\$ 324,852	\$ 359,885
INTEREST EXPENSES	\$ 72,250	\$ 60,057	\$ 46,827	\$ 32,473	\$ 16,898	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES	\$ 1,552,081	\$ 1,560,910	\$ 1,569,017	\$ 1,576,318	\$ 1,583,113	\$ 1,568,926	\$ 1,591,985	\$ 1,615,536	\$ 1,639,454	\$ 1,663,744
NET INCOME BEFORE TAX	\$ 115,319	\$ 123,164	\$ 131,898	\$ 141,606	\$ 178,017	\$ 236,496	\$ 258,844	\$ 291,187	\$ 324,852	\$ 359,885
PRE-TAX INCOME	\$ 115,319	\$ 123,164	\$ 131,898	\$ 141,606	\$ 178,017	\$ 236,496	\$ 258,844	\$ 291,187	\$ 324,852	\$ 359,885
Income Tax 0% Tax Rate for Public Entity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME AFTER TAXES	\$ 115,319	\$ 123,164	\$ 131,898	\$ 141,606	\$ 178,017	\$ 236,496	\$ 258,844	\$ 291,187	\$ 324,852	\$ 359,885
NET PROFIT MARGIN	6.9%	7.3%	7.8%	8.2%	10.1%	13.1%	14.0%	15.3%	16.5%	17.8%
EBITDA	\$ 257,569	\$ 253,221	\$ 248,725	\$ 244,079	\$ 264,915	\$ 286,496	\$ 308,844	\$ 341,187	\$ 374,852	\$ 409,885
OPERATING RATIO	93%	93%	92%	92%	90%	87%	86%	85%	83%	82%

Fresno Operation Analysis-Current Traffic

BALANCE SHEET											
ASSETS	Beginning Balance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CURRENT ASSETS											
Cash	\$ 352,458	\$ 372,862	\$ 410,744	\$ 444,142	\$ 472,907	\$ 520,385	\$ 805,083	\$ 1,112,065	\$ 1,450,557	\$ 1,822,604	\$ 2,229,569
Account Receivables	\$ 190,000	\$ 138,950	\$ 140,340	\$ 141,743	\$ 143,160	\$ 146,761	\$ 150,452	\$ 154,236	\$ 158,894	\$ 163,692	\$ 168,636
Other Current Assets/Prepaid Exp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 542,458	\$ 511,812	\$ 551,083	\$ 585,885	\$ 616,068	\$ 667,146	\$ 955,535	\$ 1,266,301	\$ 1,609,450	\$ 1,986,296	\$ 2,398,205
LONG-TERM ASSETS											
Property, Plant, Equip.	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000	\$ 850,000
Accumulated Depreciation		\$ 70,000	\$ 140,000	\$ 210,000	\$ 280,000	\$ 350,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000	\$ 600,000
Net Property, Plant, Equip		\$ 780,000	\$ 710,000	\$ 640,000	\$ 570,000	\$ 500,000	\$ 450,000	\$ 400,000	\$ 350,000	\$ 300,000	\$ 250,000
Intangibles/Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Amortization		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Goodwill		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Assets	\$ 850,000	\$ 780,000	\$ 710,000	\$ 640,000	\$ 570,000	\$ 500,000	\$ 450,000	\$ 400,000	\$ 350,000	\$ 300,000	\$ 250,000
TOTAL ASSETS	\$ 1,392,458	\$ 1,291,812	\$ 1,261,083	\$ 1,225,885	\$ 1,186,068	\$ 1,167,146	\$ 1,405,535	\$ 1,666,301	\$ 1,959,450	\$ 2,286,296	\$ 2,648,205
LIABILITIES											
CURRENT LIABILITIES											
Accounts Payable	\$ 190,000	\$ 117,486	\$ 119,238	\$ 121,016	\$ 122,820	\$ 124,685	\$ 126,577	\$ 128,499	\$ 130,461	\$ 132,455	\$ 134,479
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion of LT Debt	\$ -	\$ 155,644	\$ 168,874	\$ 183,228	\$ 198,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 190,000	\$ 273,130	\$ 288,112	\$ 304,244	\$ 321,623	\$ 124,685	\$ 126,577	\$ 128,499	\$ 130,461	\$ 132,455	\$ 134,479
LONG-TERM LIABILITIES											
Commerical Loan	\$ 850,000	\$ 550,905	\$ 382,031	\$ 198,803	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subordinated Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LT Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Liabilities	\$ 850,000	\$ 550,905	\$ 382,031	\$ 198,803	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ 1,040,000	\$ 824,035	\$ 670,143	\$ 503,047	\$ 321,623	\$ 124,685	\$ 126,577	\$ 128,499	\$ 130,461	\$ 132,455	\$ 134,479
EQUITY											
Initial Equity	\$ 352,458	\$ 352,458	\$ 467,777	\$ 590,941	\$ 722,839	\$ 864,445	\$ 1,042,462	\$ 1,278,958	\$ 1,537,802	\$ 1,828,989	\$ 2,153,842
Retained Earning		\$ 115,319	\$ 123,164	\$ 131,898	\$ 141,606	\$ 178,017	\$ 236,496	\$ 258,844	\$ 291,187	\$ 324,852	\$ 359,885
TOTAL LIABILITIES AND EQUITY:	\$ 1,392,458	\$ 1,291,812	\$ 1,261,083	\$ 1,225,885	\$ 1,186,068	\$ 1,167,146	\$ 1,405,535	\$ 1,666,301	\$ 1,959,450	\$ 2,286,296	\$ 2,648,205
Debt to Equity Ratio		1.76	1.13	0.70	0.37	0.12	0.10	0.08	0.07	0.06	0.05

Fresno Operation Analysis-Current Traffic

CASH FLOW STATEMENT										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
CASH FROM OPERATING ACTIVITIES										
Operating Income	\$ 257,569	\$ 253,221	\$ 248,725	\$ 244,079	\$ 264,915	\$ 286,496	\$ 308,844	\$ 341,187	\$ 374,852	\$ 409,885
Increase/(Decrease) in Account Receivable	\$ (51,050)	\$ 1,390	\$ 1,403	\$ 1,417	\$ 3,600	\$ 3,691	\$ 3,784	\$ 4,658	\$ 4,799	\$ 4,944
Increase/(Decrease) in Account Payable	\$ (72,514)	\$ 1,752	\$ 1,778	\$ 1,805	\$ 1,864	\$ 1,893	\$ 1,922	\$ 1,963	\$ 1,993	\$ 2,024
Annual Loan Payment	\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Generated From Operation	\$ 20,404	\$ 37,882	\$ 33,399	\$ 28,765	\$ 47,478	\$ 284,698	\$ 306,982	\$ 338,492	\$ 372,047	\$ 406,965
Cash - Beginning Balance	\$ 352,458	\$ 372,862	\$ 410,744	\$ 444,142	\$ 472,907	\$ 520,385	\$ 805,083	\$ 1,112,065	\$ 1,450,557	\$ 1,822,604
Cash - Ending Balance	\$ 372,862	\$ 410,744	\$ 444,142	\$ 472,907	\$ 520,385	\$ 805,083	\$ 1,112,065	\$ 1,450,557	\$ 1,822,604	\$ 2,229,569

Fresno Operation Analysis-Current Traffic

SUMMARY OF REVENUE															
CUSTOMER	Year 1			Year 2			Year 3			Year 4			Year 5		
	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue
Richard Best Transfer	\$ 350	3,500	\$ 1,225,000	\$ 350	3,535	\$ 1,237,250	\$ 350	3,570	\$ 1,249,623	\$ 350	3,606	\$ 1,262,119	\$ 355	3,642	\$ 1,293,861
DDM Steel	\$ 350	60	\$ 21,000	\$ 350	61	\$ 21,210	\$ 350	61	\$ 21,422	\$ 350	62	\$ 21,636	\$ 355	62	\$ 22,180
Holt Lumber	\$ 350	18	\$ 6,300	\$ 350	18	\$ 6,363	\$ 350	18	\$ 6,427	\$ 350	19	\$ 6,491	\$ 355	19	\$ 6,654
International Paper	\$ 350	650	\$ 227,500	\$ 350	657	\$ 229,775	\$ 350	663	\$ 232,073	\$ 350	670	\$ 234,393	\$ 355	676	\$ 240,288
Taiga	\$ 350	132	\$ 46,200	\$ 350	133	\$ 46,662	\$ 350	135	\$ 47,129	\$ 350	136	\$ 47,600	\$ 355	137	\$ 48,797
M.C.Truss	\$ 350	14	\$ 4,900	\$ 350	14	\$ 4,949	\$ 350	14	\$ 4,998	\$ 350	14	\$ 5,048	\$ 355	15	\$ 5,175
Univar	\$ 350	182	\$ 63,700	\$ 350	184	\$ 64,337	\$ 350	186	\$ 64,980	\$ 350	188	\$ 65,630	\$ 355	189	\$ 67,281
O'Neill Vint	\$ 350	108	\$ 37,800	\$ 350	109	\$ 38,178	\$ 350	110	\$ 38,560	\$ 350	111	\$ 38,945	\$ 355	112	\$ 39,925
WAWONA	\$ 350	100	\$ 35,000	\$ 350	101	\$ 35,350	\$ 350	102	\$ 35,704	\$ 350	103	\$ 36,061	\$ 355	104	\$ 36,967
Total		4,764	1,667,400		4,812	1,684,074		4,860	1,700,915		4,908	1,717,924		4,957	1,761,130
Freight Rate Growth Rate				0.00%			0.00%			0.00%			1.50%		
Carloads Growth Rate					1%			1%			1%			1%	

Revenues

Fresno Operation Analysis-Current Traffic

SUMMARY OF REVENUE Summary of Revenues															
CUSTOMER	Year 6			Year 7			Year 8			Year 9			Year 10		
	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue
Richard Best Transfer	\$ 361	3,679	\$ 1,326,402	\$ 366	3,715	\$ 1,359,761	\$ 373	3,752	\$ 1,400,825	\$ 381	3,790	\$ 1,443,130	\$ 388	3,828	\$ 1,486,713
DDM Steel	\$ 361	63	\$ 22,738	\$ 366	64	\$ 23,310	\$ 373	64	\$ 24,014	\$ 381	65	\$ 24,739	\$ 388	66	\$ 25,487
Holt Lumber	\$ 361	19	\$ 6,821	\$ 366	19	\$ 6,993	\$ 373	19	\$ 7,204	\$ 381	19	\$ 7,422	\$ 388	20	\$ 7,646
International Paper	\$ 361	683	\$ 246,332	\$ 366	690	\$ 252,527	\$ 373	697	\$ 260,153	\$ 381	704	\$ 268,010	\$ 388	711	\$ 276,104
Taiga	\$ 361	139	\$ 50,024	\$ 366	140	\$ 51,282	\$ 373	142	\$ 52,831	\$ 381	143	\$ 54,427	\$ 388	144	\$ 56,070
M.C.Truss	\$ 361	15	\$ 5,306	\$ 366	15	\$ 5,439	\$ 373	15	\$ 5,603	\$ 381	15	\$ 5,773	\$ 388	15	\$ 5,947
Univar	\$ 361	191	\$ 68,973	\$ 366	193	\$ 70,708	\$ 373	195	\$ 72,843	\$ 381	197	\$ 75,043	\$ 388	199	\$ 77,309
O'Neill Vint	\$ 361	114	\$ 40,929	\$ 366	115	\$ 41,958	\$ 373	116	\$ 43,225	\$ 381	117	\$ 44,531	\$ 388	118	\$ 45,876
WAWONA	\$ 361	105	\$ 37,897	\$ 366	106	\$ 38,850	\$ 373	107	\$ 40,024	\$ 381	108	\$ 41,232	\$ 388	109	\$ 42,478
Total		5,007	1,805,422		5,057	1,850,828		5,108	1,906,723		5,159	1,964,307		5,210	2,023,629
Freight Rate Growth Rate	1.50%			1.50%			2.00%			2.00%			2.00%		
Carloads Growth Rate		1%			1%			1%			1%			1%	

Fresno Operation Analysis-Current Traffic

MAINTENANCE OF EQUIPMENT														
STAFFING EXPENSES														
POSITION TITLE	#	Base Salary	\$ OT	Benefits	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
MANAGER	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mechanic	1	\$ 50,000	\$ -	\$ 21,000	\$ 71,000	\$ 72,065	\$ 73,146	\$ 74,243	\$ 75,357	\$ 76,487	\$ 77,634	\$ 78,799	\$ 79,981	\$ 81,181
FOREMAN-FREIGHT CARS	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Helper	1	\$ 40,000	\$ -	\$ 16,800	\$ 56,800	\$ 57,652	\$ 58,517	\$ 59,395	\$ 60,285	\$ 61,190	\$ 62,108	\$ 63,039	\$ 63,985	\$ 64,945
TOTAL	2	\$ 90,000	\$ -	\$ 37,800	\$ 127,800	\$ 129,717	\$ 131,663	\$ 133,638	\$ 135,642	\$ 137,677	\$ 139,742	\$ 141,838	\$ 143,966	\$ 146,125
Assumed benefits as percentage of salary		42%												
Salary Inflation Assumption					1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
OTHER EXPENSES														
CONTRACT SERVICES					\$ 45,000	\$ 45,675	\$ 46,360	\$ 47,056	\$ 47,761	\$ 48,478	\$ 49,205	\$ 49,943	\$ 50,692	\$ 51,453
LOCO PARTS AND REPAIRS		\$17500 Per Loco.			\$ 52,500	\$ 53,288	\$ 54,087	\$ 54,898	\$ 55,722	\$ 56,557	\$ 57,406	\$ 58,267	\$ 59,141	\$ 60,028
CAR PARTS AND REPAIRS					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VEHICLE, EQUIPMENT REPAIRS					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOOLS AND SUPPLIES					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER-CONSUMABLES					\$ 15,000	\$ 15,225	\$ 15,453	\$ 15,685	\$ 15,920	\$ 16,159	\$ 16,402	\$ 16,648	\$ 16,897	\$ 17,151
WORK EQUIPMENT					\$ 3,000	\$ 3,045	\$ 3,091	\$ 3,137	\$ 3,184	\$ 3,232	\$ 3,280	\$ 3,330	\$ 3,379	\$ 3,430
FACILITY EXPENSES					\$ 3,000	\$ 3,045	\$ 3,091	\$ 3,137	\$ 3,184	\$ 3,232	\$ 3,280	\$ 3,330	\$ 3,379	\$ 3,430
SUBTOTAL OTHER EXPENSES					\$ 118,500	\$ 120,278	\$ 122,082	\$ 123,913	\$ 125,772	\$ 127,658	\$ 129,573	\$ 131,517	\$ 133,489	\$ 135,492
Materials Inflation Assumption					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Equipment Rental Inflation					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
All other (excluding staffing)					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TOTAL MAINTENANCE OF EQUIPMENT					\$ 246,300	\$ 249,995	\$ 253,744	\$ 257,551	\$ 261,414	\$ 265,335	\$ 269,315	\$ 273,355	\$ 277,455	\$ 281,617

Fresno Operation Analysis-Current Traffic

TRANSPORTATION EXPENSE														
STAFFING EXPENSES														
JOB DESCRIPTION	#	Base Salary	\$ OT	Benefits	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
SUPERINTENDENT	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operation Supervisor	1	\$ 65,000	\$ -	\$ 27,300	\$ 92,300	\$ 93,685	\$ 95,090	\$ 96,516	\$ 97,964	\$ 99,433	\$ 100,925	\$ 102,439	\$ 103,975	\$ 105,535
Crew-Train	2	\$ 55,000	\$ -	\$ 23,100	\$ 156,200	\$ 158,543	\$ 160,921	\$ 163,335	\$ 165,785	\$ 168,272	\$ 170,796	\$ 173,358	\$ 175,958	\$ 178,598
Extra Train Crew Person	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL	3				\$ 248,500	\$ 252,228	\$ 256,011	\$ 259,851	\$ 263,749	\$ 267,705	\$ 271,721	\$ 275,796	\$ 279,933	\$ 284,132
Assumed benefits as percentage of salary		42%												
Salary Inflation Assumption					1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
OTHER EXPENSES														
TRAVEL & SUBSISTENCE					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TRACKAGE FEES					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LOCO/FRT CAR RENT					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUEL, OIL AND LUBE					\$ 140,400	\$ 142,506	\$ 144,644	\$ 146,813	\$ 149,015	\$ 151,251	\$ 153,519	\$ 155,822	\$ 158,160	\$ 160,532
VEHICLES/RADIO M & R					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INSURANCE		5% Locomotive Value			\$ 37,500	\$ 38,063	\$ 38,633	\$ 39,213	\$ 39,801	\$ 40,398	\$ 41,004	\$ 41,619	\$ 42,243	\$ 42,877
Locomotive Lease Expenses					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MATERIALS & SUPPLY					\$ 7,500	\$ 7,613	\$ 7,727	\$ 7,843	\$ 7,960	\$ 8,080	\$ 8,201	\$ 8,324	\$ 8,449	\$ 8,575
CASUALTY LOSSES & DAMAGES			1.25% of freight revenue		\$ 20,843	\$ 21,051	\$ 21,261	\$ 21,474	\$ 22,014	\$ 22,568	\$ 23,135	\$ 23,834	\$ 24,554	\$ 25,295
TOTAL OTHER EXPENSES					\$ 206,243	\$ 209,232	\$ 212,265	\$ 215,343	\$ 218,791	\$ 222,296	\$ 225,860	\$ 229,599	\$ 233,406	\$ 237,280
Expenses Inflation Assumption					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TOTAL TRANSPORTATION EXPENSES					\$ 454,743	\$ 461,459	\$ 468,276	\$ 475,194	\$ 482,540	\$ 490,001	\$ 497,580	\$ 505,396	\$ 513,339	\$ 521,412
Car Hire Expenses														
Car Hire Expenses	\$ -													
(# of cars)	-													
(\$/Day)	\$ -													
(# of Days)	-													
TRANSPORTATION FUEL & LUBE EXPENSES														
FUEL EXPENSES					YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Operation 1 : Fresno to Ivory to switch existing customers														
Number of Days Per Week					5	5	5	5	5	5	5	5	5	5
Number of Locomotives in Operation 1					2	2	2	2	2	2	2	2	2	2
Operation hours Per Day					10	10	10	10	10	10	10	10	10	10
Fuel Consumption Per Locomotive Per Hour					18	18	18	18	18	18	18	18	18	18
Annual Gallons					93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600	93,600
Price Per Gallon					\$3.00	\$3.05	\$3.09	\$3.14	\$3.18	\$3.23	\$3.28	\$3.33	\$3.38	\$3.43
Annul Fuel Cost					\$140,400	\$142,506	\$144,644	\$146,813	\$149,015	\$151,251	\$153,519	\$155,822	\$158,160	\$160,532
Operation 2 :														
Number of Days Per Week					0	0	0	0	0	0	0	0	0	0
Number of Locomotives in Operation 2					2	2	2	2	2	2	2	2	2	2
Operation hours Per Day					12	12	12	12	12	12	12	12	12	12
Fuel Consumption Per Locomotive Per Hour					18	18	18	18	18	18	18	18	18	18
Annual Gallons					0	0	0	0	0	0	0	0	0	0
Price Per Gallon					\$2.50	\$2.54	\$2.58	\$2.61	\$2.65	\$2.69	\$2.73	\$2.77	\$2.82	\$2.86
Annul Fuel Cost					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operation 3 :														
Number of Days Per Week					0	0	0	0	0	0	0	0	0	0
Number of Locomotives in Operation 3					2	2	2	2	2	2	2	2	2	2
Operation hours Per Day					8	8	8	8	8	8	8	8	8	8
Fuel Consumption Per Locomotive Per Hour					30	30	30	30	30	30	30	30	30	30
Annual Gallons					0	0	0	0	0	0	0	0	0	0
Price Per Gallon					\$3.95	\$4.01	\$4.07	\$4.13	\$4.19	\$4.26	\$4.32	\$4.38	\$4.45	\$4.52
Annul Fuel Cost					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Fuel Expenses					\$140,400	\$142,506	\$144,644	\$146,813	\$149,015	\$151,251	\$153,519	\$155,822	\$158,160	\$160,532
TRANSPORTATION FUEL INFLATION ASSUMPTION														
Assumed Fuel Inflation					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Fresno Operation Analysis-Current Traffic

GENERAL AND ADMINISTRATIVE EXPENSE														
STAFFING EXPENSES														
POSITION TITLE	# OF EMPLOYEES	Base Salary	\$ OT	Benefits	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
PRESIDENT	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GENERAL MANAGER	1	\$ 75,000	\$ -	\$ 31,500	\$ 106,500	\$ 108,098	\$ 109,719	\$ 111,365	\$ 113,035	\$ 114,731	\$ 116,452	\$ 118,198	\$ 119,971	\$ 121,771
Supervisor	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Marketing	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ACCOUNTANT	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative	1	\$ 40,000	\$ -	\$ 16,800	\$ 56,800	\$ 57,652	\$ 58,517	\$ 59,395	\$ 60,285	\$ 61,190	\$ 62,108	\$ 63,039	\$ 63,985	\$ 64,945
SECRETARY	1	\$ 40,000	\$ -	\$ 16,800	\$ 56,800	\$ 57,652	\$ 58,517	\$ 59,395	\$ 60,285	\$ 61,190	\$ 62,108	\$ 63,039	\$ 63,985	\$ 64,945
OTHER	0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUBTOTAL STAFFING	3	\$ 155,000	\$ -	\$ 65,100	\$ 220,100	\$ 223,402	\$ 226,753	\$ 230,154	\$ 233,606	\$ 237,110	\$ 240,667	\$ 244,277	\$ 247,941	\$ 251,660
Assumed benefits as percentage of salary		42%												
Salary Inflation Assumption					1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
NON-LABOR EXPENSES														
OFFICE RENT					\$ 18,000	\$ 18,270	\$ 18,544	\$ 18,822	\$ 19,105	\$ 19,391	\$ 19,682	\$ 19,977	\$ 20,277	\$ 20,581
OFFICE SUPPLIES					\$ 1,500	\$ 1,523	\$ 1,545	\$ 1,569	\$ 1,592	\$ 1,616	\$ 1,640	\$ 1,665	\$ 1,690	\$ 1,715
Utilities					\$ 5,000	\$ 5,075	\$ 5,151	\$ 5,228	\$ 5,307	\$ 5,386	\$ 5,467	\$ 5,549	\$ 5,632	\$ 5,717
Telephone/Communication					\$ 2,400	\$ 2,436	\$ 2,473	\$ 2,510	\$ 2,547	\$ 2,585	\$ 2,624	\$ 2,664	\$ 2,704	\$ 2,744
Travel/Entertainment					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dues/Subscription					\$ 300	\$ 305	\$ 309	\$ 314	\$ 318	\$ 323	\$ 328	\$ 333	\$ 338	\$ 343
ACCOUNTING/TAX/AUDITING					\$ 12,000	\$ 12,180	\$ 12,363	\$ 12,548	\$ 12,736	\$ 12,927	\$ 13,121	\$ 13,318	\$ 13,518	\$ 13,721
MARKETING	0.25% Revenue				\$ 4,169	\$ 4,210	\$ 4,252	\$ 4,295	\$ 4,403	\$ 4,514	\$ 4,627	\$ 4,767	\$ 4,911	\$ 5,059
Legal Service/STB Fee					\$ 7,500	\$ 7,613	\$ 7,727	\$ 7,843	\$ 7,960	\$ 8,080	\$ 8,201	\$ 8,324	\$ 8,449	\$ 8,575
INSURANCE					\$ 75,000	\$ 76,125	\$ 77,267	\$ 78,426	\$ 79,602	\$ 80,796	\$ 82,008	\$ 83,238	\$ 84,487	\$ 85,754
Other Misc. Items					\$ 7,500	\$ 7,613	\$ 7,727	\$ 7,843	\$ 7,960	\$ 8,080	\$ 8,201	\$ 8,324	\$ 8,449	\$ 8,575
SUBTOTAL NON-LABOR EXPENSES					\$ 133,369	\$ 135,348	\$ 137,357	\$ 139,396	\$ 141,531	\$ 143,699	\$ 145,900	\$ 148,159	\$ 150,454	\$ 152,785
Assumed Inflation for Office Expenses					1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
TOTAL GENERAL AND ADMINISTRATION					\$ 353,469	\$ 358,750	\$ 364,110	\$ 369,550	\$ 375,137	\$ 380,809	\$ 386,567	\$ 392,436	\$ 398,395	\$ 404,445

Fresno Operation Analysis-Current Traffic

SUMMARY OF STAFFING			
MAINTENANCE OF WAY	# of Employees	Base Salary	Year 1 Salary with Benefits
MANAGER	0	\$ -	
ROAD MASTER	0	\$ -	
Track Foreman	1	\$ 50,000	
Laborer	2	\$ 40,000	
MACHINE OPERATOR	0	\$ -	
TRACK INSPECTORS	0	\$ -	
SIGNALS	0	\$ -	
Subtotal	3		\$ 184,600
MAINTENANCE OF EQUIPMENT			
MANAGER	0	\$ -	
Mechanic	1	\$ 50,000	
FOREMAN-FREIGHT CARS	0	\$ -	
Helper	1	\$ 40,000	
Subtotal	2		\$ 127,800
TRANSPORTATION			
SUPERINTENDENT	0	\$ -	
Operation Supervisor	1	\$ 65,000	
Crew-Train	2	\$ 55,000	
Extra Train Crew Person	0	\$ -	
Subtotal	3		\$ 248,500
GENERAL AND ADMINISTRATION			
PRESIDENT	0	\$ -	
GENERAL MANAGER	1	\$ 75,000	
Supervisor	0	\$ -	
Marketing	0	\$ -	
ACCOUNTANT	0	\$ -	
Administrative	1	\$ 40,000	
SECRETARY	1	\$ 40,000	
OTHER	0	\$ -	
Subtotal	3		\$ 220,100
TOTAL	11		\$ 781,000

Fresno Operation Analysis-Current Traffic

SCHEDULE OF CAPITAL EXPENDITURES				
INITIAL CAPITAL EXPENDITURE FOR PROPERTY, PLANT & EQUIPMENT				
LIFE	Property, Plant & Equipment	NUMBER	UNIT PRICE	VALUE
30 yrs	TRACK AND STRUCTURE:			\$ -
15 yrs	LOCOMOTIVES:			
	SD-40-2	0	\$ 250,000	\$ -
	GP-38	3	\$ 250,000	\$ 750,000
15 yrs	FREIGHT CARS:	0	\$ 15,000	\$ -
5 yrs	VEHICLE (used) For Operation	2	\$ 15,000	\$ 30,000
5 yrs	MAINTENANCE EQUIPMENT	1	\$ 45,000	\$ 45,000
5 yrs	M OF W TRUCKS (used)	1	\$ 25,000	\$ 25,000
5 yrs	Communication Equipment	0	\$ 25,000	\$ -
	Subtotal of Property, Plant & Equipment			\$ 850,000
CAPITAL EXPENDITURES FOR INITIAL SETUP				
	Acquisition of the line			\$ -
	Other Misc.			\$ -
	Initial Working Capital		3 Month Operation Expense	\$ 352,458
	Subtotal Office Expenditures for Initial Setup			\$ 352,458
	Total Required Capital Expenditures			\$ 1,202,458
PROJECT FUNDING SUMMARY				
Sources of Funds:				
	Cash contribution for initial working capital		\$ 352,458	
	Short Term Commerical Loan		\$ 850,000	
	Total sources of funds		\$ 1,202,458	
Uses of funds:				
	Initial Operation Setup		\$ 352,458	
	Capital Expenditures for Locomotives & Vehicles		\$ 850,000	
	Total uses of funds		\$ 1,202,458	

CAPEX

Fresno Operation Analysis-Current Traffic

SCHEDULE OF DEPRECIATION & AMORTIZATION											
	Initial Value	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
DEPRECIATION											
3 year depreciation	\$ -	\$ -	\$ -	\$ -							
5 year depreciation	\$ 100,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
7 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 year depreciation	\$ 750,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
20 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEPRECIATION:	\$ 850,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 70,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
ACCUMULATED DEPRECIATION		\$ 70,000	\$ 140,000	\$ 210,000	\$ 280,000	\$ 350,000	\$ 400,000	\$ 450,000	\$ 500,000	\$ 550,000	\$ 600,000
AMORTIZATION											
10 year amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15 year amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20 year amortization											
TOTAL AMORTIZATION		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ACCUMULATED AMORTIZATION		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT DETAIL											
TERM DEBT											
Senior Debt	START-UP	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Principal Beginning Amount	\$ 850,000	\$ 850,000	\$ 706,549	\$ 550,905	\$ 382,031	\$ 198,803	\$ -	\$ -	\$ -	\$ -	\$ -
Term (years)	5										
Annual Interest Rate	8.50%										
Annual Payment	\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment		\$ 72,250	\$ 60,057	\$ 46,827	\$ 32,473	\$ 16,898	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Payment		\$ 143,451	\$ 155,644	\$ 168,874	\$ 183,228	\$ 198,803	\$ -	\$ -	\$ -	\$ -	\$ -
Term Loan Ending Principal		\$ 706,549	\$ 550,905	\$ 382,031	\$ 198,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subordinated Debt		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
Principal Beginning Amount	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Term (years)	35										
Annual Interest Rate	4.50%										
Annual Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Payment		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Principal		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SUMMARY											
Total Interest Expense		\$ 72,250	\$ 60,057	\$ 46,827	\$ 32,473	\$ 16,898	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Payment		\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ 215,701	\$ -	\$ -	\$ -	\$ -	\$ -
Principal reduction		\$ 143,451	\$ 155,644	\$ 168,874	\$ 183,228	\$ 198,803	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Principal		\$ 706,549	\$ 550,905	\$ 382,031	\$ 198,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -