

Fresno Operation Analysis-Potential 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:	9,956	10,006	10,056	10,106	10,157	10,207	10,258	10,310	10,361	10,413
AVERAGE REVENUE PER CARLOAD:	\$ 280	\$ 280	\$ 280	\$ 280	\$ 284	\$ 288	\$ 292	\$ 298	\$ 304	\$ 310
OPERATING REVENUES										
Freight Revenue	\$ 2,784,600	\$ 2,798,523	\$ 2,812,516	\$ 2,826,578	\$ 2,883,322	\$ 2,941,204	\$ 3,000,249	\$ 3,075,555	\$ 3,152,752	\$ 3,231,886
Other Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING REVENUES	\$ 2,784,600	\$ 2,798,523	\$ 2,812,516	\$ 2,826,578	\$ 2,883,322	\$ 2,941,204	\$ 3,000,249	\$ 3,075,555	\$ 3,152,752	\$ 3,231,886
OPERATING EXPENSES										
MAINTENANCE OF WAY	\$ 537,120	\$ 545,177	\$ 553,354	\$ 561,655	\$ 570,080	\$ 578,631	\$ 587,310	\$ 596,120	\$ 605,062	\$ 614,138
MAINTENANCE OF EQUIPMENT	\$ 292,800	\$ 297,192	\$ 301,650	\$ 306,175	\$ 310,767	\$ 315,429	\$ 320,160	\$ 324,963	\$ 329,837	\$ 334,785
TRANSPORTATION	\$ 551,408	\$ 559,331	\$ 567,371	\$ 575,530	\$ 584,342	\$ 593,290	\$ 602,376	\$ 611,790	\$ 621,355	\$ 631,074
GENERAL AND ADMINISTRATIVE	\$ 458,362	\$ 465,167	\$ 472,075	\$ 479,086	\$ 486,308	\$ 493,639	\$ 501,081	\$ 508,673	\$ 516,381	\$ 524,206
OPERATING EXPENSES BEFORE DEP. & AMORTI.	\$ 1,839,689	\$ 1,866,867	\$ 1,894,450	\$ 1,922,445	\$ 1,951,497	\$ 1,980,989	\$ 2,010,927	\$ 2,041,546	\$ 2,072,635	\$ 2,104,202
EBITDA	\$ 944,911	\$ 931,656	\$ 918,066	\$ 904,133	\$ 931,825	\$ 960,216	\$ 989,322	\$ 1,034,010	\$ 1,080,117	\$ 1,127,684
OPERATING MARGIN	33.9%	33.3%	32.6%	32.0%	32.3%	32.6%	33.0%	33.6%	34.3%	34.9%
DEPRECIATION	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667
AMORTIZATION	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INCOME BEFORE INTEREST & TAX	\$ 858,244	\$ 844,990	\$ 831,399	\$ 817,467	\$ 845,159	\$ 893,549	\$ 922,655	\$ 967,343	\$ 1,013,450	\$ 1,061,017
INTEREST EXPENSES	\$ 93,500	\$ 77,720	\$ 60,600	\$ 42,023	\$ 21,868	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL OPERATING EXPENSES	\$ 2,019,856	\$ 2,031,254	\$ 2,041,716	\$ 2,051,135	\$ 2,060,032	\$ 2,047,655	\$ 2,077,594	\$ 2,108,212	\$ 2,139,301	\$ 2,170,869
NET INCOME BEFORE TAX	\$ 764,744	\$ 767,269	\$ 770,800	\$ 775,443	\$ 823,290	\$ 893,549	\$ 922,655	\$ 967,343	\$ 1,013,450	\$ 1,061,017
PRE-TAX INCOME	\$ 764,744	\$ 767,269	\$ 770,800	\$ 775,443	\$ 823,290	\$ 893,549	\$ 922,655	\$ 967,343	\$ 1,013,450	\$ 1,061,017
Income Tax 0% Tax Rate for Public Entity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET INCOME AFTER TAXES	\$ 764,744	\$ 767,269	\$ 770,800	\$ 775,443	\$ 823,290	\$ 893,549	\$ 922,655	\$ 967,343	\$ 1,013,450	\$ 1,061,017
NET PROFIT MARGIN	27.5%	27.4%	27.4%	27.4%	28.6%	30.4%	30.8%	31.5%	32.1%	32.8%
EBITDA	\$ 944,911	\$ 931,656	\$ 918,066	\$ 904,133	\$ 931,825	\$ 960,216	\$ 989,322	\$ 1,034,010	\$ 1,080,117	\$ 1,127,684
OPERATING RATIO	73%	73%	73%	73%	71%	70%	69%	69%	68%	67%

Fresno Operation Analysis-Potential 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	\$ 459,922	\$ 1,046,948	\$ 1,700,567	\$ 2,340,623	\$ 2,966,775	\$ 3,617,150	\$ 4,575,000	\$ 5,561,897	\$ 6,592,182	\$ 7,668,457	\$ 8,792,177
Account Receivables	\$ 190,000	\$ 232,050	\$ 233,210	\$ 234,376	\$ 235,548	\$ 240,277	\$ 245,100	\$ 250,021	\$ 256,296	\$ 262,729	\$ 269,324
Other Current Assets/Prepaid Exp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Assets	\$ 649,922	\$ 1,278,998	\$ 1,933,777	\$ 2,574,999	\$ 3,202,323	\$ 3,857,427	\$ 4,820,101	\$ 5,811,917	\$ 6,848,479	\$ 7,931,186	\$ 9,061,501
LONG-TERM ASSETS											
Property, Plant, Equip.	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000
Accumulated Depreciation		\$ 86,667	\$ 173,333	\$ 260,000	\$ 346,667	\$ 433,333	\$ 500,000	\$ 566,667	\$ 633,333	\$ 700,000	\$ 766,667
Net Property, Plant, Equip		\$ 1,013,333	\$ 926,667	\$ 840,000	\$ 753,333	\$ 666,667	\$ 600,000	\$ 533,333	\$ 466,667	\$ 400,000	\$ 333,333
Intangibles/Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Amortization		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Goodwill		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Assets	\$ 1,100,000	\$ 1,013,333	\$ 926,667	\$ 840,000	\$ 753,333	\$ 666,667	\$ 600,000	\$ 533,333	\$ 466,667	\$ 400,000	\$ 333,333
TOTAL ASSETS	\$ 1,749,922	\$ 2,292,332	\$ 2,860,444	\$ 3,414,999	\$ 3,955,657	\$ 4,524,094	\$ 5,420,101	\$ 6,345,251	\$ 7,315,145	\$ 8,331,186	\$ 9,394,834
LIABILITIES											
CURRENT LIABILITIES											
Accounts Payable	\$ 190,000	\$ 153,307	\$ 155,572	\$ 157,871	\$ 160,204	\$ 162,625	\$ 165,082	\$ 167,577	\$ 170,129	\$ 172,720	\$ 175,350
Accrued Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current Portion of LT Debt	\$ -	\$ 201,422	\$ 218,543	\$ 237,119	\$ 257,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ 190,000	\$ 354,729	\$ 374,115	\$ 394,990	\$ 417,478	\$ 162,625	\$ 165,082	\$ 167,577	\$ 170,129	\$ 172,720	\$ 175,350
LONG-TERM LIABILITIES											
Commerical Loan	\$ 1,100,000	\$ 712,936	\$ 494,393	\$ 257,274	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subordinated Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LT Capital Leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Liabilities	\$ 1,100,000	\$ 712,936	\$ 494,393	\$ 257,274	\$ (0)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	\$ 1,290,000	\$ 1,067,665	\$ 868,508	\$ 652,264	\$ 417,478	\$ 162,625	\$ 165,082	\$ 167,577	\$ 170,129	\$ 172,720	\$ 175,350
EQUITY											
Initial Equity	\$ 459,922	\$ 459,922	\$ 1,224,667	\$ 1,991,936	\$ 2,762,735	\$ 3,538,179	\$ 4,361,469	\$ 5,255,018	\$ 6,177,673	\$ 7,145,016	\$ 8,158,467
Retained Earning		\$ 764,744	\$ 767,269	\$ 770,800	\$ 775,443	\$ 823,290	\$ 893,549	\$ 922,655	\$ 967,343	\$ 1,013,450	\$ 1,061,017
TOTAL LIABILITIES AND EQUITY:	\$ 1,749,922	\$ 2,292,332	\$ 2,860,444	\$ 3,414,999	\$ 3,955,657	\$ 4,524,094	\$ 5,420,101	\$ 6,345,251	\$ 7,315,145	\$ 8,331,186	\$ 9,394,834
Debt to Equity Ratio		0.87	0.44	0.24	0.12	0.04	0.03	0.03	0.02	0.02	0.02

Fresno Operation Analysis-Potential 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	\$ 944,911	\$ 931,656	\$ 918,066	\$ 904,133	\$ 931,825	\$ 960,216	\$ 989,322	\$ 1,034,010	\$ 1,080,117	\$ 1,127,684
Increase/(Decrease) in Account Receivable	\$ 42,050	\$ 1,160	\$ 1,166	\$ 1,172	\$ 4,729	\$ 4,824	\$ 4,920	\$ 6,276	\$ 6,433	\$ 6,595
Increase/(Decrease) in Account Payable	\$ (36,693)	\$ 2,265	\$ 2,299	\$ 2,333	\$ 2,421	\$ 2,458	\$ 2,495	\$ 2,552	\$ 2,591	\$ 2,631
Annual Loan Payment	\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Cash Generated From Operation	\$ 587,026	\$ 653,619	\$ 640,056	\$ 626,152	\$ 650,375	\$ 957,850	\$ 986,896	\$ 1,030,286	\$ 1,076,275	\$ 1,123,720
Cash - Beginning Balance	\$ 459,922	\$ 1,046,948	\$ 1,700,567	\$ 2,340,623	\$ 2,966,775	\$ 3,617,150	\$ 4,575,000	\$ 5,561,897	\$ 6,592,182	\$ 7,668,457
Cash - Ending Balance	\$ 1,046,948	\$ 1,700,567	\$ 2,340,623	\$ 2,966,775	\$ 3,617,150	\$ 4,575,000	\$ 5,561,897	\$ 6,592,182	\$ 7,668,457	\$ 8,792,177

Fresno Operation Analysis-Potential traffic

SUMMARY OF REVENUE											
CUSTOMER	Year 1			Year 2			Year 3			Year 4	
	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads
Richard Best Transfer	\$ 250	7,000	\$ 1,750,000	\$ 250	7,035	\$ 1,758,750	\$ 250	7,070	\$ 1,767,544	\$ 250	7,106
Richard Best Transfer	\$ 350	1,000	\$ 350,000	\$ 350	1,005	\$ 351,750	\$ 350	1,010	\$ 353,509	\$ 350	1,015
DDM Steel	\$ 350	102	\$ 35,700	\$ 350	103	\$ 35,879	\$ 350	103	\$ 36,058	\$ 350	104
Holt Lumber	\$ 350	30	\$ 10,500	\$ 350	30	\$ 10,553	\$ 350	30	\$ 10,605	\$ 350	30
International Paper	\$ 350	813	\$ 284,550	\$ 350	817	\$ 285,973	\$ 350	821	\$ 287,403	\$ 350	825
Taiga	\$ 350	360	\$ 126,000	\$ 350	362	\$ 126,630	\$ 350	364	\$ 127,263	\$ 350	365
M.C.Truss	\$ 350	18	\$ 6,300	\$ 350	18	\$ 6,332	\$ 350	18	\$ 6,363	\$ 350	18
Univar	\$ 350	330	\$ 115,500	\$ 350	332	\$ 116,078	\$ 350	333	\$ 116,658	\$ 350	335
O'Neill Vint	\$ 350	108	\$ 37,800	\$ 350	109	\$ 37,989	\$ 350	109	\$ 38,179	\$ 350	110
WAWONA	\$ 350	120	\$ 42,000	\$ 350	121	\$ 42,210	\$ 350	121	\$ 42,421	\$ 350	122
Lyons	\$ 350	55	\$ 19,250	\$ 350	55	\$ 19,346	\$ 350	56	\$ 19,443	\$ 350	56
Tony Guerriero Cola Storage	\$ 350	20	\$ 7,000	\$ 350	20	\$ 7,035	\$ 350	20	\$ 7,070	\$ 350	20
Total		9,956	2,784,600		10,006	2,798,523		10,056	2,812,516		10,106
Freight Rate Growth Rate				0.00%			0.00%			0.00%	
Carloads Growth Rate					0.50%			0.50%			0.50%

Revenues

Fresno Operation Analysis-Potential traffic

SUMMARY OF REVE				
CUSTOMER	Revenue	Year 5		
		Rate	Carloads	Revenue
Richard Best Transfer	\$ 1,776,381	\$ 254	7,141	\$ 1,812,042
Richard Best Transfer	\$ 355,276	\$ 355	1,020	\$ 362,408
DDM Steel	\$ 36,238	\$ 355	104	\$ 36,966
Holt Lumber	\$ 10,658	\$ 355	31	\$ 10,872
International Paper	\$ 288,840	\$ 355	829	\$ 294,638
Taiga	\$ 127,899	\$ 355	367	\$ 130,467
M.C.Truss	\$ 6,395	\$ 355	18	\$ 6,523
Univar	\$ 117,241	\$ 355	337	\$ 119,595
O'Neill Vint	\$ 38,370	\$ 355	110	\$ 39,140
WAWONA	\$ 42,633	\$ 355	122	\$ 43,489
Lyons	\$ 19,540	\$ 355	56	\$ 19,932
Tony Guerriero Cola Storage	\$ 7,106	\$ 355	20	\$ 7,248
Total	2,826,578		10,157	2,883,322
Freight Rate Growth Rate		1.50%		
Carloads Growth Rate			0.50%	

Revenues

Fresno Operation Analysis-Potential traffic

SUMMARY OF REVENUE Summary of Revenues											
CUSTOMER	Year 6			Year 7			Year 8			Year 9	
	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads	Revenue	Rate	Carloads
Richard Best Transfer	\$ 258	7,177	\$ 1,848,419	\$ 261	7,213	\$ 1,885,526	\$ 267	7,249	\$ 1,932,853	\$ 272	7,285
Richard Best Transfer	\$ 361	1,025	\$ 369,684	\$ 366	1,030	\$ 377,105	\$ 373	1,036	\$ 386,571	\$ 381	1,041
DDM Steel	\$ 361	105	\$ 37,708	\$ 366	105	\$ 38,465	\$ 373	106	\$ 39,430	\$ 381	106
Holt Lumber	\$ 361	31	\$ 11,091	\$ 366	31	\$ 11,313	\$ 373	31	\$ 11,597	\$ 381	31
International Paper	\$ 361	834	\$ 300,553	\$ 366	838	\$ 306,587	\$ 373	842	\$ 314,282	\$ 381	846
Taiga	\$ 361	369	\$ 133,086	\$ 366	371	\$ 135,758	\$ 373	373	\$ 139,165	\$ 381	375
M.C.Truss	\$ 361	18	\$ 6,654	\$ 366	19	\$ 6,788	\$ 373	19	\$ 6,958	\$ 381	19
Univar	\$ 361	338	\$ 121,996	\$ 366	340	\$ 124,445	\$ 373	342	\$ 127,568	\$ 381	343
O'Neill Vint	\$ 361	111	\$ 39,926	\$ 366	111	\$ 40,727	\$ 373	112	\$ 41,750	\$ 381	112
WAWONA	\$ 361	123	\$ 44,362	\$ 366	124	\$ 45,253	\$ 373	124	\$ 46,388	\$ 381	125
Lyons	\$ 361	56	\$ 20,333	\$ 366	57	\$ 20,741	\$ 373	57	\$ 21,261	\$ 381	57
Tony Guerriero Cola Storage	\$ 361	21	\$ 7,394	\$ 366	21	\$ 7,542	\$ 373	21	\$ 7,731	\$ 381	21
Total		10,207	2,941,204		10,258	3,000,249		10,310	3,075,555		10,361
Freight Rate Growth Rate	1.50%			1.50%			2.00%			2.00%	
Carloads Growth Rate	0.50%			0.50%			0.50%			0.50%	

Revenues

Fresno Operation Analysis-Potential traffic

SUMMARY OF REVE				
CUSTOMER	Revenue	Year 10		
		Rate	Carloads	Revenue
Richard Best Transfer	\$ 1,981,367	\$ 277	7,321	\$ 2,031,100
Richard Best Transfer	\$ 396,273	\$ 388	1,046	\$ 406,220
DDM Steel	\$ 40,420	\$ 388	107	\$ 41,434
Holt Lumber	\$ 11,888	\$ 388	31	\$ 12,187
International Paper	\$ 322,170	\$ 388	850	\$ 330,257
Taiga	\$ 142,658	\$ 388	377	\$ 146,239
M.C.Truss	\$ 7,133	\$ 388	19	\$ 7,312
Univar	\$ 130,770	\$ 388	345	\$ 134,053
O'Neill Vint	\$ 42,798	\$ 388	113	\$ 43,872
WAWONA	\$ 47,553	\$ 388	126	\$ 48,746
Lyons	\$ 21,795	\$ 388	58	\$ 22,342
Tony Guerriero Cola Storage	\$ 7,925	\$ 388	21	\$ 8,124
Total	3,152,752		10,413	3,231,886
Freight Rate Growth Rate		2.00%		
Carloads Growth Rate			0.50%	

Revenues

Fresno Operation Analysis-Potential 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					\$ 60,000	\$ 60,900	\$ 61,814	\$ 62,741	\$ 63,682	\$ 64,637	\$ 65,607	\$ 66,591	\$ 67,590	\$ 68,603
LOCO PARTS AND REPAIRS		\$17500 Per Loco.			\$ 70,000	\$ 71,050	\$ 72,116	\$ 73,197	\$ 74,295	\$ 75,410	\$ 76,541	\$ 77,689	\$ 78,854	\$ 80,037
CAR PARTS AND REPAIRS					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
VEHICLE, EQUIPMENT REPAIRS					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOOLS AND SUPPLIES					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER-CONSUMABLES					\$ 20,000	\$ 20,300	\$ 20,605	\$ 20,914	\$ 21,227	\$ 21,546	\$ 21,869	\$ 22,197	\$ 22,530	\$ 22,868
WORK EQUIPMENT					\$ 7,500	\$ 7,613	\$ 7,727	\$ 7,843	\$ 7,960	\$ 8,080	\$ 8,201	\$ 8,324	\$ 8,449	\$ 8,575
FACILITY EXPENSES					\$ 7,500	\$ 7,613	\$ 7,727	\$ 7,843	\$ 7,960	\$ 8,080	\$ 8,201	\$ 8,324	\$ 8,449	\$ 8,575
SUBTOTAL OTHER EXPENSES					\$ 165,000	\$ 167,475	\$ 169,987	\$ 172,537	\$ 175,125	\$ 177,752	\$ 180,418	\$ 183,124	\$ 185,871	\$ 188,659
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					\$ 292,800	\$ 297,192	\$ 301,650	\$ 306,175	\$ 310,767	\$ 315,429	\$ 320,160	\$ 324,963	\$ 329,837	\$ 334,785

Fresno Operation Analysis-Potential 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					\$ 210,600	\$ 213,759	\$ 216,965	\$ 220,220	\$ 223,523	\$ 226,876	\$ 230,279	\$ 233,733	\$ 237,239	\$ 240,798
VEHICLES/RADIO M & R					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
INSURANCE		5% Locomotive Value			\$ 50,000	\$ 50,750	\$ 51,511	\$ 52,284	\$ 53,068	\$ 53,864	\$ 54,672	\$ 55,492	\$ 56,325	\$ 57,169
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		\$ 34,808	\$ 34,982	\$ 35,156	\$ 35,332	\$ 36,042	\$ 36,765	\$ 37,503	\$ 38,444	\$ 39,409	\$ 40,399
TOTAL OTHER EXPENSES					\$ 302,908	\$ 307,103	\$ 311,360	\$ 315,679	\$ 320,593	\$ 325,585	\$ 330,655	\$ 335,994	\$ 341,422	\$ 346,941
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					\$ 551,408	\$ 559,331	\$ 567,371	\$ 575,530	\$ 584,342	\$ 593,290	\$ 602,376	\$ 611,790	\$ 621,355	\$ 631,074
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					3	3	3	3	3	3	3	3	3	3
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					140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400	140,400
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					\$210,600	\$213,759	\$216,965	\$220,220	\$223,523	\$226,876	\$230,279	\$233,733	\$237,239	\$240,798
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					\$210,600	\$213,759	\$216,965	\$220,220	\$223,523	\$226,876	\$230,279	\$233,733	\$237,239	\$240,798
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-Potential 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	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
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	4	\$ 195,000	\$ -	\$ 81,900	\$ 276,900	\$ 281,054	\$ 285,269	\$ 289,548	\$ 293,892	\$ 298,300	\$ 302,774	\$ 307,316	\$ 311,926	\$ 316,605
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					\$ 25,000	\$ 25,375	\$ 25,756	\$ 26,142	\$ 26,534	\$ 26,932	\$ 27,336	\$ 27,746	\$ 28,162	\$ 28,585
OFFICE SUPPLIES					\$ 3,000	\$ 3,045	\$ 3,091	\$ 3,137	\$ 3,184	\$ 3,232	\$ 3,280	\$ 3,330	\$ 3,379	\$ 3,430
Utilities					\$ 7,500	\$ 7,613	\$ 7,727	\$ 7,843	\$ 7,960	\$ 8,080	\$ 8,201	\$ 8,324	\$ 8,449	\$ 8,575
Telephone/Communication					\$ 3,000	\$ 3,045	\$ 3,091	\$ 3,137	\$ 3,184	\$ 3,232	\$ 3,280	\$ 3,330	\$ 3,379	\$ 3,430
Travel/Entertainment					\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dues/Subscription					\$ 1,000	\$ 1,015	\$ 1,030	\$ 1,046	\$ 1,061	\$ 1,077	\$ 1,093	\$ 1,110	\$ 1,126	\$ 1,143
ACCOUNTING/TAX/AUDITING					\$ 20,000	\$ 20,300	\$ 20,605	\$ 20,914	\$ 21,227	\$ 21,546	\$ 21,869	\$ 22,197	\$ 22,530	\$ 22,868
MARKETING	0.25% Revenue				\$ 6,962	\$ 6,996	\$ 7,031	\$ 7,066	\$ 7,208	\$ 7,353	\$ 7,501	\$ 7,689	\$ 7,882	\$ 8,080
Legal Service/STB Fee					\$ 25,000	\$ 25,375	\$ 25,756	\$ 26,142	\$ 26,534	\$ 26,932	\$ 27,336	\$ 27,746	\$ 28,162	\$ 28,585
INSURANCE					\$ 75,000	\$ 76,125	\$ 77,267	\$ 78,426	\$ 79,602	\$ 80,796	\$ 82,008	\$ 83,238	\$ 84,487	\$ 85,754
Other Misc. Items					\$ 15,000	\$ 15,225	\$ 15,453	\$ 15,685	\$ 15,920	\$ 16,159	\$ 16,402	\$ 16,648	\$ 16,897	\$ 17,151
SUBTOTAL NON-LABOR EXPENSES					\$ 181,462	\$ 184,114	\$ 186,806	\$ 189,537	\$ 192,416	\$ 195,339	\$ 198,306	\$ 201,357	\$ 204,455	\$ 207,601
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					\$ 458,362	\$ 465,167	\$ 472,075	\$ 479,086	\$ 486,308	\$ 493,639	\$ 501,081	\$ 508,673	\$ 516,381	\$ 524,206

Fresno Operation Analysis-Potential 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	3	\$ 40,000	
MACHINE OPERATOR	0	\$ -	
TRACK INSPECTORS	0	\$ -	
SIGNALS	0	\$ -	
Subtotal	4		\$ 241,400
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	1	\$ 40,000	
Administrative	1	\$ 40,000	
SECRETARY	1	\$ 40,000	
OTHER	0	\$ -	
Subtotal	4		\$ 276,900
TOTAL	13		\$ 894,600

Fresno Operation Analysis-Potential 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	4	\$ 250,000	\$ 1,000,000
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			\$ 1,100,000
CAPITAL EXPENDITURES FOR INITIAL SETUP				
	Acquisition of the line			\$ -
	Other Misc.			\$ -
	Initial Working Capital		3 Month Operation Expense	\$ 459,922
	Subtotal Office Expenditures for Initial Setup			\$ 459,922
	Total Required Capital Expenditures			\$ 1,559,922
PROJECT FUNDING SUMMARY				
Sources of Funds:				
	Cash contribution for initial working capital		\$ 459,922	
	Short Term Commerical Loan		\$ 1,100,000	
	Total sources of funds		\$ 1,559,922	
Uses of funds:				
	Initial Operation Setup		\$ 459,922	
	Capital Expenditures for Locomotives & Vehicles		\$ 1,100,000	
	Total uses of funds		\$ 1,559,922	

CAPEX

Fresno Operation Analysis-Potential 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	\$ 1,000,000	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667
20 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
40 year depreciation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEPRECIATION:	\$ 1,100,000	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 86,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667	\$ 66,667
ACCUMULATED DEPRECIATION		\$ 86,667	\$ 173,333	\$ 260,000	\$ 346,667	\$ 433,333	\$ 500,000	\$ 566,667	\$ 633,333	\$ 700,000	\$ 766,667
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	\$ 1,100,000	\$ 1,100,000	\$ 914,358	\$ 712,936	\$ 494,393	\$ 257,274	\$ -	\$ -	\$ -	\$ -	\$ -
Term (years)	5										
Annual Interest Rate	8.50%										
Annual Payment	\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment		\$ 93,500	\$ 77,720	\$ 60,600	\$ 42,023	\$ 21,868	\$ -	\$ -	\$ -	\$ -	\$ -
Principal Payment		\$ 185,642	\$ 201,422	\$ 218,543	\$ 237,119	\$ 257,274	\$ -	\$ -	\$ -	\$ -	\$ -
Term Loan Ending Principal		\$ 914,358	\$ 712,936	\$ 494,393	\$ 257,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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		\$ 93,500	\$ 77,720	\$ 60,600	\$ 42,023	\$ 21,868	\$ -	\$ -	\$ -	\$ -	\$ -
Total Annual Payment		\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ 279,142	\$ -	\$ -	\$ -	\$ -	\$ -
Principal reduction		\$ 185,642	\$ 201,422	\$ 218,543	\$ 237,119	\$ 257,274	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Principal		\$ 914,358	\$ 712,936	\$ 494,393	\$ 257,274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -