

RAILSOLUTIONS, INC.

Railroad Equipment Historical Database

**Compilation and Analysis of
Historical Market Values and Lease Rental Rates
1985 – 2010**

March, 2010

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Historical Database Files

By Railcar Type and Locomotive Model

Railcar Types:

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Section 2 - Small Cubic Capacity Covered Hopper Railcars, 100–110 Tons, 2,900–3,200 Cubic Feet, Gravity Discharge

Section 3 - Covered Hopper Railcars, 100–110 Tons, 4,750–5,161 Cubic Feet, Gravity Discharge, Grain Service

Section 4 - Specialty Covered Hoppers, 100-110 Tons, 5,800-6,250 Cubic Feet, Pneumatic Discharge, Plastic Pellet Service

Section 5 - Covered Hopper Railcars, Pressure Differential, 100-110 Tons

Section 6 - Mill Gondola Railcars, 52 Feet (Length), 100-110 Tons, Scrap Steel Service

Section 7 - Open Top Hopper Railcars, Steel Body, 100 Tons, 3,600-3,800 Cubic Feet, Coal Service

Section 8 - Open Top Hopper Railcars, Aluminum Body, 112-116 Tons, 4,000-4,200 Cubic Feet, Coal Service

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Section 12 - General Service Tank Cars, DOT 111A100W1, 100 Tons, 25,000 Gallons, Coiled, Insulated

Section 13 - Pressure Tank Cars, DOT 112J340W, 100 Tons, 32,000 Gallons, Insulated, LPG Service

Section 14 - Specialty Chemical (Acid) Tank Cars, 100 Tons

Section 15 - Autoracks, Bi-Level

Locomotive Models:

Section 16 – EMD GP38-2 Model Locomotives, Four-Axle, 2,000 Horsepower

Section 17 – EMD SD40-2 Model Locomotives, Six-Axle, 3,000 Horsepower

Introduction and Use of the Historical Database

The RailSolutions (RS) Railroad Equipment Historical Database has been compiled and published for the purpose of providing our clients with what we believe is the most comprehensive single source of railcar and locomotive market values and lease rental rates available in the railroad industry. The principals of RS have recorded a huge volume of new and used equipment sale prices, and rental rates on leased railcars and locomotives over a period of approximately 30 years. A majority of the data points have been obtained from sources that are not published or readily available to railroad and financial industry professionals.

As of January 1, 2010, the RS base data file contained valuation information on more than 600,000 railcars and locomotives. Over the past two years, RS has made a concerted effort to organize these data points into a format which can be useful to both our clients and ourselves in conducting rail equipment valuation studies. We also believe that the Historical Database can be helpful in identifying and analyzing industry trends that influence the supply of and demand for freight railcars and locomotives. Given the non-public nature of the underlying base data and the amount of time and resources invested by RS, we expect our subscribers to treat the Historical Database as confidential and proprietary information.

The 2010-2011 edition of the *Investors' Guide to Railroad Freight Cars and Locomotives* is a complementary product available to our clients. The publication addresses the broader issues that influence railroad industry financial performance, as well as general equipment supply and demand factors. Additionally, the factors that influence the supply of, and demand for, the most common railcars and locomotives used in North American freight rail service are evaluated at the equipment type level.

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Data Sources

The historical market values have been compiled over time from actual sale prices of new and used railcars and locomotives with which RS has first hand information, typically in our role as an appraiser representing either buyer or seller. Our client base includes operating leasing companies, railroads, private fleet owners and financial institutions that are actively involved with the rail equipment market. Sale price data has been captured by car type (or locomotive model), year built, capacity and configuration. Any additional information that may have a bearing on the sale price such as mechanical condition or special features is also recorded. Identities of buyers and sellers are retained in the base data file, but are not shown in the Historical Database.

RS has made certain adjustments to information in the base data file prior to entering data into the Historical Database. For example, equipment that is known to be in very good (or poor) mechanical condition is adjusted to reflect average condition for equipment of that age and type of service. It should be noted that the RS base file does not contain information for each equipment type of every age and in every year. RS has used our best judgment to estimate fair market values in those cases for which we have no actual sale price date by observing trends in values and prevailing market conditions. For those cases in which we have several data points in the same year and same equipment type, we have averaged the data points for entry into the Historical Database.

Historical rental rates were compiled and entered into the Historical Database in the same way as the historical market values discussed above. Several additional adjustments were made to the rental rate data. Many of the entries in the base data file are full service rents and were adjusted to reflect the equivalent net rental rate by estimating maintenance costs and fleet management costs borne by the lessee. Also, many of the rental rates in the base data file do not capture the exact lease origination date or the term of the lease. RS has made adjustments based on other file information to reflect our best estimates of both term and origination date.

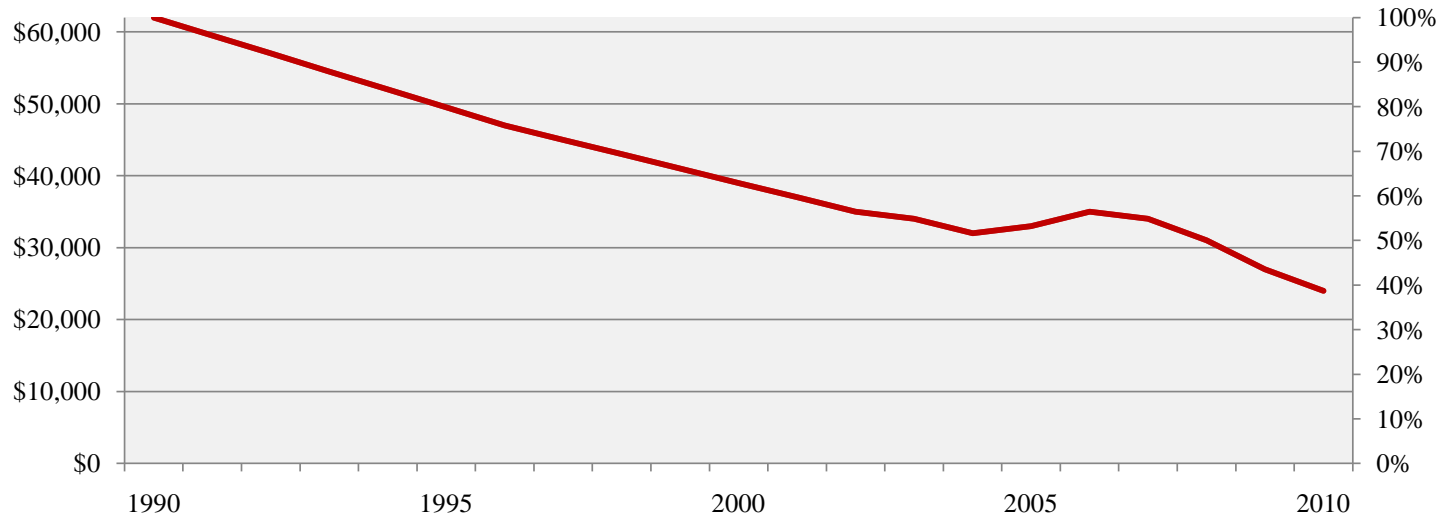
Organization and Uses of the Data

One of the primary objectives in creating the Historical Database is to take a tremendous volume of data from our base data file and present it in a format that is reasonably easy to read and interpret. RS has categorized the value and rental rate data by car type and locomotive model (a total of 17 equipment types as shown in the Historical Database Files listing). For each equipment group, we have set up a matrix which shows the year built on the vertical axis (1980 to 2010) and the year of sale (or lease origination) on the horizontal axis (1985 to 2010). For example, if one wanted to find the fair market value (or net rental rate) in 2005 of a 100-ton boxcar built new in 1990, he or she would read down the year built axis and across to the year of sale axis to find the value (or rental rate). Matrices have also been prepared that show the same historical values and rental rates as a percentage of original equipment cost.

RS believes that the Railroad Equipment Historical Database offers an excellent overview of the trends in general rail equipment market conditions, as well as a more specific record of values and rental rates in each of the railcar and locomotive types. Investors and secured lenders that are relatively new to the railroad industry can use the data to assess historical returns and market volatility against competing types of investments. Investors who have been active in rail equipment markets for several years can use the data as a benchmark to compare their own portfolio performance over time against the rest of the market.

RS and several of our clients regularly use the data in determining estimates of projected fair market values and rents. While past performance does not always offer a clear picture of the future, we believe that historical values and rental rates have been influenced by certain economic and technological factors that will continue to affect the railroad industry and rail equipment supply and demand going forward. Some of those factors are discussed in the RailSolutions Market Index section. In addition, RS has prepared a statistical analysis of those factors that we believe have the greatest impact on cycles and trends in the rail equipment market.

Section 1 - Boxcars, General Service, 100 - 108 Tons
Estimated Then-Current Fair Market Values and FMVs as a Percent of Original Equipment Cost



Section 1 - Boxcars, General Service, 100 - 108 Tons
Estimated Then-Current Fair Market Net Rental Values and Rents as a Percent of Original Equipment Cost

