

In reference to the evidence of Ludlow at page 15 and the fifty-five units to be purchased:

Q. Please advise if these vehicles to be replaced have been fully depreciated and, if not, when this would occur.

A. Depreciation expenses are not calculated on a vehicle-by-vehicle basis. As transportation assets have varying lives, a composite depreciation rate is used to determine the total cost. The composite rate is determined by independent depreciation consultants and approved by the Board.

Currently, the Company's vehicles are being depreciated on the basis of the following average life of assets:

Sedans and Station Wagons	4.5 years
Pick-up Trucks and Window Vans	5.0 years
Cab & Chassis	7.5 Years
Equipment	14.0 years
Large Trucks / Line & Stake Bodies	7.5 years