

# America's Trains Inc. (ATs)

1478 Elkins Lake, Huntsville, Texas 77340

## TERMS AND CONDITIONS OF CLASS B PREFERRED VOTING STOCK OFFERING ("Terms")

|                          |   |
|--------------------------|---|
| Initial Offering Date:   | 1 September 2023  |
| Offering Closing Date:   | At the discretion of ATs' board of directors.   |
| Security to be Issued:   | Class B preferred voting stock ("Class B shares"), with preferred rights.   |
| Price per Share:         | The price per Class B share is \$0.58 for the first 86,207 shares (\$50,000), increasing to \$0.60 for the next 333,333 shares (\$200,000), increasing to \$0.62 thereafter.  |
| Use of Funds:            | Offering proceeds will be used for: rail car acquisition, improvement, movement and preparation for service; related administration and operating support; and, for stock offering costs.   |
| Funding Amount:          | The desired amount of funding is between \$550,000 and \$750,000, based on what rail car will enter service first, which may be increased. There is no minimum.   |
| Pre Money Securities:    | To date, 2,114,040 Class A common voting shares ("Class A shares") have been sold for a total of \$802,000.   |
| Post Money Securities:   | If \$750,000 is raised, the total number of Class B shares will be 1,225,992; the total number of issued Class A and Class B shares will be 3,340,032. Class B shares will represent 37% of all post funding equity.  |
| Company Valuation:       | Based on ATs' comprehensive business development, positive market forces, operational capabilities, growth prospects, and expected (affirmable) favorable earnings, the pre money valuation of ATs is \$3,000,000; however, the valuation has been reduced to \$1,100,000 for funding purposes.   |
| Voting:                  | Class A and Class B shares each have one vote per share.  |
| Dividends Earned:        | Class A and B shares earn equal dividends, except that Class stock has preferred payment rights.  |
| Class B Preferred Rights | <p><u>Dividend Payment:</u> Class B shareholders are paid all declared dividends until they receive full reimbursement of the amount invested ("Reimbursement"). Dividends due to Class A shareholders are delayed ("Delayed dividends"). After Class B shareholders receive full Reimbursement, in addition to normal Class A share dividends, Class A shareholders are paid dividends due to Class B shareholders until the Class A shares receive an amount equal to the Delayed Dividends. Thereafter, Class A and B shareholders receive equal dividends at the same time.</p> <p><u>Liquidation preference:</u> Class B stock investments are secured by collateralized rail cars. In the improbable event that ATs assets are liquidated, Class B shareholders have preferred rights to net rail car liquidation proceeds up to the unpaid balance of the Reimbursement amount (see Dividend Payment above) ahead of and before Class A shareholders receive any share of such proceeds, subject to prior rights of other lien holders or creditors, if any.</p> |
| Future offering rights:  | Class A and B shareholders have a right to invest in future stock offerings (if any) to the extent necessary to prevent dilution of the percentage of total number of issued shares that they own.  |
| Registration:            | Class A and Class B shares are not presently registered, are not currently publicly trading and are not qualified under any federal or state securities law. They are being offered as an investment and may be transferred only if registered and qualified pursuant to such laws or an opinion of legal counsel satisfactory to ATs that an exemption is applicable or registration is not required.  |
| Subscription:            | The purchase of Class B shares is documented in the Subscription Agreement to which these Terms are by reference made a part of as if set forth therein in full.  |
| Board of Directors:      | ATs' Board of Directors can include from one up to five members selected annually by a vote of all shareholders.  |
| Confidentiality:         | Without the prior written consent of ATs, investors shall not disclose these terms to anyone other than officers, directors, accountants, attorneys, financial advisors and other potential investors.  |
| Content Basis:           | Nothing contained in this Term Sheet or in additional information provided by ATs is intended as legal, accounting or investment advice, and it should not be taken as such.  |
| Contact:                 | Barry Jones at 817 696-1507 or barry@americatrains.com.   |