**MERGER FACT SHEET**

**October 15, 2014**

**Merger of Silverado Stages, Inc. and Silver State Coach, Inc.**

We are pleased to announce that Silverado Stages, Inc. and Silver State Coach, Inc. have agreed to enter into a definitive merger agreement combining the two well established motorcoach companies, each with stellar reputations and staff, into one extremely formidable company within the transportation industry.

The integration of both companies is expected to take place over the next few months. As with all important business decisions, we will work closely with our clients, partners and most importantly our employees to make the integration process as smooth as possible. In the meantime our customers will continue to receive the same high quality of service which they have come to expect with the very real prospect of even better things to come.

**Silver State Coach**

Silver State Coach, Inc. (“Silver State”) a Nevada corporation, was established in 1986 by Tony and Jill Fiorini. Silver State maintains operating authorities in Nevada and California and operates a fleet of approximately 40 motorcoaches. Silver State employs approximately 80 drivers, maintenance, sales and administrative staff.

Silver State’s owner, Tony Fiorini, is well known in motorcoach circles, having served as Director and Officer for the ABA (American Bus Association), CBA (California Bus Association) and as Chairman of the Trailways National Transportation Network.

**Silverado Stages, Inc.**

Silverado Stages, Inc. (“Silverado”), a California corporation established in 1987, operates motorcoaches and shuttles out of terminals in Sacramento, Santa Barbara, Pomona and its corporate headquarters in San Luis Obispo. Silverado Stages was acquired by Jim and Sharron Galusha in 2004 and in 2006 they merged a company they established in 1998, Quest Transportation, into Silverado Stages. The Galusha’s have grown Silverado Stages, which had a combined fleet of approximately 24 motorcoaches in 2006, to its current size of approximately 120 motorcoaches and shuttles. Silverado employs over 230 drivers, maintenance and administrative staff.

Silverado was recognized as the 19th largest motorcoach company in the United States, according to the January 2014 edition of Metro Magazine. <http://www.metro-magazine.com/resources/images/top502014.pdf>

**ESOP**

Silverado is partially employee-owned as a result of their participation in an Employee Stock Ownership Plan (an ERISA qualified retirement plan) created in 2012. Through the ESOP, Silverado employees currently own approximately 11% of the company, which is the largest motorcoach company with an ESOP in California. Eligible Silverado employees have received contributions to their individual accounts equaling approximately 25% of their gross annual pay for each of the two years of the Plan existence. The ESOP contributions are totally funded by Silverado Stages and required no contributions from employees.

The ESOP is a huge employee benefit that provide Silverado with a significant recruitment and retention tool. And employee owners act like owners --- commitment and dedication to their own company results in better individual performance, margins and customer service.

The ESOP has been integral to the successful growth Silverado Stages has experienced over the last few years. Employee/owners created through the ESOP have representation on the Silverado Stages Board of Directors and the company gains invaluable knowledge through their participation in day-to-day activities. Employee owners have a vested interest in Silverado Stages’ goal of providing safe and efficient transportation services to the company’s growing market. Increased market share and efficiencies of operations have resulted in employee owned company stock valuations growing in excess of 30% in 2013. It continues to make good sense for Silverado Stages employees to receive compensation in stock as well as wages.

**Company Integration**

Silverado Stages and Silver State are two of the best motorcoach operations in the transportation industry and dominant companies in their local markets. The owners of both companies have been working hard over the past year to make their costs competitive and to position themselves for this strategic development. Together they will be able to combine the synergies and expertise of their core employees to build a larger and more competitive company capable of operating profitably well into the future. The combined client base will benefit from increased options, the incorporation of best practices, and the cost savings brought about from improved efficiencies and performance.

Both companies have previously been additionally certified by the CHP as SPAB (School Pupil Activities Bus) carriers and by the US Department of Defense as motor carriers for the military. These certifications involved enhanced standards, inspections and compliance requirements, resulting in safer, more reliable operations.

The merged companies will become Silverado Stages, Inc. and will operate under the Silverado Stages brand name. The merged companies will centralize dispatch, scheduling, sales and marketing, accounting, finance and administrative activities at company headquarters in San Luis Obispo. Operations will take place from terminals in Sacramento, San Luis Obispo, Santa Barbara, Bakersfield, Pomona, Placentia (Orange County) and Las Vegas. Our increased scale will allow us to concentrate a larger number of buses to take advantage of larger transportation opportunities.

Transportation services will continue to include:

\*Charters

\* Local and Over the Road Tours

\* University Campus Shuttles

\* Airport and Parking Lot Shuttles

\* Fixed Route Transportation

\* Convention and Event Shuttles

\* Corporate Commuter Shuttles

\* SportsFanExpress – ticketed event transportation

**Future Growth Plans**

The resulting larger network of operation bases, contracts, and product offerings will create more growth opportunities for Silverado Stages. Once the merger is complete, the principal owners will be able to transition themselves from day-to-day operations and devote more of their efforts towards further growing the combined companies.

In advance of the merger with Silver State, Silverado has made a big investment in software and hardware systems that will allow us to scale our operations for years to come. This includes new operations and reporting software, CRM and sales automation software, a VOIP telephone system, and software integrations that will allow us to centralize scheduling, dispatch, sales, accounting and administrative activities and gain efficiencies and effectiveness in these areas while driving costs down.

Beyond providing employee motivation, the ESOP also provides a financing alternative for growth through merger and consolidation with additional companies. Many motorcoach companies are family owned and do not have a succession or exit plan. Previously, heavily leveraged financially-engineered roll up plans have been pursued to buy out these companies, hoping for an eventual payout through an IPO. These rolled up companies have generally not been operationally successful. The largest of these, Coach America, which at the time was the largest motorcoach company in the United States, was never able to reach profitability, went through several private equity owners and was liquidated through bankruptcy sale in 2012.

The ESOP provides a tax-advantaged source of buy-out funds, allowing the owners to merge their company at a going concern valuation rather than at asset values. The proceeds are significantly greater and a larger post-tax portion is retained by the sellers. While not necessarily to only method of financing our future growth, this has significant benefits for both Silverado and potential merger partners.

For further information, please contact Mike Watson at Silverado Stages, 805-545-8400 x226 or at mwatson@silveradostages.com.