

QUALITY CONTROL PROCEDURES

Midwest Bus Corporation has developed an extensive quality control program over the thirty-plus years of its existence. This program includes not only the control of quality for work performed by Midwest Bus Corporation, it is also an extensive program of working with only qualified subcontractors and suppliers to ensure that materials and workmanship are of the highest possible quality. A copy of the quality control inspection form is customized to the customer's work program. In addition to the inspection of all workmanship, Midwest Bus Corporation inspects all materials received in order to ensure quality materials. Upon completion of the coach, final inspection procedures are carried out. This includes in-plant testing as well as a road test. Failures uncovered at any point are reported directly to the production supervisors as well as to upper management. Corrective action is taken, and is re-inspected to ensure compliance with the terms and conditions of the specifications.

QUALITY ASSURANCE PROGRAM

QUALITY ASSURANCE ORGANIZATION (QAO)

Midwest Bus Corporation has established and maintains an effective in-plant quality assurance organization. This organization consists of two Quality Control Inspectors. Mr. Rod Parker is responsible for inspection of all workmanship while Mr. Greg Limbaugh is responsible for inspection of materials. The QAO is directly responsible to Daniel D. Morrill.

The QAO exercises quality control over all phases of production from initiation of design through remanufacture and preparation for delivery. The organization also controls the quality of purchased articles.

The QAO has the authority and responsibility for reliability, quality control, inspection planning, establishment of quality control system, and acceptance/rejection of materials and manufactured articles in the production of the remanufactured transit buses.

QUALITY ASSURANCE ORGANIZATION FUNCTIONS

The QAO includes the following functions:

Verify Inspections. The QAO verifies inspection operation instructions to ascertain that the remanufactured product meets all prescribed requirements.

Maintain Records. The QAO maintains and uses records and data essential to the effective operation of its programs. These records and data will be available for review by the Authority's inspectors. Inspection and test records for this procurement will be available for a minimum of three (3) years after inspections and tests are completed.

Detect Defects. The QAO will detect and promptly assure correction of any conditions that may result in the production of defective rebuilt buses. These conditions may occur in design, purchases, manufacture, tests, or operations that culminate in defective supplies, services, facilities, technical data, or standards.

STANDARDS & FACILITIES

The following standards and facilities are basic in the quality assurance process:

Gauges, Measuring & Testing Devices. Midwest Bus Corporation provides and maintains the necessary gauges and other measuring and testing devices for use by the QAO to verify that the buses conform to all specification requirements. These devices are calibrated at established periods against certified measurement standards that have known valid relationships to national standards.

Production Equipment & Devices. When production jigs, fixtures, tooling masters, templates, patterns and other devices are used as media of inspection, they are proved for accuracy at formally established intervals and adjusted, replaced or repaired as required to maintain quality.

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Availability of Devices to Authority. Midwest Bus Corporation's gauges and other measuring and testing devices will be made available for use by the Authority's inspectors to verify that the buses conform to all specification requirements. If necessary, Midwest's personnel will be made available to operate the devices and to verify their condition and accuracy.

CONTROL OF PURCHASES

Midwest Bus Corporation maintains quality control of purchases.

Supplier QC Program. Midwest Bus Corporation requires that each supplier maintains a quality control program for the services and supplies that it provides. Midwest Bus Corporation's QAO inspects and tests materials provided by suppliers for conformance to specification requirements. Materials that have been inspected, tested, and approved are identified as acceptable to the point of use in the manufacturing or assembly process. Controls have been established to prevent the inadvertent use of non-conforming materials.

Specifications in Purchase Orders. Midwest Bus Corporation will verify that all applicable specification requirements are properly included or referenced in purchase orders of articles to be used on rebuilt buses.

MANUFACTURING CONTROL

Midwest Bus Corporation ensures that all basic production operations, as well as other processing and fabricating, are performed under controlled conditions. These controlled conditions are based on documented work instructions, adequate production equipment and special working environments.

A system for final inspection and test of completed rebuilt buses is included with our proposal for the Authority's approval. This system is designed to measure the overall quality of each completed bus.

The QAO monitors Midwest Bus Corporation's system for controlling non-conforming materials. The system includes procedures for identification, segregation and disposition. Statistical analysis, tests and other quality control procedures are used when appropriate in the quality assurance process.

A system is maintained by the QAO for identifying the inspection status of components and completed transit buses. Identification will include cards, tags or other normal quality control devices.

INSPECTION SYSTEM

The QAO has established, maintains and periodically audits a fully-documented inspection system. The system prescribes inspection and test of materials, work in progress and completed articles. At a minimum, it will include the following controls:

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Inspection Stations. Inspection stations are situated at the best locations to provide for the work content and characteristics to be inspected. The stations provide the facilities and equipment to inspect structural, electrical, hydraulic and other components and assemblies for compliance with the design requirements. Stations are situated at the best locations to inspect or test characteristics before they are concealed by subsequent fabrication or assembly operations. These locations minimally include underbody structure completion, body framing completion, body prior to paint preparation, water test before interior trim and insulation installation, engine installation completion, underbody dress-up and completion, bus prior to final paint touch-up, bus prior to road test and bus final road test completion.

Trained Inspectors. Mr. Parker and Mr. Limbaugh are utilized to ensure that all materials, components and assemblies are inspected for conformance with the bus design.

Marking & Labeling Articles. Acceptance, rework or rejection identification will be attached to inspected articles. Articles that have been accepted as a result of approved materials review actions will be identified. Articles that have been re-worked to specified drawing configurations do not require special identification. Articles rejected as unsuitable or scrap will be plainly marked to prevent installation on the bus. Articles that become obsolete as a result of engineering changes or other actions will be controlled to prevent unauthorized assembly or installation. Unusable articles will be isolated and then scrapped.

Discrepancies. Discrepancies noted by Midwest Bus Corporation or the Authority's inspector during assembly will be entered by the inspection personnel on a record that accompanies the major component, subassembly, assembly, or bus from start of assembly through final inspection. Actions will be taken to correct discrepancies or deficiencies in the manufacturing processes, procedures, or other conditions that cause articles to be in non-conformity with the requirements of the contract specifications. The inspection personnel will verify the corrective actions and mark the discrepancy record. If discrepancies cannot be corrected by replacing the non-conforming materials, the Authority will have the option to approve the modification, repair or method of correction to the extent that the contract specifications are affected.

Audit Program. The QAO has established and maintains a quality control audit program. Records of this program will be available for review by the Authority.

AUTHORITY'S INSPECTOR (RESIDENT INSPECTOR)

Midwest Bus Corporation will permit the Authority to be represented at our plant by inspectors. It is understood that the inspectors will monitor, in our plant or any facility, any and all work regarding the manufacture of transit buses built under this procurement. It is also understood that the inspectors will be authorized to approve the pre-delivery acceptance tests, and to release the buses for delivery. Upon request to the quality assurance supervisor, the inspectors shall have access to the Contractor's quality assurance files related to this procurement. These files shall include drawings, materials standards, parts lists, inspection processing and reports, and records of defects. It is understood that the Authority shall have the right to reject any design, workmanship or materials which do not conform to generally accepted practice. Any work so rejected shall be

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corrected by Midwest Bus at our expense. It is understood that if, during the course of remanufacturing the Authority deems additional work or material necessary, Change Orders may be issued.

Complete Vehicle Record. Midwest Bus Corporation maintains a complete record on each vehicle. The record includes, but is not limited to, the Vehicle Identification Number, road number, component serial numbers before and after repairs, tire numbers and locations before and after work has started and been completed, all repairs made and all parts serviced or replaced are included. A final vehicle test sheet, signed off by Midwest Bus Corporation's QAO, shall state all testing and corrections are complete and meet the contract specifications. The completed vehicle record shall be supplied to the Authority's Resident Inspector before delivery of each vehicle.

Facilities/Offices. Midwest Bus Corporation shall provide office space for the inspectors in close proximity to the final assembly area. This office space is equipped with desks, heat and air conditioning, outside and inter-plant telephones, file cabinet, chairs and clothing lockers sufficient to accommodate the inspection staff.

COACH TESTING PROCESS

When the remanufacturing is completed on a coach, the coach is subjected to a series of thorough tests to ensure that individual components, systems and the entire vehicle comply to all OEM specifications and applicable industry standards.

STATIC TESTS:

1. Check fluid levels in engine, transmission, radiator, W/S washer reservoir, battery cells and differential.
2. Check air pressure in the tires.
3. Check air compressor cut out/cut in points.
4. W/S wiper and washer operation.
5. Horn operation.
6. Blower motors and defroster motor for proper operation.
7. Passenger and exit doors for proper operation and adjustment.
8. Parking brake application and release.
9. Warning lights, buzzers and gauges.
10. Directional, marker, brake, tail and head lights.
11. Emergency door operation.
12. Load test batteries and check individual cells.
13. Check voltage regulator setting.
14. Check cooling system pressure.
15. Check wheel nuts for proper torque.
16. Check exhaust system for leaks.
17. Check transmission for leaks.
18. Check accelerator linkage adjustment.
19. Check transmission linkage adjustment.
20. Check engine for leaks.
21. Check cooling system for leaks.
22. Check for proper routing of wires and lines in the engine compartment.
23. Check air pressure at the brake chambers for equalization.
24. Check slack adjusters for proper adjustment.
25. Check air ride height and adjust.
26. Check grease points for proper lubrication.
27. Check wheel stops for proper adjustment.
28. Check interior temperature - A/C and heat.
29. Check engine RPM's - idle and top end.
30. Check air system leak down rate.
31. Check engine oil and fuel pressures.
32. Check transmission oil pressures.
33. Check engine emergency shut off operation.

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ROAD TESTS:

1. Check rate of acceleration.
2. Check transmission upshift and downshift points.
3. Check braking efficiency with brake meter.
4. Check general ride stability and maneuverability.
5. Check for excessive air drafts around doors, windows, driver's area and overhead vents.

TESTS CONDUCTED AT INDEPENDENT FACILITIES:

1. Chassis Dynamometer testing to obtain the following results:
 - a. Horsepower transmitted through the rear axle
 - b. Air box pressure
 - c. Exhaust back pressure
 - d. Crankcase pressure
 - e. Full load top RPM's
 - f. Full load lube oil pressure
 - g. Full load lube oil temperature
 - h. Full load coolant temperature
 - i. Full load fuel oil pressure
2. Water test to ensure that there are no leaks through the windows or coach exterior panels.
3. Alignment of front end and wheel balancing.
4. Pit or hoist inspection to thoroughly check the understructure, axles & related components.