

Detroit Chassis, LLC



*2005 - 2006
Annual Report*



From the Owners

Committed People delivering Customer Joy through World Champion performance.

The Detroit Chassis **Vision** is admittedly an ambitious one but we are people driven by vision. Our industry and the times demand it. Our Team is committed to delivering on it.

The RV industry in which our principal products compete continues to grow and evolve. Our competitors have responded with continuing innovation and aggressive marketing strategies. However, we have not only kept pace but in many areas we have out-classed the competition by seamlessly collaborating with Ford Motor Company to grow market share and deliver Customer Joy.

We have made **dramatic market share gains** since the introduction of the '06 F-53 last year. Our body builder customers consistently tell us that we deliver the best motor home chassis in the industry.... hence our message:

“The Best Motor Home Chassis is Built in the Motor City”

Yes, we have set our sights high but 2005-06 has been a year during which we made significant strides toward fulfilling our Vision corporate wide. Our key corporate objectives for this period included:

1. Increasing operational capability
2. Diversifying the business base
3. Enhancing the bottom line

Our Business Planning Deployment Process (BPD) drove several off sites during which we charted our progress and made mid course corrections where necessary. We revitalized our ongoing **Enterprise-wide Lean Transformation** with new leadership, stepped up training and renewed our focus on using Lean tools. These tactics resulted in improved data collection and metrics, focused analysis and proactive planning, and interventions. The result....we reaped the benefits in myriad ways that you will see reported on the following pages.

A sincere Thank You to all of our Stakeholders, Associates, Customers, Suppliers, Dealers, and Ford Motor Company in particular, without whose continuing support we cannot hope to fulfill the Vision... but with whom we continue our drive to World Championship performance.



Table of Contents

2005 - 2006 Highlights	1
Our Products	2
Committed People...	3
Training	
Operations	
Employee Assistance Program	
delivering Customer Joy...	4
Achieving Championship Expectations	
Community Involvement	
Energy!	
through World Champion performance.	5
Safety	
Quality	
Warranty	
Lean Implementation	
Presenteeism	
MY-06	
Materials/Shipping	
Minority Business Development	
New Business	

Our Vision

Committed People
delivering Customer Joy through
World Champion performance.
On Time. All the Time. Every Time.

Our Mission

Our mission is to embrace an
Enterprise-wide Lean Transformation,
to add new customers and to dramatically
increase our performance, efficiency,
knowledge and profitability.

Our Values

Commitment to:

Excellence by Adding Value

Embracing Change by Learning and Growth

Respect through Diversity and Community

Win/Win Outcomes through Teamwork

Integrity and Spirituality

2005 - 2006 Highlights

Increased Operational Capability

- 40% Safety Improvement
- 12% Warranty Improvement
- 06 F-53 Launch: Flawless!!!
- Lean Transformation:
750 Proposals received
87% Proposals implemented
- 97% Presenteeism
- 32% Increase in United Way Contributions
- 900+ Employee Assistance Interventions

Diversified the Business Base

- New Products Diversification:
F-450 Lo-Floor™ Chassis
Detroit Custom Chassis
Travel Technology Innovations

Enhanced the Bottom Line

- 6th Consecutive Year of Profitability
- 20% Increase in Market Share

Our Products



F-53 Class "A"
Motor Home
Chassis



F-450 Lo-Floor™



Merlin Roadster



Committed

Detroit Chassis is located in the heart of Detroit's Renaissance Zone and employs approximately 250 associates. The majority of our associates live in the city.

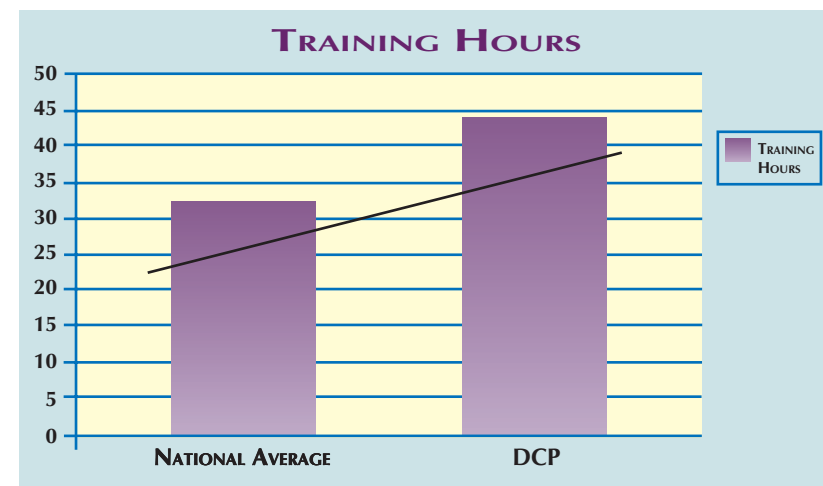
Our company leaders recognize that as Detroit Chassis faces stronger competition, employee learning and skills development are more important than ever to grow and sustain a competitive edge. Therefore, Detroit Chassis invested more than **44 hours of training** in each associate. This is more than 30% above the national average of training hours for associates.

Detroit Chassis provided an eight week intensive Leadership Development Training experience for a cross section of 20 associates throughout the organization.

Associates received a reinforced review of **lean principles** that had been introduced the previous year and learned additional lean tools such as Problem Solving, Process Mapping, Process Flow, Five S (*Sort, Set in Order, Shine, Standardize and Sustain*) and Visual Management. Our associates enthusiastically participated in this training and demonstrated its effectiveness through improved efficiencies throughout our organization.

Detroit Chassis' 2005 training program included:

- Leadership Development
- Lean Principles and Philosophy
- Change Management
- Team Building
- Safety Compliance



People...

The Operations Team started 2005 by refocusing on **Safety, Quality and Productivity**. We were convinced that this was necessary to move the organization forward towards our goal of World Championship performance. Traditional barriers between functional areas began to erode as we focused on this overall goal.

The Operations Team was expanded to include:

- Production
- Safety
- Materials
- Quality
- Engineering
- Facilities & Maintenance

These departments were relocated from office and perimeter locations to a central plant, glass walled "Lean" office area we refer to as the "**Vision Center**."

This state-of-the-art facility is setup to maximize communication and teaming. There are 16 associates located in this area with no physical separation between work areas. Communication has greatly improved.

Detroit Chassis has a full time, on site **Employee Assistance Program** coordinated by Ms. Callie Kendrick of the Children's Aid Society of Southeastern Michigan. Our EAP responded to 905 requests for information to resolve issues in the following areas in 2005:

- Legal
- Housing
- Employment
- Health
- Education
- Family



Highlights

- 900+ Associate Interventions
- Strengthened Family Relationships
- Quality of Life Improvements



...delivering

Detroit Chassis' **Customer Visitation program** aggressively pursued plans in 2005 to expand our presence and strengthen relationships with our extended customer base. Representatives from DCP visited 12 of the 15 Body Builders that we supply. The Sales & Marketing Team specifically designed these visits to determine:

- Those things we do well
- Those things we need to improve
- Areas where we could provide additional assistance, not normally provided by a chassis manufacturer

In each case, our representatives were warmly received. All of the Body Builders expressed appreciation for our effort; some even expressed surprise and more than just a little dismay in why it took us so long to make our presence known.

These visits provided a wealth of information. Along the way, we also uncovered opportunities to add more value for our customers. Our Sales and Engineering teams are diligently working through the details of these opportunities to maximize the value and ROI for our stakeholders.

Detroit Chassis made a commitment to improve customer satisfaction and this year's survey results proved that our customer satisfaction rating improved. We have always been good at providing joy to our customers but now we are even better!

We remain committed to hearing the voice of our customer and providing the best built class A motor home chassis to the market.

The unique opportunity to interact directly with the RV Dealer community presented itself in 2005. Representatives from DCP, Ray Baillargeon and Linda Ratliff both from Strategic Business Development joined forces with one of the largest Motor Home Manufacturers to bring **'Best In Industry' product training** directly to the RV Dealers sales force. This product training was conducted across the country from Orlando, Florida to Pomona California. This led to direct contact with 180 RV sales personnel from over 100 dealerships who participated in presentations highlighting the features and benefits of the Manufacturer's products and the Ford Motor Home Chassis.

This experience proved extremely valuable to DCP, as our participants learned what it takes to make our product stand out from the competition. We are looking forward to expanding this training initiative to include other Body Builders.

Highlights

- 180 Dealer Training Attendees
- 100 Dealerships Contacted
- 22 Training Sessions
- 17 Customer Visits
- 8 Trade Shows

Customer Joy...

Detroit Chassis associates are committed to the **development of our community**. We contributed more than 1000 hours per month to community involvement initiatives in 2005; 90% of those hours were devoted to mentoring programs. We also supported programs in the following categories: youth sports, senior citizens, charitable organizations and educational initiatives.

Cooperatively, Detroit Chassis sponsored and supported many programs throughout our community including:

- NABAS (National Association of Black Automotive Suppliers)
- Children's Aid Society of Southeastern Michigan
- Junior Achievement of Southeastern Michigan
- Ford Motor Company PAS Program
- Boy Scouts of America
- The Runner's Club
- The United Way

- BAMM! (Business Applications in Manufacturing Management)
- Detroit Public Library Inside/Out Literary Arts Program
- Davis Aerospace Technical High School Advisory Board
- Farwell Elementary/Middle School-to-Work Exposition
- Grant Elementary/Middle School Career Day
- Hamtramck High School/Junior Achievement
- Kettering High School Career Day
- Motor City Make Over

- Internal Events
- Christmas Party
- Summer Celebration Picnic
- Community Garden

Detroit Chassis has a **full-time on-site Chaplain** to respond to the spiritual needs of our associates. We set aside time for all associates to study faith together each Wednesday at 11:30 AM in our Family Room and we invite customers, suppliers, and business associates to share in this time with us.

This year we had the opportunity to share our views on faith at work with Spring Arbor University in Lansing, Michigan, with Moody Bible Institute in Chicago, Illinois and with other businesses and institutions of higher learning. Our goal is to unite our intercessors in prayer and join forces with other organizations on faith-based initiatives to impact our community. We have designated Tuesdays as our corporate day of intercession at DCP.

Clergymen in our city have partnered with us on this initiative and we welcome their support as we take our meetings to a deeper level. We are making a positive impact on the lives we touch daily!

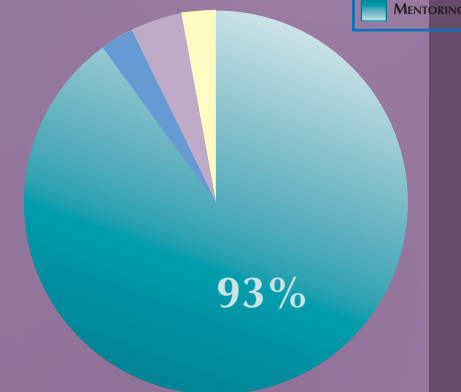


Highlights

"We applaud your partnership with Grant and appreciate your dedication to the students and staff. We have been positively impacted by the added value and support that you so graciously extend to the community."

*Dr. Geraldine Sumpter
Administrator
Ulysses Grant Middle School*

COMMUNITY INVOLVEMENT HOURS



"I must say that my experience at DCP was one of the highlights of my almost 20 year tenure at Ford Motor Company. Thank you, DCP for your inspiration and for having such an uplifting event on Wednesdays. I have been greatly moved."

*Brenda Ajegba
Commodity Business Planning
Ford Motor Company*

...through World Champion

Our **Safety goal** for 2005 started with an effort to reduce and eventually eliminate recordable injuries. We finished the 4th quarter of 2004 with **Zero Recordables**. To date, we have no recordable injuries for 2006. This success is attributed to our commitment to working safer and efforts to heighten safety awareness with our associates.

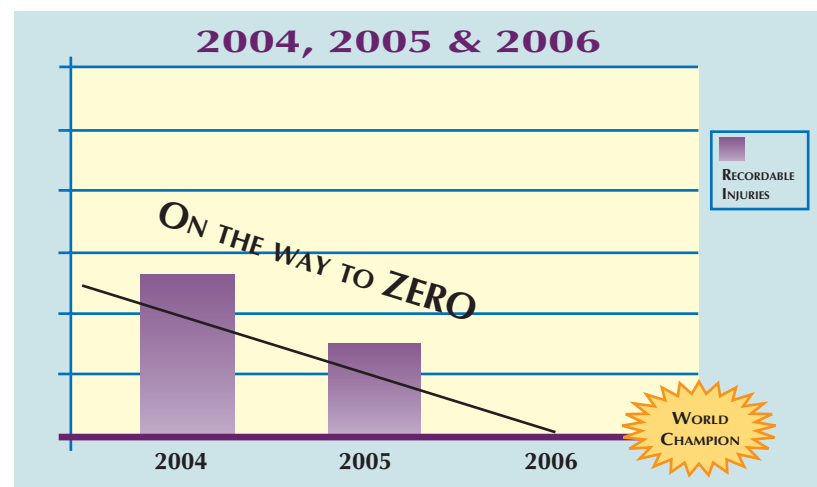
The C-Learn (Corporate Lean) effort refocused the entire organization from the shop floor to the Board Room on Safety, Quality, and Productivity. Our approach was refined to monitor and react to leading safety indicators. We generated 209 safety proposals as a result of investigations and interviews. We implemented nearly 95% of those proposals in 2005.

Several programs were instituted throughout the year along with C-Learn safety proposals and the Near-miss program including:

- New associate safety training
- MIOSHA Assessments
- St. Paul Travelers Insurance Assessments
- Team Leader certification and training
- Personal Protection Equipment
- Basic Safety Rules
- Electrical Safety and Hazards
- Fire Safety
- HazCom
- Lockout Tagout
- Crane Certification
- First Aid/CPR

We have learned that prevention versus reaction is the only way to be successful in Safety.

Safety is a must with us!



Highlights

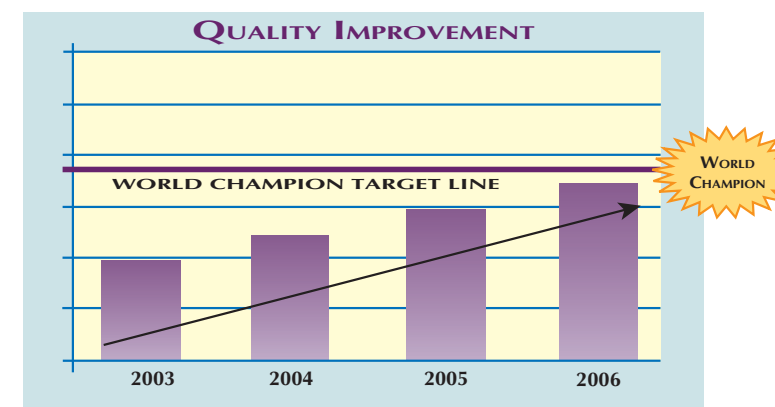
The Corporate Lean (C-Learn) initiative is led by a cross-functional team whose objective is to implement lean philosophy and principles throughout the entire organization. The C-Learn team trained associates in waste identification, Five S, process mapping and visual management with respect to Safety, Quality and Productivity.

performance...

Our **Quality strategy** for 2005 involved not only heightening quality awareness with all associates but also empowering all associates to be quality advocates. We provided analytical tools and our refined processes established quality gates at each station and improved the following APQP processes throughout the organization:

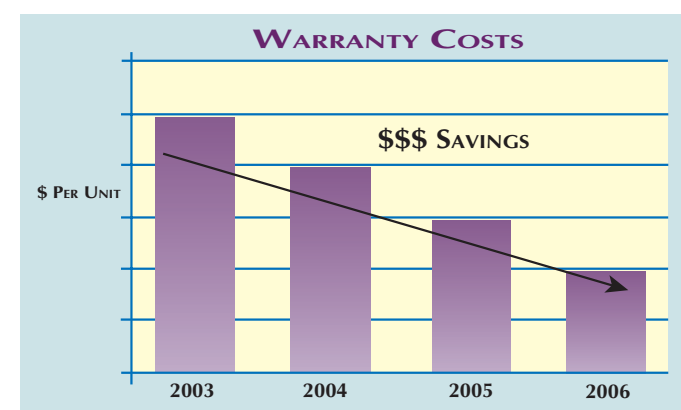
- Control Plans
- Statistical Process Control
- Failure Mode Effect Analysis

Implementation effectiveness was verified by reviewing metrics bi-weekly at Balance Score Card (BSC) meetings.



A rigorous supplier quality management system was implemented in 2005 to address critical supplier issues. Supplier audits and reviews were established to ensure that our supplier partners were capable of maintaining world champion quality standards.

We sustained a 12.5% **warranty improvement** trend for three consecutive years by establishing our own warranty reduction teams in powertrain, electrical and chassis. Subject matter experts were empowered to identify opportunities to sustain success in this area.



Highlights

"...We always enjoy coming to your plant for audits. The support we get from your team and the atmosphere in the plant makes us look forward to coming to your plant for Fresh Eyes Reviews.

We get the feeling that your team really wants to do good work and that they appreciate our presence each time we are there.

This is very encouraging to us at Ford and I am certain my Campaign Prevention Specialists share the same opinion.

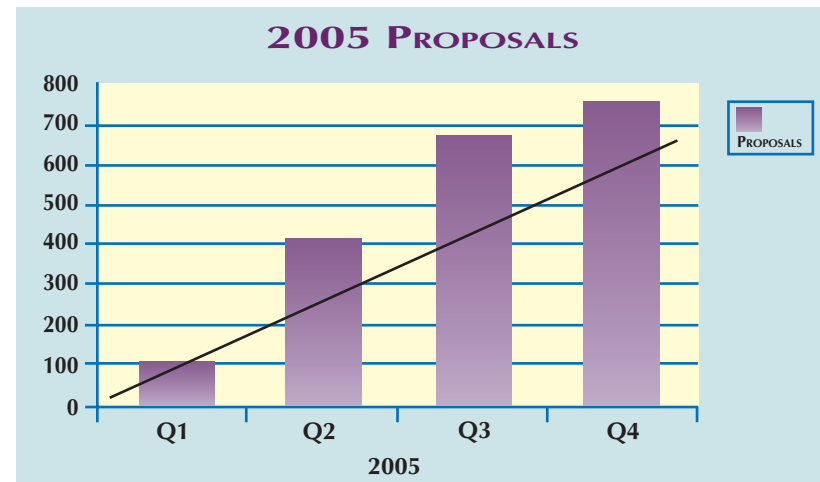
The recent CP review in your plant generated only a few (5) minor issues, which was a record for me being on the job for the past 3 years. Thank you. We completed a perfect build for the day."

Bart Ajulufob
Ford Motor Company
Process Leader
Global Campaign Prevention

...World Champion

Our **productivity strategy** for 2005 had two basic elements. The first phase involved working with each associate to identify MUDA or waste in each process. Discrepancies were captured during our C-Learn interviews. The second phase of the productivity improvement program included creating a coordinated cross-functional strategy to maximize productivity and efficiency while maintaining or improving Safety and Quality.

All team members were also involved in developing the 4th Quarter Business Planning Deployment Program for Operations. Many improvements were identified through both the production and support teams. This plan has proven that the key component to achieving productivity gains is that it requires a concerted effort of all associates.



Under the leadership of our DCP Lean Champion and cross-functional support, we initiated a **C-Learn Sweep** program that involved a cross-functional team working in small groups of associates who identified waste and inefficiencies. Each group went through an intensive waste identification problem solving and waste elimination process with the support of the C-Learn Team. C1 - Team 1 accepted the challenge with enthusiasm and during two intensive days reorganized their work cell to free up and redeploy three of their 14 members.

The redeployed team members were assigned to on-going continuous improvement efforts.

Congratulations C1 - Team 1 for your pace setting leadership!

More than 750 new ideas for continuous improvement were generated and 87% were implemented.

87%

Owner's Pledge

No associate will lose their job due to increased efficiency.

performance...

continued

Our Human Capital and Labor Relations divisions are proud to report that our attendance "presenteeism" has consistently ranged above 97% on a daily basis throughout 2005. This is remarkable attendance performance for a manufacturing company. We also saluted more than 65% of our associates for being with us for five or more years. We are sharing our World Championship success story with other organizations.

The launch of the F-53 Model Year 2006 was conducted in the first quarter of 2005 on time, under budget and delivered outstanding metrics. The many new product attributes introduced by the '06 greatly contributed to our dramatic market share gains.

F-53 Model Year 2006 Job II brought 72 new hexavalent chromium free components to DCP. Ford Motor Company's environmental initiatives included the elimination of hazardous hexavalent chromium finish from all of their component parts. This requirement drove complex changes to DCP assembly processes in the final quarter of 2005. The elimination of this hazardous material dictated that many components be re-engineered to ensure design integrity.

In depth validation processes successfully took place to ensure the end product continued to meet World Champion performance.

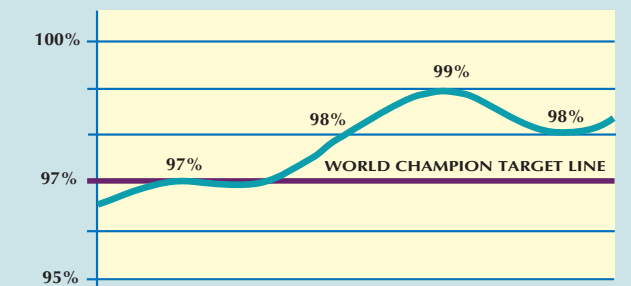
Our **Materials and Shipping** divisions reported that our ship-to-build schedule was unmatched. We exceeded the 97% industry standard and shipped 100% according to our build schedule throughout 2005.

We continued our efforts to incubate **minority business development** by introducing minority business enterprises to our supply base as well as reaching out and sharing best business practices.

The economic climate in the manufacturing industry caused a majority of companies to decrease their minority business participation in 2005; however, Detroit Chassis' minority business participation increased.

Great job team!

2005 ATTENDANCE



The F-53 Model Year '06 Launch was a rousing success.



Detroit Chassis has been successfully developing new business relationships for the past five years. However in August of 2005, a significant new business relationship materialized. DCP joined forces with DSC (Dallas Smith Corporation) to assemble the **F-450 Lo-Floor™** Chassis for use in the Shuttle Bus, PDV (Parcel Delivery Vehicles), and Ambulances.

DCP acquired the first F-450 in August 2005 and our task was to provide DSC with a finished saleable quality product complete with the following:

- Process Failure Mode Effect Analysis
- Control Plans
- Assembly processes
- Customer Joy

We immediately began developing the project scope to achieve our goals and we achieved maximum results! Not only did we deliver a quality vehicle, we supported DSC by participating in several events including the sales and marketing of our joint venture.

We also met with the following customers, further securing our commitment to providing customer joy:

- U-Haul
- Arizona Bus
- Utilimaster
- Toronto Transit Corp (TTC)
- Leeds Transit

Our efforts proved tangible and the first unit was delivered to Leeds Transit. It is currently being upfitted by Supreme Corporation. The completed Friendly Bus will act as a test unit in the city of Toronto for TTC. In addition we have secured (48) additional units to be built during the 2006 calendar year for trial use in many other cities.

The F-450 Lo-Floor™ will serve as a benchmark template for new business and allow us to continue our focus in Niche vehicle manufacturing.

Thank you stakeholders:

*DCP ASSOCIATES
Business affiliates,
and
Community constituents
for your
contributions and
support of our
vision.*

We look forward to sustained World Champion performance in 2006 through the introduction of new products, increased production and continued community partnerships.





**DETROIT
CHASSIS**



In 2002, Michael and Carlton Guthrie, and Rocco Pollifrone joined forces to create SPECTRA, LMP, LLC, parent company to Detroit Chassis, Magnys (Process Engineering) and its subsidiaries Forward Vision (Computer Simulations) and VSim (Program Logic Control). Spectra provides seamless concept-to-customer sourcing options.

Magnys continues to build engineering inroads into automotive and non-automotive manufacturing entities including: FMC, GM, DCX, Mercedes Benz US, US Military, Proctor & Gamble, The Boeing Company and others.

For more information on Magnys visit www.magnys.com.

Detroit Chassis' newest venture is Detroit Custom Chassis (DC²). It was created to assist motor home body builders with modifications. Currently, DC² is working on chassis modifications for 15 body builders and the F-450 Lo-Floor™ with Dallas Smith Corporation.

Our sister company Travel Technology Innovations (TTI) successfully promoted Smartire Tire Pressure Monitoring systems in the market place by securing contracts with Camping World, Spartan Motors and other major RV service centers.

Detroit Chassis, LLC
6501 Lynch Road
Detroit, MI 48234
313 - 571 - 2100

www.detroitchassis.com