

VEHICLE SYSTEMS INTEGRATION

YOU CHOOSE.



Install this ONE module **OR** These 79 individual parts

VEHICLE SYSTEMS INTEGRATION

Supply Chain

Eliminate 100 Part Numbers From Your Materials System

Bendix will purchase, schedule, receive, inspect, inventory and assemble all the components needed to build your modules. Working with you, we will eliminate between 30 and 300 part numbers — and maybe even a few troubling suppliers — from your system. That means you will have more time to negotiate long term contracts with other key suppliers and possibly eliminate poor performing ones as well. All of this helps to strengthen your competitive advantage.

By purchasing modules directly from Bendix, you can take advantage of our significant and ongoing investments, innovations and specialized professional capabilities... capitalizing on benefits that are customarily very expensive and time consuming to develop and maintain.

A Module Price That Is Often 5% Lower Than Your Current Material Cost Alone

Our focus allows us to take significant material cost out of your vehicle or chassis by using large- or small-scale modules. Combined with our competitive conversion costs, our price to you is typically below what you are currently paying for material alone.

Our modules group consists of 20 seasoned professionals focused on all facets of module design and production. In addition, we are supported by a team of cross functional Bendix representatives responsible for supporting the design, validation, manufacture and shipment of modules to a host of customers.

Immediate short-term financial payback and project justification can be achieved. Labor savings, shop floor space savings, reduction in warranty/scrap/rework and reductions in inventory become "gravity" to the payback equation.

Typical Cost Reductions Range From \$50,000 to \$250,000 Per Year

Our focus on efficient design and manufacturing allows us to offer yearly product innovations and/or cost reductions to you. Although the amount per year varies by project, each module agreement will contain measurable productivity clauses to continually help you lower the cost of your vehicle.



ICM — Integrated Control Module
Class 5-7 Heavy Truck



BCM — Brake Control Module
for Low Cab Forward Vehicle

Production and Quality

Bendix Delivers On Time and In Sequence, While Maintaining World-Class Quality

Problems with a Bendix module will not be part of your morning production meetings. By fully testing sub-systems within a module, we can help ensure product quality levels remain at or above their historic levels of 5.0 sigma. In over six years of production, over a quarter-million ICM-style modules shipped to customers have reached OEM's on time and in sequence.

Our proactive attitude, formidable Six-Sigma infrastructure — 250 Green Belts, 25 Black Belts and two Master Black Belts* — and full company support continually improves our modules offering.

Reclaim 5,000 ft² of Floor Space

Typically, sub-assembly stations, inventory presentation and valve build-up areas require 5,000 ft² of valuable shop floor space. When you source a module through Bendix, that space can be reallocated to main production or prep'd for model change. Plant expansions (est. \$3/sq ft) and machinery relocation (>\$100,000) can be avoided, especially during unfavorable industry cycles.

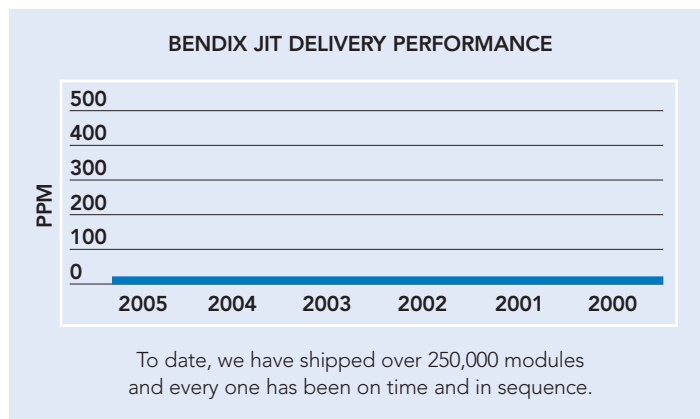
Bendix Quality: All The Way Down The Line

Bendix is driven by meticulous and exacting standards which enable us to set new records for customer quality year after year, including:

- Freightliner Masters of Quality Award Winner (1999, 2002, 2003, 2004)

We have achieved world-class safety ratings measured in TCIR and LWDCIR consecutively since 2003. And, in addition, our facilities continue to earn significant quality certifications such as:

- Elyria, OH: Certified ISO9001:2000 and ISO 14001
- Frankfort, KY; Huntington, IN; Acuña, MX: Certified TS16949 and ISO 14001



Reduce Your Inventory By \$1,360,000

EXAMPLE

	DAYS OF INVENTORY	
	Component-Based Manufacturing	Modular Manufacturing
In-transit	5.0	3.0
Components	14.0	.0
WIP	.5	.0
Finished Goods	1.0	0.5
TOTAL DAYS	20.5	3.5
Dollars Material/unit	\$800	\$800
Daily build rate	100	100
TOTAL INVENTORY	\$1,640,000	\$280,000

INVENTORY REDUCTION (\$1,360,000)

A solid benefit your Materials Manager will enjoy.

* Six-Sigma certificates as of 12/31/05.

Engineering

Product Engineers

Your Time Is Better Spent On Bigger Issues

All of the products you are responsible for have challenges. Production issues, customer requests and cost reductions usually rank high on the “annoying scale”. On the other hand, those same problems seem to be more challenging and fun when related to your “key” products. Through modularization, we handle the annoying niche problems so you can solve priority one product issues.

For example, as you walk the production line, Jim, the torque wrench guy, complains again about the bolt hole alignment problem. Last week you may have given him an excuse because you just didn’t have time to deal with it. But since you have a Bendix module, solving his problem is more simple today.



You call the module engineers at Bendix and explain the issue and how it can be fixed. We will take it from there. Jim’s concern will be addressed while you go back to calculating the new steeper wheel cut angle you just helped develop. Having your “staff” of Bendix engineers comes in handy. All are part of a company that has been a pioneer in the heavy vehicle industry for over 75 years with over 130 active patents.

Engineering Managers

Core System Focus

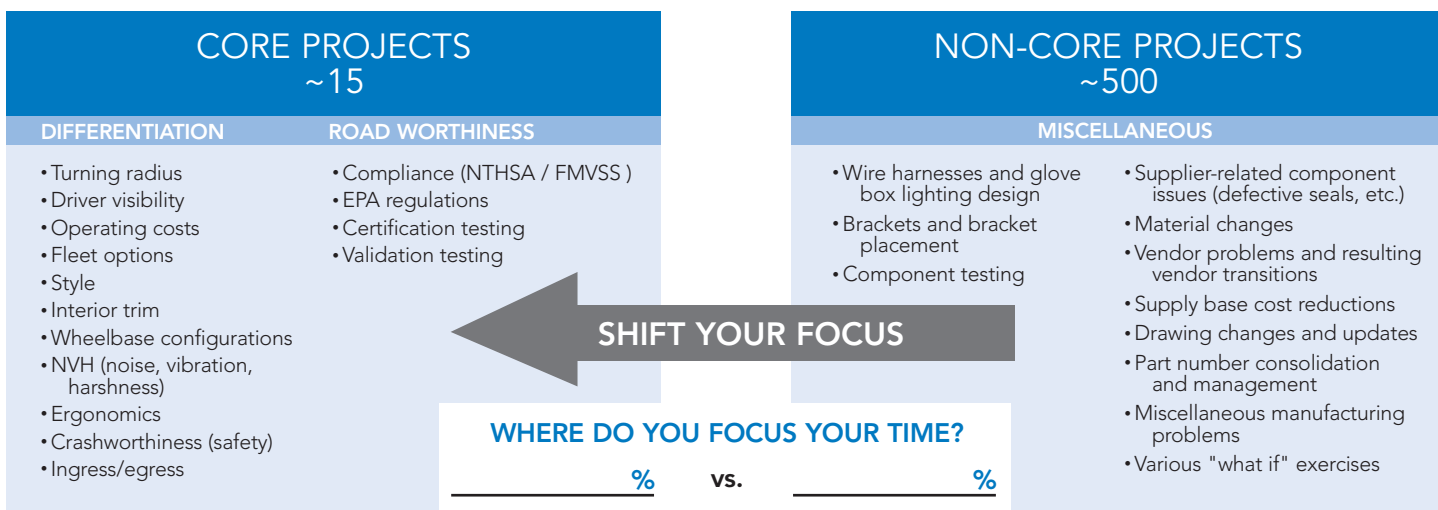
“Why did you ask me to list projects that are important to work on next year and then deny the additional headcount? This is so frustrating.”

With a Bendix module, the “additional staff” you need is already on staff. Shift your staff’s time from “annoying” to “core” to increase your total vehicle innovation. Your team can now complete more projects that previously would have slipped below the cut line. We innovate the module, you innovate the core. Bendix has implemented over 40 innovations in a five year period for our current customers.

As systems are redesigned and integrated into a module, some interesting things happen. First, a common structure replaces the “bracket on bracket” approach. Second, individual components are combined into smarter parts that reduce fittings and wire harness complexity. Third, a module can be tested at the system level. This ensures functional, electrical, air and other systems. You buy systems, not components. The impact on cost, quality and innovation is dramatic.

Current and Support

In the middle of the year, your biggest fleet calls. Another vehicle nameplate is offering an A/T shifter on their work trucks and his drivers love it. This is not available on your vehicles. He wants to know how long it will take you to make it available. How you answer this customer depends, in part, on the strategic suppliers you currently have in the fold.



Strategic Management

Oversee Unparalleled Long-Term Corporate Flexibility

Modularizing your vehicles gives you unprecedented flexibility to deal with difficult market conditions such as:

- New engine regulations in 2007 and beyond
- Pass-car technology migration
- Aggressive competitor pricing

Additional Flexibility:

- Changing fixed costs to variable
- Sharing / amortizing capital investment
- Leveraging supplier sunk investments
- Reallocating labor
- Reducing on-site inventory
- Increased leverage with core suppliers
- Increased buffering for demand changes
- Multi-discipline problem solving ability

If you decided to build modules in-house, your investment would be \$1.5m. Let us help you avoid this.

WHEN YOU SHOULD CONSIDER MODULES

- | | |
|-----------------------------|-----------------------------|
| – New vehicle launch | – Aggressive cost downs |
| – New chassis launch | – Major inventory tasks |
| – Major chassis redesign | – Major quality initiatives |
| – Production line retooling | – Drive for technology |
| – Shop floor constraints | – Supplier base reduction |

Gain Access To Special Skill Sets Not Currently In-House

Our modules program allows you to gain access to our specialized skills, tooling, processes and equipment. Feature-based ordering, cumulative buying power, on-site testing and in-house design are just a few. Since Bendix is part of the Knorr-Bremse Group — with strategic locations in over 20 countries worldwide — your regional vehicle concerns can be addressed “locally.”

It doesn't matter whether you compete on cost, profitable options, responsiveness or perceived quality. Incorporating modules into your building brings a more competitive cost structure that helps drive profits even before you sell additional vehicles.

Avoid Expensive Plant Expansions, Equipment Relocation and Costly Capital Investments

Plant expansions can easily cost \$3.00 per square foot. When you consider the added fixed burden that approach brings, you understand why we advocate a different approach. Incorporating a Bendix module can free up 5,000 square feet (or more) of shop floor space. This also comes in handy for the next new model equipment location.

OEM Marketing and Sales

Upselling Options and Joint Marketing Boost Your Sales

Think about enhancing your competitive advantage by offering new options to the marketplace not currently on your vehicles. Consider how much additional profit would options such as an: A/T shifter, adjustable pedals or telescoping steering column could bring to your bottom line. Once these options (or any other you may select) are released on your module, Bendix will support the promotional efforts of your sales force to enhance pull-through and upselling. Get the established Bendix sales force to work for you.

A Lower Cost Structure Allows More Price Flexibility For Promotions

With a material cost reduction, labor cost reduction and inventory savings, you will be in a much better position to battle in the marketplace. Whether you want to gain market share or defend what you have, modularization will offer you the price flexibility that can make the difference. Have you ever lost a bid for ~\$50/vehicle? Find that \$50 savings in modules.

Your No-Risk/No Obligation Offer

Can a module really lower your vehicle cost AND increase its innovation at the same time? Can a module really increase your vehicle's quality AND reduce warranty almost overnight?

Let us answer your questions with our no-risk, no-obligation offer. We will perform a detailed analysis of your existing module and provide you with our findings in four to six weeks. The conclusions will, no doubt, be of interest to a number of cross functional teams within your organization, including purchasing, engineering, production, sales and upper management.

Just follow these four simple steps and see for yourself.

1. Define a high-volume "track" vehicle.
2. Provide us with a module built in-house that fits on that track vehicle.
3. Be willing to answer questions that may surface during the analysis we perform.
4. Be willing to meet with us in four to six weeks to review the benefits we uncover.



ICM — Integrated Control Module



RAVM — Rear Axle Valve Module



BCM — Brake Control Module
(floor mount pedals)



ENHANCE YOUR COMPETITIVE EDGE WITH A BENDIX MODULE.
TO LEARN MORE, CONTACT YOUR BENDIX ACCOUNT MANAGER
OR CALL TJ THOMAS, AT 1-800-247-2725.