



NEW FLYER

July 23, 2014

Mr. Enoch Chu
Contract Specialist
Fleet Engineering,
700 Pennsylvania Avenue,
San Francisco CA 94107

Subject: RFP for Contract No. CPT 713

Mr. Enoch Chu

New Flyer is pleased to submit its proposal in response to SFMTA for the procurement of 30 foot, 40 foot and 60 foot diesel hybrid buses.

New Flyer is committed to providing the best bus value for life. We are proposing the next generation of our low floor product line "Xcelsior," which has been designed to reduce the overall operational and maintenance costs (life-cycle costs), as well as improve the passenger and driver experience. To date, New Flyer has over 4,600 Xcelsiors delivered or on order.

Following the RFP proposal structure requirements New Flyer has created a comprehensive table of contents following the specified steps. Regarding the technical characteristics, we have split Section 3 into two sections. Part one for 35' and 40' buses as the information applies to both models and Section 3 part 2 for 60' buses.

Please refer to the attached executive summary with details of our proposal.

We are confident that our proposal exceeds many requirements of your specification, and that our demonstrated ability to provide a proven, reliable product and our unmatched aftermarket service network further enhances our offer to SFMTA.

Thank you for the opportunity to submit this proposal. Please contact me with any questions or comments. I can be reached at (204) 224-6381 or Adrian_graca@newflyer.com.

Sincerely,

Adrian Graca
Manager, Technical Sales
New Flyer of America Inc.

cc: Paul Smith, EVP Sales and Marketing, New Flyer
Jennifer McNeil, Director, North American Transit Sales, New Flyer
Mark Fisher, Regional Sales Manager New Flyer

**Headquarters/
Winnipeg Facility**
711 Kernaghan Ave.
Winnipeg, Manitoba
R2C 3T4 Canada
Ph: (204) 224-1251

**Customer
Services**
25 DeBaets St.
Winnipeg, Manitoba
R2J 4G5 Canada
Ph: (204) 982-8400

**New Product
Development**
Unit 7, 45 Beghin Ave.
Winnipeg, Manitoba
R2J 4B9 Canada
Ph: (204) 982-8413

**Crookston
Facility**
214 5th Ave. SW
Crookston, Minnesota
56716 USA
Ph: (218) 281-5752

**St. Cloud
Facility**
6200 Glenn Carlson Dr.
St. Cloud, Minnesota
56301 USA
Ph: (320) 203-0576

www.newflyer.com



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Executive Summary

New Flyer is honored to submit our proposal to **San Francisco Municipal Transportation Agency** for the Procurement of **30 foot, 40 foot and 60 foot low floor diesel hybrid transit buses** in response to your **Request for Proposal CPT 713** dated January, 2014. This is a very important project to us as it not only gives us the opportunity to continue to partner in a long-lasting relationship with your company, but also to offer our `best-in-class` Xcelsior[®] model, that we believe to be the most advanced heavy-duty transit vehicle available in North America.

The attached proposal is focused on the value we are offering to you in addition to our commitment to lifetime customer care.

The New Flyer Xcelsior[®] - Better by Design

Introduced in 2010, the Xcelsior[®] is New Flyer's latest generation heavy duty transit bus. Building on experience gained from over 34,000 heavy duty transit vehicles delivered to North American transit agencies, the Xcelsior[®] provides a number of value added design enhancements including:

- Industry Leading Fuel Economy
- Reduced Vehicle Weight
- Automotive Styling, with inherent BRT features.
- Industry Leading Accessibility features
- Improved Passenger and Driver experience
- Quieter Ride
- Improved Maintenance access
- Reduced Maintenance costs

Our Technical Proposal Section 3 includes a summary of key design highlights for the New Flyer Xcelsior[®], as well as our standard vehicle brochure. Section 3 has been divided into two parts. First part applies to 35' and 40' buses while the second part applies to the proposed 60' vehicle.

The New Flyer Xcelsior[®] has the broadest range of length and propulsion options in the industry. We focus our innovation on providing value added optional features that meet the varied needs our customers, while reducing the cost of ownership.

Highlights of our Proposal to **SFMTA** include:

- Xcelsior[®] XDE35, XDE40, and XDE60 Models
- BAE TB200 (XDE35, XDE40) BAE TB300 (XDE60)
- **OPTIONAL** Allison EV50/Cummins ISL (XDE35,XDE40,XDE60)
- MAN Axles with 5 Year / 300,000 mile Base Warranty
- Disc Brakes, providing reduced overall maintenance cost and less brake noise.
- Partial Stainless Steel Structure, providing added corrosion resistance where it is required.
- Proven New Flyer Hybrid design with extensive experience from BAE and Allison



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- Parker Vansco Multiplexing System, incorporating a less wiring complexity and simpler industry standard communications protocols and ladder-logic software, making training and troubleshooting simpler for maintenance personnel.
- EMP Electric Cooling System, providing improved fuel economy, reduced maintenance and risk over conventional hydraulic cooling.
- Electronic instrument panel, which is more modern in appearance and functionality and has a three year warranty standard. The standard LCD display can be programmed for customer specific messages or graphics. Up to 31 illuminated tell tales and up to four LCD screen displays are available to ensure your drivers are fully aware of the vehicle status at all times.
- All Xcelsiors® incorporate common major components, such as axles, bus structure and numerous subcomponents.

To date, over **4,400 New Flyer Xcelsior®** have been delivered or are on order.

Our Company

Established in 1930, New Flyer (including our NABI subsidiary) is the leading manufacturer in North America. Our mission is to **Deliver the Best Bus Value and Support for Life** for our customers.

The New Flyer team of **3000 dedicated employees** is located at thirteen locations throughout North America including:

- Five world class Manufacturing Facilities,
- Six regionally located Parts Distribution Centers,
- Two Service Centers

Our regionally based sales and service professionals provide local support to over **270 transit systems**, which operate 75% of all heavy-duty buses in North America today.

Since 1959, New Flyer has delivered over **34,000 heavy duty transit buses** to customers throughout North America. We have gained tremendous experience executing contracts of all configurations – from very simple, straightforward contracts to very complex multi-year procurements with a wide variety of models, lengths and propulsion systems.

Commitment to Sustainability

New Flyer's Management System is the foundation for our sustainability initiatives, which we believe allows us to create "A Better Product. A Better Workplace. A Better World".

New Flyer was the first bus OEM to obtain ISO 9001 (quality) certification followed by ISO 14001 (environmental) certification and OHSAS 18001 (safety) certification.

For **SFMTA** our Management System ensures dependable products are manufactured under the safest conditions using the most environmentally responsible techniques available.



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Quality and Operational Excellence

Our vision is to maintain a safe, clean and efficient working environment for all employees, while ensuring we are the most efficient producer through first-time-quality. This vision guides our design and manufacturing processes.

Highlights of our Proposal include:

- A **Virtual Product Design** process is followed for every contract.. A Virtual Bus is designed, which matches the Bill of Materials, and is reviewed to ensure customer needs are met
- Manufacturing processes follow **Lean Manufacturing Principles**, such as single piece flow & 5S
- We maintain a comprehensive ISO 9001 certified Quality Management System, which focuses on **Quality at the Source**.

A delivery schedule has been provided in Section 6-B. Should **SFMTA** require a more aggressive delivery, New Flyer would be able to accommodate earlier production slots by reducing the number of weeks for Prototype testing. New Flyer believes that due to the reliability of the current SFMTA Xcelsior fleet, we can reduce this period drastically making a significant improvement in the complete delivery.

Financial Stability

New Flyer is a financially stable, publicly-traded company on the Toronto Stock Exchange (TSX). Since our IPO, New Flyer has paid a monthly cash distribution to holders of our income deposit securities. We have a solid backlog of orders and options, and the financial resources to meet our commitments.

Additional details regarding New Flyer's qualifications and experience are included in Section 19 of this proposal.

Lifetime Customer Care

When you buy a New Flyer bus, our relationship lasts for the life time of the bus. We are committed to lifetime customer care, including comprehensive in-service support, training, resolution of any technical or operational concerns you may have, warranty administration, supply of spare parts, and publications.

Warranty and In-Service Support

Once your New Flyer bus is delivered to you, your regional product support manager will work with you to support delivery and acceptance of the bus, and then will continue to provide field support for all field & warranty campaigns. Warranty will be administered through iWarranty, our online warranty management system accessible through www.newflyer.com. Claims can be entered and monitored online, in real time, to simplify the process, reduce paperwork, costs and time spent managing your warranty process.

New Flyer is pleased to provide **SFMTA** with a comprehensive Warranty Proposal (Section 5) including the following base warranties which **exceed your specification** and industry standards:

- 5 Year / 300,000 mile Front and Rear Axle Base Warranty
- 6 Year LED headlight warranty
- 12 Year / 500,000 mile Structural Integrity and Corrosion Warranty
- 10 Year / unlimited Twin Vision Destination Sign Warranty
- 12 Year warranty on New Flyer Genuine LED Lighting



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Spare Parts

New Flyer is the largest North American supplier of transit industry spare parts. Our Parts Distribution Centers (California, Kentucky and Ohio) are conveniently located, holding the inventory required for maintenance, warranty and retrofit campaigns. In addition to our wide range of OEM parts, New Flyer offers Kinetic™ - our private-label brand to provide affordable and reliable alternatives. We supply spare parts to more than 300 transit organizations in North America, and offer many customized supply chain solutions – from parts kits to fully vendor managed inventories.

Publications

New Flyer's Publications team combines extensive hands-on experience with exceptional writing, illustration and publishing skills to provide industry best technical manuals, specific for each bus build. Details regarding New Flyer Publications are included in Section 11-B.

New Flyer Connect

New Flyer Connect™, our on-board telematics system, is the cornerstone to improving lifecycle costs. Connect™ supports real-time driver efficiency and bus health monitoring to allow you to manage driving techniques and maintenance plans, ensuring fewer road calls, lower unplanned maintenance expense and better fuel efficiency.

New Flyer Connect™ hardware comes at **no additional cost** with every New Flyer bus delivered, and economically priced subscriptions are available for our Driver Monitoring and Bus Health Monitoring services. Should you require additional information on the service, we would be pleased to set up a webinar to demonstrate the value of New Flyer Connect™.

New Flyer Training

Originally established within New Flyer as a means of training our own employees, the New Flyer Institute is delivers world-class training to our customers, through classroom training, OJT and eLearning modules.

Our training proposal to **SFMTA** includes maintenance and operations training on your vehicle, specific component training provided by New Flyer and major component manufacturers, as well as a full set of training aids.

Details on our Training proposal are included in 11-A.

We would be pleased to discuss opportunities to incorporate eLearning into your employee development program, providing a more efficient means of delivering ongoing training to large numbers of operators and mechanics.

New Flyer would be pleased to have the opportunity to meet and present our proposal to your organization to describe the value we offer and explore how we can address and support your operations goals and objectives.