CAMARILLO ENGINEERING INC.

General Engineering - License No. 623944-A
P.O. Box 758, Somis, CA 93066
(805) 389 4655 - Fax (805) 389 4650

To Kathleen Quetin, **5-16-07**

Thank you for taking the time to listen to my concerns about the Huss companies installation of a double system PM filter that was installed by them on top of a new Caterpillar tier 2 engine. The installation was completed at Quinn companies Fresno facility. The unit was installed on a Caterpillar 988F rubber tired loader. The reason I went to Fresno to observe the finished installation is that our company has 112 tractors including backhoes, skip loaders, rubber tired loaders, rubber tired dozers, crawler tractors, scrapers, excavators, ag tractors and motor graders. We have over 41,000 horse power in our fleet.

We have been looking at purchasing a large number of these Huss devices. We at Camarillo Engineering Inc. are and have been pro-active in the pursuit of clean air technology. To date we have replaced 27 of our tier 0 engines and repowered with tier 1, 2 and 3 engines. We have laid out a game plan for our fleet to become compliant in 2010.The Huss filter seems to be our only option at this time for the majority of our equipment. To retrofit 20% of our horsepower in 2009 it will cost upwards of $1,000,000.00. I have included a letter from our financial institution that states that they will not fund these devices. I met with Kim Heroy-Rogalski and Elizabeth Yura and showed them the letter and explained my concerns. Kim looked into the problem for me and found, unfortunately no solution at the present time.

We have expressed our concern to Caterpillar Tractor Co. that we need them to come up with a solution soon, as 98% of our equipment is manufactured by Caterpillar Tractor Company. At this time we are faced with only one device that can handle the majority of our horsepower. I am sorry to say I am not impressed with this company's knowledge with the kind of tractors we use and the job conditions that we deal with in the state of California. I have seen demonstrations of these units and I am sure they would work fine on a forklift or a small loader or on vehicles that work on a smooth surface. Saying that; it is my opinion with 40 years in the maintenance field of construction equipment that while the technology is becoming available the expertise of installation is severely lacking. The installation that I witnessed was lacking in professionalism. You can have the best product on the market but if you do not install it correctly it will fail.

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I have seen wiring and fuel lines installed in pinch points, exhaust tubing left laying on the hood with no insulation or shielding installed to avert a fire or the possibility of injury. 98% of the installation was secured with plastic tie straps and a lot of this was secured to surfaces that they should not be attached to. I now believe that it would be devastating if California Air Resource Board were to vote in favor of making the off-road rule a law at this time. We feel that it needs to be pushed out until Caterpillar and other major manufactures of tractors get their own technologies verified.

<u>Bottom line</u>

1. **How do we pay for these PM devices?**
2. **The technology is on the verge of being successful, however installation issues are not.**
3. **We believe that the safety issue has been seriously overlooked. There has not been enough thought given in the direction of where the units should be installed, also how to protect the operators from a fire and the poor visibility because of where these units have to be installed. Where these units are going to be installed on scrapers and dozers not only put the operator in jeopardy but also anyone on the ground working around them.**

Dave Porcher
Camarillo Engineering Inc.

Financial Federal Credit, Inc.

From the desk of: Jerry J Velarde

April 9, 2007

Mike Barrow
Camarillo Engineering
PO Box 758
Somis, CA 93066

RE: Equipment Attachment Financing

Mike,

Thank you for giving us the opportunity to consider financing your Equipment Attachment needs, However it is impossible for Finance companies to provide this financing since they become part of the machine they are attached to. This would inhibit us from perfecting a lien against the collateral in question. Our position would be superseded by the lien on the primary unit and thus giving us an unsecured loan.

I hope you understand the position this puts us in and why we would be unable to provide such financing. We appreciate your business and hope this will not hinder any further dealings we could have with you.

Sincerely,

Jerry Velarde

Jerry J. Velarde
Manager

Tuesday, April 10, 2007

To Meet PM Target Rate First Year.

Retrofit a total of 16 tractors with level 3 VDECS.

Qty	Machine Type	VDECS Model	Cost Per Unit
7	D10N Crawler Tractor	FS 300 MKL	$68,047.00
7	D9L Crawler Tractor	FS 300 MKL	$68,047.00
2	834B Rubber Tire Dozer	FS 200 MKL	$46,394.53

Total cost for 14 crawler tractors:	$952,658.00
Total cost for 2 rubber tire dozers:	$92,789.06
Total project cost:	$1,045,447.06