



American LaFrance LLC  
1090 Newton Way  
Summerville, SC 29483  
843.486.7400

January 28, 2008

### **Why did American LaFrance, LLC declare bankruptcy?**

Answer: The Company is filing this petition in part due to circumstances which resulted from inventory not properly disclosed as obsolete when ALF acquired its business in December 2005.

A second material factor requiring ALF's Chapter 11 filing relates to operational disruptions caused by the installation of a new ERP system as ALF transitioned away from the computer system of ALF's previous owner.

As a result of the unanticipated obsolescence of inventory and the ongoing ERP problems; ALF has incurred approximately \$100 million in secured debt since it purchased its business. These problems have resulted in slowed production, a large unfulfilled backlog, and a lack of sufficient funds to continue operating.

The voluntary filing of a Chapter 11 bankruptcy prevents the Company from being forced into an involuntary bankruptcy where the Company has no input to its future and cannot protect its customers, dealers and employees.

### **Is American LaFrance closing its doors and going away?**

Answer: No. A bankruptcy is about a company reorganizing itself so it can correct its financial problems and be a stronger company in the future. Many well known companies have been through Chapter 11 and have emerged as stronger companies, for example, Kmart, Macy's, United Airlines and Delta Airlines.

### **How long will American LaFrance be in a bankrupt situation?**

Answer: When a company's assets are less than its liabilities it is "bankrupt". The filing of the Chapter 11 Bankruptcy action begins the process of healing. We anticipate that American LaFrance will complete its reorganization in less than 90 days from January

28, 2008. At the end of those 90 days American LaFrance will emerge from bankruptcy with ample financial strength to continue long into the future.

**My department has apparatus on order that is very late. What happens to our order?**

Answer: For the past several months American LaFrance has focused on correcting our computer systems so that when we start receiving new materials from our suppliers we are ready to restart our plants. Along with the IT Systems efforts we are working to both complete the Charleston plant and streamline the operations to reduce our manufacturing time. While many orders are already quite late we will be able to give our customers an accurate updated delivery time that can be met.

We are currently updating our delivery schedule based on a March 10, 2008 manufacturing restart and will advise our dealers and sales representatives of the delivery dates. Contact your dealership for this new information.

**Will the apparatus on order be rushed through production resulting in poor quality?**

Answer: No. We are focused on waste and faster production cycle times and will not rush the trucks through production. Most of late deliveries are due to lack of parts and issues with our IT Systems. Quality is a concern and we will remain focused to make sure delivered apparatus meets our customer's quality expectations.

**My department has already received apparatus from American LaFrance. What happens to my existing warranty?**

Answer: Existing warranties will be honored.

**My department has been waiting for months to get after-market parts to keep our apparatus in service. Will this problem be corrected?**

Answer: The parts problems we have experienced due to our IT System issues have also affected our after-market parts operation. This will be corrected rapidly as production parts begin to flow into the Company. We are moving our Parts Distribution Center (PDC) into the main Summerville, SC plant immediately.

**I understand American LaFrance has had a tremendous number of employee lay offs. Is this true?**

Answer: There are two separate activities that have taken place in recent months regarding our employees. There have been layoffs due to various positions being terminated within the Company. Since mid-December we have "furloughed" many of our production employees due to lack of parts caused by our IT Systems and the delays

due to our move to the new Charleston plant. Most of these employees are returning to work in stages and will be back in our plants March 10, 2008.

While on furlough they have been able to collect unemployment benefits and the Company has maintained their health benefit coverage.

When our furlough ends March 10, 2008 American LaFrance will retain approximately 800 employees company wide.

**Has American LaFrance closed its Sanford, Florida manufacturing plant?**

Answer: We have announced that we will be closing our Sanford plant. Those of you who were familiar with the Company's operations under the previous owner understand that many of American LaFrance's plants and products are on-going legacies of previous purchases. Under the reorganization plan American LaFrance will "rationalize" our product lines and plants to meet the needs of our customers without the duplication we current have.

With the closure of the Sanford plant, American LaFrance will discontinue the manufacturing of ambulances. Other fire and rescue apparatus products currently manufactured at the Sanford facility will be absorbed into our plants in Charleston, SC, Hamburg, NY and Ephrata, PA.

As part of our plant rationalization we will be consolidating the Lebanon, PA. aerial refurbishment operation into the main aerial production plant in Ephrata, PA.

**The new leadership team has limited fire service experience, why should I believe they will be in-tune to my needs and expectations as a fire service customer?**

Answer: While there are several new leaders without considerable fire service background there remains a core group with many years experience in sales, service, engineering, and manufacturing. This group is found throughout the Company, many with 30 years plus fire service experience. Over the past several months this core group has had significant input in helping chart ALF's new course and understands your concerns as a fire service customer. We are not just a bunch of "newbies" hiding behind the historic American LaFrance name. There is much pent up passion that for years could not be released. This action sets the stage for American LaFrance to retake a leadership position in the market.

**My department is in the process of purchasing a new apparatus. Why should we consider the purchase of an American LaFrance?**

Answer: American LaFrance has many loyal customers around the world who have been concerned about the Company's future. The fire service is the single largest generator of rumors on the planet. Today the facts are public and not a rumor. For a short while

American LaFrance will be in a Chapter 11 bankruptcy. This is a legal “reorganization” process to make the Company stronger.

We are quickly bringing the Company back on line to provide our customers timely delivery of their orders. While late on delivery our quality has remained high. Our products are solid and meet the operational needs of our customers.

American LaFrance will emerge from this bankruptcy quickly so there is no reason not to begin working with your dealer to begin the specification process of your next apparatus.