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As we ramp up production, I want to take this opportunity to update you on the increasingly positive trends occurring at American LaFrance.

March 31st marked the end of the furlough and employees were called back into action, the majority of whom chose to return to work, clearly speaking to both the loyalty and commitment of our workforce to American LaFrance's continuing success. With renewed confidence and purpose, we began to implement Lean Manufacturing principles in all areas of production, an impact immediately evident in our ability to predict cycle times accurately and, in turn, driving a reliable and sustainable production schedule.

We've shipped over 20 finished trucks since we've cranked up production. As we capitalize on lean principles, we will see a corresponding increase in our run rate which will be validated as we deliver to our published schedule.

Our faithful vendors are working closely with our supply chain team to return to a "normal course of business" as we prove that the Company is well funded and intent on maintaining our historic legacy. The vast majority of our suppliers have remained incredibly supportive of us and we've realized our relationship with them is a genuine partnership. Our MRP (Materials Requirement Planning) system continues to be refined but we're very pleased with its accuracy and ability to forecast demand, which are essential components in supporting production and reducing costs.

At the Parts Distribution Center (PDC), American LaFrance has streamlined the order entry system and completed its integration into our MRP system, allowing supply chain visibility to materials as we create and maintain our inventory levels for fast moving parts as well as fulfilling unique items. In the last 30 days we have substantially increased our same day order fulfillment rate, a marked improvement but still short of our ultimate goal. We're striving to meet Urgent orders on the same day received, to fill Emergency orders within 24 hours and standard orders within 36 hours of receipt for all in-stock parts. We recognize that aftermarket parts are critical to our dealers and customers and as a company we have made supplying them in a timely manner a top priority. We intend to set up remote distributions like our Los Angeles facility to expedite shipments on the west coast and nationwide.

As we wrap up our legal proceedings, we turn our focus to the future, both near and long term. We're ready to repair our relationships with our suppliers, dealers, and most importantly, our customers, by delivering on our promises and exceeding expectations. Shortly, we will be able to announce exciting new products and enhancements to our current line that will truly set American LaFrance apart from the competition. Our heritage is that of the industry leader and we are preparing to reclaim our legacy.

We still face challenges but we've already proven ourselves by beating seemingly insurmountable odds. We will confront issues head on and be nimble in our responses. The days of bureaucracy and waste are behind us and the future looks bright. Once again, I would like to extend my sincerest gratitude to each of you for your steadfast trust and loyalty.

Sincerely,

Bill Hinz
Chairman American LaFrance