

BADGER TRAILER & EQUIPMENT CORPORATION

ECONOMIC SITUATION

We are a third generation, female owned and operated Wisconsin business by Ms. Jean Lee, Owner and Ms. Karin Lee-Fournier, President. Mr. Lubbert Lubbers, Jean's father, founded Badger Trailer & Equipment Corporation in Milwaukee, Wisconsin in 1916. In 1938 Mr. Lubbers became the first Thermo King transport refrigeration dealer in the United States and the world. As a Thermo King dealer, we sell, install, service and repair all models of transport refrigeration equipment for Thermo King products and competitor products. We provide a complete line of repair parts for sale to the transport refrigeration industry and semi-trailer transportation industry. We are a complete semi-trailer repair facility performing all aspects of repair and service in accordance with DOT regulations. Our company has been actively involved in the Wisconsin business community providing employment for Wisconsin citizens for almost 100 years. We now find ourselves engaged in a fight to obtain credit and financial support to stay in business and not file bankruptcy because of our current uncooperative banking institution's policies. Our banking institution's officers, who are the decision makers and who have refused to renew our loan obligations stated to us they received 1.5 billion dollars from the first TARP disbursement under President Bush.

Admittedly, there have been operational mistakes and complacency within our company for many years. After suffering continued loss of market share and revenue through the years, we reinvented and modernized our company in 2006 to be competitive in the 21st century market. Consequently, because of high fuel costs in 2007 adversely affecting our business and the transportation industry, the economic downturn in 2008 and the necessary modernization of our company, we incurred severe losses for FY 2007 and FY 2008.

Our situation is urgent and time is of the essence as our financial institution has given us a very short deadline to pay approximately \$2,000,000.00 or they will call our loans and we will be placed out of business. None of our payments or obligations to our financial institution are behind and we have made necessary adjustments to lower our operating costs! We are currently working with the Racine County Economic Development Corporation, an SBA consultant, our attorneys and our outside accounting firm to hopefully acquire an SBA Loan for the portion of our loan obligation that was made for our new business construction in Racine County, Wisconsin. We are also actively pursuing a new financial institution with which to do our commercial banking.

We have worked very hard and have initiated twenty to thirty years of needed improvements to our business practices in just two years. We are finally poised to succeed as we move forward into the future; however, we need a willing financial institution as our partner.

- ***WE HAVE RUN OUT OF TIME! M&I Bank is not extending credit and refuses to renew our loans even though Badger Trailer is not behind in any payments. M&I's attorney, our attorneys, our accountant and our leadership team met on April 10, 2009 to negotiate an extension to September 30, 2009 on our existing loans. To date, an agreement has not been negotiated. If the SBA does not fund our 504 Loan in order for us to attract a new bank, M&I will not renew our loans or extend credit. IT SEEMS THAT M&I'S STRATEGY IS TO CLOSE OUR COMPANY AND M&I REGULARLY THREATENS A LAWSUIT IF WE DO NOT SIGN A FORMERLY PROPOSED FORBEARANCE AGREEMENT. OUR BUSY SEASON IS APRIL – SEPTEMBER FOR REVENUE! WE NEED TIME!***
- *We do not have an effective available line of credit – Obsolete line of \$300,000 is maxed out and our financial institution has refused to increase it.*
- *We have developed a comprehensive and realistic cash flow budget with our outside accounting firm. Through the first quarter of 2009, we are ahead of our budget.*
- *We are working with other banks to develop a new financial business partnership; we have engaged new legal counsel and are aggressively pursuing help through the Small Business Association.*
- *Without financial support from the SBA and a cooperative financial institution, Badger Trailer & Equipment Corporation will not survive. We have overcome severe operational issues during the past 2 years, modernized the company, upgraded our performance and are poised for a successful future in Wisconsin.*

- *We need support from the Emergency Economic Stabilization Act, TARP and the SBA as a small business that has been in operation in Wisconsin for almost 100 years. We have held meetings with State Legislators, Congressman Paul Ryan, Senator Russ Feingold's Economic Development Liaison, Ms. Hilary DeBlois, Congressman James Sensenbrenner, Jr. and sent a letter and power point presentation to President Obama.*
- *We closed our Milwaukee operations completely and permanently. We reduced operating expenses by elimination of utilities, phones, insurance, taxes etc. and the owner has made a firm commitment to sell all property in Milwaukee to pay down debt as the real estate market improves with the economy. The property is being actively marketed for sale.*
- *We downsized from 43 personnel in 2006, to 29 personnel in 2007 and to 18 personnel as of January 2009. We eliminated 100% company paid pension contributions for non-union employees. Our President and General Manager voluntarily reduced salaries; Jean Lee, Owner has eliminated any income from operations in order to reduce expenses.*
- *We have approximately \$2,000,000.00 worth of collateral located in Milwaukee, Wisconsin which currently has a \$500,000.00 mortgage through M&I Bank. We have not missed a payment for any credit obligations; M&I Bank has complete control over the payments and directly debits our business account for payments.*
- *Our manufacturer, Thermo King, has faith in our performance and current direction, approved our dealer agreement for the next 3 years and on Friday, April 24, 2009 leadership from the credit department of Thermo King and Ingersoll-Rand visited our company and was comfortable with our progress in spite of our struggle with our financial institution.*

Badger Trailer & Equipment Corporation has invested and devoted extreme amounts of money and effort in becoming a progressive, viable employer in Wisconsin. We desire to remain in business, however, we need support from a willing financial institution and, if possible, TARP.

We have marketed and penetrated our sales area to reinvent Badger Trailer, reengage the customer base and successfully sell service, parts and units to existing and new customers. We have invested huge amounts of capital and time in sending our personnel for technical and sales training. The family has invested millions of dollars in the dealership to progress into the future as a modern, effective business enterprise.

We as a dealership team have faced the brutal facts about our business and have made the necessary decisions and taken the necessary actions to survive. Given the state of the economy coupled with the ultimatum placed on us by our banking institution we are subject to an unreasonable time line to acquire funding through the SBA and acquire a new banking partner or face litigation.

We have built an effective infrastructure and are positioned to grow our service and sales and are committed to being one of the most profitable small businesses in Racine County and the State of Wisconsin. Since our voluntary restructuring process, we are poised for profitability through lowered operating expenses and actions to increase sales volume. We now find ourselves in this dire situation with the powerful will to survive as a viable business entity. We have run the good race through the years; now, we need support as a capable business entity in Wisconsin and respectfully request support from the Emergency Economic Stabilization Act and TARP via the Small Business Administration to survive through these tough economic times.

We do not understand the unwillingness and adversarial attitude of M&I Bank; we have initiated all the right actions to turn the company around. We need time to progressively work into our profitable months to develop revenue growth. We need funding for our 504 loan from the SBA which, combined with our new direction and financial performance, will help attract a new financial institution with which to do our commercial banking.

"WE WILL EITHER FIND A WAY, OR MAKE ONE!"

HANNIBAL

Thank You,

Badger Trailer & Equipment Corporation's Leadership Team