

May 21, 2009

As you know the global economic situation is affecting the aerospace and surface transportation industries across the entire value chain. Many of the aircraft and rail OEM's have announced lower production rates and our mutual customers are experiencing significantly reduced passenger traffic. As Monogram Systems' looks ahead, we are forecasting reduced demand for our products and services over the next several years. Thus, in order to ensure the health and success of Monogram's business we are compelled to adjust our business operations consistent with this reduced demand.

After careful evaluation of several options to adjust the size of our operations, while also preserving and improving performance for our customers, Monogram decided to structurally integrate our Rockford and Carson facilities. This process will be completed by September 1, 2009.

Monogram will be taking all necessary action to ensure this process will not adversely affect our customers. These actions include:

- Assigning Doug Wallace, Rockford VP/GM, as the overall transition manager, supported by a program manager from the Carson facility.
- Assembling focused teams to implement an orderly transition of Rockford's production and R&O tooling, fixtures, and infrastructure to Carson over the next 5 months. Both facilities currently operate on a common MRP system and Carson's existing 150,000 square foot manufacturing facility has adequate capacity to absorb Rockford's 35,000 sq. ft. manufacturing floor space.
- It should be noted that the engineering management structure has been integrated for many years and that both divisions currently share a common engineering toolset and drawing database.
- Both facilities currently use a standardized sales process and product development program management processes – simplifying product and program transition between facilities.

We are confident that these actions will allow Monogram to meet the challenges of the current economic environment as well as better serve our customers.

If you have any questions or require additional information, please do not hesitate to contact us at 310-884-7000.