



granite MEDSYSTEMS

March 18, 2011

The Earthquake and Tsunami in Japan

Like everyone, we at Granite are deeply saddened to see the destruction and loss of life in Japan over the last days. Everyone here extends our condolences to the Japanese people and all hope for a swift and successful recovery.

While the extent of the disruption to the electronics supply chain is not yet fully understood, we wanted to reassure you that we are working proactively and closely with our suppliers and logistics partners to assess – by vendor and by product family – the latest status and likely impact. This is largely to give us the ability to accurately respond to the inquiries we have received from our customers globally. As we can all understand, the situation is very dynamic, but we are committed to sharing developments in an open, timely manner.

Naturally, our suppliers' immediate concerns are for their people while they assess the damage. Power outages, disruption to road, sea and air transportation and communications mean that information will be available in a staggered manner; we are committed to disseminating that information to our customers as soon as possible.

Possible impact of the short and long term situation include fluctuations in supply, price and lead time. At this point, to our knowledge, none of the custom electronic products that Granite designs and manufactures face imminent risk at a component level. Our extensive line of embedded computers has also remained stable thus far, though the market is unsure and pricing on memory (emphasis NAND) is fluctuating. Long term, the memory market may be affected because of the various types of memory that are produced in the region that was affected by the events of the last days.

As we learn more in the coming weeks and months, we will continue to analyze each program and strive to maintain supply for all of our customers. Since we rely on you, our customers, to help us have exposure to future needs, we are asking for your help in getting visibility to your requirements as far into the future as possible. If we work together to plan for these requirements, we will be better positioned to ensure a constant supply. Granite has been working to procure components that are considered at higher potential risk; if our customers can extend product orders farther into the future, our flexibility for these types of purchases will be greatly enhanced. We thank you in advance for your assistance in this team effort.

As the picture becomes clearer we will communicate with you specifically on any programs that you have trusted us to manufacture which may be affected, and will of course work to provide solutions and alternative components wherever possible.

We remain committed, along with our supplier partners, to minimizing the impact on you at this time when our thoughts are very much with the Japanese people.

Regards,

Gary DeGrave
Director of Global Procurement
Granite MEDSystems
10202 North Enterprise Drive, Mequon, WI 53092
Phone: 262.242.8800 x144
Cell: 262.844.6010 Fax: 262.242.8825
Email: gary.degrave@granitemed.com

Hans Dittmar
Director of Marketing
Granite MEDSystems
10202 North Enterprise Drive, Mequon, WI 53092
Phone: 262.242.8800 x112
Cell: 414.731.0675 Fax: 262.242.8825
Email: hans.dittmar@granitemed.com