

**PROSPECT MACHINE PRODUCTS, INC.**

139 Union City Road . PO Box 7022 Prospect, CT 06712

203-758-4448

July 22, 2008

To Whom It May Concern:

I would like to inform you of some important changes at Prospect Machine. As of July 1st I have assumed the position of chief financial officer and chairman of board. I have appointed Richard Laurenzi as the president. Having worked as closely together as we have, Richard's dedication and competence have earned my complete confidence. I know you will all join me in supporting Richard in his new position.

Other changes in our company include the addition of David Boiano, our new manufacturing engineer. Dave joined us in early April. In early December of 2008 Josie Pugliese will be retiring. In her position as Materials Manager/ Inside Sales Manager, Josie has been key in sales and manufacturing process flow. Angela Dillon will join us in late July to train as Josie's replacement. Many of you may remember Angela when she was our executive assistant. We are very pleased to have her back.

We would like to thank all of you for your trust and confidence in our capabilities. We experienced a record growth rate in fiscal 2008 due to your repeat business and your orders for new product. We have expanded our hours and have increased our workforce by 12%. We will continue to look at ways to improve our processes, particularly through technology upgrades.

Thank you for your continued support,

A handwritten signature in cursive script, reading "Mary L. Pavone", is written over a horizontal line.

Mary L. Pavone
CFO, Chairman