

For this, the inaugural issue of the “Jason Blog”, I say WELCOME and let this be the first of many to follow.

With this writing, I thought to (belatedly) update you on some of the initiatives that are being rolled out and hope to follow with additional writings to report on the progress of these and new programs.

2 years ago in trying to formulate a business plan for the “Jason-Megadyne” companies; I prefaced my presentation with comments to the effect that given the unfolding global turmoil, making a realistic budget/forecast was near impossible. The world economic and political situations were on life support and the impact on currencies, commodity prices; tax and regulatory policies and business in general were JUST unknown. There were no precedents to fall back on and all too many businesses and households were fighting just to survive. Those were and for many remain the worst of times.

Fast forward 2 years – the challenges and worries remain. The recent upheavals in the Middle East, the tragic events in Japan, crushing budget deficits, high unemployment and historic commodity prices are but some of the latest headwinds sure to influence. The words Clarity and Stability then as now are no where to be found BUT today we do have the events and our performance of the past 2 years as precedents.

We not only weathered the economic meltdown of 2009 & 2010 but thanks to a lot of hard work by all - we grew double digits. We closed the 2010 exercise with “Jason” consolidated revenue numbers coming in just shy of \$100 million – a 20% increase over 2009 and a best ever! More importantly, we took the learned experiences of the times to establish a plan to put the needed elements in place to assure continued growth.

At its most basic – our plan and the hallmark of most good companies comes down to growing profitably and to plan: Growing product offering, infrastructure, geographic reach, customer base and above all our employee base. The plan called for embarking on several initiatives:

Rolling out new products and product lines such as:

- **Platinum Belt** – a Megadyne Spain developed High Horsepower Synchronous belt - a viable drop-in alternative to the Gates Carbon Fiber Poly Chain – available 2nd quarter 2011;
- **Acculink** – long a staple of our belt product offering, now produced and assembled in our Megadyne Italy factory;
- **Hydraulic Hose Fittings** – a new product line developed to complement our Hydraulic Hose offering - available in South America 2nd quarter of 2011;

- **Automotive Aftermarket Belt line** – a new product line encompassing automotive raw edge & PK belts – available in South America 2nd quarter 2011;
- A myriad of new Hose and Coupling types to expand our very successful **Hose & Coupling Program**;
- An ongoing expansion of our **Diversified Product** line servicing the HVAC, Appliance and Agricultural markets.

Increasing on a coordinated basis our warehousing capabilities and footprint:

- In 2010 we moved into new facilities in California, Mexico and expanded our Texas and Brazil warehouse;
- In 2011 – 2nd quarter we will be adding 20K sq ft. to both our existing Illinois and NJ locations;
- In 2011 – 3rd quarter, Megadyne America will move into a just acquired facility more than double the size of our present facility.

Increase our customer and geographic reach by:

- Increasing attendance and exhibiting at targeted trade shows;
- Increasing OEM exposure through a newly created OEM team that is coordinating efforts with their counterparts in Europe and Asia;
- Increasing our private brand business with existing and new accounts such as – Dunlop, Dayco, Gates, Colmant Cuvelier, Ratioparts, et. al.;
- Introducing new collateral and advertising in print and web based media to promote our brand and new offerings.

Throughout we continued to invest in technology in the form of new Servers, new phone systems, video conferencing capability, increasing EDI/B2B capabilities, bar coding and more. While software continued to be upgraded and tailored to improve overall operational capabilities.

AND SO MUCH MORE.....

But it all starts and ends with our people – our strong suit. This is an area that I hope to improve through more and better communication and sharing of ideas and best practices and most welcome suggestions on.

I hope the above serves to inform you on some of what is going on at “Jason”. I am excited and hope that you are as well.

I thank you all for a job well done in the most trying of times.

Philip