



**INSTRUMENTS, INC.**

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12 February 2010

To Our Shareholders and Friends of the Company:

Unaudited figures for 2009 indicate sales of \$38,536,930 compared to 2008 sales of \$33,291,842, unaudited pre-tax income of \$6,049,261 in 2009 as compared to 2008 pre-tax income of \$3,396,342, and an unaudited net income of \$3,750,261 or \$0.81 per share in 2009 as compared to a 2008 net income of \$2,156,166 or \$0.47 per share.

Fourth quarter performance of the Company was strong and consistent with prior quarters in 2009. Overall sales growth in 2009 was 15.8% over 2008 levels and was supported by strong military customer demand, off-setting a decline in demand from commercial customers. The Company began deliveries against the 5 year requirements contract received in September 2009 from the Defense Logistics Agency; this contract has an estimated value of \$10,800,000 and a maximum value of \$20,700,000. The Company's order backlog remains healthy and we continue to have new products in the development process to support specific customer requirements.

The Company achieved a 9.7% return on sales in 2009, an increase in profitability over the 6.5% return on sales achieved in 2008. The 74% increase in the level of profitability was reflective of increased sales, the efficiencies of volume, shipped product mix as well as an organizational culture and structure that is lean and focused on improvement. It is also reflective of the efficiencies achieved through increased utilization of our Nogales, Mexico manufacturing facility. We plan to continue shifting manufacturing to our facility in Nogales, Mexico, in 2010.

The certified audit of our 2009 financial statements will be performed by our independent auditors, Hutchinson & Bloodgood LLP, and has been scheduled to begin in mid-February and complete in March 2010. We anticipate the release of the audited 2009 figures in April. The 2009 Annual Report and the Notice of the Annual Meeting of the Shareholders should also be mailed in April 2009.

I am thankful for your continued interest and support.

Sincerely,

Michael G. Moore  
President