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September 24, 1997

ErgoBilt fraudulently promotes obsolete technology.

ErgoBilt, Inc. ("ErgoBilt") has announced the acquisition of Computer Translation Systems & Support, Inc.'s ("CTSS") "proprietary assets" and the employment of its alleged principals Larry West and Jerold P. Lefler as President and Executive Vice President of ErgoFon'iks, a new wholly owned ErgoBilt subsidiary. ErgoBilt also announced that it had "secured an exclusive worldwide license" to certain patents and copyrights related to CTSS's products. Management claims that CTSS' "new proprietary ergonomic computer system" will allow ErgoBilt to "bring new technologies to market". These representations have led ErgoBilt's two securities analysts to recently increase their 1998 earnings estimates. The increases are based on projections that assumes ErgoFon'iks' "leading-edge communications technology" will capture well over 50% of the shorthand machine market. These expectations have caused ErgoBilt stock to more than double in less than two months despite slower than expected growth in ErgoBilt's existing office chair business.

We believe ErgoBilt has fraudulently over-promoted ErgoFon'iks' potential and has purposely failed to disclose material negative information about CTSS and its principals. In fact, CTSS does not possess any patents or trademarks and may have not been incorporated until after entering into its alleged deal with ErgoBilt. We know of no legitimate purpose for ErgoBilt's alleged acquisition of CTSS.

ErgoBilt has failed to publicly disclose that Messrs. Lefler and West were promoters, founding shareholders and corporate officers of Digitext, Inc. ("Digitext"). In fact, "Larry West's" legal name is Lawrence West Melquiond the former President, CEO and Director of Digitext. Digitext is a defunct public company that over 14 years ago developed and owned the same exact patents and rights currently being used by ErgoFon'iks. Digitext raised over $17 million in two (2) public offerings to develop and market the ErgoFon'iks technology and failed to obtain any material sales. Digitext traded at $15 in the third quarter of 1987 and at $0.50 in September 1989 shortly before ceasing to trade. ErgoBilt also failed to disclose it obtained its alleged ErgoFon'iks business from Harold I. Schein, who had recently obtained it from Digitext's defunct public shell in lieu of payment of an alleged $56,324 debt.

The Digitext/Fon'iks Writer has been on the market for over 11 years under at least three other names including the Intellitex, AccuWriter and ImpactWriter. This same simple product has been used to promote ventures with court reporting schools, airlines, hospitals, office services, record storage, real time closed-caption transcription, and insurance claims processors. All of these ventures failed. ErgoBilt's product has been evaluated and rejected by numerous large and small, public and private, companies including Chas. P. Young Company, Wang Laboratories, Inc., and Control Data Corporation in the mid-1980's and by EDS and AppleOne Employment Services in the late 1990's. ErgoBilt's product was a 1980's failure that still performs below industry standards. The product addresses the small, highly competitive shorthand machine market and offers no competitive advantage.

ErgoBilt claims it acquired CTSS to obtain its trademark and proprietary technology. The trademarks referred to in ErgoBilt's February license agreement with CTSS do not exist. Neither CTSS, Mr. Lefler nor Mr. West own any patents on the Fon'iksWriter's technology. ErgoBilt has failed to disclose the terms of its CTSS acquisition, which is a new shell company. In fact, there are two different corporations called CTSS that have been used to promote the

Digitext investor scheme. The CTSS presumably used in the ErgoBilt deal was incorporated in Texas on March 27, 1997 about 37 days after the February 18, 1997 date of its alleged license agreement with ErgoBilt and one day after the CTSS licensing agreement was announced on March 26, 1997.

Immediately prior to "creating" CTSS with ErgoBilt, Messrs. West and Lefler were employed in the Impact Technologies department of EDS, Inc. in Plano, Texas from March 1, 1996 to January 10, 1997. Mr. Melquiond was hired by EDS to sell the Digitext machine. The department attempted to commercialize the Digitext patents. Questions concerning Mr. West are referred to EDS' attorneys. Both men were terminated and the department was closed. EDS has no interest in the Digitext patents.

ErgoBilt shares were stock market laggard until it began to aggressively promote its licensing agreement and alleged acquisition of CTSS. Its shares quickly fell from their February 1997 IPO price of $7 to $4 1/4. ErgoBilt was originally a "shell" company used for the reverse acquisition, or "back-door" public offering, of BodyBilt Seating, Inc. ("BodyBilt") at the beginning of this year. At December 31, 1996 ErgoBilt had cash of $32,150, a negative net worth of $267,251 and sales of $372,808 with a loss of $313,594 for the year then ended. ErgoBilt sales came from services rendered to BodyBilt. Gerald McMillan controlled ErgoBilt. Mark McMillan, Gerald McMillan's brother, was the majority shareholder of BodyBilt. On February 5, 1997 ErgoBilt raised approximately $9.9 million through a public sale of 1.8 million of its shares. Gerald McMillan then caused ErgoBilt to acquire BodyBilt for approximately $7.2 million and 1.5 million ErgoBilt shares. As a result ErgoBilt's "shell" shareholders, whose company had no significant value immediately before the offering, ended-up owning 2.7 million shares, equal to 45% of ErgoBilt, at an approximate cost of $1,100. This extraordinary dilution raised ErgoBilt's public shareholders' cost of acquiring BodyBilt to preposterous levels. As a result of giving a no-cost 70% interest to ErgoBilt's promoters the public's cost to acquire BodyBilt rose to preposterous levels.

ErgoBilt is attempting to hide its Digitext connection while at the same time promoting Digitext's product and business plans. There are plenty of reasons for ErgoBilt's failure to disclose its Digitext dealings. The Digitext stock promotion was short lived and ended with reports that Mr. West had misappropriated funds. In late 1989 a group led by Thomas L. DePetrillo gained control of Digitext. Mr. DePetrillo is a very controversial stock promoter. As part of Mr. DePetrillo's change of control transaction, Harold I. Schein was appointed a Director of Digitext. Messrs. DePetrillo and Schein were business associates and fellow directors of several other "penny" stock companies. Shortly after Messrs. DePetrillo and Schein became directors, Digitext stopped filing all required documents with the SEC and its stock ceased trading. On August 8, 1994, long after it stopped reporting to its public shareholders, Digitext assigned its patents to a California corporation named Computer Translation Systems & Support, Inc. ("CTSS"). This version of CTSS was used by Messrs. West and Lefler to raise funds from investors before they met ErgoBilt. However, Mr. Schein later took the patents from CTSS and Digitext.

On March 14, 1995 Mr. Schein filed a lawsuit claiming that Digitext had defaulted on a $56,324 debt, and that he had rights to Digitext's patents due to the default. On July 10, 1995 Mr. Schein obtained a default judgement assigning him the Digitext patents. Mr. Schein did not present any checks or other evidence of any payments to Digitext. However, there is evidence of a $500,000 payment by Digitext to Mr. Schein while he was a director of Digitext. Digitext failed to file any answer or objection to Mr. Schein's lawsuit. This allowed him to obtain the judgement without a trial. We also find it disconcerning that it was Mr. DePetrillo who authorized the granting of Digitext assets as collateral for Mr. Schein's alleged loan.

We believe that the above described transaction is seriously tainted. We have obtained and reviewed Mr. Schein's Complaint, Security and Assignment Agreement, Conditional Assignment of Trademarks and Letters Patent, Promissory Note and the Default Judgement. We have also reviewed certain correspondence between Mr. Schein and Digitext concerning the amount due. Based on this review we do not believe that Mr. Schien is entitled to receive any benefit from the Digitext patents in excess of the amount he is owed. ErgoBilt has not disclosed any agreement with Digitext and may be unable to obtain a waiver or release from Digitext or its shareholders.

We see no legitimate business purpose for ErgoBilt's haphazard deal with Mr. Schein. The Digitext's sales performance shows its patents have little or no value. Digitext promoters have sued other shorthand machine manufacturers for patent infringement and failed on all counts. The Digitext shorthand machine and software are widely known in the transcription industry to be an old, inferior failed product. Among the many serious problems that continue to make it unattractive are its very rigid dictionary and its obsolete Computer Aided Translation ("CAT") software. In short, the Fon'iksWriters is a failed 1980s technology.

Ergobilt's Fon'iks Writer is simply a combination of a transcription machine and Computer Aided Translation software and processor. There is nothing new, better or unique about ErgoBilt's product. In fact, both its input and translation capabilities are materially inferior to its competitors. An ErgoBilt operator must think of the way a word is spelled and broken-down before it can be keyed into the machine. This causes errors and slows the operator down significantly. Competing machines allow the operator to input sounds. A skilled operator on a modern, computerized machine can have bursts of speed of 700 words per minute, more than three times Ergobilt's slower but still exaggerated claims. In addition, the Digitext/ErgoBilt writing theory is extremely rigid and does not allow an operator to improvise. Competing machines and CAT software allow operators to modify their input methods. Finally, Ergobilt's CAT software is prone to mistranslation errors.

The market for shorthand machines and Computer Aided Translation ("CAT") software is small and highly competitive, with flat unit growth. Among the leaders in this market are ProCat, Rapid Text, TurboCat and Stenograph. These companies provide products for both the court reporter and Rapid Text Entry markets. The ErgoBilt product has been available for over 14 years and because it is inferior has failed to capture a share of this small market. We see no legitimate basis to support ErgoBilt's current stock price. We believe that ErgoBilt willfully and intentionally structured its Digitext/CTSS acquisition to defraud investors. As a result the Company has incurred serious regulatory and shareholder liabilities that will further reduce shareholder value. We see no reason to buy or hold ErgoBilt shares and recommend that investors who own ErgoBilt sell their shares. We also recommend selling ErgoBilt shares short. We expect ErgoBilt shares to trade well below $4 per share.

ErgoBilt, Inc. (OTC Symbol: ERGB) (Price: $14.00)

Short selling involves a risk not associated with the purchase of stock including, but not only limited to, unlimited loss and stock borrowing risks. Additional information is available upon request.