

September 30, 1997

*ErgoBilt fails to disclose adverse court decision.*

On August 22, 1997 United States District Judge Lynn N. Hughes dismissed BodyBilt, Inc.'s ("BodyBilt") lawsuit against Dr. Jerome J. Congleton ("Dr. Congleton"). Dr. Congleton patented certain ergonomic designs ("Patent") that are used in BodyBilt's chairs. Dr. Congleton has assigned his Patent to Neutral Posture Ergonomics, Inc. ("Neutral Posture"). BodyBilt has acknowledged that it no longer holds a license of the Patent. On May 21, 1997 Neutral Posture initiated arbitration proceedings against BodyBilt claiming "that substantially all of the chairs sold by BodyBilt are designed in such a manner that they infringe on the Patent." Neutral Posture is seeking "injunctive relief as well as damages." A ruling against ErgoBilt could result in an injunction preventing BodyBilt from manufacturing or selling any of its chairs and granting Neutral Posture a large monetary judgement. BodyBilt and Neutral Posture have a five-year binding arbitration agreement covering "all future disputes of any kind." BodyBilt is attempting to avoid arbitration.

On September 24, 1997 Neutral Posture filed a registration statement for an initial public offering of its common stock. This statement shows that Neutral Posture and BodyBilt entered into a settlement agreement in 1996. We found no disclosure in ErgoBilt's SEC filings concerning any 1996 dispute or agreement with Neutral Posture. In fact, we found no disclosure that between 1988 and June 1991 BodyBilt's actual corporate name was first Congleton Chair Works of College Station and then Congleton Chair Works, Inc. In its SEC filings BodyBilt has alleged that only approximately 10% of its 1996 sales were derived from chairs using the Patents. However, ErgoBilt failed to disclose Neutral Posture's claim that "substantially all" of BodyBilt's chairs infringe on its Patent. Furthermore, ErgoBilt failed to include any mention of past or pending patent disputes in the risk section of its prospectus.

ErgoBilt issued three (3) press releases in response to Asensio & Company, Inc.'s research report. However, ErgoBilt failed to deny or dispute the material findings in our report. The facts are clear and simple. ErgoBilt had failed to publicly disclose its dealings with Digitext's patents. CTSS owns no patents or trademarks and may not even have been incorporated at the time of its alleged deal with ErgoBilt. CTSS' principals used the same writing theory and patents over 14 years ago to promote Digitext's stock offerings. Digitext failed to achieve any material sales and its stock became worthless. ErgoBilt obtained its ErgoFon'iks patents from Harold I. Schein not CTSS. Most important is the indisputable fact that the ErgoFon'iks is simply a shorthand machine with real-time transcription capacity and not a new revolutionary product. There are many similar, better selling machines in the very small, highly competitive Rapid Text Entry market. Our research shows that ErgoFon'iks is slower and harder to learn than other widely used machines.

ErgoBilt, Inc. (OTC Symbol: ERGB) (Price: \$ 11.875)

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.