

# NEWS

# EMRISE CORPORATION

9485 Haven Avenue Suite 100  
Rancho Cucamonga, CA 91730  
(909) 987-9220 • (909) 987-5186  
[www.emrise.com](http://www.emrise.com)

---

## FOR IMMEDIATE RELEASE

### CONTACT:

John Donovan  
Vice President Finance and Administration  
(909) 987-9220 ext. 3201  
[jdonovan@emrise.com](mailto:jdonovan@emrise.com)

Allen & Caron Inc  
Dan Matsui (investors) Len Hall (media)  
949-474-4300  
[d.matsui@allencaron.com](mailto:d.matsui@allencaron.com)  
[len@allencaron.com](mailto:len@allencaron.com)

## EMRISE CORPORATION EXECUTES AGREEMENT TO ACQUIRE ADVANCED CONTROL COMPONENTS, INC.

*Strategic Move Positions Company to Expand Its Business; Expected Increased Sales  
with U.S. Military, Other Government and Commercial Organizations*

**RANCHO CUCAMONGA, CALIFORNIA—May 28, 2008 — EMRISE CORPORATION (NYSE Arca: ERI)**, a multinational manufacturer of proprietary electronic devices and communications equipment for aerospace, defense, industrial, and communications applications, today announced it is implementing a strategic move to expand its business and increase sales to United States military and other government and commercial organizations by entering into a definitive stock purchase agreement to acquire Eatontown, New Jersey-based Advanced Control Components, Inc. (“ACC”). ACC is a privately-held, growing and profitable supplier of high performance radio frequency (RF) and microwave devices and subsystems serving the military, aerospace, commercial and instrumentation markets for more than 26 years. The terms of the stock purchase agreement commit the parties to a transaction with an acquisition price of up to \$18 million in cash over a two year period, subject to certain adjustments and the achievement of specific performance criteria.

Chairman, President and Chief Executive Officer Carmine T. Oliva said, “ACC is an ideal strategic fit for EMRISE. We believe that ACC will provide us with a number of significant strengths, resources and synergies that will help generate incremental sales and profitability and will increase our domestic and international business over the near and long term. Through this acquisition we will gain access to the U.S. military market for RF devices, a market from which we have been excluded because our RF business is located outside the U.S. In addition, ACC’s New Jersey location will provide us with a base of operations in the center of the East Coast military customer base. Finally, we believe that our existing presence on the West Coast will be helpful to ACC’s business, and our subsidiaries in Europe will provide ACC with a strong distribution network for access to European markets.”

The maximum \$18 million all-cash purchase price for ACC is subject to certain post-closing working capital and balance sheet adjustments, which adjustments may increase or decrease the total purchase price, and the achievement of certain operating income performance criteria. The stock purchase agreement provides for the payment at closing of \$13 million, a two-year, \$2 million conditional note contingent on ACC achieving certain operating income objectives during the first 24 months after closing and a \$3 million earn-out contingent upon ACC attaining additional operating income objectives during that same period. The acquisition is subject to compliance with the New Jersey Industrial Site Recovery Act, approval by EMRISE’s senior lender and other closing conditions typical for transactions of this type. The transaction is expected to be completed on or prior to August 15, 2008.

“We are very optimistic about the future contributions of ACC,” Oliva added. “In the first 12 months following the closing of the acquisition, we believe revenues from ACC will be in the range of \$17 to \$18 million. With the gross margins that we expect ACC to achieve during that period, we expect ACC to make a major contribution to our overall net income. Additionally, with the NOL carry forwards EMRISE has available, we believe we will be able to shelter a significant portion of the earnings of the combined companies for the foreseeable future. As a result, we expect the acquisition to result in stronger overall cash flow and to be highly accretive to earnings.”

The audited financial results for ACC’s fiscal year ended June 30, 2007, included revenues of \$15.4 million and pretax income of \$5.7 million. Regarding these results, Oliva added, “considering EMRISE’s available NOL’s, we expect the pretax income of ACC to be particularly accretive to our earnings per share.”

MORE-MORE-MORE

In addition to a base of manufacturing for RF devices and subsystems in the U.S. that will for the first time enable the Company to sell high-margin RF devices to the U.S. military, ACC also brings to EMRISE a strong management team, an experienced workforce and an expanded product line, Oliva noted.

The stock purchase agreement provides that EMRISE Electronics Corporation (“EEC”), a wholly-owned subsidiary of EMRISE, will acquire ACC. As a result, ACC will become a subsidiary of EEC. No significant changes are expected in the management or infrastructure for the foreseeable future. ACC will continue to be led by its current Chief Executive Officer, Charles Brand, who is also one of the sellers, and ACC will continue operating from its existing facility in Eatontown, New Jersey.

Oliva added, “Charles has agreed to continue to manage ACC for a period of up to two years, and we are very fortunate to have him join the EMRISE team as President of ACC and to continue in his capacity as a member of the board of directors of ACC. He is a very successful and experienced entrepreneur, as well as a seasoned corporate executive, and his expertise and counsel will be very valuable not only to ACC, but also to our other RF and power supply companies, both in Europe and in the U.S. In addition, another of ACC’s founders, Thomas Couse, will continue to provide his counsel to ACC as a member of the board of directors of ACC.”

EMRISE believes that ACC’s product line complements and enhances EMRISE’s existing RF and power supply products. In particular, ACC’s product and technology focus on RF switches, limiters and integrated assemblies for applications such as military airborne and land based systems especially for RF signal jamming systems, many of which are high volume applications, which are similar and complimentary to EMRISE’s existing products and technology.

EMRISE believes that combining ACC’s RF technology and capabilities with EMRISE’s existing capabilities will allow EMRISE to focus on a broad array of RF related activities, including military and civilian applications such as in-flight entertainment and communications systems (which is a primary growth driver for EMRISE), weather and civilian radar, military airborne and land based radar and devices and integrated assemblies, including RF signal jamming systems for land based, piloted and UAV aircraft.

Financing for the transaction is expected to be provided by Irvine, California based PEM Group and is part of the more than \$23 million multi-national, debt financing EMRISE obtained in November 2007, which included a separate facility for acquisitions. EMRISE will initially borrow \$13 million under its credit facility.

“I am particularly pleased that we were able to finance nearly 30% of the total ACC purchase price through the conditional two-year sellers’ notes and the contingent earn-out,” Oliva said. “We believe that this will ensure that Charles Brand and EMRISE are strategically aligned to achieve the maximum benefit during the two years following the transaction.”

Susquehanna Financial Group, LLLP is acting as financial advisor to EMRISE in connection with this transaction. Further details surrounding the definitive stock purchase agreement to acquire ACC are available in EMRISE’s Form 8-K and other related documents filed with the U.S. Securities and Exchange Commission. Also, the acquisition and our strategic plans to reduce our debt following the closing of the ACC acquisition will be a dominant topic of conversation at EMRISE’s upcoming stockholder’s meeting on June 24, 2008. This meeting will be both web and telecast for the convenience of our stockholders.

### **About EMRISE Corporation**

EMRISE designs, manufactures and markets electronic devices, sub-systems and equipment for aerospace, defense, industrial and communications markets. EMRISE products perform key functions such as power supply and power conversion; RF and microwave transmission; digital and rotary switching; network access and timing and synchronization of communications networks. Primary growth driver applications for EMRISE products include commercial avionic “In-Flight Entertainment and Communications” products and communications “Network Timing and Synchronization” equipment. EMRISE serves customers in North America, Europe and Asia through operations in the United States, England, France and Japan. The Company has built a worldwide base of customers including all of the Fortune 100 in the U.S. that do business in markets served by EMRISE and many similar-size companies in Europe and Asia. For more information go to [www.emrise.com](http://www.emrise.com)

### **Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

*With the exception of historical information, the matters discussed in this press release, including without limitation EMRISE’s ability to complete the acquisition of ACC, ability of ACC to be an ideal strategic fit with EMRISE’s existing operations, ability of EMRISE to generate incremental sales, increase domestic and/or international business in the near or long term as a result of the acquisition, ability of EMRISE to gain access to the U.S. military market for RF devices as a result of the acquisition, ability to utilize ACC as a base of operations for a military customer base, ability of EMRISE’s West Coast presence to be helpful to ACC, ability of EMRISE subsidiaries to provide ACC with a strong distribution network for access to European markets, ability of ACC to obtain compliance with the New Jersey Industrial Site Recovery Act, ability to accomplish the other closing conditions as required in the stock purchase agreement, ability to complete the transaction on or before August 15, 2008, ability of ACC to contribute positively towards results of EMRISE, ability of ACC to achieve revenues in the range of \$17 to \$18 million during the 12 months after the closing of the acquisition, ability of ACC to achieve expected gross margins and/or to make a major contribution to EMRISE overall net income, ability of EMRISE to use existing NOL’s to successfully shelter any portion of the combined companies earnings in the foreseeable future, ability of the acquisition to result in stronger overall cash flow, ability of the acquisition to be significantly accretive to earnings, ability of ACC past results to be indicative of future results, [ability of ACC’s pretax income to be accretive to EMRISE’s earnings per share]*

MORE-MORE-MORE

# EMRISE CORPORATION EXECUTES AGREEMENT TO ACQUIRE ADVANCED CONTROL COMPONENTS, INC.

Page 3-3-3

*[DELETE IF YOU DELETE THE QUOTE IN PRESS RELEASE REGARDING THIS TOPIC], ability of EMRISE to sell RF devices to the U.S. military and/or ability of EMRISE to achieve high margins on such products, ability of EMRISE to ensure ACC's existing management team and/or experienced workforce will remain in place after the acquisition, ability to ensure that the existing President of ACC will continue to be employed by ACC throughout the two years following the close of the transaction, ability to retain Charles Brand or Thomas Couse as a member of the board of directors of ACC, ability to complement EMRISE's existing RF and/or power supply products with ACC products, ability to combine ACC and EMRISE technology and capabilities to offer a broad array of RF related activities, ability of EMRISE to secure the necessary financing for this transaction, and the ability of Charles Brand and EMRISE to be strategically aligned throughout the entire two year "earn-out" period, are all forward-looking statements that involve a number of risks and uncertainties. The actual future results of EMRISE CORPORATION could differ from those statements. Factors that could cause or contribute to such differences include, but are not limited to, differences in expected as compared to actual results of ACC or EMRISE, material adverse conditions that may arise at ACC or EMRISE, challenges in the integration of products, material changes in personnel and/or business opportunities prior or subsequent to the close of the acquisition, a material failure of ACC to achieve expected sales, gross margin, operational results and/or expected cash flow objectives before or after the close of the acquisition, difficulties integrating products, customers and/or processes between EMRISE and ACC, failure of EMRISE to successfully leverage ACC's U.S. military business or of ACC to successfully leverage EMRISE's European contacts into incremental business for either party, unforeseen delays by state of New Jersey to approve the transaction in conjunction with the New Jersey Industrial Site Recovery Act in a timely manner, failure to achieve any one of the required conditions of closing listed in the stock purchase agreement, unforeseen delays of any type which may delay the closing beyond August 15, 2008, inability of EMRISE to successfully utilize existing NOL's to shelter future earnings of the combined entities, ability of ACC to achieve future results consistent with past results, unexpected departures in ACC's management team and/or workforce prior to and/or subsequent to the acquisition closing, the unexpected departure or ability of Charles Brand to act as President of ACC for the two year period following the close of the transaction, the unexpected departure of Charles Brand and/or Tom Couse as members of the board of directors of ACC, unforeseen challenges and/or delays in reducing EMRISE's debt following the close of the transaction and those factors contained in the "Risk Factors" Section of EMRISE's Form 10-K for the year ended December 31, 2007, and other EMRISE filings with the Securities and Exchange Commission.*

###