

April 21, 2008

Fellow Shareholders:

2007 was a landmark year for your company, LMI Aerospace. Each financial measurement we monitor was the highest in our company's history. Our Aerostructures segment continued to invest in equipment and plant facilities, and was awarded a number of new projects to build assemblies for newly designed aircraft and derivatives, positioning us to engage in limited upfront engineering design of these products.

Key financial results for 2007 include:

- Sales in 2007 were a record \$169 million – Aerostructures sales were \$138 million compared to \$123 million in 2006, an 11% increase.
- Operating income increased 32% to \$21.4 million from \$16.2 million – another record. The increase for Aerostructures alone was 19%.
- Earnings per diluted common share in 2007 increased to \$1.17 a share from \$1.01 in 2006.
- Backlog, the value of firm orders under contract, increased to \$161 million from \$140 million in 2006.
- Our balance sheet remains strong, with a net debt to capital ratio of 22%.

Our growth strategies disclosed in previous letters to you have included:

- Seek large programs of assemblies, kits and complex components.
- Provide kitting, logistics, and inventory management services.
- Access new aircraft platforms through Tier 1 suppliers and OEMs.
- Use continuous improvement techniques to provide added services at competitive prices.

Excellence in execution of these strategies has brought our Aerostructures group continued success. Through 2007, the growth of the Aerostructures segment has largely been due to increases in production rates of aircraft for each of our three primary business

sectors – large commercial aircraft, business aircraft, and military products, especially rotorcraft.

We do continue to expect robust production rate increases on military rotorcraft and some more limited increases in the commercial and business jet sectors. However, we believe our future growth is contingent on winning new projects, with an emphasis on products we can design and build. We have spent considerable effort in 2007 expanding some of our facilities to accommodate assemblies, have increased the size and quality of our supply chain organization, and have expanded our Mexicali plant order to make room for new complex projects at our existing US plants. Our customers have begun looking to us for solutions beyond build to print components. We are now producing several new products, including 767 winglet modification kits, as well as tooling and assemblies for new and legacy aircraft, resulting in significant growth in our project management organization. Each of these actions has been taken in order to prepare us for the impending transformation of LMI to a full service, design build organization.

Actions in 2007

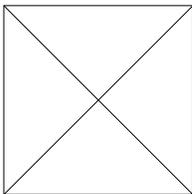
In order to provide full service solutions to our customers, we have emphasized selective acquisitions to provide additional management experience to LMI, and new product and service offerings. In July, 2007 we acquired D3 Technologies, a well managed design engineering company with over 350 engineers, servicing many of the same customers and market sectors as our Aerostructures group. During the period since the acquisition, our customers have exhibited strong interest in the design build products we have the capability to produce, and we are now beginning to review several design build opportunities. We believe strongly that design build will fuel our future growth over the long term, so we are investing in the infrastructure needed to provide complete program management services from the proposal stage, to design, to sustaining production. The speed with which our customers are embracing this concept has required that we speed the integration of D3 into LMI. Ryan Bogan, CEO of D3, is leading this integration effort for us.

D3 has also established a Composite Technical Center of Excellence and a Manufacturing Process and Technology unit to provide more advanced services to our Aerostructures segment and to outside customers. These groups are also assisting in our aggressive review of eligible companies for acquisition, with emphasis on strong management, composites and other non-metal technologies, and high speed machined products.

Employees in both our Aerostructures and Engineering Services segments have embraced our transformation to a design build company. They are aggressively pursuing new skills and remain flexible and adaptable to the changes needed to provide professional program management to our customers. At the same time they have continued to lean out our production and administrative processes, thereby improving our efficiency. Our employees have been and will continue to be the key to our success.

Both our Aerostructure and Engineering Services segments are growing organically, and our expectation is for continued, well diversified growth in the next few years, given the strong demand for aircraft in the industry sectors we service. It is an exciting time for us. 2007 was an excellent year. The combination of D3 and LMI promises opportunities for growth that go beyond our performance in the last few years- significant growth in revenue, earnings and success in providing the highest quality full service solutions to our customers. We appreciate the continued support from our shareholders. We plan to build a stronger, wiser, and more profitable company in the years ahead of us. We remain confident and optimistic that our future will be bright. We are a stronger company today than we were last year. Watch us grow.

Sincerely,



Ronald S. Saks

President and Chief Executive Officer