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Dear Family:

I have been holding this letter for a week now and decided I better get it on with. I just finished a two week remodeling stage for myself and mom and dad on the shed. I painted the office end of the shed white and put up 200 feet of shelves and put a rug on the floor. Dad bought a drafting board for the company and now we have a functional HTH Inc. office which of course is also used by me for DHD Inc.. I provided the labor and dad and mom put up the money and we now have a clean and useful office and machine shop. I was down on my pump for a couple of weeks waiting for parts to come in and now they are arriving so I can go back to working on the pump. There are still lots of bugs to work out on my high pressure water pump but I should have them worked out by April if I am to stay on my original schedule.

DBT Co. is finally a company and therefore will start to act like one. You will no longer get any distributions as you did when you were a partner but you will also not be responsible for any of the earnings. You should notice that the amount of income that you are responsible for this year is about twice the amount you actually saw. As a company the stock is commonly held by each of us according to the amount of our capital contribution into the company. We as a family currently hold approximately 20% of the stock of DBT co.. We have an elected board as reported to you earlier. I am no longer a member as I was extorted out of my position in order to obtain the agreement of Bill Pope and Dick Stratford to change the partnership to a corporation. The current board is composed of competent men however and they should get things going well. I expect that Art Frigo will be president within a few months. Once Art is President HTH Inc. will have a bigger role in DBT and Megadiamond and will probably design and service the high pressure equipment that the plant has now and build the future presses. This could bring income to each of us through HTH dividends.

Once DBT has new management and once we are satisfied with the new management then DBT and Megadiamond will combine and all the several companies will become one again. I expect that this will take as long as six months to accomplish. Each of us will then hold just one stock which will represent both the diamond grit business and the diamond compax business plus the affiliated company which makes diamond grinding wheels. The earnings of all the ~~comp~~ companies combined during the last year made a combined profit of \$1,000,000.00. We therefore as a family hold approximately 20% of a company which earned \$1,000,000.00 one million dollars. Assuming a 10% return on investment the stock should be worth ten million dollars and our share would then be worth \$2,000,000.00. Each of us kids stock is therefore worth ~~at box~~ approx. \$500,000.00. and Dad and Moms \$1,650,000. That is current market value for the stock ~~for~~ so for ~~heavens~~/ heavens sake don't go selling it for anything less. Art Frigo (who is a rational and conservative man) has concrete plans which should boost sales and profit to 3-5,000,000 within three years. To give you an idea then of the potential, at \$5/ 5 million profit a year our stock is worth 10 million and each of us children would have \$250,000.00 worth of stock. Like dad and mom have stated before, consider the stock