

GARDNER, SQUIRE & GILBERT
 CERTIFIED PUBLIC ACCOUNTANTS

257 EAST CENTER STREET - PROVO, UTAH 84601

August 14, 1972

The 300 ton inverted ram culic press was part of this. I don't know how much.

H. Tracy Hall
 1711 North Lambert Lane
 Provo, Utah

Dear Tracy:

The adjusted basis of assets which you propose to transfer to H. Tracy Hall, Incorporated in a non taxable exchange are as follows as of August 15, 1972:

	Cost	Accumulated Depreciation	Adjusted Basis
Land	\$ 1,000.00	\$	\$ 1,000.00
Buildings	6,164.16	2,018.08	4,146.08
Technical Books	216.49	138.23	78.26
Machinery and Equipment	18,276.68	5,012.53	13,264.15
Office Equipment	203.45	81.36	122.09
Automotive Equipment	2,808.00	1,256.92	1,551.08
Shop Tools	1,100.62	775.14	325.48
Totals	\$ 29,769.40	\$ 9,282.26	\$ 20,487.14

In addition to the transfer of the above assets it will be necessary for you to pay in \$ 512.86 in cash in order to fully pay for the 105,000 shares of capital stock to be issued to you.

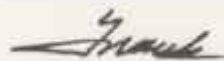
It is suggested that you qualify all of the stock under the provisions of Sec. 1244 of the Internal Revenue Code in order that ordinary loss treatment may be claimed on any losses which might be incurred on this venture. We will be happy to assist you in this matter upon request.

If you should elect to qualify the corporation under Subchapter S of the Internal Revenue Code it will be necessary to file an election with the Internal Revenue Service within thirty days after the charter is issued. Please let us know your desires in this matter so that the election may be filed within the prescribed period.

Employer identification number applications must also be filed and we will be happy to prepare these forms for you if you desire.

Very truly yours,

GARDNER, SQUIRE & GILBERT



Frank H. Gardner

H. TRACY HALL, INC.
 1190 COLUMBIA LANE
 P. O. BOX 7533 UNIV. STA.
 PROVO, UTAH 84601