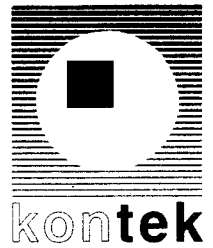


December 1993



Happy Holidays!!!

Its been a whirlwind year here at KONTEK Audio/Video---we moved to spacious new quarters, added more than 10 new product lines, welcomed Dan Sanville to our full time staff, and got mixed up in a record number of new audio and video projects.

For those of you who haven't seen our new home we invite you to visit. We now have a nice big office, a real shop, and even an inventory room. We no longer have to solder on Frank's kitchen table or dodge TVs in the hallway.

I also hope you all get a chance to meet the new addition to our staff, Dan Sanville. Dan is great to work with and will give us greater depth on our customer service bench. No one is happier than Frank about this turn of events. Dan is catching on so fast that Frank hopes to retire by 40. I hope you will all help to boost Dan's confidence by placing a huge order with him.

We now have over 250 clients and its been a year of firsts. We did our first national chain restaurant, our first video retailing system, and our first big system, a translation system, to travel to Russia. The lion's share of our customers are still right here in the triangle, particularly at Duke, but we sent an unprecedented number of systems to the four corners of the country this year as well as Europe and Africa.

The biggest excitement for us this year, however, has been the birth of our first manufactured KONTEK product, the KT2000VRS. After designing and developing this video routing system (separates offensive and defensive game sequences for coaching analysis) for Duke Women's Basketball, we applied to the small business consulting program at the Fuqua School of Business to refine the product and bring it to market. Our application was accepted and we now have 6 eager and talented business students acting as midwives for this new arrival. Thank you Pam, Terri, Scott, Miles, Lyn, and Scott. We expect to have a full production unit before Christmas. Stay tuned for details.

On the personal front, Frank is a happy new homeowner and a reluctant gardener. He took a fabulous trip to Norway this fall where he encountered the herd of reindeer on this card far above the Arctic circle in Lapland. He almost didn't come back. Dan is a new arrival from Pennsylvania. He and his wife Betsy, just married in August, are settling into their new home.

Despite trying to keep up with what seems like 1000 new products per week and hectic installation schedules we still manage to enjoy our work. We feel blessed to have so many good and loyal friends as clients. We know all too well that we would have to get real jobs if it wasn't for all of you. As we enter our sixth year we want to extend a sincere thank you to all of you for your continued support and patronage and wish you and your families a very happy holiday season.

Frank Konhaus & Dan Sanville

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