

March 15, 2004

Dear PhaseOne Reseller,

As the exclusive distributor of Contax cameras and Carl Zeiss T* lenses, we have been receiving reports of an internet story that Kyocera Japan, producers of the Kyocera Finecam digital, Yashica 35mm and Contax cameras will cease all production their film and digital products starting this calendar year.

It is correct that Kyocera Corporation is undergoing restructuring and streamlining its worldwide imaging business operations and is discontinuing production of Kyocera digital and film products. Contax cameras and Carl Zeiss T* lens product lines will continue. This is clearly evident with the agreement made between Kyocera Optics, Inc. and ToCAD America Inc. which was widely publicized and announced on January 20, 2005.

The agreement would not have been possible without our contractual commitment from Kyocera Corporation and their long term goal of continuing distribution of Contax products and Carl Zeiss T* lenses to professional users.

We look forward to continuing a prosperous relationship with our valued Contax dealers and loyal professional photographers.

Sincerely,



Edward Folb

Senior Vice President, Sales

Contax Division