

Dear Shareholders,

It has been several months since I assumed the role of CEO of your Company and since much has transpired, I felt it appropriate to update you on our progress. Almost all, I am happy to report, has been positive. In this letter I plan to address the steps we are taking to move the Company forward in an effort to restore your confidence and to enhance shareholder value, including: (i) the reorganization of the Company and the realigning of the duties and responsibilities of personnel; (ii) the current financial state of the Company; (iii) our strategic plan over the next 12-18 months; and (iv) our ongoing commitment to more consistent and transparent communication with our shareholders. A separate report on the status of our R&D efforts (which I believe you will find positive and encouraging) will be made available in the near future.

(i) Staffing Realignment. By the fall of 2013, two things had become apparent to our Board. First, In major part due to the Depository Trust Company (“DTC”) ten-month “Chill” placed on the trading of our stock (which, as explained in a previous announcement, was determined to be completely unwarranted), our “burn rate” (the rate at which we were expending our funds) was outstripping our ability to finance that spending in a responsible manner. Second, Mark Willner, our then-CEO advised your board of directors that he wished to surrender the responsibility of managing the day-to-day operations of the Company and assume a more reduced role with the Company, acting as a consultant focused solely on our R&D efforts and strategic planning. As a result, we have reduced our burn rate significantly and will continue to benefit from Mark’s expertise in his reduced role in areas critical to the Company’s success. (In regard to managing our burn rate, I note that my compensation is entirely equity-based and involves no cash payments.)

The Board was then challenged to find a suitable candidate for the vacant CEO position. [I was honored to have been asked to serve](#); inasmuch as I do not bring a significant technical expertise in the field of 3D display, the Company and I will continue to look primarily to our R&D team for guidance in that critical area. That said, I have served on the board of a high tech public company in a related field ([Research Frontiers Inc.](#) – developer of “smart glass,” utilizing nano and micro particles in its technology) for many years, and have been involved as a board member or investor in a number of privately held tech companies. My extensive background, along with my involvement in [3DIcon](#) as its largest shareholder and a member of our board of directors for the past five years, made for a natural and seamless transition into my new role. I am intimately familiar with [CSpace](#) and fully appreciate its possibilities.

(ii) Company Finances. As previously reported, the Company had incurred various debts with onerous terms (convertible debentures whereby the note holder could convert their debt into Company stock on a basis unfavorable to the Company and its shareholders). We raised additional capital by issuing to new and existing shareholders (including your new CEO) a class of convertible preferred stock with the objective of retiring this onerous debt. I am pleased to report that we raised just under \$400,000 in this transaction and have used the proceeds to eliminate the debt. The [retirement of that debt](#), coupled with the removal of the DTC “Chill” on our stock, has created a favorable “runway” for us to return 3DIcon to its former value and beyond.

(iii) Near Term Strategic Plan: Focus of Government Funding. As we continued forward, the challenges associated with bringing our technology to commercialization and of securing the funding to do so have become abundantly clear. The Board concluded that an efficient and less costly financing alternative

would be to seek government funding, while other longer-term financing options are also being evaluated.

Recently, government funding for other similar companies in our space has drastically increased. Accordingly, as indicated in our [news release](#) sent out on March 4th, we were pleased to announce the addition of Douglas Freitag, an expert in identifying and obtaining government grants of the type we are seeking, as a consultant to the Company. In addition, we have recently entered into a Joint Development Agreement with Schott Defense, a federally focused subsidiary of Schott North America, Inc., part of a world-class multi-billion-dollar company with significant experience and success in partnering with the U.S. government to develop new products and to work with us and Doug to implement our plan to obtain government funding.

A federal government business development expert, Doug brings over 20 years of federal grant and contact funding expertise to 3DIcon, as well as over 25 years of advanced materials experience, to the Company. Doug has previously worked with and for: Dow Corning, Schott North America, Goodrich, Avery Dennison, DuPont, Honeywell, Lockheed Martin and other firms, both large and small. Doug will be leading a focused effort to secure US government grant funding and contracts. In addition, Doug will be helping us secure key relationships with large government prime contractors and end-users within the Department of Defense and the civilian agencies.

We intend to pursue funding opportunities as a part of the federal government's approximately \$136 billion FY14 R&D budget and whenever possible take advantage of programs designed to help small business during the higher risk phases of technology commercialization. In addition, we intend to effectively compete by forming interdisciplinary teams with potential strategic partners (large and small), academic and commercial laboratories, and system integrators providing integrated data visualization solutions. The JDA with Schott is the first of these high-level partnerships. The principal targets for this strategy include: the Obama Administration's multi-agency priorities of advanced manufacturing and information technology (e.g., Big Data Research and Development Initiative with over \$200 million annually); the DOD's priorities to reduce the cost of developing, testing, and manufacturing new weapon systems, enhance training and operation of autonomous systems and accelerate data-to-decisions; and FAA's on-going priority to enhance air traffic control systems.

As described in a press release issued last week, a Joint Development Agreement with Schott Defense to pursue federal funding in specific areas for the continued development of the image space materials will complement and enhance Doug Freitag's and the Company's ability to pursue its Government Funding strategy. The JDA with Schott comes at an important junction for the company as its primary objective is to aggressively seek large federal grants for the continued development of CSpace. Schott is a world-class multi-billion dollar company with significant experience and success in partnering with federal agencies for development projects. In addition, Schott is one of the world's leaders in developing specialty glass for many applications, including display technology. This partnership, coupled with the expertise of Doug Freitag, should greatly facilitate the success of the Company's federal funding strategy and our ability to create the unique materials required to advance the CSpace technology.

The grant-seeking process is now underway, with the recent submission of a proposal to the US Army Night Vision and Electronic Sensors Directorate. Additional submissions are planned over the next few months, approaching \$10 million of multi-year funding requests.

Other Government Grants: In late 2013, the Company also received a \$300,000 grant in the Oklahoma Applied Research Support (OARS) competition sponsored by the Oklahoma Center for the Advancement of Science and Technology (OCAST).

Other Joint Venture Opportunities: The Company's business model is that of a licensing entity with the objective of entering into partnerships or other arrangements with companies in specific segments, e.g., healthcare, advanced manufacturing, cargo-passenger-luggage screening, air traffic control, defense, training and other applications. We intend to continue to pursue additional strategic opportunities. We have had discussions and indications of interest in our technology by Raytheon, GE Healthcare, Boeing, Rockwell Collins, Honeywell, Ball Aerospace, SRI, SAIC and others, though no agreements have been entered into as yet.

(iv) Company Communications with Shareholders. First, with all that has transpired in the Company over the last year, there is a clear and constant demand for updates to our shareholder base. Many have reached out looking for information that unfortunately cannot be disclosed due to regulations that preclude us from discussing non-public information. Please be assured that no communication to the Company from a shareholder goes unnoticed. In an effort to streamline our communications, and to facilitate more ongoing discussion, we have launched official social media channels ([Twitter](#), [LinkedIn](#), [Facebook](#) and [Google+](#)), by which our stakeholders will be able to continuously receive updates as they occur. In addition, the Company will utilize the executive blogging platform, The Chairman's Blog (<http://www.thechairmansblog.com/3dicon>) in order to expand on events as they unfold.

Second, we are happy to report that we intend on holding an annual meeting which will be coupled with a call-in feature so that shareholders would be able to participate with comments and questions for management. We will be announcing the date and other details for this meeting in the weeks to come.

Finally, we are working to make the website more user-friendly and informative and will be announcing the completion of that effort soon.

In summary, we have:

- Realigned the company staffing to provide a more efficient, and more cost effective organization to drive the Company towards its goals.
- Substantially improved the Company's capital structure and positioned the Company to raise capital through non-dilutive federal funding and through longer term, more efficient funding.
- Signed a Joint Development Agreement with a world class company that validates the CSpace technology and increases our ability to raise substantial funding from federal government sources. It also positions the Company to accelerate its development of its image space by partnering with Schott, one of the world's most effective developers of specialty glass display materials.
- Engaged an extremely talented and effective Consultant with the responsibility to bring Federal government grants to sponsor our R & D efforts.

- Revamped the Company's website and set in motion the mechanisms to more effectively communicate with shareholders.
- Begun planning for a meeting or conference call with shareholders, perhaps to take place in the Spring of 2014.

I hope that many of your questions and concerns have been adequately addressed. I appreciate your interest and support and look forward to us realizing the full potential of our technology.

Yours very truly,

Victor Keen
Chief Executive Officer