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sp3, Inc Reorganizes into Cutting Tools and Diamond Technologies Subsidiaries

SANTA CLARA, Calif.—June 29, 2004— sp3 Inc, a full service provider of products and services relating to thin-film and thick-film diamond deposition and other diamond materials, has formed two subsidiaries: sp3 Cutting tools Inc. and sp3 Diamond Technologies Inc. The reorganization better serves the growth in diamond applications served by sp3 which are not related to the manufacture and marketing of cutting tools.

sp3 Cutting Tools will continue, without change, in its present facility in Decatur, Indiana.

sp3 Diamond Technologies will continue to develop thin-film and thick-film deposition processes and will provide both products and deposition services to companies world-wide. sp3 Diamond Technologies also manufactures and supplies hot-filament reactors, world-wide.

sp3 Diamond Technologies will be located at sp3's current facility in Mountain View, California, and will encompass sp3's existing thick-film deposition facility in Calgary, Alberta, Canada.

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About sp3 Diamond Technologies, Inc.

Diamond is hard, durable, stiff, thermally conductive and electrically insulating. These are just some of the many qualities that diamond offers making it ideal for a wide variety of applications, from cutting tools to advanced semiconductor manufacturing. sp3 Diamond Technologies makes CVD (chemical vapor deposition) diamond for a broad range of applications where current materials have reached their limit. Our ability to make and deposit diamond is a direct result of our proprietary chemical vapor deposition diamond reactor technology and our coating services capability. It is this technology that allows us to deposit uniform thin-film diamond and do it cost-effectively. Consistent and cost-effective manufacture of CVD diamond is in turn broadening the material's appeal throughout multiple industries where diamond could be considered the material of choice.

Based in Santa Clara, California, USA, the company provides diamond products for advanced thermal applications, diamond coating and material services, hot filament CVD reactors, and deposition consulting services. sp3 Diamond Technologies is a subsidiary of sp3 Inc., a full service provider of products and services relating to thin-film and freestanding diamond deposition and other diamond materials. For more information about the company and its products and services please visit www.sp3inc.com.

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