



Thalle Quarterly

DECEMBER 2007

President's Letter

Thalle's 2007 fiscal year, which ended August 31st, was a year of growth and improvement. Our revenues grew from \$42 Million to \$65 Million. While our targeted margin was not reached for the fiscal year, our margin did increase by 82%. In 2007 we celebrated Thalle's 60th Anniversary and accomplished some significant milestones. Thalle continues to increase the amount of landfill and dam construction we perform. The completion of the Hickory Log Creek Dam in less than 14 months was an unbelievable achievement itself. Similar to muscles in our bodies after a difficult workout, our company needs time to recover after a taxing year. Growth will not be a primary focus in 2008 and therefore we are not looking to significantly increase our sales. Instead we are looking to maintain a similar volume to 2007 and to focus on increasing our efficiency, our mix of work and our gross margins.

At our December Manager's Meeting I discussed Thalle's long-term goals. By far the most important of our long-term goals is "to have the best trained workforce in the industry." That is why we began implementation of a company-wide training program. We will start by rolling out the training program to upper management and our young college graduates. By the end of 2008 we plan to have the program implemented company wide. Each category of employees will have a training program that focuses on the training needs of that particular group. In addition, a portion of the program will allow employees to choose topics that are of particular interest to them personally. I am very excited about this program because not only will the training increase the quality and efficiency of Thalle's work, it will create more opportunities for employees to advance within the organization.

In closing, I would like to thank everyone for all their hard work this year. Have a happy and healthy holiday with your families.

Merry Christmas,

Gregg



Cindy and Gregg at the Holiday Party

HAPPY HOLLIDAYS