

WEB HOSTING/CASTING  
SATELLITE NETWORKS  
VIDEO/FILM PRODUCTION  
STUDIO SERVICES



## PRESIDENT'S MESSAGE

April 15, 2009

Dear Friends:

Thank you for taking an interest in the progress of Broadcast International (BCST). I sincerely appreciate your support, and delight in sharing some of our recent successes with you.

### CODECSYS

The strength of our breakthrough video compression technology has increased even more. We have now secured patents for CODECSYS in the U.S. and over 10 additional countries, and we expect to receive numerous more during the balance of the year. Of equal or greater significance is the operational success that we have achieved with the CODECSYS CE-1000 (IBM version) encoding systems that were placed in beta test in December 2008 with multiple international customers and partner labs.

The response to our unique technology from the beta customers and partner labs is unanimous - they love the speed and unparalleled reduction in bandwidth requirements. They are also extremely impressed with the dramatic economic advantage of BI's unique software-based encoding solution because it is future-proof, and never becomes obsolete. All other encoder suppliers use static hardware design that requires users to replace their equipment to upgrade their systems.

Recently Hewlett-Packard and Broadcast International co-announced a new partnership in which HP will market a next generation X-86 platform version of the CE-1000 that is near completion. The HP sales organization should begin marketing this new system in 4Q09. Also, we expect that partnerships will be formed with even more equipment manufacturers utilizing the X-86 platform. Because these additional prospective partners as well as IBM and HP will market the BI encoder through their existing sales force, we expect that our revenues to grow exponentially later in the year.

BI recently announced the development of the CA-20 video capture card that is cross-platform compatible. It increases our channel density and significantly enhances performance of our CODECSYS encoding family. This is the first card ever designed specifically for software encoding platforms.

## **BI NETWORKS**

As hoped, the CODECSYS technology has attracted new customers to our legacy business – BI Networks. In December 2008, BI filed an 8-K with the SEC stating that the Company had secured a major contract with a Fortune 10 financial institution to provide satellite broadcasting and digital signage services. With over 6,000 field sites, this customer should generate considerable revenues for BI during the next several years.

## **STOCK PERFORMANCE**

Similar to most publicly held companies, BI's stock price has been negatively impacted by the global economic downturn. Fortunately, since the recession began in Fall 2007 our stock price is down only 13% compared to a 41 % decrease in the DJI, 37% fall on NASDAQ, and 62% drop for our peer group. We are hopeful that our stock volumes and prices will increase with the expected ramp-up in revenues later this year. When the stock price increases to over \$3 per share, we should then qualify for listing on a more senior stock exchange that can more easily attract institutional investors.

We deeply appreciate your patience. Obviously we had hoped that the CODECSYS development could have been completed much earlier, with the associated revenues. Candidly, we incurred several unexpected challenges when integrating our new technologies with the new technologies of other suppliers. For us as well as those suppliers, we didn't know what we didn't know. Fortunately, we persevered and resolved those issues to create an incredibly powerful industry-changing tool for video compression – it works!

## **KEEPING YOU UPDATED**

With the expected increase in business activity during the remainder of the year I would like to keep you updated via future President's Letters, our upcoming conference calls, podcasts and press release announcements. To be notified immediately of this news information, please take this moment to provide us with your e-mail address by sending an e-mail to [shareholder@brin.com](mailto:shareholder@brin.com). We commit to keeping your e-mail address strictly confidential.

Thank you for your continued support and encouragement.

Respectfully,



Rod M. Tiede  
President/CEO

**Forward-Looking Statements**

All statements in this document that are not based on historical fact are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and the provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (which Sections were adopted as part of the Private Securities Litigation Reform Act of 1995). While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of our control, that could cause actual results to materially differ from such statements. Such risks, uncertainties, and other factors include, but are not necessarily limited to, those set forth under the caption "Additional Factors That May Affect Our Business" in the Company's most recent Form 10-K and 10-Q filings, and amendments thereto. In addition, we operate in a highly competitive and rapidly changing environment, and new risks may arise. Accordingly, investors should not place any reliance on forward-looking statements as a prediction of actual results. We disclaim any intention to, and undertake no obligation to, update or revise any forward-looking statement.