



To our valued and loyal DigitalPatroller customers:

Integrian has been fortunate to become one of the largest suppliers of Public Safety digital in-car video systems in North America over the past few years. Much of this success is due to our loyal customer base, the features and functionality of our DigitalPatroller® product and the dedication of the entire team at Integrian. However, with this success come challenges, most recently a barrage of misinformation being spread by some of our competitors. To dispel some of these rumors and innuendo, please allow me to address the following:

- In the past three years, we have grown the company through acquisitions, adding product lines and geographic markets. The DigitalPatroller is considered by many to be the best in-car system in the marketplace and our recent acquisition of Signal Innovations Group brings in a rich set of analytics tools, including a newly-announced software-based ALPR (Automatic License Plate Recognition) system.
- In late 2005, Integrian acquired Innovonics Pty Ltd, based in Melbourne, Australia. This acquisition was driven by our expansion into the bus and rail CCTV markets as well as expansion into more international markets. During the past two years, our expansion into the Bus market has been successful – we have won several major bus projects including the largest transit authority in the US: New York Mass Transit. However, it has become quite clear that the international rail CCTV business, based in Melbourne, did not fit our business model. This is primarily because the rail business requires a highly customized product for each project, both from a hardware and software standpoint. This makes scalability a problem in rail, as opposed to Public Safety and Bus, where we have been able to build a highly configurable and modular product that can be implemented across a wide range of customer requirements and platforms. As a result, Integrian has decided to transition out of the rail business and focus on our two key markets: Public Safety and Bus.
- This transition will allow Integrian to consolidate our Development Team in our global headquarters in Morrisville, North Carolina. We will be able to streamline our operations, focus on our Public Safety and Bus product lines and provide more support for our customers in these key markets.
- We will retain a sales and support office in Europe to support our rapidly growing EMEA market.
- Earlier this year we launched our DP2 Public Safety in-car digital video system. It is true that during the initial launch, we experienced challenges with early versions of the software. However, we have worked through these issues, and the direct participation by some of our customers in the enhancement and improvement of the software has resulted in a product that is more responsive to the current needs of law enforcement agencies. And we continue to win side-by-side evaluations with our competitors who have resorted to negative attacks and rumors while we focus on building and improving our products.

As you can see, recent events at Integrian are a sign of our continued commitment to the Public Safety and Bus marketplaces. I am sure it is debatable who the #1 player in the mobile digital video marketplace is. However, based on our growth rates and fantastic customers, we are not aware of anyone with a more loyal and expanding installed base. We are also fortunate to be backed by some of the largest companies and financial institutions in the world, including Motorola and Credit Suisse, as well as some of the most prominent venture capital firms in the country, including Polaris Venture Partners and Intersouth Venture Partners.

With the planned addition of our upcoming suite of software analytics applications, we believe that the DigitalPatroller and TransitCam® platforms will become industry-leading tools for all law enforcement agencies and transit authorities.

I would like to thank all of our customers, and our team for their continued dedication and support. We are excited about our future, and look forward to working with each of you.

Regards,

A handwritten signature in black ink, appearing to read "Pete Durand". The signature is fluid and cursive, with a large initial "P" and "D".

Pete Durand
CEO
Integrian, Inc.