



BACKGROUND

History

Broadcast International (BI) was founded in 1984 as an integrator of video-powered business solutions that enabled clients to deliver video communications to their customers wherever and whenever they were needed. Since that time, BI has developed a full arsenal of services including video production in its state-of-the-art studios, rich media design/creation and content delivery, as well as support services such as network engineering and design, network management, installation, help desk, and field maintenance. BI has delivered client content via a spectrum of platforms including satellite (IP, Digital and DBS), streaming, Interactive Distance Learning (IDL), videoconferencing, LAN/WAN integration for desktop delivery, portable video players and WiFi. Broadcast International is a public company (OTC BB:BCST) and is headquartered in Salt Lake City, Utah.

The company's consistent success in building and managing private satellite networks and providing video, audio and web broadcasting solutions led to its evolution from a systems integrator to a developer of advanced technology solutions for video delivery. In 2003, the company acquired a core codec-switching technology and hired its development team. Under BI's management, this software technology became CodecSys, the industry's most advanced video-compression software, capable of reducing bandwidth needs more than 80% for HD quality video over satellite, cable, IP and wireless networks. CodecSys technology enables, for example, a cable provider to deliver twelve HD channels over the same bandwidth that otherwise supports only two. The CodecSys technology is now patented in seven countries including the U.S.

Customers

Broadcast International customers include: Abercrombie & Fitch, Albertson's, Bank of America, Caterpillar, Chevron, Muzak, Safeway, Sprint, Staples, Subway, Wachovia, and Yahoo.

CodecSys: Breaking the bandwidth barrier

Industry pundits agree that a crisis in bandwidth is looming as user demand for video, particularly HD programming, accelerates. Cable providers are under intense pressure, but other delivery platforms such as broadcast TV, satellite, telcos and wireless all face a similar challenge. Likewise, a new generation of bandwidth-intensive applications such as live video chat and live streaming video to cell phones is waiting on the horizon for the bandwidth barrier to be successfully broken.

CodecSys, with its ability to slash bandwidth requirements more than 80% is the solution to the bandwidth crunch. CodecSys achieves its breakthrough performance through a patented architecture that uses artificial intelligence to analyze a video stream and select the codec (algorithms that

compress digital video prior to streaming on the Internet) best-suited to a particular video frame sequence from an entire library of specialized codecs,

This multiple codec approach is in sharp contrast to *all* competitive solutions since *every other solution relies on single codecs only*. Because each individual codec is optimized for only a particular type of video frame or stream (fast or slow motion, for example) no single-codec solution can possibly rival the performance or quality offered by CodecSys with its multiple codecs. In other words, rather than running a stream of video through one codec and getting the best video and audio that one, generalist codec has to offer, CodecSys runs each frame of video past a collection of the highest-quality codecs available and determines which codec is best for that particular frame or series of frames.

For a large organization, CodecSys can mean a savings of hundreds of thousands of dollars per year in satellite or terrestrial bandwidth expenses. For a smaller to mid-sized company, this solution can make live Webcasts and on-demand streaming an affordable reality at quality levels previously possible only via satellite.

CodecSys is “future-proof”

In addition to providing unparalleled performance, CodecSys is unrivaled in its ability to accommodate the latest standards or new codec technologies as they emerge on the market. With CodecSys, new codecs can be readily added to the library as they become available, with a simple software upgrade. While competitive solutions based on tightly coupled hardware/software architectures are rendered obsolete by change, the CodecSys software architecture is designed from the ground up to embrace it. CodecSys is the only video compression solution on the market that is virtually “future-proof,” protecting the infrastructure investments of its customers in this rapidly changing market.

CodecSys, IBM and multi-core processing

The CodecSys multi-codec software architecture is particularly well-suited to exploit the power of the new generation of multi-core parallel processors such as IBM’s Cell Broadband Engine (Cell B/E), that “supercharge” compute-intensive applications such as video compression.

Broadcast International and IBM have entered into a joint development project to integrate and optimize the IBM BladeCenter QS21 “Blade Center” and the CodecSys software. This powerful and synergistic combination of technologies will bring video compression to unprecedented levels, cutting bandwidth requirements more than 80%.

Like the CodecSys software, the IBM BladeCenter is scalable and upgradeable; adding additional processing power is as easy as adding another processing “blade.”

CodecSys patents

BI's breakthrough approach of using multiple optimized codecs is patented by Broadcast International in seven countries, including the U.S., Russia, India, Malaysia, Australia, Korea, and Singapore.

CodecSys Highlights

- In April 2004, Broadcast International received TV Technology's 2004 STAR Award for Superior Technology for its CodecSys multi-Codec system.
- In April 2004 SportsCast Network (SCN) and the Hearts football team of the Scottish Premier League delivered the first webcast football match utilizing CodecSys technology to fans throughout the world.
- In May 2004 Broadcast International won a Stoel Rives 2004 Utah Innovation Award in the electrical devices category for its CodecSys Multi-Codec System.
- On August 18, 2004 Broadcast International announced that the first international patent for its CodecSys technology had been granted by the Singapore patent office.
- In November 2004 Popular Science Magazine honored Codecsys with its "Best of What's New" award.
- In November 2004 Japan's Nikkei Electronics magazine recognized BI's CodecSys technology as one of the top-20 technologies around the world.
- On April 20, 2006 Broadcast International announced it had signed a licensing agreement with Zenterio AB -- a Swedish company with a focus on mobile and digital TV technologies and solutions-- to deploy CodecSys in a cell phone application co-developed with Intel.
- On March 16, 2007, Broadcast International announced that it had established with IBM the Broadcast International-IBM Joint Development Center to collaborate with IBM engineers on integrating BI's patented CodecSys multi-codec encoding system on IBM's multi-core Cell Broadband Engine™ (Cell/B.E.) based BladeCenter QS20.
- On August 23, 2007 a patent for the CodecSys technology was allowed by the U.S. patent office.
- On September 7, 2007 IBM and BI showed the first public demonstration of the CodecSys software running on the multi-core IBM BladeCenter QS20 at the IBC conference in Amsterdam.
- On Jan 7, 2008, BI and On2 Technologies announced an agreement to make real-time, high quality video, including high-definition (HD) video, accessible anywhere to capable network-connected devices. Under the agreement, Broadcast International will integrate On2's market-leading TrueMotion® codecs, which have more than 1 billion deployments worldwide, with CodecSys.
- On April 14, 2008 at NAB, BI demonstrated live HD video encoding under 3 Mbps. This marks the first time in the broadcast industry that video will be encoded from a live camera feed at this rate of video compression. BI also demonstrated real-time video encoding and transcoding at the IBM booth where its CodecSys video compression software was integrated with IBM's Media Hub Solution Framework in a production broadcast environment.

Management Team

Rod Tiede – President/CEO

As President and CEO of Broadcast International, Rod Tiede is responsible for fostering the vision, directing the overall management and providing progressive leadership for the company. After obtaining a Bachelor of Science Degree in Industrial Engineering from the University of Washington, Rod gained invaluable retail technological experience with Safeway Corporate offices. Since 1988, Rod has been instrumental in directing the worldwide reach of Broadcast International during its early years. Through his innovation and tenacious management style, Rod has insured BI's growth as its Director of Sales, Vice President and General Manager, and now as President and CEO. Rod's continued forward-looking strategy has made BI a preferred international technology integrator.

Reed Benson – General Counsel/Corporate Secretary/CFO

Reed Benson added CFO responsibilities to his General Counsel duties in January, 2007. Prior to becoming BI's General Counsel in October, 2003, Benson had been in private law practice since April, 2000. From August, 1987 to April, 2000, he was Vice President, Secretary and General Counsel for Broadcast International, Inc., and served as Vice President, Secretary and General Counsel for Data Broadcasting Corporation. Mr. Benson received a Bachelor of Science degree in Accounting from the University of Utah in 1971 and became a certified public accountant in the state of New York in 1974 before receiving a Juris Doctor degree from the University of Utah College of Law in 1976.

Ron Bell -- Senior Vice President and General Manager, CodecSys Division.

Bell has come on board to oversee the evolution of the company's CodecSys software. Bell is a well-known international figure in the definition, design, development and application of a wide range of technologies including microprocessors, operating systems, and networking. Bell was involved in the evolution of the UNIX operating system while serving as the General Manager of the UNIX Systems Group at Unisys and later as its Chief Technology Officer. Most recently Bell served as Chief Technology Officer at MathStar in Hillsboro, OR, as well as at Micro Linear in San Jose, CA. Bell has a B.S. in Electrical Engineering and an M.S. in Computer Science from the University of Utah, and has completed management training programs at the Wharton School of Business. Bell has led and participated in many industry programs to identify technology directions, establish consortiums and research cooperatives and identify standards for companies including Intel, Motorola, Sun, National Semiconductor, AMD and MIPS. He has worked on PC interface chip set definition and design, as well as UNIX operating system consolidation efforts. Bell also led development of a new, multiprocessor approach to media processor design with a total systems orientation. In addition to his long career at Unisys and his most recent post at MathStar, Bell was formerly Chief Executive Officer at Equator Technologies, and Vice President and General Manager for both the Consumer Products Division and the Computer Products Division at LSI Logic.

Bob Ingraham – Vice President of Technology and Engineering

Bob is responsible for continued development of BI's patented CodecSys technology and management of the Company's information systems and IT personnel. Bob was instrumental in the early development of the CodecSys technology and is listed on most of BI's patents as a co-inventor. For the past three years, Bob has been a principal engineer for The Church of Jesus Christ of Latter-Day Saints in Salt Lake City and CTO of SASCO in Sacramento. Previously, Bob was COO/CTO and founder of Wavve Telecommunications, Inc., a large Northern California data center which he took public. As a senior manager for MCI-Worldcom, he was responsible for U.S. Internet backbone and data center operations. In addition, Bob was the founder of ProMedia, a pioneering Sacramento area ISP, which he successfully sold to Softcom in 1996. He worked for over 20 years as a software engineer for various Silicon Valley firms and has also consulted with IBM, Hewlett-Packard, Cardinal Health, the Sacramento County Sheriff's Department, and other notable clients. Bob studied computer science at UC Davis from 1991-1994.

Mary K. Hall – Vice President of Client Services

Mary K. has been with Broadcast International from its inception in 1983. With over 16 years of experience in helping our customers achieve their goals while incorporating advancements in technology, she provides an invaluable perspective and knowledge base in customer service and account management. Mary K and her department have provided customers with ongoing support toward the maximum utilization of BI services. This assistance has included the development of vendor-sponsored programs, which have both defrayed costs and produced revenues. Mary K. has a degree from Utah State University in Business Administration and has completed additional course work at the University of Utah in Integrated Marketing Communications.

Robert J. Chipman – Vice President of Sales & Marketing

Rob Chipman is Broadcast International's Vice President of Sales & Marketing. Most recently, he was Founder and CEO of TrainSeek, Inc., a leading online marketplace for training products and services. This is Rob's second tour of duty with BI. Before starting TrainSeek, he served as Director of Marketing, Vice president of Marketing for the Lawyers Communication Network (BI's joint venture with the American Bar Assn.) and General Manager of Business Vision™ (BI's satellite-delivered business training channel). Prior to BI, Rob was Founder and President of Multimark, Inc., a marketing services company and Vice President of Sales/Marketing for alternative media company AdMedia International. He began his marketing career with O. C. Tanner, an employee recognition company, holding positions in communications, marketing research and sales management. An honors graduate of the University of Utah, Rob earned a Bachelor of Arts degree in Mass Communications. He is also a member of the American Society of Training and Development, was a founding board member of the Digital Learning Organization, and has been a featured presenter at various industry conferences.

Dan Mabey – Vice President of International Development

Dan Mabey has 20+ years working in the business development sector in various leadership capacities. He directed the State of Utah International Business Development Office for 13 years. He established and administered foreign trade offices in 23 countries and provided trade and market development services for Utah businesses. He was Business Director of Gray Line Development, Tokyo, Japan. He has served on numerous boards and commissions and been the recipient of numerous recognitions. Dan received his Bachelor of Arts undergraduate degree from Boise State University and a MPA from Idaho State University.

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