

SHAREHOLDER NOTICE

January 3, 2008

1. Gordon Rock's Resignation as Director of Burst Board

Gordon Rock, 66, a member of the company's Board of Directors for 2 years, and owner of approximately 26% of the Company's outstanding common stock, has resigned from the Board of Directors, effective December 28, 2007. Mr. Rock was an early investor in Burst, beginning in 1992 and he participated in all of the company's financings from that point forward. He joined the Company's Board of Directors in 2005.

In tendering his resignation to devote more time to family, personal investments and travel, Mr. Rock stated that *"It has been a gratifying and rewarding experience to have been able to participate with this uniquely qualified Board and outstanding management, led by Chairman and CEO Richard Lang. I commend this group for its efforts to create shareholder value from the ashes of 2001. Burst pursued a path less traveled. The shareholders of most troubled companies of that era suffered a total loss, with "new money" absorbing anything that might have been left after the creditors. The Burst team worked hard under Lang's leadership to avoid that typical path. I am convinced the same concern for Burst's shareholders will continue forward while addressing the challenges and opportunities of the coming year."* The Board is currently in discussions with a very qualified candidate for the Director's position previously held by Mr. Rock.

In a concurrent development, Burst's CEO, Richard Lang, has purchased 875,000 shares of Burst common stock from Mr. Rock.

2. Apple License Signed and Funds Received; Dividend Consideration

The Settlement and Patent License Agreement between Burst and Apple, Inc. has been fully executed, and the \$10M license fee has been received from Apple. Burst's attorneys' fees totaled \$3.5 million; other legal costs, including expert reports, totaled approx. \$1.8 million. Total taxes due on income after attorneys and costs have been estimated at approximately \$1.05 million, however, this is only an estimate and the final tax amount may differ when filed in 2008.

The Board has determined that it will not declare a dividend to shareholders at this time; however, it will continue to consider the possibility of a dividend payment at some point in 2008, depending upon future events.



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3. Executive Pay-Down of Promissory Notes

On December 20, 2007, Richard Lang, the Company's CEO and Eric Walters, the VP of Operations, tendered 1,651,761 and 48,392* shares of common stock, respectively, to the Company at \$.28 a share (the closing price of the Company's Stock at the close of business on 12-20-07) in return for the reduction of \$462,293.08 and \$13,549.76 of the amount of indebtedness on the Promissory Notes they issued to the Company on October 20, 2003. The two transactions, which were approved by the Board of Directors, reduced the Company's total number of outstanding common shares by 1,700,153 shares.

4. Public Statements

The Company is aware that certain shareholders desire more information than they have been receiving. Burst.com is a public company and thus has an obligation to provide information to all shareholders concurrently when it provides information. The Company believes that it is in the best interest of all of its shareholders not to prematurely disclose information or strategy and requests that shareholders demonstrate patience while management works with counsel and others to take actions to create and maximize shareholder value. Accordingly, the Company reiterates its prior positions on public disclosure.

5. Happy New Year!

The Burst Board of Directors and management would like to thank all shareholders for their ongoing support and wish all a Happy and Prosperous New Year!

*[Revised 1/24/08 from prior text to correct computational error revising the number of shares tendered by Eric Walters from 41,417 to 48,392.]