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Message from the Chairman

April 18th, 2008

Dear Shareholder,

The year 2007 was a challenging year. We successfully defended against a very well-funded opponent who tried to destroy our pioneering patents covering faster-than-real-time delivery. We endured changes in U.S. Patent law that many commentators believe transferred intellectual property value away from individual inventors and small innovators and handed it over to the largest companies in the industry. These changes affected our own prospects in our litigation with Apple. However, in the end, after multiple motions and hearings, Apple ended up paying us \$10 million for a non-exclusive license to our patent portfolio, bringing our total revenues from these oldest patents to \$70 million.

In the last 6 months, we have been granted 3 new U.S. Patents. One is in the DVR field and two others are related to network optimization, an area that we believe is becoming increasingly important as bandwidth intensive applications like HD video consume increasing amounts of available network resources. Since the settlement of our litigation with Apple at the end of 2007, we have been analyzing the various strategies available to us to effectively monetize these newest patents, as well as the remainder of our patent portfolio.

Early this year, we were preemptively sued by Real Networks, in yet another attempt to have our older patents declared invalid and the would-be infringer ruled not infringing. We hope that our differences with Real Networks will be successfully resolved prior to going to trial and that our business model going forward will not require litigation. However, time will tell.

It has been almost 20 years since our first U.S. Patent application was filed. Since then, our company has been through many interesting and challenging times. We taught our industry a better way to deliver media over networks, and we continue to point the way with our newest patents. We have survived attacks from two of the largest companies in the world, for expecting to be paid for our innovations, as they expect to be paid for theirs. Over the years, we have continued our efforts, often in the face of overwhelming odds. There have been many ups and downs, but we have always behaved ethically and diligently. Our company has survived because of the tenacity and integrity that has always been essential to our team, including direct investors, board members, employees, attorneys, and our shareholders. While we cannot foresee all that lies ahead, we continue to be dedicated to achieving the maximum possible results for our shareholders.

We have posted our complete year-end financials for the year 2007 on our web site: www.burst.com. However, for your convenience, enclosed with this letter, as part of the Annual Report, are our year-end Summary Financials for 2007.

Sincerely,

Richard Lang
Chairman, Co-Founder & CEO