

Introduction to Milestone Systems and the XProtect™ Product Platform

The Open Platform IP Video
Management Software

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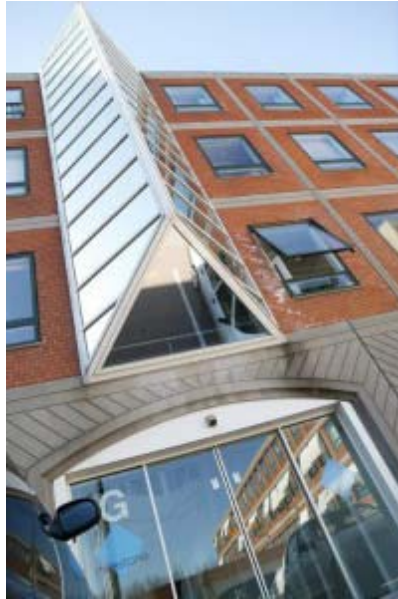
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Milestone Systems – A Global Leader



The leading global provider of open platform IP video surveillance management software, Milestone Systems is a company experiencing fast, organic growth in response to the rapidly growing market demands of the security industry.

The advanced Milestone solutions for networked digital video surveillance continue to be on the forefront of developments in the security software industry, sold and implemented through an international channel of partners. These efforts have garnered more than 25,000 satisfied customers in a wide spectrum of businesses worldwide.

In addition to the indirect sales channels from the reseller partners, Milestone also has agreements with a number of key alliance partners who use our technology in their products, as their Original Equipment Manufacturer (OEM). Such relationships represent important opportunities for increased revenues, while underlining the technological expertise for which Milestone is so highly respected in the marketplace.



“Since release of the first Milestone IP-based software called Surveillance PRO in 1999, a lot has happened in the security world. Hardly anyone was manufacturing IP cameras then, and the established security industry using Closed Circuit TV (CCTV) regarded IP-based surveillance as a mere child's toy, at best, or as a threat to their proprietary hardware and cable installations, at worst,” explains Lars Thinggaard, CEO at Milestone Systems. “By the new millennium, however, the many advantages of new technology had become evident. The serious manufacturers are now proudly presenting their IP cameras on the market, and they are also realizing that the cameras alone cannot do everything the customers want from today's IT options.”

Milestone Systems Corporate Profile



Milestone Systems develops advanced open platform software for controlling true IP network-based video surveillance. The Milestone XProtect™ product platform enables automated management of video surveillance cameras and digital image archiving for greatly improved security, quality assurance, and cost effectiveness.

In offerings scaled to different customer needs, XProtect solutions support the widest choice in network hardware like ACTi, Axis, Bosch, D-Link, FLIR, Infinova, IQinVision, JVC, Lumenera, Panasonic, Pixord, Sony, Samsung, Sanyo, Toshiba, VCS, Verint, Vivotek and more. In addition, Application Program Interfaces (APIs)

enable value-adding integration with other systems data like Point Of Sale, Automatic Teller Machines, Access Control, etc.

Milestone solutions are reliable and proven in operation at more than 25,000 customer installations globally, across a wide spectrum of industries from retail and hospitality to finance, manufacturing, education, healthcare, utilities, transportation, government, and the military. XProtect software is sold through authorized partners in 62 countries.

Since its inception, the company has put its focus on an international approach through its strong partner channel strategy where local representation brings closer understanding of each customer's needs. Strong alliances with the leading hardware manufacturers are continually evolving, with support of the latest network devices one of our highest priorities.

Entirely independent and self-funded through fast but organic growth in response to fulfilling developing needs in the security market, Milestone Systems has become a well-established business, including membership in the Security Industry Association of America and the IP User Groups in Europe and the Americas.



Industry Awards

Milestone Systems has received a number of impressive awards in recent years that prove our standing as a leader in the industry.



IMS Research finds Milestone to be number one in the world market for open platform IP video. Survey results announced in January 2007 and September 2005 by IMS Research recognize Milestone Systems as the market leading manufacturer of open platform IP video surveillance software. In these reports, which comprise three volumes on the Europe/Middle East/Africa (EMEA), IMS Research predicts continued strong development for IP-based network video. Milestone Systems was found the last two years in a row to have the number 1 ranking in the World Market for Open Platform IP Video Surveillance Software.



At the **2007 IIPSEC** show in the UK January 24 and 25, Milestone was a finalist for the Best Software Product of the year for XProtect Enterprise version 6.0 with the XProtect Smart Client version 3.0. The previous version 5.6 of XPE won the award the year before (see below).



Milestone demonstrates leadership in strategic brand development. The Frost & Sullivan Award for Brand Development Strategy Leadership is presented to the company that has demonstrated excellence in brand development within the industry. It recognizes a company's ability to best perceive consumer needs and develop marketing strategies that elevate the brand's quality, image and overall value perception. Through a combination of unique product quality, communication, distribution and packaging strategies, Milestone Systems has demonstrated superior market growth skills.



Milestone XProtect Enterprise wins IP in Security Innovation Award 2006. Votes from the IP UserGroup's thousands of members chose XProtect Enterprise 'the product which has stood out from the crowd in the past year'. In addition, the new Milestone XProtect Smart Client based on .Net technology was a finalist for the IP Security Awards 2006 Best Software Product.



Deloitte Technology Fast 500. Milestone Systems A/S has been chosen four years in a row for having achieved impressive growth rates. This annual ranking reveals the leaders of the European technology industry chosen from 21 countries in Europe, the Middle East and Africa.



Gazelle Company and Computerworld Top 100.

Computerworld magazine in Denmark has listed Milestone in its Top 100 most successful companies of the year several times. The leading financial magazine of Denmark, Dagbladet Børsen, together with Dun & Bradstreet, has twice named Milestone Systems as one of the fastest-growing companies in the country.



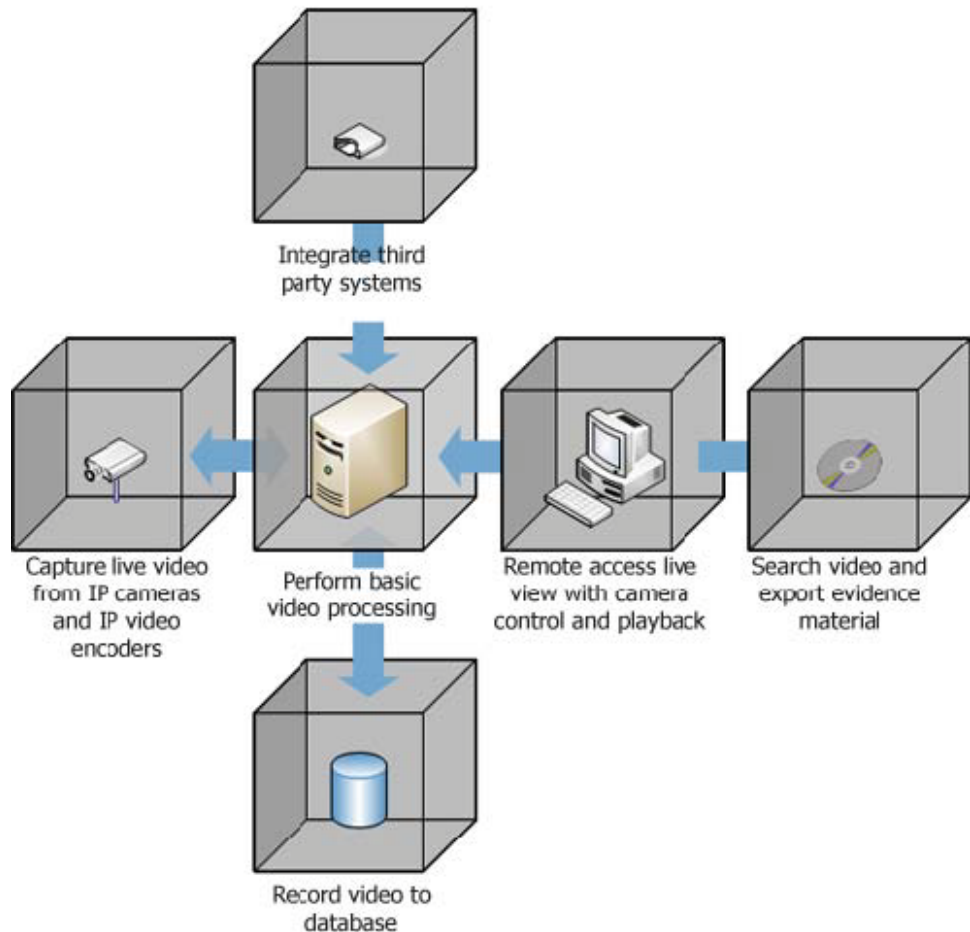
Ernst & Young Entrepreneur of the Year.

Milestone Systems A/S was chosen as a finalist for the Ernst & Young Entrepreneur Of The Year 2004 in Copenhagen, Denmark. Recognized globally, the award honors the most outstanding entrepreneurs who inspire others with their vision, leadership, and achievement.

IP Video Surveillance

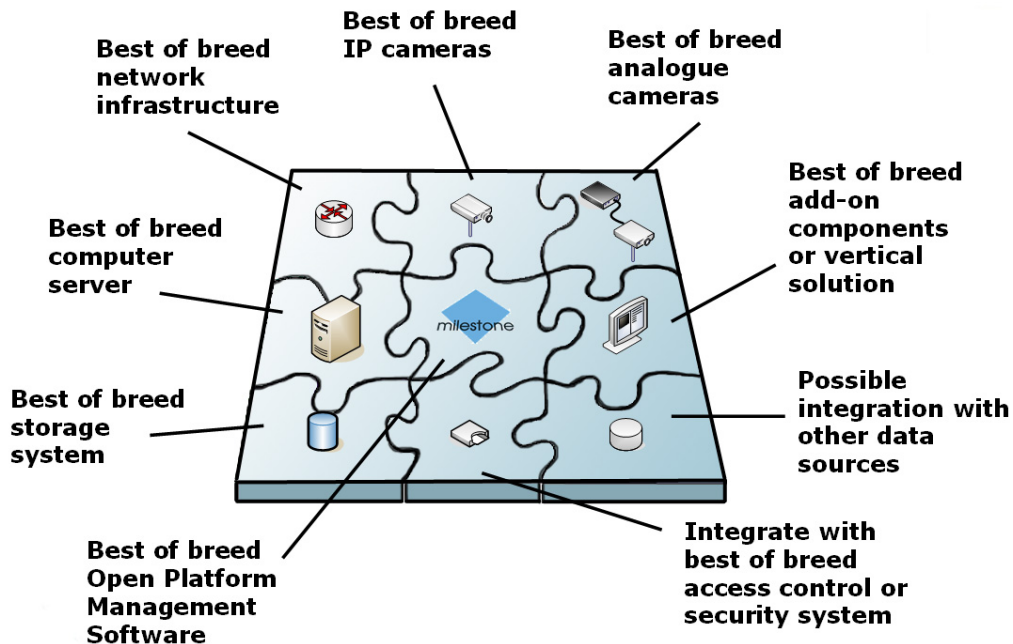
All of Milestone's software products for controlling video surveillance hardware are based on the TCP/IP network protocol, which enables you to build your own video surveillance system using standard video and computer hardware. This reduces maintenance costs, eases the amount of work for you, and protects your business environment. Milestone software supplies the basis for highly efficient operations of video monitoring and analysis, also opening up a wide spectrum of opportunities for integrating with other business applications in a company's IT environment.

On old VCR systems (analog), surveillance staff would have to change tapes frequently, and over time, the VCR heads got dirty and distorted the images. Digital search and retrieval functions are much faster with just a click of the mouse. The images are clearer, too, making it easier to review the recordings. You can still benefit from the advantages of Milestone XProtect solutions if you have a traditional analog video surveillance system, however. Our digital IP products also operate with most analog video setups.



The Milestone XProtect™ Open Platform

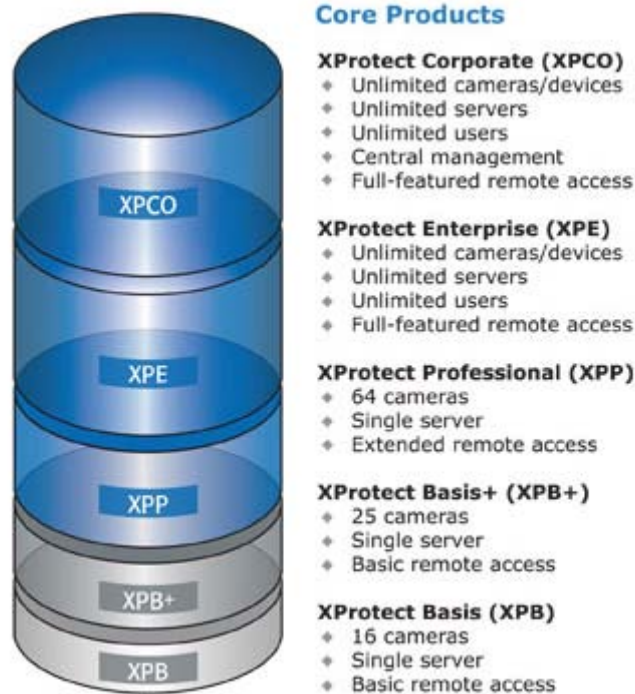
The XProtect open platform allows integration of IP video surveillance with other applications like POS and ATM systems.



IP Video is truly revolutionizing the surveillance world of today, especially when you leverage it further with integrated solutions based on standard IT products. A key technological advantage in this migration to IP resides in the utilization of open architecture for value-adding interoperability between systems. As the IT and Security industries continue to converge, the open platform approach serves as a multiplier in providing real world benefits. It functions as the crucial enabler and differentiator towards advanced video asset management, improved cost & convenience of system maintenance, and true interoperability with other systems and devices that all give greater efficiency and effectiveness in your operations.

Open platform IP video can free your business from the limitations of proprietary technology, empowering with greater flexibility and multiple benefits. One of the major benefits is the ability to create integrated solutions with open platform software, which gives Milestone the core role in this movement. We demonstrate this progression both with our own integrated solution offerings and through important partnership collaborations and programs.

XProtect™ Core Products



The Milestone Systems product line fulfills one core mission: to provide the best software for digital managing and processing of video image surveillance in network server-based installations.

Milestone XProtect is the best open platform IP video management system you can get. It acts as the core of your surveillance system, connecting all the hardware of your choice for an optimal, integrated solution. The software is offered in tiers as packaged solutions scaled to different business needs in the marketplace: XProtect Basis, XProtect Basis+, XProtect Professional with 4-channel Remote Client, XProtect Enterprise with the XProtect Smart Client, 16-channel XProtect Remote Client, XProtect PDA Client, and XProtect Matrix plug-in, and XProtect Corporate with the XProtect Smart Client.

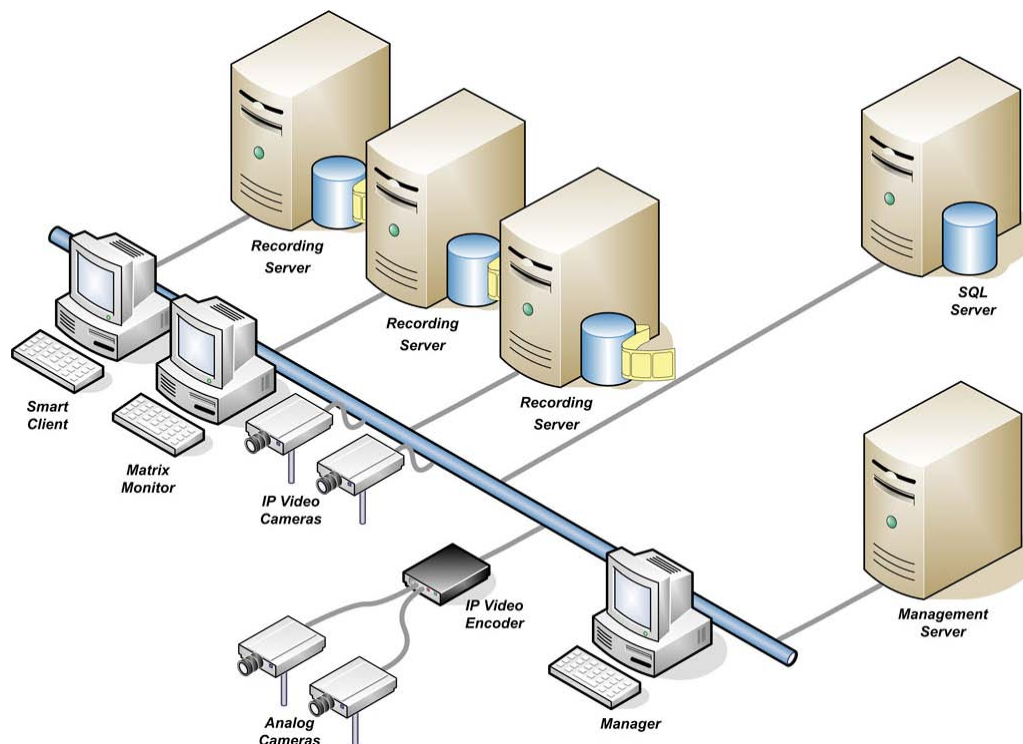
Milestone partners can install XProtect software in your choice of six languages: Danish, English, French, German, Italian, Japanese or Spanish.

XProtect™ Corporate Overview



XProtect Corporate is an IP Video Management system designed for large enterprises and alarm centers. Featuring a distributed server architecture, innovative centralized management and support for a wide range of IP cameras, it scales to fit any type of video surveillance installation.

Based on Milestone's well-proven and leading technology, XProtect Corporate provides a high performance IP video surveillance system for mission critical applications that is very easy to use and operate.



XProtect Corporate supports:

- Unlimited cameras and devices
- Unlimited users
- Unlimited servers

XProtect Corporate lifts user-friendliness to new levels. Via intuitive interfaces and wizards, you can significantly simplify the configuration and management of large and complex video installations. The powerful Smart Client allows you to control all daily operations from a single interface. Cameras, devices and users can be managed in groups, cutting away many time-consuming repetitive tasks.

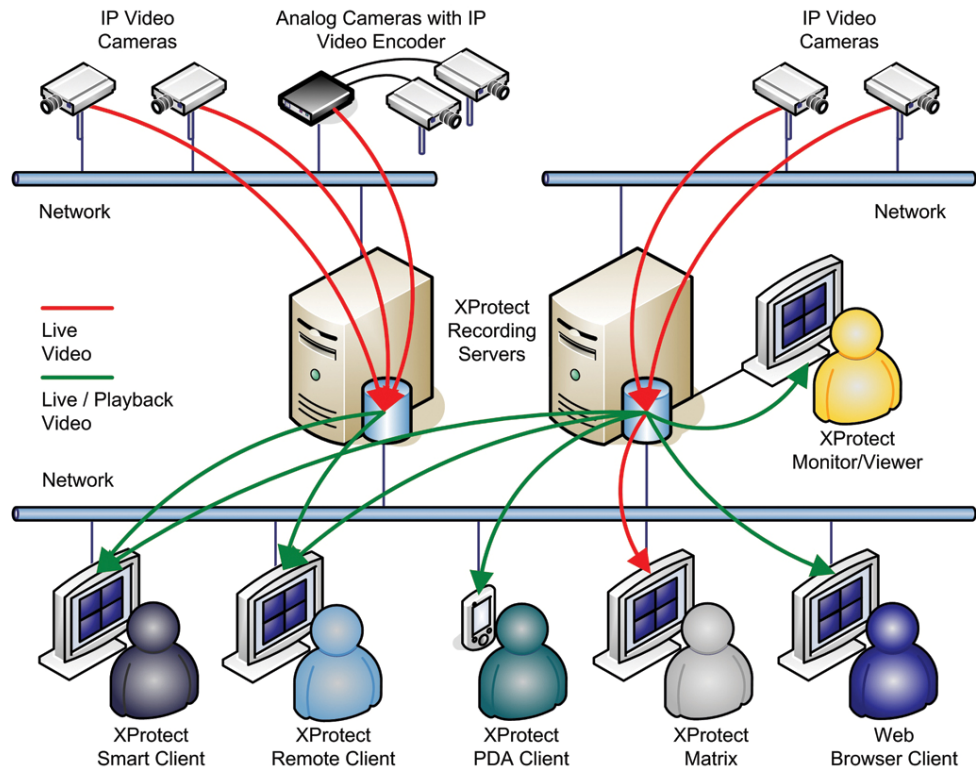
The open architecture enables seamless integration with third-party security systems, such as access control, fire alarms, point-of-sale systems - and many more.

XProtect™ Enterprise Overview



XProtect Enterprise is the right product for larger installations or multiple sites that need robust surveillance software with the full functionality of advanced management, flexible scheduling, fast searching, analysis, and integration with other systems. Controlling unlimited numbers of cameras, multiple servers and multiple sites, XProtect Enterprise interfaces with the widest choice of

network video and computer hardware equipment – easy to install and easily scalable for future expansions.



Please note that XProtect Enterprise can be purchased with flexible multi-site licenses, for any number of cameras. XProtect Enterprise is also sold with a PMA (Product Maintenance Agreement).

XProtect™ Professional



XProtect Professional is the advanced version of Milestone video surveillance software that is the perfect choice for installations of 1-64 cameras. It is a value-priced, high performance solution, well suited to the high-end SMB and entrepreneurial business market.

XProtect Professional provides a state-of-the-art IP video surveillance system. The software supports the widest choice of network cameras and video servers, with the equipment connected directly to an office LAN or other TCP/IP network, such as the Internet. Digital recording is saved directly onto the hard drive(s) of the PC. For an excellent solution to advanced surveillance needs, XProtect Professional is the right product at the right price.

XProtect™ Basis+



XProtect Basis+ is an expanded version of Milestone video surveillance software that is the perfect choice for installations of 1-25 cameras. It is an attractively priced, robust performance solution, well suited to the SMB (Small to Medium sized Business) market.

XProtect Basis+ will turn a Windows PC into a state-of-the-art digital video surveillance system. The software supports the widest choice of network cameras and video servers, with the equipment connecting directly to an office LAN or other TCP/IP network, such as the Internet. Digital recording is saved directly onto the hard drive(s) of the PC. For an excellent solution to expanded surveillance needs, XProtect Basis+ is the right product at the right price.

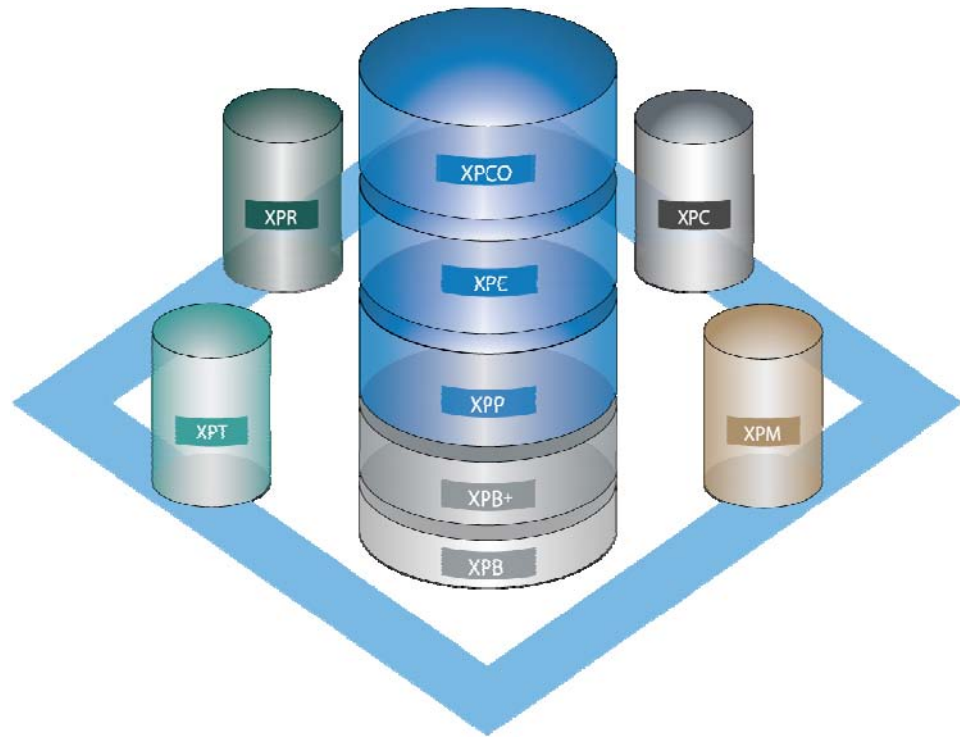
XProtect™ Basis



XProtect Basis is the essential version of Milestone video surveillance software that is the perfect choice for more modest installations of 1-16 cameras. It is a low-priced, solid performance solution, well suited to the SOHO (Small Office/HOMe) market.

XProtect Basis will turn a Windows PC into a state-of-the-art digital video surveillance system. The software supports the widest choice of network cameras and video servers, for the equipment to connect directly to an office LAN or other TCP/IP network, such as the Internet. Digital recording is saved directly onto the hard drive(s) of the PC. For an excellent solution to simpler surveillance needs, XProtect Basis is the right product at the right price.

XProtect™ Product Modules



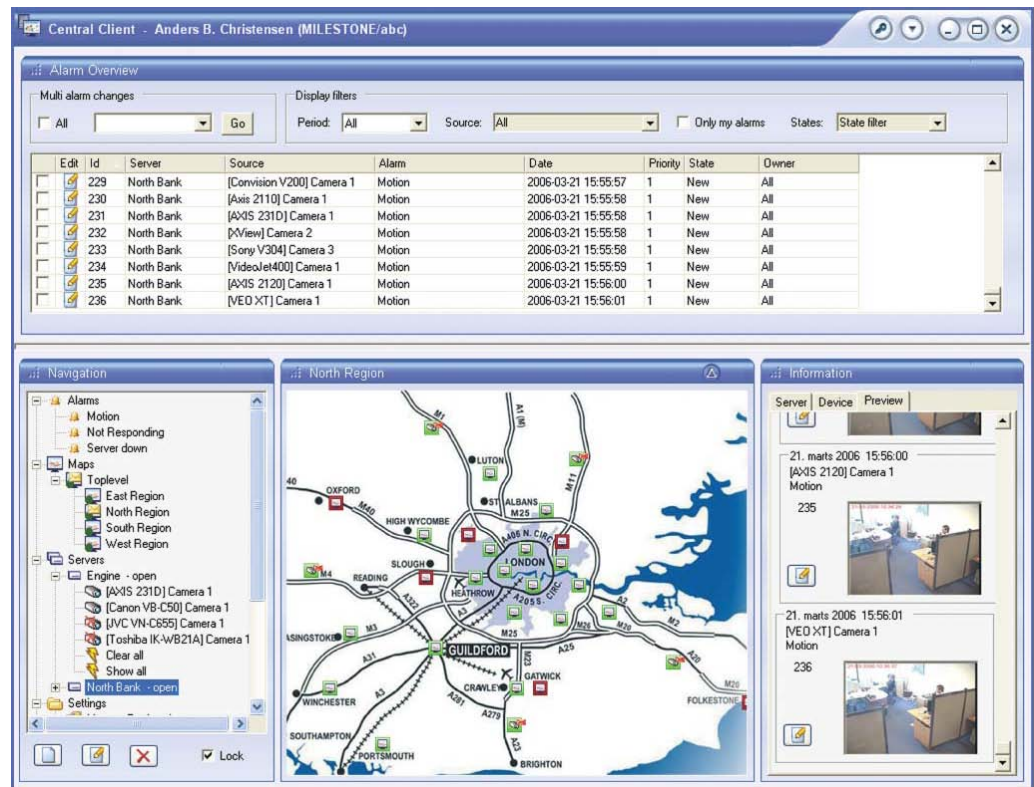
XProtect product modules include XProtect Transact for integration of video images with POS or ATM transactions, XProtect Matrix for distribution of live video streams from any camera to any monitor on the network, XProtect Central for centralized video alarm control of multiple locations, and XProtect Retail for centrally managed shrinkage and fraud reduction with POS time-linked video evidence.

XProtect™ Central



The XProtect Central solution offers you central scalability of monitoring any number of XProtect Enterprise and XProtect Corporate installations.

With the increased security demands in today's world, video surveillance can be a mission-critical operation that requires maximum up-time and total overview. Networked video systems include a variety of servers and devices that must be running properly in order to play their part in the overall security implementation, and the video paths from each camera across the infrastructure to the recording server contain numerous 'points of failure': if any of the devices fail to record or display the video, the outcome for the organization could be devastating.



XProtect Central can help prevent this. It provides continuous monitoring of the operational status and event-triggered alarms from XProtect Enterprise and XProtect Corporate servers, video surveillance cameras and external devices like access control units from different vendors. This powerful solution gives security operators instant graphical overview of alarms and notification on technical problems with immediate visual verification so you can resolve issues fast.

XProtect™ Matrix

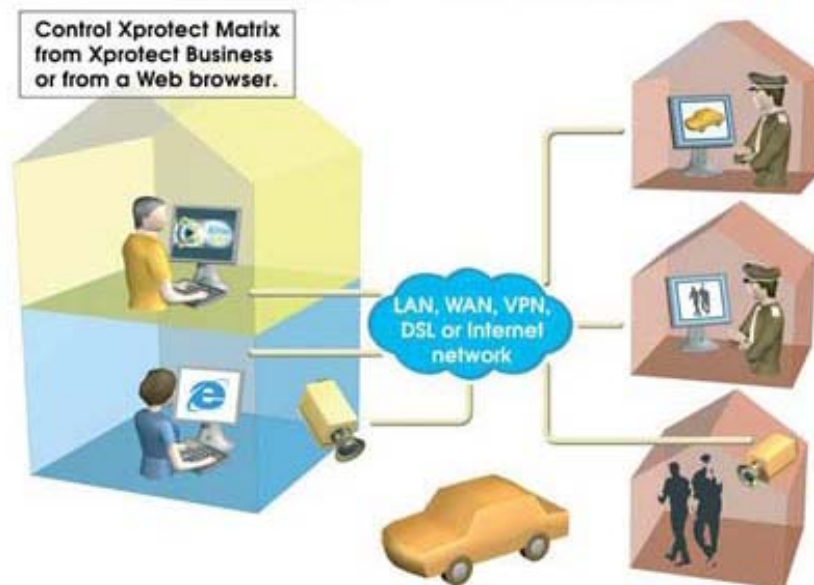


XProtect Matrix is a simple yet powerful tool for network monitoring of your security environment by multiple users. System operators can ensure that the display of live video from any surveillance camera is shown on any PC monitor on the network - instant transmission - without the need for costly hardware video matrix switches. One operator can also have multiple views of live video while recording.

XProtect Matrix can be installed on any machine in your organization or anywhere on the IP network, for automatic or manual (forced) distribution of live video to PCs where Matrix is installed. The display of a camera at a given computer can be remote-controlled from another computer in two ways: either from within XProtect Professional, XProtect Enterprise or XProtect Corporate, or from a web page that shows, for instance, a geographical map of your company's locations.

From XProtect Professional, Enterprise or Corporate you can set Matrix to display camera views triggered by events or motion: multiple events can control a single monitor and single events can control multiple monitors – your choice!

Xprotect® Matrix
Instant transmission of live video streams to any network monitor!
Send commands to Xprotect Matrix on other PCs to connect to chosen cameras.



An operator can view any camera on the network live on his computer screen. Users can be operating their computers as usual, but when a command is sent to display an event recorded by a camera, live video is shown immediately on the user's screen. The video window appears on top of any application the user may have open, in full-screen mode or in a re-sizeable window, single or quad camera views, with Replace or cyclical Shift modes of presenting new images. Operators can then monitor any number of cameras and be constantly aware of what is happening as an event progresses.

XProtect™ Transact



Integrate network video surveillance recordings with POS or ATM transactions.

Retail industry surveys repeatedly show that inventory shrinkage is caused by both employees and customers, with a smaller amount due to administrative errors.

By managing the problems of fraud and theft head-on, the number one cause of financial loss in retail businesses can be reduced significantly. Suspicious transactions often are not innocent human error, but a systematic skimming of your inventory, cash and profits. Retailers and banks no longer have to search separately in transaction systems and video to find evidence of fraud.

XProtect Transact from Milestone takes full advantage of the surveillance functionality of XProtect Basis+, XProtect Professional,



XProtect Enterprise, and XProtect Corporate – the best IP video management software available today. Together, you get a total solution to manage your digital video monitoring for protection against theft, integrated with transactions for clear evidence of fraud. The video

surveillance handles shoplifting, vandalism, and robberies while XProtect Transact combines it with transaction data to investigate fraud.

XProtect Transact speeds investigations to determine fraud by integrating video surveillance images with Point Of Sale or Automatic Teller Machine transaction data: 1-to-1 correspondence of images to transactions. Simultaneous displays of receipt details with high quality video recordings of the events in action visually verify what really happened. Whether the problem is internal or external perpetrators, you can quickly search and view the data from your transaction system linked with video evidence to determine the cause of exceptions. Stored in a local or central database, it is easy to find suspicious transactions with just a click of the mouse.

XProtect™ Retail



This is a customized software solution that offers you full integration between Point of Sale (POS), product, and employee systems with XProtect IP video.

XProtect Retail provides you with a 100% digital surveillance system that gives you full video documentation on selected transaction IDs, item numbers, terminal numbers, and employees in any combination you wish.

Whether your specific challenge is shrinkage, fraud, clerical errors, shoplifting, or you simply want to protect the innocent, your tailor-made XProtect Retail solution will point out the source of your problems and help you protect your business, your customers, and your employees.

The Milestone Team

If you have questions or just need some help, please call one of the Milestone team members.



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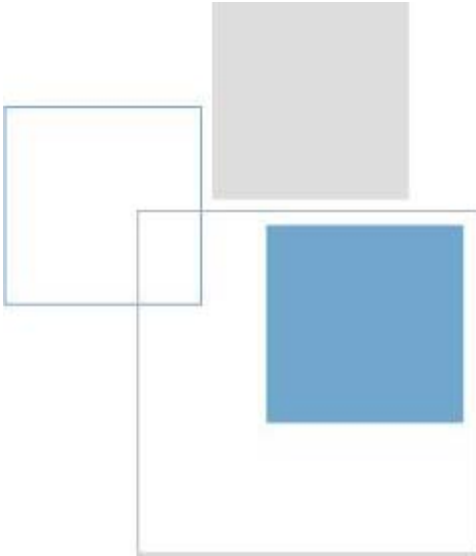
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Milestone Systems is the industry leader in developing true open platform IP video management software. The XProtect™ platform gives users a powerful surveillance solution that is easy to manage, reliable and proven in more than 50,000 customer installations worldwide.

With support for the industry's widest choice in network hardware and integration with other systems, XProtect provides best-of-breed solutions to "video enable" organizations – reducing costs, optimizing processes, and protecting assets.

Milestone software is sold through authorized partners in over 90 countries.

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