

September 28, 2012

## Dear Fellow Shareholders,

---

Fiscal year 2012 presented both opportunities and challenges for Concurrent as we were impacted by a slowdown in capital expenditures by some of our top customers. Despite a challenging environment, we made solid progress in the year by bringing innovative next-generation software solutions to market and adding new customers. Our financial position and balance sheet remain strong, and we achieved profitability in the last two quarters of the fiscal year. We ended the year with cash of approximately \$29.6 million and no debt.

We made important strides to strengthen our operating model by implementing a broad range of process improvements and organizational changes. These measures were implemented throughout the fiscal year, but primarily in the second half, resulting in an annualized savings of \$6 million. We streamlined our video product development and new product introduction process to improve our time to market. We integrated our media data and video solutions product lines in order to improve operating efficiencies, achieve tighter alignment of technology roadmaps, and strengthen our sales coverage. Additionally, we rebranded media data and advertising solutions to media data intelligence, or MDI, to better reflect our product offering focus. We re-architected the video products and services organization, added new global sales leadership, and deepened the technical expertise in our customer facing organizations.

Concurrent accomplished a number of important technology and customer milestones in fiscal year 2012, notably:

- We enhanced our flagship product, MediaHawk VX™, providing a streamlined software solution that unifies traditional set-top box delivery with next generation IP set-tops and other consumer devices, including the latest mobile handsets. This unique capability benefits both existing and new customers by enabling the latest IP video architectures to be introduced without stranding existing capital investment. With our MediaHawk VX technology, customers can support video delivery to any device from a common software platform, and meet consumer's demand to view content anywhere, anytime.
- We launched eFactor™, a new product suite that enables content delivery network (CDN) operators to use a single source video asset to serve to a broad range of IP connected devices. eFactor dynamically adapts source content during the video streaming process to meet the specific format and digital rights protection requirements of the requesting consumer device. This new software suite can operate within an operators existing CDN and has also been integrated into our own MediaHawk VX content delivery platform.
- We expanded our presence in Europe with Kabel Deutschland, Germany's largest cable provider with over 8.7 million subscribers. Our selection by Kabel Deutschland represents a validation of our multi-screen and unified software video delivery strategy. We also signed a contract with and delivered our MediaHawk VX solutions to Vectra, one of the largest operators in Poland. Vectra plans to launch the system to TV subscribers and anticipates using the same platform to support multi-screen services in the future.
- We deployed our media data intelligence products with Rogers Communications, a leading Canadian cable services provider and the country's largest wireless voice and data communications services provider. This implementation enables Rogers to monitor and analyze the performance of both traditional TV and IP video services, providing them a more comprehensive view of the customer experience on every screen.

- Internap, a global CDN service provider, deployed our eFactor software as the foundation of their worldwide mobile video service offering. In addition, our eFactor product was selected by a mobile operator in Southeast Asia, which represents our first mobile service provider deployment.
- Jupiter Telecommunications, J:COM, the largest multiple system operator (MSO) in Japan, selected our MediaHawk VX unified content delivery solution to deliver multi-screen video-on-demand services to mobile devices and personal computers. The new TV Everywhere service, branded “Xvie,” allows J:COM subscribers to view “J:COM On-Demand” video programming anywhere, anytime, on a wide range of IP connected consumer electronics devices, including Apple® iPads, iPhones and Android devices. This service allows programs to be started on one screen, paused, and continued on any other screen, enabling seamless video viewing on-the-go.
- We were awarded a U.S. patent for technology that enables ads to be presented in video-on-demand and network DVR environments while consumers fast-forward and rewind the programming. This technology provides a way for operators to protect advertising revenue within network DVR architectures.
- We were selected by Lockheed Martin for a new land-based Aegis missile detection program based on our Red Hawk operating system and deployed in our ImaGen visual servers by Hyundai Rotem in Korea for the K-Series tank simulator program. Additionally, we deployed foundational software elements for a Rolls Royce jet engine simulation environment.

In summary, the important innovations and achievements in 2012 together with the structural changes we made to improve operating efficiencies are squarely centered on our goal of delivering long-term value for our shareholders. Our customer loyalty is outstanding, our product quality is exceptional, and we consistently receive high marks for our support services from our distinguished customers around the globe. I applaud our employees for their focus and dedication through the substantive changes we implemented in 2012. The progress we made wouldn't have been possible without their commitment and outstanding contributions throughout the year.

As we move forward in fiscal 2013 our objective is to continue to bring next-generation software solutions to market in order to serve and anticipate the immediate and long-term needs of our current and prospective customers. Our mission is to execute with an unwavering focus on exceeding our customer's expectations as their trusted partner.

Thank you for your continued support.

Sincerely,



Dan Mondor

President and Chief Executive Officer

