



September 15, 2010

To Our Shareholders:

We continued to execute against our long-term strategic plan and business priorities in fiscal 2010. We delivered new products to new markets and developed new channels to expand our market reach. And, despite the considerable macro-economic challenges that impacted virtually every industry including our market sector, the company's current balance sheet is the strongest in recent history. As such, the underlying strength of Concurrent has never been better.

The worldwide market for video, media data and advertising solutions is being driven by the explosive growth of new video enabled devices. We believe we have the right strategy to capitalize on this fundamental shift. In addition, our current and prospective customers are telling us we are well-aligned with their strategic focus and business priorities. In support of this strategy we have considerably strengthened our competitive position through a number of competitive wins and exciting new products which underpin our unmatched three-screen "video ecosystem."

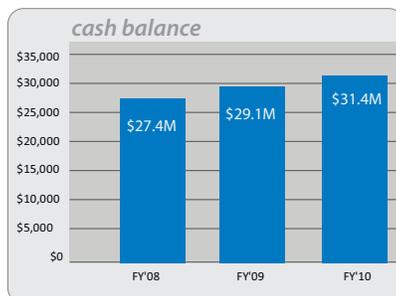
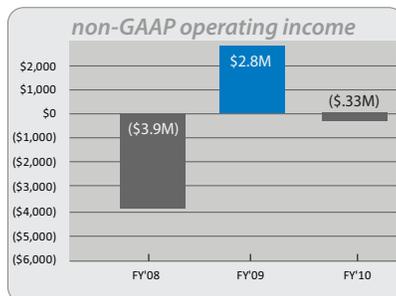
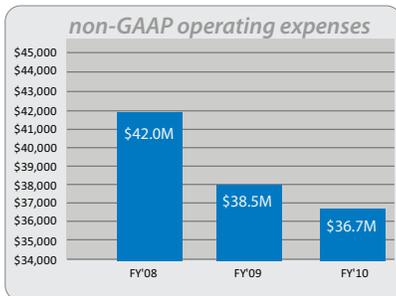
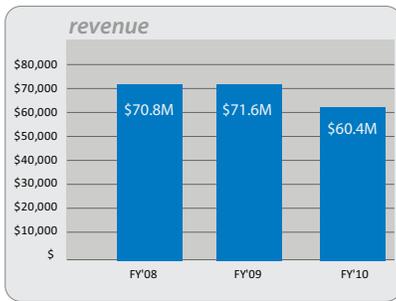
Our operating goal in fiscal 2011 is to establish a more robust and predictable revenue model for the business by diversifying our video solutions (VS) and media data and advertising solutions (MDAS) customer base, growing our managed services business and building contribution from our established customers.

I believe we are very well-positioned for long-term growth with our new three-screen video and media data and advertising solutions. In addition, I am encouraged by the expanding market awareness of Concurrent around the globe and the steady increase in customer acceptance of these solutions.

In the remainder of this letter I will highlight the following:

- > Financial Performance
- > Video and Media Data Market Trends
- > Product and Market Achievements
- > Fiscal 2011 Priorities

Financial Performance



Our market sector was significantly affected by the slow-down in service provider spending due to the economic recession and we felt the impact. After growing revenue in the past two fiscal years, our revenue was \$60.4 million in fiscal 2010 which is a 16% decrease from fiscal 2009. This was primarily due to lower spending in video-on-demand expansions by two of our North American cable MSO customers, particularly in the first half of our fiscal year. Second half fiscal 2010 revenue grew 18% over the first half, as we began to see customer activity levels improve.

Our fiscal 2010 gross margins advanced 250 basis points year-over-year to 60.2%, due to increased software content and higher margin product and services revenue mix. Operating expenses were \$36.7 million, which was approximately 5% lower than our prior fiscal year on an adjusted basis.⁽¹⁾ I should note that fiscal 2010 operating expenses were approximately 12% lower than fiscal 2008, as we continued to focus on operating efficiencies in the business in response to the economic downturn. We had an operating loss of \$328 thousand and a net loss of \$1.0 million in fiscal 2010.

The company generated approximately \$6.5 million of cash from operating activities during fiscal 2010, an increase of approximately 51% over the prior year and our cash balance was approximately \$31.4 million at the end of fiscal 2010. In addition, we paid off the \$949,000 revolving line-of-credit balance during the fourth quarter and we currently have \$10 million in availability. The current balance sheet is one of the strongest in recent history.

Deferred revenue was at a historical year-end high at \$15.4 million at the end of fiscal 2010, which is up 73% from the last fiscal year. The increase in deferred revenue is primarily attributable to the pre-payment of multi-year maintenance and managed service contracts, the latter coming from the terrific market success of MDAS during fiscal 2010.

Video and Media Data Market Trends

The past year has proven one of great growth and innovation for the video industry. As consumers continue to devour video with a nearly insatiable appetite, the industry is simultaneously pumping out new video-capable devices, applications and services. New technologies, such as the iPad and Over-the-Top (OTT) video are fueling adoption across the “second” and “third” screens and are raising the bar for the consumer experience.

The glamour of the iPad and iPhone has captured the imaginations of consumers, but viewers still like their TVs as well. So how does this impact the video market? First, operators and content providers cannot afford to ignore the traditional video platform—the TV. But, they must evolve their services and content to reflect

(1) In the third quarter of fiscal 2009, the company recorded goodwill and trademark impairments totaling \$17.1 million and a \$0.4 million tax benefit. A reconciliation of the Non-GAAP and GAAP results can be found on our website at www.ccur.com.

Households with smartphones increased 38% year-over-year to nearly 25% of households.

Nielsen Three Screen Report, Vol. 8, 1st Quarter 2010.

In May 2010, YouTube passed 2 billion views per day with over 24 hours of video upload every minute. Google.

the transforming tastes of the consumer. Offering the programming that consumers want, when they want it, and supplementing this content with relevant, interactive advertisements will increase the value of the viewing experience for both the consumer and the stakeholders delivering, developing and supporting the content.

Second, new video platforms, including mobile and internet video, must provide the quality of delivery and content that consumers demand. The user experience with high-definition TV has set the bar high for a superior picture and smooth distribution. And, today's consumer will not remain loyal to one device or service if another promises a superior user experience with better viewing quality and ease of use.

Finally, traditional audience measurement is still skimming the surface in terms of understanding consumer viewing habits and behaviors. With the opportunity to stream content across multiple platforms, it is no longer sufficient to rely on a smattering of data from each screen. The industry is starting to demand a census-level view of what, when and how the consumer is watching content. The opportunity exists to use this multi-screen data to intelligently shape content, marketing and advertising strategies to enhance the value of the video delivered.

Product and Market Achievements

Fiscal 2010 marked a number of important milestones in our VS and MDAS initiatives, including the following:

- > We surpassed the important milestone of 2 million total video streams shipped during the year.
- > We completed the replacement of a competitor in a large, North American MSO, which became the fourth major operator around the world that is 100% Concurrent for video delivery software.
- > We successfully deployed our new cross-services media data management solution across Charter Communications' subscriber base, which is one element of the multi-year agreement announced in March 2010. This first-of-a-kind initiative with Charter underlines the importance of anonymous, census-level data collection for service providers to monetize their video assets.
- > We continued transformation of our media data solutions to a managed services business model with a total of five customer agreements.
- > We continued to expand our video delivery customer base with two new customers in South America and by successfully completing OTT market trials for two major European service providers.
- > We released linear and interactive data management solutions which provide unparalleled, census-level video consumption information for monetization by service providers.

Americans watching mobile video increased 51% year-over-year to over 20 million.

Nielsen Three Screen Report, Vol. 8, 1st Quarter 2010.

12% of internet time in the U.S. is spent watching video.

Nielsen NetView, June 2010.

- > We released the 6th generation of our Emmy® award winning MediaHawk (MediaHawk VX) unified multi-screen delivery platform. This software platform increases capacity and enables new delivery formats in support of PCs, Apple's iPad and iPhone, Android handsets, Microsoft PDAs, and Blackberry devices. The MediaHawk VX solution was ranked #1 overall by independent analyst firm CurrentAnalysis in their On Demand Video Server category.
- > In September 2009 we announced the appointment of a new executive for the Asia-Pacific region and in March 2010 we announced the signing of an integration and reseller partnership agreement with Potevio, a large state-owned enterprise headquartered in Beijing.
- > We announced our first European managed services MDAS deployment with ZON TV Cabo in Portugal for monitoring video usage, census-level media data management and operational analytics.

Our Real-Time business also achieved important milestones in fiscal 2010:

- > We enhanced our RedHawk Server/Embedded, SIMulation Workbench, and ImaGen products, winning new business with all three.
- > We continued to provide products and services for major programs including the Atlas launch control system, the Supporting Arms Virtual Trainer (SAVT), Rolls-Royce's jet engine control test stand, nuclear power plant control and monitoring for Corenet in South Korea, and the Ares hardware-in-the-loop test stand.
- > We enhanced the real-time interface to CUDA in RedHawk and have won new business in this exciting new market. Our systems bring out the full power of the CPUs while our NightStar tools track the performance of the CUDA program.
- > We added new partners to help us expand the reach of our SIMulation Workbench software for aerospace and automotive applications. Using SIMulation Workbench as our core product, we continue to leverage our ability to deliver complex, customer-specific applications for the military, aerospace, automotive, and industrial markets.

Globally, 70% of online consumers watched video over the Internet in March, 2010.

Nielsen, How People Watch: A Global Nielsen Report, August 2010.

Fiscal 2011 Strategic Priorities

Over the last year, we have successfully developed and introduced a number of new three-screen video and media data solutions to the market. As we continue to execute on the opportunities before us, we must remain diligent in focusing on our strategic priorities which include:

- > leveraging our years of success in delivering innovative video solutions to the television market by providing commercial-grade video delivery to other screens,
- > developing new channels to market to better address current markets and penetrate new market segments,
- > continuing to provide leading-edge Real-Time products and services to our well-established global Fortune 500 customers,
- > communicating Concurrent's capabilities, achievements and vision to everyone that the company touches, and
- > continued diligence in maximizing operating efficiencies within the business.

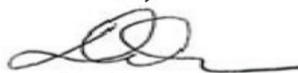
Conclusion

In the past fiscal year we significantly advanced our competitive position by bringing innovative new products and solutions to market and, I believe, we are well-positioned for long-term growth. I am very encouraged by the expanding market awareness of Concurrent and the steady increase in customer acceptance of our solutions. Everyone at Concurrent worked hard to build, sell, deliver, and support our solutions and I sincerely appreciate their dedication.

I am pleased with our progress to date and we will continue to execute against our strategic business objectives to establish a more robust and predictable revenue model for the business. We will continue to effectively manage the business in the short-term and we have the financial flexibility to think and act for the long-term. I believe we have the right strategy to capitalize on the fundamental shift occurring in the markets we are addressing. Most importantly, I want to thank our current and prospective customers who are embracing our vision and strategy.

Thank you for your continued investment in Concurrent and I look forward to a successful 2011.

Sincerely,



Dan Mondor
President and Chief Executive Officer
Concurrent