Letter to Shareholders:

Due to the expense of maintaining our public status, and the minimal size of ViewCast in terms of market value and revenue, the Board and management of our Company determined a couple years ago that it was wisest to take ViewCast "dark." What this means is that we received approval from the Exchanges to not meet the reporting and public notification requirements of a listed, publicly traded company. This saves us nearly half-a-million dollars a year in legal, accounting and public relations expenses, but it does make the trading of our stock more challenging. As some of our owners have become aware, there are some brokerage firms that will not hold or store the stock for such companies in their clients' accounts. However, your stock can still be bought or sold via the "pink sheets" online through many brokers, and there has been sporadic trading activity of ViewCast stock over the past couple years.

Living and managing by the Golden Rule requires your management to treat you, as owners, the way we would want to be treated; and any owner should want access to information related to the state of her/his Company. The most efficient and economical way for us to fulfill this is to post this information on the website in the "investor relations" section of our www.viewcast.com. In our current circumstances of minimal financial and business activity, we will post this information on the last Friday of July and of January each year.

Now, I would like to provide you the historical background that has led us to our present circumstances. While it appeared from the Company's sales at the end of 2012 that we were heading down a path of growth, we were overly-optimistic in stocking the channel with inventory for continued growth, and combined with the Federal gridlock at the time, which eliminated our sales to this significant sector, resulted in an instant evaporation of sales that persisted throughout 2013. In the summer of 2013, ViewCast engaged with investment bankers and had discussions with a broad range of potential merger/acquisition candidates, but we obtained only a single potential indication of interest of acquisition of the assets of ViewCast for less than $1.5M, which was far below what management believed was the intrinsic value of your Company. Unfortunately, our sales were continuing to decline and our fixed operating expenses were much greater than we could afford to continue operating.

I stepped in as President in the Fall of 2013, as the Company found itself in dire financial straits with over $2.5M in unsecured trade payables and even greater long-term contractual obligations, nearly $7M in secured debt, increasing payables, the inability to procure critical inventory and continued, radically declining revenue. Being on the brink of insolvency, ViewCast negotiated, and in the Spring of 2014 finalized, the sale of substantially all of its operating assets in Osprey to VarioSystems, a world-leading electronic contract manufacturer, for an initial cash payment and a five-year royalty. Concurrently, Viewcast negotiated the sale of substantially all of its operating assets in Niagra Streaming to Valdor Technology International, a Canadian-based, publicly traded communications technology enterprise, for an initial cash payment and a five-year royalty as well. Valdor since has had a change of course of its business focus, and thus they sold those assets in early 2016, and we were able to negotiate an extension of the royalty related to the Niagra assets with the new owners.

Though we are bound by the terms of those Agreements to keep details confidential, Viewcast obtained more than what it was told by investment bankers in the summer of 2013 that they would be able to obtain on our behalf; and with the proceeds received, ViewCast negotiated significantly reduced payments and full settlement with every single one of our unsecured creditors enabling the Company to steer clear of involuntary bankruptcy. Additionally, the Company has reduced its secured debt obligations to $5 million. We greatly appreciate the cooperation and patience of our vendors and lenders which enabled us to maximize the return we could provide each of them, while keeping the Company alive for the benefit of you, the Shareholders.

In addition to expressing my gratitude to our partner-vendors in helping us get through this nearly fatal season, I need to express my sincere admiration for the employees of ViewCast throughout this tumultuous period. Faced with the potential closure of the business and the very real possibility of showing up to the office on any given day to find the doors locked, along with overcoming the numerous corporate and individual stresses that existed throughout this season, these women and men were resolute to “do the right thing,” even knowing that that “right thing” would cost them their job. Words cannot express my gratitude for each of them, and I am honored to have worked shoulder-to-shoulder with people of not only skill and ability, but such integrity. By negotiating the sale of our two business enterprises, many of our valued people are continuing to grow and expand the business lines of Osprey and Niagra Streaming, and bearing fruit for you by way of the Royalty streams we receive every quarter. While the Company has sold substantially all of of its operating assets, we have been receiving an increasing Royalty income enabling us to pay down liabilities and hopefully building up our financial coffers.

Perhaps the most valuable asset, from the perspective of shareholders, that the Company has been able to retain is an over $70 million tax-loss carry-forward, and now a much cleaner publicly-traded corporate shell. ViewCast is now in a position to seek investment and/or business activity to build shareholder value and take advantage of this substantial tax-loss carry-forward. Alternatively, the shell with its tax-loss carry-forwards is an attractive vehicle for existing private companies (especially in our particular industry) to acquire or merge with so they may benefit from being part of a publicly traded entity.

Selling substantially all of the operating assets of ViewCast, especially those related to Osprey, was a heart-wrenching decision; however, it was the best viable alternative to protect shareholder value. I am happy to report that taking the path we chose has resulted in escaping the virtual inevitability of involuntary bankruptcy that existed a few years ago. This course allowed us to not only settle our financial and legal obligations and stay out of bankruptcy, which would have resulted in a much worse outcome for our vendors and would have been an absolute loss for all shareholders, but allowed us to maximize the value of Viewcast to its customers, employees, vendor-partners, and you the shareholder. And though we did not retain the operating assets, we are experiencing greater net operating income than in any other period of our history to date. The major challenge before us is no longer, “how do we pay our rent, salaries, and overdue bills and stay out of bankruptcy?” but rather “how can we grow our existing intrinsic shareholder value?” Your Company is in the healthiest state it has been in since its inception, and I look forward to serving you in building its future value.

Our general financials are posted now in the “investor relations” section of our website viewcast.com , and if you have any questions related to your Company, do not hesitate to email us view the website.

Sincerely,

Lance E.L. Ouellette
President
ViewCast