



TELESTREAM

NEWS RELEASE
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Telestream Acquires Live Production and Streaming Specialist Vara Software

*Award-winning, real-time video production products position Telestream for
explosive growth in Internet-based content delivery*

Nevada City, Calif., August 27, 2008 – Telestream, the provider of Flip4mac, Episode and FlipFactory content repurposing and workflow automation products, today announced that it has completed the acquisition of European-based Vara Software Ltd., a privately-held company. The acquisition adds the products, technologies and employees of Vara Software to those of Telestream, Inc., a privately-held US-based company. Vara Software brings successful, award-winning live production and streaming products to the Telestream product family. The acquisition expands Telestream's reach beyond encoding-based media workflow solutions for leading broadcast, media and entertainment companies to include powerful tools for real-time creation and distribution of video content over the Web for a broad range of businesses.

Vara Software provides real-time production tools, including webcasting, screencasting and rich media presentation products for entertainment, corporate communications, education and training. Webcasting allows companies to reach large, dispersed audiences by distributing content over the Internet, either live or on demand. Screencasting combines screen captures, video recordings and audio narration to provide cost-effective software training and sharing of computer desktop activity over the Internet.

"Vara Software is a highly-regarded, award-winning company that has been recognized by industry leaders such as Apple, Inc.," said Dan Castles, CEO of Telestream. "The ability to quickly capture live events, create and distribute content for Internet-based content delivery is experiencing explosive growth. We believe the live element is going to be even more important going forward. While Vara Software products currently target individual users and departments within larger organizations, the technology is well suited to easily migrate to enterprise-level solutions."

The acquisition moves Telestream into the real-time production end of the digital media supply chain. Vara Software products are an ideal fit for the millions of Telestream Flip4Mac Windows Media component and Episode desktop encoder users who might benefit from these powerful yet easy-to-use video production tools. Telestream is well positioned to leverage this innovation for its higher-end enterprise-level applications. The company also plans to leverage its existing technologies to add greater value to Vara Software products.

According to Frost and Sullivan's "World Internet Media Streaming Platforms Market" study (2007), the worldwide broadband subscriber base has increased to nearly a third of a billion and is forecast to grow to well over half a billion in 2012.

"The growth of high-speed Internet connections around the world, including in small and home offices, makes it easier to access high-quality video and audio content live or on demand," said Mukul Krishna, Global Director for Digital Media at Frost and Sullivan. "This has led to accelerated use of streaming media applications such as webcasting and screencasting. We predict that increased broadband penetration will continue to be a key driver for these applications."

Vara Software adds 3 new products to Telestream's portfolio

Wirecast (\$449-\$548) is an advanced live webcasting application for Mac or Windows that combines multiple video cameras, movies, desktop output, audio tracks, images and titles to make striking webcasts that can be streamed live or archived for later broadcast. Live Earth, which delivered on-demand footage to more than 10 million simultaneous viewers on MSN.com in July 2007, was powered by Wirecast.

ScreenFlow (\$99) is a professional screencasting application for Mac users that simultaneously captures desktop screens, video camera, microphone and computer audio elements, and then allows users to add and edit recordings and publish finished videos to websites or weblogs. Screenflow is the recipient of two Apple Design Awards. This innovative product will bring thousands of new customers per month to the Telestream family.

Videocue (\$89) is a toolkit that allows Mac users to write and record speeches that include video capture of the presenter, on-screen viewing of the script, plus the ability to add movies, images and titles for rich media presentations. This enables users to quickly and easily pre-record presentations for publishing to websites.

Vara Software products are available for immediate purchase at www.flip4mac.com. Wirecast is also available through Teletream's worldwide desktop resale network. Telestream will officially introduce Vara Software offerings at the International Association of Broadcasters Convention (IBC) in Amsterdam, September 12-16 in Stand 7.C19. More information about Telestream is available at www.telestream.net.

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About Telestream (www.telestream.net & www.flip4mac.com)

Telestream products make it possible to get video content to any audience regardless of how it is created, distributed or viewed. Throughout the entire digital media lifecycle, from capture to viewing, for consumers through high-end professionals, Telestream products range from components and encoding applications to fully-automated workflow systems. Telestream enables users in a broad range of business environments to leverage the value of their video content. Telestream corporate headquarters are located in Nevada City, California and its team of video experts are located in France, Germany, Sweden, UK and US. The company is privately held.

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