



The Disc Drive

THE CEO'S CORNER

JAMES CLARK: CHAIRMAN & CEO



About Us

Digital Info Security Co, Inc. (DISC) provides customers with hosted E-mail archiving, E-mail surveillance, Encryption, Spam filtering/virus protection, Instant Messaging archival, Remote PC backup/file sharing, Blackberry hosting and Web Site Hosting.

Our new facility in Westminster, Colorado, features a state-of-the-art data center built in 2001. The data center has the capability to handle 100Mbps of incoming data, burstable to 1Gbps and can grow with our expanding customer needs. The facility is secured with an onsite backup generator, battery backup, and access to multiple fiber lines that provide redundant data transmissions, and power sources. The facility offers over 9,000 square feet of office space and a data center that is equipped for over 65 equipment racks. DISC is now in the process of building out and leasing cabinets. Look to DISC for your Colocation needs.

Call DISC at 866-841-5970, option 3 for more information.

I hope you will enjoy reading our first newsletter, The DISC Drive. We will be publishing the DISC Drive every quarter to keep our shareholders and customers updated on DISC's exciting accomplishments and opportunities. In this first issue I thought it would be interesting to summarize our 2006 accomplishments and report on our progressive plans for 2007.

The past year has been challenging and exciting. Our company added three new products and services, Remote PC Backup and Restore, Data Center Colocation, and unique Encryption software, to our existing product platform. DISC is now offering customers Email Archiving and Compliance, Instant Message Archiving, Blackberry Hosting, Data Center Colocation/Leasing, Remote Backup and Encryption services.

DISC has a superb office and data center facility in Westminster, Colorado. The facility houses a 1,700 square foot data center, 65 storage racks, onsite backup generator, 4 shared classrooms, 3 private conference rooms, 6 offices, 10 cubicles and a beautiful hardwood lobby entrance.

DISC added over 45 new customers in 2006 and has over 60 proposals in the works. We hired two enthusiastic sales executives in December, Charles States and David Perrett. Charles and Dave have already brought 4 new customer accounts to DISC.

I am excited about our DISC team:

James R. Clark – CEO & Chairman of the Board, James has twenty-five years experience

in the computer internet security industry and has several patents pending for internet security applications.

Pete Van Dorn – CFO & Director, Pete has over 36 years as a Certified Public Accountant focusing on audit, tax, and consulting.

Dr. McArthur Hill – Board of Directors, Dr. Hill is on the DISC Board of Directors and is a practicing OB/GYN at Lutheran Medical Center in Denver, CO. Dr. Hill has over 35 years in the medical industry and owns his own medical practice.

Chris Lenius – Director New Business Development, Chris has over 13 years experience in the financial services arena. Chris was founder and CEO of Precision Fax LLC, and currently sits on two retail consumer boards headquartered in Denver. Chris joined DISC in 2005 to spearhead the development of the Email Compliance and Archiving Platform.

Neal Finger – Operations Manager, Neal has over 30 years experience in management, engineering and industrial manufacturing. Neal manages the DISC office facilities and data center, and develops procedures that keep DISC running smoothly.

Lauren Houston – Operations/Sales Analyst, Lauren comes to DISC with over 25 years of IT and Systems Management experience working for major technology companies. She assists the team developing sales materials, internal processes and procedures, and manages customer installations.

Dave Perrett – Sales Executive, Dave brings over 20 years of sales and business management experience to DISC. Dave owned and managed a profitable business in Colorado and has extensive experience marketing to the medical community.

Charles States – Sales Executive/Investor Relations, Charles owned his own marketing company and is currently working on his Masters Degree in Business Administration. Charles also brings sales and management experience with a fun, positive attitude.

Paul Saitta and Burt Sheldon – See The DISC Drive's Department Highlight for an overview of our technical staff.

LOOKING AHEAD TO 2007.... DISC IS READY TO MAKE HUGE STRIDES IN 2007. OUR COMPANY STRUCTURE IS SET, SALES AND LONG TERM STRATEGIES DEFINED, PRODUCTS READY FOR INTENSE MARKETING AND SALES PROMOTIONS, ALL SUPPORTED BY OUR KNOWLEDGEABLE AND FOCUSED STAFF. DISC HAS A SOLID TEAM OF PROFESSIONALS WHO REPRESENT THE COMPANY AND PRODUCTS WITH EXCITEMENT. WE ALSO CONTINUE OUR PROGRESS TO BEING A PUBLIC COMPANY. THINGS ARE PROGRESSING WITH THE AUDIT AND THE OTHER DETAILS THAT ARE REQUIRED TO GO PUBLIC. WE ARE PLANNING THAT THIS WILL BE DONE VERY SOON. I WOULD ALSO LIKE TO THANK OUR CUSTOMERS AND INVESTORS FOR THEIR SUPPORT. WE OWE WHERE WE ARE AND WHERE WE WILL BE TO YOU. I AM AVAILABLE ANYTIME IF YOU WOULD LIKE TO LEARN MORE ABOUT DISC. FEEL FREE TO CALL US 303-865-8300 EXTENSION 3.



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DISC Magic Key Encryption

DISC has licensed an email encryption system from CopyTele. Integrating CopyTele's encryption technology into DISC's secure e-mail services. The system, CopyTele's Model DCS-2200, is intended to allow companies to encrypt all e-mail transactions, transparent to the individual user. The system was developed jointly by CopyTele and DISC. The product leverages CopyTele's state-of-the-art technology to differentiate DISC's Encryption solution from other encryption software.

DISC is poised to provide a unique, comprehensive, solution to hospitals and associated offices offered by no other competitors. The synergy between CopyTele's exemplary encryption system and DISC's competitive hosting service provides a product that will ensure the safety of corporate and private e-mail and other communications.

DISC's Restore Rex

DISC is promoting an easy to implement remote PC backup solution. DISC's easy to use web-based scheduler allows users to store and backup individual files or folders. DISC also offers a bare metal backup whereby the entire contents of a PC can be stored. With our large data center, the cost of providing real time remote and redundant backup is less expensive than most companies can implement onsite.

Call DISC at 303-865-8300, option 3 for more information.

Email & IM Archiving & Compliance Solution

According to a recent AP article entitled "New Rules On Office E-Mail*" the US Supreme Court has confirmed as of December first, all US companies are now required to track and archive all employee e-mails, instant messaging and other electronic documents generated by their employees.

The article quotes Alvin F. Lindsay, a partner at Hogan & Hartson LLP an expert on technology and litigation. He says, "The change makes it more important for companies to know what electronic information they have and where. Under the new rules, an information technology employee who routinely copies over a backup computer tape could be committing the equivalent of "virtual shredding". Companies are now required to start backing up all their E-mails and instant messaging in such a way that they are easily accessible and searchable.

The new rules codify the practice by both federal and state courts that have been increasingly requiring the

production of relevant electronic documents during discovery, legal experts said. Businesses will also be required to provide information about where their clients' electronic data is stored and how accessible it is.

DISC's e-mail and instant message compliance solutions can help you store and manage your email and instant messaging environment. E-mail and instant messaging is becoming more and more of a liability due to:

--SPAM and sometimes offensive email content.

-- Confidential information sent or received by non authorized personnel.

--Certain word or word statements that can prompt lawsuits against a company.

--Ability to retrieve email by user, time/date and other criteria. This is especially important for companies who

must be SEC compliant.

Many companies do not have a solution in place to monitor e-mail and instant message compliance for financial data, Human Resources data, proprietary information, and intellectual property. These regulations, including HIPAA, Sarbanes-Oxley Act, Gramm-Leach-Bliley Act, USA Patriot Act, mandate emails and documents are stored and quickly retrievable.

Our solution is very, very economical. We have found in most cases that it's no more than you are paying right now for your email and instant messaging services.

To get started, call DISC's corporate office at 866-841-5970 for special pricing and let us show you how fast we can get your company set up. Also you can receive more information by going to our corporate website, www.disecurityco.com.

*<http://www.cbsnews.com/>

It doesn't matter what size your company is or what the industry... e-mail is the smoking gun...

"If anyone doubted the value of a misplaced e-mail, Morgan Stanley affirms it: \$1.45 billion. That's how much a Florida jury awarded financier and Revlon chairman Ronald Perelman last month after the judge, enraged by Morgan's repeated failure to produce electronic evidence on time, ordered jurors to assume Morgan had helped defraud Perelman in client Sunbeam Corp.'s purchase of a Perelman-owned company."

"Hold Everything", Fortune, June 20, 2005 by Daniel Fisher.

DISC LATEST OFFERING—



How safe and reliable are your computer backups?

The truth is with using an online service, you are still in control of which types of data get backed up and how often. Most importantly, you can recover your data down to a specific file from anywhere in the world 24X7 from any web browser.

Now the technology makes it less expensive, more reliable and easier than attempting to do this function in-house. Restore Rex allows you to stay focused on your primary business; giving you peace of mind that your data is safe.

Here is a list of what you gain on day one with DISC and Restore Rex:

- Offsite location in a raised floor data center with redundant power, cooling, communications and fire suppression systems.
- Experts that maintain the systems and monitor your backups.
- Physical security and surveillance.
- Easy to download, easy to set up, and here is the biggie...easy to recover lost data 24X7.
- Data is compressed and encrypted before it is sent.
- Just the change in the files (delta) is backed up after the initial seed so bandwidth is not an issue.
- Did I mention affordable, \$3 to \$4 dollars a GB in the case of DISC.
- Peace of mind with each automated email notifying you that your data has been backed up once again.

DISC Email Archiving Services

These services ensure customers are in regulatory compliance with SEC, NASD, HIPAA, Sarbanes-Oxley and other legislation. DISC products help companies lower the risk of lawsuits (harassment, discrimination, etc.), discourage illegal or regulation-violating activities, provide cost savings by reducing hours required for review of electronic messages, and help decrease storage costs associated with archived messages. Additional cost savings are also realized by the reduction or elimination of fines for non-compliance and illegal activity.

The recent US Government requirements in both the securities and medical industries have put a strain on the IT departments of many institutions. Since many small companies do not have IT departments, an attractive solution is to outsource. DISC provides very affordable and reliable solutions to meet these requirements.

Other DISC Services

These and other DISC services are state of the art and flexible to meet customer needs.

Call DISC at 866-841-5970, option 3 for more information.

Department Highlights

DISC Technical Support

Paul Saitta and Burt Sheldon run DISC's 24 x 7 Technical Support department. Their days are busy handling customer support calls, installing new customer accounts, and keeping up with the latest technology and tools.

Paul Saitta, Director of IT Services & Development came to DISC from FLI

Technologies. Paul has an extensive technical background and is DISC's key person for new product development. Paul is an avid photographer and enjoys many Colorado outdoor activities.

Burt Sheldon, IT Services & Support, is the key support person for the Restore Rex Remote Backup product. Burt also provides support and training to DISC's current email archiving customers. Burt's most recent

project was preparing the DISC data center for collocation, e.g. leasing data center space to companies needing backup data center space. Burt has a background in electrical engineering.

DISC just weathered the fourth largest blizzard in Colorado history without downtime or loss of connectivity or power.

FUN FACTS FOR JANURARY

45BC—New Year's Day is celebrated for the first time in history as the Julian calendar takes effect.

1559— Two months after the death of her half-sister, Queen Mary I of England, Elizabeth Tudor, the 25-year-old daughter of Henry VIII and Anne Boleyn, is crowned Queen Elizabeth I at Westminster Abbey in London.

1863— During the American Civil War, President Abraham Lincoln issues the Emancipation Proclamation, calling on the Union army to liberate all slaves in all states.

1895— The world's first commercial movie screening took place in Paris, France.



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Stress Free IT Outsourcing Solutions

DISC TODAY — FOURTH QUARTER UPDATE



Our Secure Data Center has the capability to handle 100Mbps of incoming data, burstable to 1Gbps and can grow with our expanding customer needs.

- DISC is proud to announce the addition of over 45 new customers to the legacy FLI customer base since 2005. With some of the new products we're adding in 2007, we're looking forward to helping new markets meet their compliance and outsource solution needs.
- In August, DISC hosted an open house promoting our products and services. We look forward to meeting many more clients in 2007.
- DISC has recently completed an additional broadband connection to our Secure Data Center and has obtained 66 Server Racks. With these additions, DISC is poised to offer Colocation worldwide.
- DISC added new enhancements to our already leading edge backup software for servers and PCs. We have recently branded our Remote Backup and Restore product as Restore Rex. *Please see our article on page 3 for more information.*