

SPEEDMART FOOD STORES, INC.

July 7, 2005

Dewayne Simmons
Estes Equipment Company, Inc.
1258 Old Hwy 11
Birmingham, AL 35235

Dear Dewayne,

I am writing this letter to tell you how much we have used the i3DVR digital recorders you installed in our stores. We now have eight machines and they have become an integral part of our every day business. We installed the machines in July and August of 2004. For the seven months ending July 2004 we had a total of \$ 98,712 in inventory shrinkage. For the final five months of 2004 we had a total inventory shrink of \$ 13,445. This is a drop in average per month from \$ 14,102 to \$ 2,689.

The use of these systems were literally paying for one DVR and camera system per month. Our inside sales increased due to the products being rung up that had previously been either not rung up or rung up for less than the correct amount: sometimes giving the customer the benefit, but mostly the employee stealing.

We filed charges on about 3 to 6 people per month and were successful in the prosecution of all of the cases we took to court. The police department put the viewing software on their computers and we would just send them the file along with the description and time of what happened and they would prosecute the people that were identified. In addition to our own employees, the police would ask us from time to time about other suspects, including a murder suspect that they suspected of coming into our stores. We really built a good relationship with the authorities and usually when we prosecuted an employee or for a drive off, the thieves attorney took one look at the video evidence and then recommended they plead guilty.

We had an interface built into the cameras at the cash register that not only identified what the cashier was ringing up but also for how much. The database that it built could be searched for irregular transactions by product category. These searches could be done by shift by cashier for an hour and week or a month. When an irregularity was found you would double click on it and the video would appear instantly to show what happened.

One of the biggest areas of shrink that gets worse as gasoline and diesel prices increase is drive-offs. To properly use the system for drive-offs you need to have one or two pan tilt cameras installed depending on the size of your gas island. We made it a policy to track down every drive off and about 60% of the time we got a tag number and the police would go to their house and make them come in and pay. For the second offense we prosecuted to the fullest extent of the law. The reason we looked at every drive off was for a deterrent to our employees that we suspected were a large percentage of the drive-offs. Our drive offs dropped in half and we successfully prosecuted more than 100 drive offs in a 4 month period. We believe that the drop in number of drive offs was employee theft and the rest we found were legitimate drive-offs. We also found that in more than half of the drive-offs we prosecuted the person had come inside the store, and had we asked for them to pay they most likely would have.

We really learned a lot about the shrink in our stores and it gave us an understanding of the importance of paying attention to the gas island and simply asking customers if they had a fuel purchase. We found that the thieves were from all walks of life including a prominent Baptist preacher's wife. We also were able to assist police with some arrests that did not have to do with Speedmart but created a real sense of cooperation with law enforcement because they knew our cases would stand up in court.

I cannot say enough good things about the equipment that Estes installed for us. They really helped solve a big problem with shrink and helped us to know what was going on in our stores when we weren't there. We were able to build a working relationship with law enforcement and our employees were kept honest in case they thought about going into business for themselves. We have more than paid for our equipment and I think that these systems should be an integral part of any Cstore operation.

Sincerely,

A handwritten signature in black ink, appearing to read "Carey Whitehead". The signature is fluid and cursive, with the first name "Carey" being more prominent than the last name "Whitehead".

Carey Whitehead
President
Speedmart Food Store, Inc.