Looking back … Looking ahead (a 1 year snapshot)

2010 was the eleventh year since Verocel, Inc. was incorporated. Contrary to industry trends, 2010 was a banner year for Verocel. We hired 40% more staff in our US office, and Verocel, Ltd. was incorporated in the United Kingdom to support our growth into Europe.

While there is much we could say about our software certification projects and successes, we respect the sensitivity of our customer's information. Without disclosing our customers or the systems Verocel certified, here is a brief description of the airplanes/projects in which we were involved:

- Boeing 787 (see photo) – the largest of these projects at Verocel was completed and signed off in early 2010. Some of the smaller projects had the typical last minute "requirement changes" requiring additional churn and schedule pressure. Verocel delivered all products on the agreed schedules.

- Poseidon-P8 (see photo), C130-J, C130-AMP were delivered, with just one of these certifications moving a couple of months to accommodate requirement changes provided to Verocel.

There were many certifications for Wind River Systems products using both the DO-178B and IEC-61508 industry standards. With the combination of products (operating systems, Ethernet stack, filing systems), and their target computers (Intel and PowerPC) we had 14 individual certification packages to produce on one particular day. It was a long day. We were burning 5 DVDs for each certification data package, which meant 70 DVDs and represents an estimated 5 tons of paper (when Verocel used to deliver certification packages on paper, we produced 35 pounds of paper for every 1,000 lines of code certified).

Fortunately, our tools and standard processes help us automate this. We have also invested in an additional 7-spindle DVD burner to shorten production times.

As the big military projects were winding down in 2010, we were getting busy with the commercial ones. We started an Airbus 350 project, a couple of Boeing 747-8 projects and a Cessna project.

At its midpoint, 2011 continues to be a good year. We continue with a MILS (Multiple Independent Layered Security) operating system certification. The product will be evaluated/certified for safety and security, which raises some interesting problems to solve. Certification of a hypervisor operating system for safety critical projects is also continuing, bringing with it new challenges to make our lives interesting.

We have become involved with Unmanned Air Systems (UAS), in particular the Control Segment which is where the 'pilot' controls the flying vehicles. We see this as a growth area, in preparation for UAS's

entering the National Air Space. There is a lot of effort being expended in developing regulations to allow these flying vehicles to co-exist with pilot-on-board aircraft. Clearly, safety analysis and certification will play a big role, and the market for such planes is expected to grow as they become accepted into the shared airspace.

Verocel continues to grow and flourish. While we are still very much focused on certification of safety critical software as our core expertise, we are diversifying with the addition of training, mentoring, consulting, and the development and sale of our certification-based tools.

Warm regards,

George Romanski, President & CEO