



January 18, 2008

The Honorable Langdon Neal
Chairman
Chicago Board of Elections
100 W Randolph St
Chicago, IL 60601

Dear Chairman Neal:

The intent of this letter is to provide you with information about Sequoia Voting Systems that will assist you in responding to Alderman Edward Burke's letter to you dated January 11th which asks for information about Sequoia.

As you are aware, the sale of Sequoia was finalized last year and was announced both in a November 8th press release and a letter to our customers, both of which you received. I have attached both of these documents for your reference in the event you would like to share those with Alderman Burke.

By way of an overview, Smartmatic has no ownership, control and operational rights of any kind in Sequoia. Any rumors or speculation to the contrary are wrong and unfounded. The acquisition of Sequoia by its current U.S. owners, and the terms of that acquisition, were fully reviewed and approved by the Committee of Foreign Investment in the United States (CFIUS), including the department of the Treasury, the Justice Department, and Homeland Security.

In response to Alderman Burke's specific requests for information from you, we offer the following responses to his questions:

Ald. Burke Question #1: *"Who are the new owners of Sequoia and what were the terms of the management-led buyout which was announced in November 2008 [sic]?"*

Sequoia Response: As stated in our November 2007 release: "The investment group, led by Sequoia President & CEO Jack Blaine and company Chief Financial Officer Peter McManemy, purchased Sequoia from former parent company Smartmatic Corporation for an undisclosed sum. As with most transactions involving two private entities, the specific terms of the sale cannot be disclosed, as the parties are bound by express confidentiality provisions set out in the transaction documents. However, this transaction does include investment by the management team, a small loan and an earn-out." This transaction (i) provides an excellent financial structure for Sequoia to leverage and completely eliminates Smartmatic's ownership, control and operational rights of any kind in Sequoia, and (ii) was fully reviewed and approved by CFIUS.

Ald. Burke Question #2: *"Please provide copies of all shareholder registries and lists of beneficial owners of Sequoia."*

Sequoia Response: The investment group that purchased Sequoia – as stated in our November 2007 press release - is led by Sequoia President & CEO Jack Blaine and Sequoia Chief Financial Officer Peter McManemy. Both Mr. Blaine and Mr. McManemy are U.S. citizens as are the other ten management team members involved in the purchase of Sequoia.

Ald. Burke Question #3: *“Please provide a list of the 10 largest present creditors of Sequoia and/or its affiliates.”*

Sequoia Response: Sequoia’s debt balance is \$2 million. The purchase price for Sequoia included a small loan; terms of this loan are confidential in accordance with the terms of the sale. All other creditors are suppliers offering trade credit, which is proprietary, trade secret information that Sequoia cannot risk having disclosed to Sequoia’s competitors

Ald. Burke Question #4: *“Do Sequoia voting machines used in Cook County use any software which was supplied by Smartmatic or its affiliates?”*

Sequoia Response: Yes, and this was reviewed and approved by the CFIUS agencies during the finalization of our company’s sale process. The Edge2Plus and HAAT, currently used in both the City of Chicago and Cook County were developed jointly by Sequoia and Smartmatic and are currently marketed in the US by Sequoia, federally certified by Sequoia and supported by Sequoia. Sequoia will continue to provide products, upgrades and accessories to the U.S. market based on products the company developed in cooperation with Smartmatic during the time the company owned Sequoia. Sequoia believes these continue to be among the best DREs available in the market and has full confidence in them. Sequoia (i) was intimately involved in the definition of requirements of these products; (ii) manages all of the testing and Quality Assurance processes from Sequoia’s headquarters in Denver; and (iii) takes these products through the robust testing and certification processes by imposed by federal and state election authorities in the U.S. Sequoia also maintains robust security measures with respect to these and all products and will ensure they are provided to the same manner as all Sequoia products. Sequoia is also audited every six months by British Standards Institute as part of its ISO27001 (Information Security Management Systems) certification.

Ald. Burke Question #5: *“Are Sequoia and/or its affiliates party to any arrangement and/or contract with Smartmatic and/or its affiliates?”*

Sequoia Response: As noted above, the specific terms of the transaction cannot be disclosed. However, this transaction does include investment by the management team, a small loan and an earn-out. This transaction provides an excellent financial structure for Sequoia to leverage and completely eliminates Smartmatic’s ownership, control and operational rights of any kind in Sequoia. All terms and conditions of the transaction were reviewed and approved by CFIUS.

Ald. Burke Question #6: *“Are Sequoia and/or its affiliates party to any contract or arrangement with the government of Venezuela, any departments and/or subdivisions of the government of Venezuela or any entities controlled by the government of Venezuela.”*

Sequoia Response: Sequoia does not now have or has ever had any contract or arrangement with the government of Venezuela, any departments or subdivisions of the government of Venezuela or any entities controlled by the government of Venezuela.

Ald. Burke Question #7: *“Please provide a list of all directors and executive officers of Sequoia.”*

Sequoia Response: Sequoia's CEO Jack Blaine and CFO Peter McManemy are the executive officers of Sequoia Voting Systems. Mr. Blaine and Mr. McManemy, along with recently appointed independent outside director, Harris N. Miller, make up Sequoia's Board of Directors.

Ald. Burke Question #8: *"Please provide a list of any current employees or contractors of Sequoia who were at any time directly employed by Smartmatic. Were any of the present managers and/or owners of Sequoia at any point affiliated with Smartmatic, and if so, how?"*

Sequoia Response: The only members of the Sequoia management team that have ever been employed by Smartmatic are Jack Blaine and Kevin Hurst, both U.S. citizens. As you are well aware, Mr. Blaine was the President of Smartmatic when Smartmatic acquired Sequoia and then for a short time was president of both companies and then moved to being president solely of Sequoia. When Sequoia was sold by Smartmatic, Mr. Blaine became CEO of Sequoia Voting Systems. In connection with the transaction, Mr. Blaine was required to sever all ties with Smartmatic, its principals and affiliates, and he has done so. Recently Sequoia hired Kevin Hurst to the company's management. Mr. Hurst previously worked with Mr. Blaine for many years at Unisys Corporation. Shortly after the sale of Sequoia was complete, Mr. Hurst joined his former colleague at Sequoia. Mr. Hurst, too, has severed all ties with Smartmatic, its principals and affiliates. Mr. Blaine and Mr. Hurst are the only Sequoia management team members who have ever been employed by Smartmatic. In addition, three non-management employees of Sequoia at some time in the past have been employed by Smartmatic.

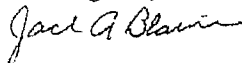
Ald. Burke Question #9: *"Please provide a list of lobbyists who have worked on behalf of Sequoia in Illinois."*

Sequoia Response: Sequoia in the past has worked with Bill Filan and Bill Griffin, registered lobbyists in the City of Chicago and Cook County. Sequoia has also worked with Mike Kasper who served as Sequoia's registered lobbyist in the State of Illinois. Sequoia does not have any current lobbying contracts in Illinois with these individuals or any other lobbyists.

I and all of us at Sequoia look forward to a continued positive working relationship with your team at the Board of Elections and we look forward to building upon the many successes and continuous improvements we have made together in the conduct of elections in Chicago. We are working diligently and are looking forward to successful elections in the City of Chicago in 2008.

If there are any additional materials or information we can provide to you, or you have any questions about the responses to our questions, please do not hesitate to contact me.

Best regards,



Jack A. Blaine
CEO