

# EXHIBIT A



63 Third Ave., Burlington, MA 01803 USA  
T. +1 781.744.6400 F. +1 781.744.6741 www.digimarc.com

August 31, 2007

Colonel Murphy  
Director  
Alabama Department of Public Safety  
301 South Ripley Street  
Montgomery, AL 36104

Dear Colonel Murphy:

Digimarc is actively working on the HAVA project with a dedicated team to establish AL HAVA compliance as quickly as possible. Digimarc has three software developers assigned to the Alabama program. Kforce has also assigned three developers to work on the mainframe interface and database changes to support the project. Additionally, two quality engineers will be performing the quality assurance testing on the Digimarc software.

To keep AL DPS informed, we provide a weekly schedule and progress highlights reports to Curt Terling every Thursday. Conference calls are also held each Thursday with DPS, ES&S and Digimarc to review status and plan subsequent efforts for the project.

The hardware procurement and setup efforts are approximately 85% complete and will be finished prior to September 20th to facilitate the start of User Acceptance Testing (UAT) on September 21st. Remaining tasks are the installation and hookup of the rack to house the servers and the physical installation of the servers. The rack has arrived in the data center in Alabama; the servers will be shipped within the next week.

To facilitate our internal quality assurance testing in parallel with ES&S and Kforce testing, we have written mainframe and ES&S input simulators. The Digimarc software development is currently 85% complete and will be ready to start quality assurance testing on September 6th. Quality assurance testing is expected to be completed on September 20th.

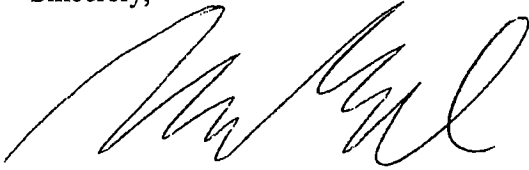
In parallel with the Digimarc efforts, Kforce is working on the mainframe and database updates. They are currently 60% complete which is behind our plan by approximately a week. To make up their time, their internal testing will be conducted in parallel with the Digimarc quality assurance testing and is expected to be completed by September 20th.

Colonel Murphy  
August 31, 2007  
Page 2

After successful software testing at Kforce and Digimarc, all team members will be ready to enter into User Acceptance Testing on September 21st. The testing is planned for two weeks to successfully exercise all system functionality and obtain cross-company review and approval to go live with the system. It is assumed that the AAMVA level testing can be completed during the 2nd week of UAT, this will need to be confirmed with AAMVA via coordination of DPS. Following the completion of UAT, the system updates will be coordinated with DPS, ES&S and Kforce to go live on October 10th.

In summary, we are committed to continue our focused effort to complete the project and achieve AL HAVA compliance as planned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bob Eckel', written in a cursive style.

Bob Eckel  
President  
Digimarc Corporation

BE/jaw