



> Panini Snapshot

A Word from our Chairman, Ugo Panini



Panini has leveraged our international experience to provide best-in-class document handling solutions for our banking, corporate, and retail customers to help them lower operational costs while enhancing their customer's experience.

We continue to invest in **R&D** to fully extend our capabilities for current and future payment processing solutions.

We are fully compliant with industry standards and have achieved **ISO 9000 quality certification**. Our goal is to maintain and grow our **leadership position** as the solution of choice for distributed capture applications.

As the Chairman and CEO of Panini, I would like to offer my gratitude to all those who have contributed to the success of Panini. We take great pride in the Panini My Vision X product portfolio and will continue to provide solutions that meet or exceed customer expectations.

Panini Continues Strong Sales in 2Q

Revenue has increased by 180% over the same period in 2005.

Panini North America continues to lead the distributed capture market with the My Vision X product suite, strategically designed to support the complete range of distributed capture applications.

Panini Hires Additional Personnel

Panini North America continues to expand our organization to support and extend our growth. New team members include:

- Doug Baker, Software Support Technician
- Chad Broerman, Operations Supervisor
- Brian Lawson, Operations Assistant

Please welcome these new members to our team!

> Did You Know?

- Global Concepts estimates that the potential net savings from image exchange is as much as 6 cents per item for collecting banks, or 65% of current costs. Net savings for paying banks is also substantial, up to 1.5 cents per item, or 55% of their current costs.
- According to BAI, more than half of small businesses under \$10 million in sales say they would switch their banking relationship if the appropriate banking services were offered by other financial institutions.
- A new amendment to the NACHA Operating Rules allows retailers and billers that accept checks at the point-of-sale or at staffed bill payment locations to convert eligible checks to ACH debits in the back office. The new capability, called back-office conversion, or BOC, becomes effective March 16, 2007.

> Customer Highlights

Panini Adds Two Resellers to VAR Channel



MHL Computer Products

MHL Computer Products (MHLCP) is a worldwide supplier of computer technology and maintenance services.

<http://www.bankprinters.com/>



TASQ Technology

TASQ provides POS equipment inventory, repair, deployment, and service.

www.tasq.com

Recent Successes

Benchmark Technology Group continues to deliver Panini My Vision X distributed capture applications.

www.benchmark-us.com

Fidelity Integrated Financial Solutions has secured significant orders for the My Vision X.

www.fidelityifs.com



Congratulations to New Wave Technologies for their continued success with the Panini My Vision X product suite.

www.newwavetech.com



RDM Corporation has strong 2Q My Vision X sales.

www.rdmcorp.com

> Product Briefing

Panini Launching My Vision X® Check Scanner for Low Volume Environments



Panini will be launching a NEW low volume My Vision X check scanner at the Association for Financial Professionals (AFP) Conference & Expo, October 15-18 in Las Vegas. Visit us at booth 550 for a product demonstration.

Additionally, Panini will be conducting Product Briefings including a User Testimonial on Monday, October 16 at 10:00AM, 1:00PM, and 2:30PM in meeting room 201 at the AFP Conference & Expo.

For more information, contact your Panini sales representative today!

My Vision X Quality

Less than 1% of My Vision X scanners in Panini's installed base are being shipped to Panini for depot repair.

Of this amount, less than 0.5% are diagnosed as actually requiring repair or service.

Required Panini My Vision X API Change

Panini My Vision X API Release: Versions 2.13.12 and 2.22.1.3

By Randy Whitley, Director Customer Service and Support

To Panini Customers and Users:

We are pleased to announce that Panini has successfully implemented a new internal processor for the My Vision X family of check scanners to achieve full compliance with the RoHS (lead free) initiative. After a thorough integration and testing process, we can report that all units are now shipping with the new processor.

A firmware upgrade, available now, is required as a result of the new processor. Fortunately, upgrade is easily and quickly accomplished due to the advanced scalable architecture of the My Vision X. Simply download the upgrade to PCs connected with a My Vision X. When the scanners are turned on, they will automatically detect and apply the upgrade, which is available at no cost to our customers. This is equivalent to a BIOS update to a PC, presenting no security or compatibility issues.

In addition, the upgrade incorporates all of the functionality from the latest API versions (2.12.1.2 and 2.21.1.3) including support for AGP (Advanced Graphic Printing), Trailing Edge Endorsement, WHQL Microsoft Signed USB Driver, and support for the newly released My Vision Single Document product.

It is imperative that you complete this upgrade prior to 9/30/2006. Installed units without the upgrade may experience performance issues including USB connection failures, image defective pixels, and USB image transfer problems. In addition, units that ship after this date will not function without the upgraded firmware version. All Panini software partners have already been notified of the required upgrade. Please check with your software provider for implementation.

Please contact Panini with any questions or concerns regarding this required upgrade. We will continue to ensure that the My Vision X offers state-of-the-art functionality and compliance with important safety and regulatory statutes.

For additional information please contact Randy Whitley, Director Customer Service and Support at randy.whitley@panini.com

Panini API Download

Panini API Download:

The Panini APIs are available to VARs at the following FTP location:

ftp://24.172.149.33/ A password is needed to open the files and will be made available upon request.

Panini API Contacts:

For those who are not on Panini's VAR list, please contact the company in which the device was provided to obtain the password.

Please contact Ken Whitcomb ken.whitcomb@panini.com or Randy Whitley randy.whitley@panini.com for additional information.

Panini My Vision X - Black Covers

All My Vision X models, with the exception of the My Vision X with Advanced Graphic Printer (AGP), will now have black covers.

The My Vision X with beige color covers is still available. A minimum order of 48 scanners is required with a lead time of 12-14 weeks.

If you have any questions, please contact your Panini sales representative.

Now Hot, Remote Capture Will Get Hotter with Move 'Down Market'

By Digital Transactions News

(July 27, 2006) Merchants and other businesses that accept checks are adopting electronic truncation—also known as remote deposit capture—so quickly that one expert observer expects the number of installed systems to more than double next year. Indeed, says Bob Meara, a senior analyst at Boston-based researcher Celent LLC, demand for remote capture is running so high that "vendors are literally running out of hardware. Banks are being told in many cases vendors can't fill their orders." Meanwhile, major banks are now pushing remote capture, at least to their big treasury clients. "They're all aggressively selling it, and they weren't six months ago," Meara says.

Remote-capture vendors will have installed 106,000 seats by the end of the year, a number that will soar to almost 251,000 by the end of 2007, according to Meara's projections. Meara, who researched the remote-capture technology market for a recent Celent report, says the total installed base will cross the 1 million mark in 2011. Much of that growth, he says, will stem from the willingness of banks to sell the technology to smaller merchants and other corporate customers. "Eighteen months ago, few banks were even considering that [small-business] market," Meara notes. Most banks were unsure of risks, he says, as well as the value proposition to smaller or single-location businesses. But now, "there's clear evidence these solutions are going to go down market," he says.

Indeed, Meara says his projections may be conservative, since he excluded businesses doing \$1 million a year or less in revenue on the theory that most banks would shy away from these prospects, figuring they pose too much risk. "Banks will be slow to sell in that segment," he says. With remote capture, retail businesses and other corporate offices that take checks as payment are able to turn the paper into electronic images, then transmit the images to their banks of first deposit. In this way, the corporate or retail location in essence becomes a branch of the bank but without direct bank oversight. As a result, even though the technology has grown rapidly in popularity, banks are still leery of deploying it with their smallest clients. "The risk is somewhat generic for the banks," Meara says. "They're just a little bit nervous. It's non-trained, non-bank personnel making deposits."

Price competition could heat up as deployments grow. For now, Meara says, banks are largely calling on existing clients, rather than butting heads with other banks for remote-capture business. "There are not a lot of examples of deals being won or lost based on pricing yet," he says. Fees vary widely, with per-item charges running to a maximum of a dime, he says. Deposit-ticket fees range from 50 cents to \$3, and monthly maintenance fees are anywhere from \$10 up to \$60. Scanners, which may or may not be bundled into the deal, average \$1,000 apiece, Meara says.

Competition may also be affected by the entry of non-bank players, such as processors that have traditionally performed check-verification services, Meara says. And, he notes that back-office conversion (BOC), a new e-check application that will become available on the automated clearing house next March (Digital Transactions News, May 8), could open the market even more by increasing the utility of remote-capture software. "Every solution provider I've spoken to is writing BOC capability into their solution because they know the demand will be there next March," he says.

> Marketing Center

New Operator Training Video for Panini My Vision X



Panini has released a new Operator Training Video for the My Vision X product suite.

This user friendly video provides valuable information for operators using the My Vision X. It features simple navigation and detailed information regarding Installation & Setup, Operation, Maintenance and Repair, Technical Support, and Contact Information.

We welcome co-branding opportunities for the Operator Training Video. Panini has already delivered a co-branded video with Merrill Lynch.

To download the Operator Training Video in its entirety, visit our web site www.panini.com

For a high resolution copy in CD format, please contact Angie De Jesus at angie.wagner-dejesus@panini.com.

White Paper

Remote Deposit Capture

By Angie De Jesus, Marketing Manager

Panini is pleased to announce the release of a white paper: Remote Deposit Capture - A Practical Guide for Corporations.

In this white paper we present an educational overview for corporations interested in the business case for Remote Deposit Capture (RDC) Solutions.

Included is a RDC Financial Evaluation Model for calculation of estimated solution savings. Additionally, we present two case studies from corporations utilizing an RDC solution.

For a free copy of the white paper please contact Angie De Jesus at angie.wagner-dejesus@panini.com

3Q Webinar

Panini and Celent to Discuss Industry Perspective on Branch and Remote Capture

Panini welcomes Celent as our guest presenter!

Sign up TODAY to participate in this FREE quarterly webinar hosted by Panini!

When: Monday, October 2 at 1:30pm EST. Duration of webinar - Approximately one hour.

AGENDA

- Panini Company and Product Marketing Update, presented by Dave Youngerman, President.
- Industry perspective on Branch and Remote Capture; Based on two recent research reports produced by Bob Meara from Celent, presented by Bob Meara, Senior Analyst.
- Brief overview of Marketing Programs and Events, presented by Angie De Jesus, Marketing Programs Manager.

Join the webinar and receive valuable information on new product and service offerings and much more...

Product Marketing Position

New Opportunity within Panini North America

The position will be responsible for product marketing projects and activities in support of PNA (Panini North America) objectives.

Responsibilities include lifecycle management of product portfolio, identification of future product opportunities & requirements, implementation and utilization of new product development process, pricing, coordination with sales & marketing teams for product marketing, and other marketing projects as assigned.

For more information or to apply online visit <http://www.paninina.com/company/careerops.php>

> Industry Events

The AFP Annual Conference

Sands Expo Center, Las Vegas

Booth #550, October 15-18

BAI Retail Delivery Conference & Expo

Las Vegas

Booth #1741, November 14-16