



May 26, 2009

Dear Shareholders,

Recently we announced our results for the first quarter of 2009 in which we reported 18% year over year revenue growth for the quarter. We increased our gross margins for Q1 2009 to 60%, thereby increasing gross profit by 22% from the first quarter of 2008. It was a successful quarter and we are looking forward to the remainder of 2009. Looking at 2008, we are pleased to have achieved a 7% year over year revenue growth, during times when many companies saw decreases in their business and the overall market was down well over 30% from 2007. During 2008 – we were able to successfully complete the acquisition of Questys Solutions, we retired \$539,000 of accrued expenses and notes payable, we decreased our operating expenses by 9% over 2007 and achieved adjusted earnings\*\* of \$982,745 for 2008.

In acquiring Questys Solutions, we now have the key enabling technology suite that “glues” our historical services and products together. We can now offer our customers the MessageVision Platform (“MVP”) as a single source for a wide range of business information management and communication applications on a pay-as-you-go financial model. In addition, we are pleased to say that we have ramped up our efforts to cross-sell solutions to our combined customer base.

VillageEDocs is in the growing SaaS (Software as a Service) market and as companies continue to focus on capital expenditure and operating cost reduction, as well as decreasing their technology risks ... we are perfectly positioned to capitalize on those opportunities. MVP bridges our customer’s core enterprise to communication channels, streamlines document control and enables efficient communication with their constituents. The MVP solution enables our customers to control the movement, collaboration, composition, distribution and eDiscovery of vital business information with their employees, clients and partners.

According to the Gartner Group, the SaaS market is expected to grow at a 22% Compound Annual Growth Rate (CAGR) to \$11.5 billion by 2011. Within the SaaS market, there are six segments. We fall into the largest of those segments: Content, Communication and Collaboration. This segment is expected to grow to \$3.6 billion by 2011 or a CAGR of 20%.

Within the Content, Communication and Collaboration segment, our offerings are identified as:

- Business Process Management Systems (BPMS) as a service. BPMS products offered in the SaaS marketplace account for approximately 5% of the total BPMS market of \$2.8B in 2008.
- The Communications as a Service (CaaS) segment is projected to grow to \$1.3B by 2011, a CAGR of 121%.

When we look at our product lines, you can see how our MessageVision Platform and the product lines it contains function within this SaaS segment.

- **VillageFax** automates and manages the exchange and flow of critical business documents and information between customers, business partners, and suppliers regardless of the source, format, or destination.
- **Questys Document and Content Management (CMx)** and **Workflow (WfX)** solution gives customers the ability to digitally manage every stage of the document lifecycle— from capturing and creating information, to reviewing, approval routing, archiving and disposal. **LegisStream** combines these two products to automate agenda development and process management on-line, for local and county governments and their constituents.
- **TBS** provides integrated “total solutions” that manage the daily business processes and interactions for local and county governments and their residents, vendors and clients. These include SaaS delivery solutions such as Financial Management and Reporting, Tax Accounting and Utility Billing.
- **GoSolo Unified Communications** provides fully-featured virtual office solutions with unified messaging, conferencing, automated call routing/forwarding and an online address book.

In 2009, we plan to grow organically through new sales and cross-selling our product offering to existing customers. In the past, customers predominately viewed our offerings as separate and not part of a larger more valuable whole. A significant effort in 2009 is communicating the power of the MessageVision Platform to our customers and prospects. We will show how each offering is a powerful capability in its own right, and when combined, provides a more powerful enterprise wide solution platform from which to conduct their business.

In recent news, a large shareholder has shown his confidence in our strategy and growth by providing capital in the form of a Note for \$430,000. This provided us with more favorable terms than one of our financial institutions and we therefore decided to retire a credit line with the proceeds. We’ve also seen shareholder support in recent stock purchases, as well as new shareholders entering the stock. We appreciate the continued support and look forward to prospering with you.

Lastly we have added to our staff by hiring a Director of Investor Relations. At this time in the market, it is extremely important to communicate more transparently and consistently with the Street and our existing shareholders. We are putting focus on increasing the awareness of the company and enhancing shareholder value.

Our new Director of Investor Relations would be me - Mrs. Aubrye Harris-Foote. I have over 10 years experience in Investor Relations having worked as the in-house IRO for a technology company, an

international holding company and an oil & gas company, as well as working for an investor relations firm just prior to joining VillageEDocs. I will be overseeing our Investor Relations department and will be the main point of contact for all investor inquiries and communication. Please feel free to call me with any questions you may have ... What are your thoughts on the current market? What would you like to see from me as your IR resource? What are your current investment thoughts on the company (i.e. looking to buy more, looking to sell & why)? Any questions on recent press releases or SEC filings?

I'd also like to ensure that I have all of your current information so we can share news about the company, newsletters and general correspondence. We will be providing high-quality information to you and would like any feedback in return. We will be conducting our correspondence via email to you to ensure timely communication, as well as being mindful of expenses for mailing. Should you not have an email address we can utilize, we can fax the information to you. Please send me an email at [aharris@villageedocs.com](mailto:aharris@villageedocs.com) or call me at 714-368-8754 and let me know your name, address, email, fax number and phone number so you can receive the information we will be distributing.

I look forward to talking with all of you. Stay posted for additional updates on the company. We will be enhancing the Investor Section of our website, so visit us at [www.villageedocs.com](http://www.villageedocs.com) for additional information.

Best regards,

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\*\* For a complete reconciliation of Adjusted Earnings to GAAP Net Income, please visit our website at [www.villageedocs.com](http://www.villageedocs.com) under Recent News and review our Earnings Releases dated April 2, 2009 for the full year 2008 and May 18, 2009 for the First Quarter of 2009.