

SmarTire Systems Inc.
Suite 150, 13151 Vanier Place
Richmond, British Columbia
Canada, V6V 2J1

T: 604.276.9884
F: 604.276.2350
www.smartire.com
SMTR: OTCBB



Dear Shareholder:

On Sept. 13, 2007, we filed a civil complaint in a Virginia federal court alleging patent infringement by Siemens VDO Automotive Corp. and Schrader-Bridgeport International.

The purpose of this lawsuit is to vigorously defend the tire pressure monitoring system technology we have invented as ours alone. Our tire pressure monitoring systems require considerable resources. Your investments, of course, depend upon a technology that retains value through its exclusivity. As the result of such innovative activities, SmarTire owns all right title and interest in and has standing to sue for infringement of United States Patent No. 5,231,872 ("Tire Monitoring Apparatus and Method").

In the case of Siemens, we believe their "Tire Guard" product unfairly and unlawfully makes use of our technology. In Schrader's case, their continued manufacturing of the "AirAware" product constitutes similar infringement.

We seek both financial damages and a permanent injunction prohibiting further infringement, inducement and contributory infringement of the SmarTire patent and any other relief the Court or a jury may deem proper and just.

We anticipate a successful conclusion to this matter and will update you on any material news.

Dave Warkentin

President and CEO

SmarTire Systems Inc.