



PROGRESS REPORT | MARCH 2007

WIRELESS

ELECTRONIC
SECURITY

converging
IT solutions

NETWORK
INFRASTRUCTURE

TELEPHONY

Dear Shareholders:

I am pleased to update you on recent developments and continued progress at NetVersant Solutions.

Setting the backdrop for a period of strong re-growth over the past 18 months has been a substantially improved economic and business climate and a strong resurgence in capital spending for information technology. Demand for NetVersant's converging IT solutions, whether measured by number, type, size or frequency of opportunities, is increasing across all lines of business. Our value proposition — bundled service offerings from a single national resource — ties into this increasing activity level, further validating our business model to a growing list of customers.

STRONG REVENUE GROWTH

NetVersant continues to present a unique service offering that no other company has been able to successfully replicate: a national footprint, multiple service platforms, a superior reputation and solid vendor/partner and customer relationships. Our strengths are producing positive results for the top line:

- New bookings have increased 8% over the past 12 months;
- Revenues expanded 12.5% over this same timeframe;
- Work in progress currently stands at a very healthy \$84 million; and
- Project backlog is at an all-time high of \$247 million, up 22% from year-end 2005.

With the economic and business climates finally regaining their positive footing, we have remained dedicated to the fundamentals of our business and resisted the temptation to move away from our core competencies. While growth can mean many things, we believe it demonstrates that NetVersant has the right message, the right service offerings and the right customer relationships to produce long-term value and success.

IMPROVING PERFORMANCE

With this growth has come certain challenges. Competitive pressures on IT infrastructure margins, coupled with weaker performance in our Southern California location, dampened NetVersant's overall profitability in both 2005 and 2006. The Company must continue to focus growth on our most profitable lines of business: national customers, telephony, ESS and wireless. While successful thus far with this diversification strategy — local-based IT infrastructure is less than 40% of our business today as opposed to more than 75% five years ago — we must continue our efforts to move customers to a converged service offering that delivers revenue from our high-margin business lines. With the short-term issues in California largely behind us, continued long-term success in diversifying our revenue stream should return NetVersant to expected levels of profitability in the future.

FUNDING OUR GROWTH

Another challenge of strong top-line growth is the demand it makes on our working capital. As a service business, we are required to finance the labor, materials and upfront costs associated with our projects. NetVersant is fortunate to have two strong financial partners, Wells Fargo Foothill and Patriarch Partners, which have demonstrated a continued commitment to our Company and helped finance our growth. We appreciate the strong ongoing partnership we enjoy with these two financial institutions.

LEADERSHIP FORUM

We recently assembled our senior leadership in San Antonio, Texas, for a two-day leadership meeting. This meeting brought together the top operations, sales and financial management from each of our locations. The topics covered ranged from effective selling techniques at the front end of the business cycle to methods for

improving collections and cash flow on the other. Proven best practices for growing top-line revenues and enhancing quality — both internally in operations and externally as a service provider to our customers — were presented by our business leadership. As a group, NetVersant has the best collection of industry professionals managing its operations, and routinely gathering that expertise and experience in one setting is a key contributor to our success.

COMPETITIVE ADVANTAGES

It bears repeating that in the view of our customers and strategic business partners, NetVersant has the best branded and most widely recognized converging IT service platform in the market today. This market position is key to the competitive advantages that continue to drive NetVersant's success:

- We provide a high-demand suite of converging technology solutions — IT infrastructure, IP/telephony, electronic security systems and wireless services.
- The cross marketing of our four converging business lines positions us to provide more services to existing customers and multiple solutions to new customers.
- The Company's impressive geographic footprint and strong national presence are unmatched in the marketplace.
- The benefits and efficiencies of NetVersant's national service model positions us to meet the needs of multi-location customers.
- We enjoy a tremendous vendor/partner channel with the best of the best.
- NetVersant employs the industry's most talented, highly trained people.
- Our industry-leading reputation, earned through diligence, reliability and a Company-wide dedication to the "One NetVersant Experience," positions NetVersant as the local, regional and national provider of choice.

LOOKING FORWARD

NetVersant has maintained its course through a turbulent marketplace, emerging as a stronger company with a solid balance sheet and financial support to grow. It goes without saying that the upswing in the economy and corresponding increase in IT capital spending over the past 18 months have been most welcome. We expect this favorable trend to continue into the foreseeable future and believe our Company is strategically positioned to benefit.

As we begin our eighth year of operations, our team remains committed to making NetVersant an even more effective organization. We encourage your involvement in our growth by referring potential customers who can benefit from the NetVersant Experience.

The Board of Directors joins me in offering our sincere appreciation for the continued support and confidence of our shareholders, customers, vendor/partners and dedicated employees.

Respectfully,



Scott L. Fordham
Chairman, President
& Chief Executive Officer

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In the ever-converging world of voice and data, NetVersant commingles business lines to provide total communications solutions:

- Network Infrastructure
- Electronic Security Systems
- Wireless Network Installations
- Voice Technologies

Under NetVersant's Assurance Process, customers are offered a full range of services within each of NetVersant's core solutions, from business analysis to planning and design, implementation, maintenance and support.

NetVersant offers the key factors on your decision-making checklist:

- ✓ national coverage
- ✓ greater control
- ✓ efficiency
- ✓ reliability
- ✓ accuracy
- ✓ simplicity
- ✓ consistency
- ✓ uniformity



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