

NETVERSANT SOLUTIONS, INC.

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PROGRESS REPORT JULY 2000

As our Company continues to expand its geographic presence and service capabilities, our web site will be updated to include NetVersant's activities, progress and developments.



Dear Customers, Employees and Investors:

NetVersant Solutions is making important strides in growth, expansion and profitability. I am pleased to provide our second report since the commencement of NetVersant's operations on February 17, 2000, to update you on the Company's activities, progress and developments.

Acquisitions Update

Our plan to expand the Company's scope with strategic acquisitions is on schedule. Since our last report in May 2000, five companies with operations in ten markets have joined the NetVersant family:

- Active Communications - ACTCOM, Inc., in Seattle, Washington;
- Dynamic Telecommunications, Inc., with offices in Las Vegas, Nevada and San Diego, California;
- E-Connect Solutions, Inc., in Atlanta, Georgia;
- Syzygy Corp., in Hayward, Orange and San Diego, California; and
- Reliable Telcom, Inc., in Philadelphia and Harrisburg, Pennsylvania, and serving the Washington DC/Baltimore, Maryland, markets from its offices in southern Delaware.

These new additions represent more than \$60 million in revenues and, when coupled with the very strong growth being experienced by our founding companies, increase NetVersant's annualized run-rate revenues to more than \$230 million. Additionally, these acquisitions significantly expand our geographic presence to 17 key markets and complement our founding companies with strong operating performance, excellent leadership and superior technological expertise.

Our acquisition efforts are benefiting from an increased awareness of the NetVersant name, the impressive reputation of our operating companies and the recognition by company owners that joining an organization with the ability to serve customers on a national basis will enhance their long-term prospects for growth. We expect this momentum to continue, as we are in active negotiations with 22 companies, representing more than \$225 million in annualized revenues.

Development of Strategic Partnerships

We have finalized our strategic alliance with Hines, an international real estate firm that owns or manages more than 70 million square feet of commercial real estate. As reported previously, the terms of this alliance include Mr. Jeffrey C. Hines, President of Hines, joining our Board of Directors and our two firms pursuing mutually beneficial business relationships. The Hines alliance offers NetVersant access to hundreds of office buildings and thousands of tenants nationwide. We are actively pursuing relationships similar to our Hines alliance with another nationally recognized full-service commercial real estate firm, as well as a leading owner and manager of multifamily residential units across the United States.

We have executed master purchase agreements with Anixter International and Communications Supply Corporation, two leading national distributors that inventory and deliver communications and cable products. Our national purchasing arrangement with the Chevrolet and Ford truck divisions, as well as Dell Computer, will improve efficiency and reduce costs, freeing our operating companies from negotiating individual purchases. Continuing this effort, NetVersant has reached an economic understanding with other key technology manufacturers, including Lucent Technologies (now known as Avaya Communication), AMP and NORDX/CDT and expects to finalize these contractual commitments early in the third quarter. These are the first of what we expect will be many strategic purchasing arrangements for products as varied as fuel and fiber optic cabling that will increase NetVersant's competitiveness and significantly improve our cost advantage.

Marketing and Branding Efforts

Our national sales and marketing initiative is underway with the recent hiring of a vice president - sales & marketing, a proven industry veteran with more than 20 years of relevant experience. Our next step will be to assemble a NetVersant national account team that will coordinate with the local sales forces to capitalize on the extensive opportunities for national customer relationships. To date, each of our operating companies has enjoyed success in their cross-selling efforts by capitalizing both on NetVersant's geographic diversity and broad product/service offerings. While the magnitude is continuing to grow, complete integration of our operations under the NetVersant brand name will allow us to realize the full potential of being a national firm.

Operational Matters

After significant review and research, NetVersant selected Oracle Corporation to provide its enterprise-wide information management software. Following the implementation of this comprehensive business systems platform, NetVersant will enjoy company-wide consistency in the key day-to-day management functions such as job costing, project scheduling, inventory management, purchasing, human resources administration and accounting. While this platform requires a significant investment by NetVersant, it is a management tool that is essential to a fully integrated operation. In selecting Oracle, we are assured that our information management platform will support our operations and growth both today and in the future.


Human resources is another area of significant progress; we recognize the importance of recruiting, training and retaining a highly skilled workforce. As an investment in NetVersant's employees, we are in the process of creating, for delivery by year-end, a more comprehensive and cohesive health and welfare benefit program. The Company has also established the first of several certified regional training centers for our technical staff. This investment will assure our customers that the NetVersant solution will be designed, tested, installed and maintained by the best-trained workforce in the industry.

Looking Forward

NetVersant's history, albeit brief, has been exciting, marked by rapid expansion, solid growth and strong profitability. During my visits to each NetVersant operating location, I have had the opportunity to meet with our employee teams across the nation. From these meetings, it is clear that we have assembled a motivated group of dedicated employees and a superior management team that are singularly focused on making NetVersant the premier service provider in the industry. With our sights set on this common goal, I look forward to reporting continued achievements and key developments in the coming months.

We invite you to follow NetVersant's progress on our web site at www.netversant.com. Your comments, suggestions and questions are welcome, and as always, we offer our appreciation for your continued support.

Respectfully,



Scott L. Fordham
Chairman & Chief Executive Officer