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The 2004 State of the Company Address

Dear Valued Clients:

Happy New Year!

Everyone at PC Network Services, Inc. sends you and your family wishes for a happy, healthy, and prosperous 2004!

The New Year always signals a time of reflection on the past and allows us the opportunity to create a direction for the future. As a company, it is the time for us to look back and appreciate relationships, measure past accomplishments, and take stock in the present.

As founder and owner of PC Network Services, Inc., I am fortunate to be surrounded by so many great people that enhance my life. My co-workers are the best of breed; by combining technical, personal, and organization skills, they are the backbone of our organization. We are employed by the best Clients around. We are fortunate to have the opportunity of working with so many top notch organizations, we appreciate it, and we continue to strive to deserve this opportunity everyday. We have also aligned ourselves with great vendors; organizations that help us perform at our very best.

2003 was a year of progress and accomplishments.

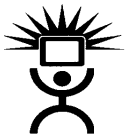
Design and Deployment of Our New Site Visit Database: This database is responsible for coordinating, tracking, and monitoring all of our visits to Client facilities. This system has dramatically improved and streamlined our coordination of visits.

Development of Our 2nd Generation Help Desk Database: This database, which, as I write this is finishing its final beta testing, will greatly improve the performance of The PCNS Help Desk. It was designed to give us much better call management, problem tracking and create the foundation for a multi-leveled help desk. It will also give us much better access to information both technically and historically by Client. Once live, we expect that this system will provide our Clients with quicker problem resolution, faster problem turn-around, and an increase of remote problem resolution.

Wireless Access: This system gives our field personnel real-time access to our email, calendar, and task management system. Because we spend the bulk of our time away from the office, we are now able to be in real-time communications with our office, Clients, and Site Visit Database program. This has improved our office / field communications tremendously.

Committed to Serving Your Technology Needs

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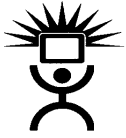
Remote PC Desktop Support: Over the past year we have adopted the technology and developed our skills to support desktop PCs remotely. While we have had this ability at the server level for a number of years, the desktop PC's have been much more difficult to support remotely. We have teamed with WebEx Communications to provide this service because of the high level of security and ease of use. By utilizing WebEx, The PCNS Help Desk is able to remotely solve more problems and solve them quicker. This means that we reduce the number of site visits and the amount of time for final resolution, ultimately reducing your firms cost of ownership and end user disruption.

Next Generation Software Skills and Deployment Processes: Our industry is ever changing and this past year was no exception. We have seen great strides over the year in the features, performance, and reliability of the new versions of hardware and software. As these products continue to develop and mature, we are constantly evaluating, piloting, testing, training, and developing deployment and support skills. This commitment requires a great deal of time and effort to not only stay abreast of current products and technologies, but to perform constant evaluation of new products and technologies to determine their practical application in our marketplace. Our commitment to new products and technologies is balanced by our commitment to supporting the old. Our industry life cycle is expanding (from 3-5 years to 5-8 years) and this is *great news* for our Clients. It also means that we have needed to modify our current technician training programs to include more legacy (our industry's term for old) systems. This combination helps us help our Clients achieve their strategic firm goals.

New PCNS Website: It took us quite a while, but we have finally completed our second generation website. It is the first phase and entry point for our new PCNS Intranet Portal (see below). When you have a chance, check it out.

As for the present, January 1, 2004 marks an exciting time for PC Network Services, Inc. We have made some dramatic and exciting changes to the services we provide to your company. These changes, enhancements and additions are detailed in the enclosed brochure; **The PCNS IT Management Program. Please take the time to read through the brochure to see the many new service features that we are proud to include at no additional cost.**

At PC Network Services, Inc., we are committed to building an organization that provides the best possible technical services to our Clients. This commitment will help your organization and economically manage the computer infrastructure that has become so critical for businesses today.



To ensure that we are able to meet the needs of our Clients I would like to provide a peek into what we are working on for the future...

The PCNS Intranet Portal: This system will give our technicians and support staff better access to Client technical information and history. Through our 3rd generation PCNS Network Documentation we will be able to access more of your technical information and do it much quicker. It will also give your office access to historical information, self-help guides, and scheduling information. This system is currently in development and we expect it to be fully operational and all Client data converted by the end of 2004. We anticipate that this system will reduce troubleshooting time and support costs.

Real-time Remote Network Monitoring: How would you like to have someone watching all aspects of your system 24 hours a day, 7 days a week? We are very excited to announce the procurement of a system that can remotely monitor your network 7x24x365 and automatically alerts us of any problems in real-time. This means that we can start addressing your issues even before you know they are there. This will also save us valuable time we now spend on each site visit manually collecting system statistics. This system is currently running in our office and we expect our first Client deployments by the beginning of the second quarter. We will keep you posted on our progress.

Automated Patch Management Systems: Our world is ever changing and it sometimes can become a dangerous place. Due to the nature of our technology and the malicious viruses and hackers in our world, it has become extremely important to keep our systems up-to-date with the latest system patches and Microsoft critical updates. This process is extremely labor intensive and costly. We have been researching methods of automating these tasks and remotely managing the process for many months. We are excited to announce that we have identified a cost-effective solution that is geared to our Client base. This system is in its final stages of in-house testing and we hope to begin deployment by the end of the first quarter.

End User and Automated System Maintenance Programs: Another labor intensive and costly maintenance chore is system maintenance. We have designed The PC Hygiene Instruction Program to help your users self maintain their desktop systems and explain good habits and techniques for operating their corporate business (not personal) computer. We will also be introducing systems that automatically perform desktop system maintenance tasks for some of our larger Clients. Regular desktop system maintenance dramatically improves system performance, reduces problems, and extends PC lifecycles.



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New System Performance and Cost Reporting: Managing your business requires information. As your partner in managing your IT systems, we are in the process of developing new reporting techniques to provide our Clients with better information with which to make strategic IT decisions. We anticipate having the 1st generation reports ready for our 2004 Annual Reviews.

These are great times. I appreciate the present, try to learn from the past, and have exciting plans for the future. We thank you for the opportunity to serve your firm and look forward a great year. I encourage your comments and suggestions on how we can better serve you.

Have a great year.



Peter