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DATA REDUCTION SYSTEMS EXPANDS OPERATIONS, PRODUCT LINE AND WORKFORCE COMPANY PREPARES FOR FIRST QUARTER GROWTH SURGE

Union, NJ -- December 28, 2004 – Anticipating a 20% business increase during the first quarter, Data Reduction Systems Corp. (DRS) (www.drscorp.com) is taking steps to manage the growth. A leading provider of information management products, services and solutions, DRS is ramping up in space & facilities, operational procedures, product & service offerings and staffing. During the last three months alone, the firm's sales force has doubled in size, while technical support has increased by 35%.

From his company's Union, New Jersey headquarters, Rick McQuade, president of DRS said, "The clients we're adding are industry leaders in the pharmaceutical, healthcare, insurance and financial services segments. Coincidentally, 2005 is our 20th year in business and we recently moved into a newly constructed 20,000 square foot facilities addition. A 20% increase would be a perfect way to mark the milestone."

DRS has also developed a number of technology innovations across all product and service lines. The company now features web-based solutions that allow customers to store data and images at DRS. The data is stored and easily retrievable via the Internet.

Three new vertical applications have also been added. **Sample Accountability e-Reject** is a process that eliminates paper, its associated mailing costs and the time and money wasted correcting sample form errors.



Another application manages the capture, retrieval and storage of expense reports. This solution allows companies to become paperless from inception, as all expense reports come to DRS for processing. Paper forms are then compared to data entered by individuals, discrepancies are reported and rejected, and clients can retrieve images and data via the Internet in real time.

Rounding out the new technologies is a simplified, uncomplicated pharmaceutical samples management tool, **PharmaSync™**, tailored specifically for the data collection needs of the life sciences industry.

McQuade concluded, "During the past year, we took on and successfully completed a number of sizable client projects, e.g., the conversion of over 10,000,000 microfilm images to digital format. However, they all pale in comparison to the flurry of activity we'll be experiencing in the coming quarter. Thankfully, the measures we've taken will ensure our readiness to handle the challenge."

About Data Reduction Systems Corp.

Since 1985, Data Reduction Systems Corp. has been at the forefront of new information management technologies. From its origin in micrographics to the latest innovations in digital storage, the company has always offered state-of-the-art archival and retrieval solutions to its industry partners. This business strategy has enabled some of the world's leading companies to enhance the integrity of their corporate standings through better management of their vital business records. DRS is located in Union, New Jersey.

For more information, please contact DRS at 908.687.5636 or visit www.drscorp.com

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