

EDMP INC. Quarterly Review

PRESIDENT'S MESSAGE

OPTIMISTIC FUTURE EXPECTATIONS

The first quarter of 1996 ends with the bull market continuing its ascent. As the market continues to make record gains, the pundits are beginning to worry. Can it last, if so, for how much longer? Is it really different this time or is the mighty bear set to roar? Thank goodness EDMP does not fall prey to these hysterical mind games. As we hope you all realize by now, we ignore markets and the temptations to forecast the unforecastable. Rather, we focus our energies and intellect on analyzing the current and future business prospects of the fine leading companies you own.

It is important to mention, that our historical analysis clearly shows that in every market, Bull or Bear, there will always be companies that are overpriced, underpriced, and fairly priced. This vital perspective allows us to ignore markets and focus on identifying great values in great companies, regardless of market conditions. Admittedly, its harder to find value in a raging bull market. Yet, find value we have, and we remain very excited about the companies you currently own.

At our most recent quarterly meeting we reviewed several exciting trends that we believe merit an optimistic long-term viewpoint. We discussed the growing world population, creating more and more people to buy the goods and services our businesses offer. We examined the dynamic duo of demographics, the aging population (Graying America) and the baby boomer generation. These are two powerful spending machines to stimulate economic growth and support rising stock prices. We also covered the significant advances in technology from computers to medical science and more. Exciting breakthroughs promising unimaginable and unlimited opportunity to enhance the way people live, work, and play. Finally, we examined the potential of a global market place and the rapid development of emerging economies.

The point of all this is simple. Over the long run, well managed companies prosper and grow because their markets prosper and grow. This has been the trend since the beginning, and it appears that it should persist well beyond most of our lifetime and our children's and grandchildren's lifetimes.

This theme brings into focus what we believe to be one of the most important benefits we provide you, our valued clients. At EDMP we are dedicated to being the most effective communicators and providers of client education and perspective in the financial industry. We know that an elegantly informed client is the best prepared to achieve the financial success that you all deserve. Knowledge is power, especially with regard to investing.

As the investing climate becomes more worrisome, it becomes increasingly more important for you to keep your wits about you. We hope you never let a schizophrenic Wall Street validate your investing decisions. Metaphorically, by keeping your eyes on the relevant balls, you can protect yourselves from the market insanity and crowd psychology. Perhaps our greatest challenge is to assist you in recognizing the hidden, but most important track record of all, the operating results of the companies you own. Our experience clearly demonstrates that ultimately and inevitably a company's common stock price will reflect its operating results.

Please remember, that by definition there are more buyers at the top, and more sellers at the bottom. Smart money reverses that behavior and aggressively buys nearer the bottom. The result is lower risk and significantly higher and more reliable long-term results. The combination of lower risk and better results provide us a powerful investing advantage. All that is required of us is the patience and prudence to trust our greatest ally...time. The recipe for successful investing is straightforward. Combine only the highest quality ingredients, mix them in the proper balance and set them aside to rise fully, and finally bake until done.

We encourage you to spend a few minutes each quarter reviewing your EDMP reports. You may have noticed that we now report in bold letters the earnings, sales, dividends, and stock split reports in our newsletter. We believe this to be among the most important information that you should examine. For it is here where you will learn how your businesses are actually performing. Stock prices by themselves lie. That is why we also encourage you to

review your forecasting charts. Your company's price in relation to its earnings value line clearly depicts its relative valuation. You should know whether your portfolio is overpriced, underpriced, or fairly

priced. In a matter of minutes our charts will tell you that. Use them and prosper.

Finally, we encourage you to review the newsletter. It should only require thirty minutes to an hour of your time every quarter. We would also suggest that you share this information with your family. Our goal is to make this exercise efficient, meaningful and hopefully as interesting as possible. Compare your performance reports (stock price) to your company's business results, and perhaps for the first time you will have a truly valid perspective of your portfolio's future potential.

It remains our privilege to serve you. As always, remember *"Earnings Determine Market Price, always have, always will."*

Sincerely,



Charles C. Carnevale
President