2nd Quarter 2005

EDMP, INC. Quarterly Review

Performance Perspectives

The second quarter of 2005 brought more of the same for the stock market in general. Although slightly better than the first quarter, the performance of the S&P 500 continues to move sideways as it has all year. Fortunately for EDMP, however, our superior companies coupled with their sound valuations did much better than the market. The better news is that our businesses performed even better than their stock prices.

EDMP has often pointed out that short-term stock price volatility does not always paint a true picture of how a portfolio is actually doing. Since the market must always climb a wall of worry, emotions will often cloud the shorter run. Short-term stock prices may rise or fall in a manner that is contradictory to business fundamentals. However, in the longer run, true business performance cannot be ignored or denied. In other words, business results create long-term performance results.

Since our portfolios performed so much better than the general market this quarter, we felt it to be an ideal time to discuss other **performance perspectives**. Our reasoning is that it's easier to consider these other, actually more important, performance indicators when prices are rising and worry is contained. There are several key attributes that indicate a healthy and prospering company. Consequently, we thought it would be fun and illuminating to discuss some of the more important ones as they apply to specific companies you own.

Let's start with stock splits, which are a sure fire sign of a growing business. Faster than average growing businesses will usually split their stock to keep it attractively priced for the retail market and to provide financial flexibility and liquidity. During the second quarter of 2005 three of our fine companies announced 2 for 1 stock splits. They are in alphabetical order: Express Scripts, Inc., H&R Block Inc., and United Technologies Corporation.

The way a company increases their dividend payments is another attribute that successful companies possess. When available at reasonable prices, EDMP likes to invest in faster than average growing companies that pay a dividend and have a history of increasing their dividend as their earnings grow. For example, Leggett & Platt has the second best dividend growth record among the Fortune 500. Leggett has rewarded investors with a 96-fold growth in dividends since 1971 via 34 consecutive annual increases at a better than 14% compounded annual growth rate. EDMP's 20 year performance report on Leggett & Platt clearly illustrates how valuable a rising dividend income stream can be.

LEGGETT & PLATT INC(LEG)
20 YEAR PERFORMANCE RESULTS

Amount Invested: $ 100,000 Shares: 36,101 **Closing Value: $1,004,329.82**
Split-adjusted Price(12/31/1985): 2.77 Closing Price(07/08/2005): 27.82

Dividend Cash Flow

YEAR	Dividend/Share	Cash Dividend	% Return
1986	0.05	$1,805.05	1.8%
1987	0.05	$1,805.05	1.8%
1988	0.08	$2,888.08	2.9%
1989	0.09	$3,249.09	3.2%
1990	0.10	$3,610.10	3.6%
1991	0.11	$3,971.11	4.0%
1992	0.14	$5,054.14	5.1%
1993	0.14	$5,054.14	5.1%
1994	0.12	$4,332.12	4.3%
1995	0.18	$6,498.18	6.5%
1996	0.22	$7,942.22	7.9%
1997	0.26	$9,386.26	9.4%
1998	0.30	$10,830.30	10.8%
1999	0.35	$12,635.35	12.6%
2000	0.40	$14,440.40	14.4%
2001	0.47	$16,967.47	17.0%
2002	0.49	$17,689.49	17.7%
2003	0.53	$19,133.53	19.1%
2004	0.57	$20,577.57	20.6%
2005	0.66 E	$23,826.66	23.8%

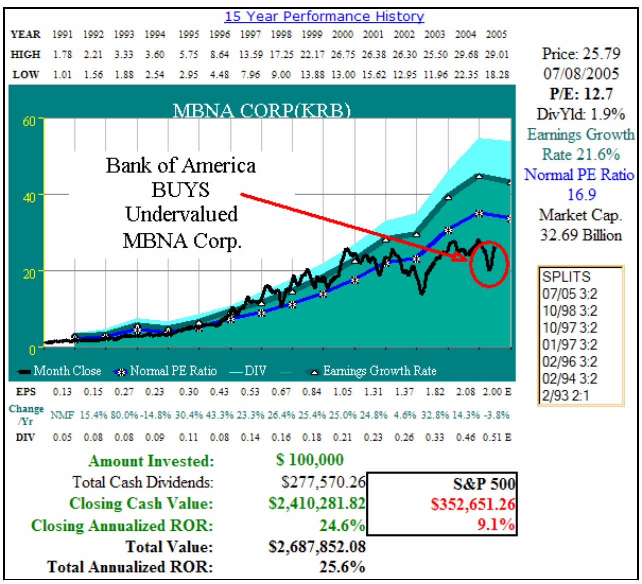
		S&P 500
Total Cash Dividends:	$191,696.31	
Closing Cash Value:	**$1,004,329.82**	**$573,209.78**
Closing Annualized ROR:	**12.5%**	**9.4%**
Total Value:	**$1,196,026.13**	
Total Annualized ROR:	**13.5%**	

The following EDMP portfolio companies raised their dividend last quarter: Bank of America, Citigroup, Cardinal Health, H&R Block Inc., Illinois Tool Works, Paccar Inc, and U.S. Bancorp. Additionally, Franklin Resources rewarded us with a special $2.00 dividend distribution per share.

Share buybacks are another method superior businesses use to reward shareholders especially when they believe their stock is selling at less than

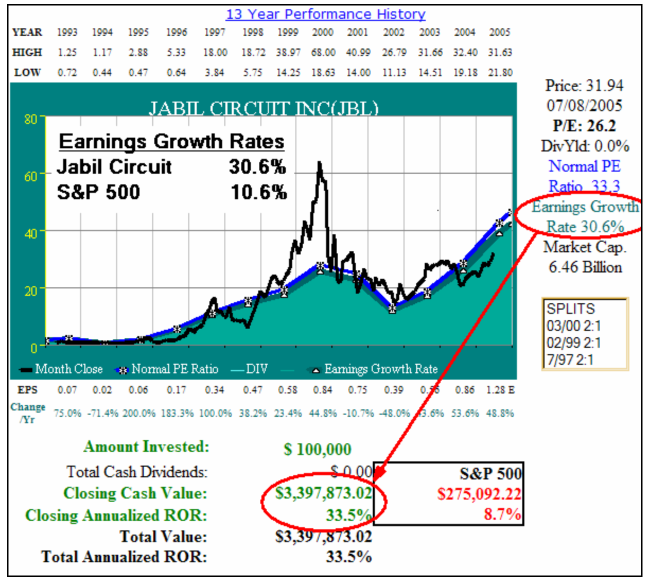
True Worth™. Most of the companies we own have active share buyback programs. During the second quarter of 2005 the following portfolio holdings either extended or increased their share buyback programs: Affiliated Computer Services, Cardinal Health, First Data Corp., Illinois Tool Works and United Technologies. Remember, when a company buys back its stock, there are fewer shares to allocate earnings across. Therefore, earnings per share growth accelerates and performance is enhanced.

Excellent companies with sound balance sheets and strong cash flows have the financial ability to make strategic acquisitions in order to fuel growth. During the second quarter of 2005 the most exciting acquisition was by one of our portfolio companies (Bank of America) of another of our portfolio companies (MBNA Corp).



We were particularly pleased that Bank of America saw the same value in MBNA that we did, and purchased the company at a 35% premium to its prior day closing price. Several other of our portfolio companies made attractive acquisitions to enhance their long-term growth prospects: Affiliated Computer Services, Boston Scientific Corp, Fiserv, First Data Corp, Johnson Controls, and Mohawk Industries.

In addition to all the above exciting attributes of superior businesses that our portfolio companies possess, they also generally reported excellent operating results. Most, if not all, of our companies reported earnings growth above expectations and stronger than valuations would indicate. In other words we are really quite excited about the companies you currently own. The repositioning of the portfolio in the first quarter with companies that have higher earnings growth rates and lower valuations than the overall market has begun to show positive results, which we anticipate to continue over time.



This out-performance occurred despite the fact that we do not own any oil stocks or utilities, which were the stronger sectors of the second quarter. We generally do not invest in these sectors since they have historically not maintained any long-term growth; rather they are trading vehicles. With the overall market staying within its trading range, we are especially optimistic that our holdings have both the earnings and balance sheet qualities to out-perform.

And, as we hope you all agree: in the long run ***Earnings Determine Market Price***. Always have, and always will.

Sincerely,

Charles C. Carnevale
Chief Investment Officer