

# Pomeroy Computer Resources, Inc.

(PMRY:NASDAQ) Downgrade  
Underperform 4

Based in Hebron, KY, Pomeroy Computer Resources, Inc. sells, installs, services and leases computer equipment for commercial, health care, financial, educational and government customers with estimated 2002 revenues of \$718.4 million. Pomeroy employs approximately 1,600 individuals, more than half of whom are technical personnel, and maintains 28 regional offices throughout the Southeast and Midwest regions of the U.S.

## Downgrading PMRY to Underperform Due to Disappointing 4Q Results

- ◆ On Tuesday, Pomeroy announced that its 4Q:02 revenue and EPS estimates would be significantly below expectations. In addition, the company increased its reserve for uncollectible vendor receivables by \$2.07 million after-tax (\$0.16 per share) and announced that it has terminated the employment of Tim Tonges, EVP of Sales and Operations, a 12-year veteran of the company.
- ◆ The company now expects revenues to decline by approximately 27% year/year and 13% sequentially to \$149 million. Our previous revenue estimate was \$164.5 million. EPS is expected to range from \$0.20 to \$0.22 (excluding a non-recurring charge discussed below), versus our previous estimate of \$0.28. The EPS shortfall is entirely attributable to the revenue weakness.
- ◆ It is well documented that overall IT spending deteriorated in November. However, other factors contributed to Pomeroy's sales results, including product availability from a major vendor and recent management transitions in two geographic regions, resulting in lost focus.
- ◆ We are lowering our estimates as follows. 4Q revenues and EPS are lowered to \$149.0 million and \$0.21, respectively, from \$164.5 million and \$0.28, respectively. Our 2003 revenue estimate is lowered to \$653.9 million from \$739.9 million. Our 2003 EPS estimate is likewise reduced to \$1.15 from \$1.35.
- ◆ Despite a valuation that is seemingly inexpensive, we are downgrading PMRY to an **Underperform** from Market Perform given our sharp reduction in estimates and lack of confidence in our new estimates, which assume modest sequential growth throughout 2003 despite two consecutive quarters of -13% sequential growth.

FY=	EPS	Q1	Q2	Q3	Q4	Full
	Dec	Mar	Jun	Sep	Dec	Year
	2001A	\$0.28	\$0.33	\$0.40	\$0.41	\$1.43
Old	2002E	0.36A	0.38A	0.30A	0.28	1.32
<b>New</b>	<b>2002E</b>	<b>0.36A</b>	<b>0.38A</b>	<b>0.30A</b>	<b>0.21</b>	<b>1.26</b>
Old	2003E	UR	UR	UR	UR	1.35
<b>New</b>	<b>2003E</b>	<b>0.24</b>	<b>0.27</b>	<b>0.29</b>	<b>0.35</b>	<b>1.15</b>

Notes: Rows may not add due to rounding.

**Please see the last page of this document for important disclosure information.**

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## EQUITY RESEARCH

January 8, 2003  
Technology Distribution  
Company Comment

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**Current Price** (1/7/03) \$12.98  
Projected 12-Month Target Price: NM

**52-Week Range** \$17.35-\$9.27  
Dividend/Yield \$0.00/0.0%  
Book Value (09/02) \$16.07  
Suitability Not Meaningful

**Shares Out. (mil.)** 12.8  
Market Cap. (mil.) \$166.1  
Avg. Daily Vol. (10 day) 19,390

**Proj. 3-Yr EPS Growth Rate** 10%  
ROE (09/02) 10.0%  
LT Debt (mil.)/% Cap. \$0.0/0.0%

**P/E Ratios**  
2002E 10.3x  
2003E 11.3x

**Operating Margins**  
2001A 3.9%  
2002E 3.6%  
2003E 3.7%

**Revenues (mil.)**

	Old	New
2001A	\$809.2	\$809.2
2002E	\$718.4	\$702.9
2003E	\$739.9	\$653.9

## Downgrading PMRY to Underperform due to disappointing 4Q results

On Tuesday after the close, Pomeroy announced that its 4Q:02 revenue and EPS estimates would be significantly below expectations. In addition, the company increased its reserve for uncollectible vendor receivables by \$2.07 million after-tax (\$0.16 per share) and announced that it has terminated the employment of Tim Tonges, EVP of Sales and Operations, a 12-year veteran of the company.

For the second consecutive quarter, Pomeroy Computer Resources pre-announced a substantial revenue and EPS shortfall. In particular, the company now expects revenues to decline by approximately 27% year-over-year to approximately \$149 million. On a sequential basis, this equates to a 13% revenue decline, which is much steeper than what we forecasted for the industry and the corporate reseller segment in our 4Q IT Supply Chain survey. Our previous revenue estimate was \$164.5 million. EPS is expected to range from \$0.20 to \$0.22 (excluding a non-recurring charge discussed below), versus our previous estimate of \$0.28. The EPS shortfall is entirely attributable to the revenue weakness, as gross margins are expected to be in line with our estimates and expenses should be lower than what we were modeling.

It is well documented that overall IT spending deteriorated in November. However, our recent channel checks suggest that December was a decent month, with evidence of a fairly healthy year-end budget flush. As a result, while we thought sales could be slightly weaker than expected, we did not expect a material variance from our seemingly conservative estimate. However, other factors contributed to Pomeroy's sales results. Per our conversation with management, product availability was an issue with a major vendor, and this was a key factor leading to the sales weakness. In addition, the revenue shortfall was primarily concentrated in two geographic regions where there has been recent management transitions, resulting in lost focus for the company. Management is confident that new leadership is in place in these regions and that business should stabilize going forward.

The company will report 4Q results in early February. In the meantime, we are lowering our estimates as follows. 4Q revenues and EPS are lowered to \$149.0 million and \$0.21, respectively, from \$164.5 million and \$0.28, respectively. This results in 2002 revenues and EPS of \$702.3 million and \$1.26 (excluding charges). Based on our reduced 4Q revenue estimate, we are lowering our 2003 revenue estimate to \$653.9 million from \$739.9 million. Our 2003 EPS estimate is likewise reduced to \$1.15 from \$1.35. Despite a valuation that is seemingly inexpensive, we are downgrading PMRY to an **Underperform** from Market Perform given our sharp reduction in estimates and lack of confidence in our new estimates, which assume modest sequential growth throughout 2003 despite two consecutive quarters of -13% sequential growth. While the stock is trading just above tangible book value of \$11.50, we believe that upside is limited by deteriorating fundamentals and limited visibility of forward estimates.

With respect to increasing its reserve for vendor receivables, this marks the second time in the past 12 months that the company has increased such reserves. The first reserve increase was much larger, but management was fairly confident at that time that its reserves were adequate and may be overly conservative. As it turns out, the entire \$18.2 million reserve will be written off prior to the 4Q conference call, leaving approximately \$10 million in vendor receivables, of which a small portion is greater than 12 months old. Management indicated that it has improved its internal controls in this area, and has improved its first claim success rate to 95% (from approximately 60% a year ago). In addition, it is now filing rebate claims weekly versus monthly.

**POMEROY COMPUTER RESOURCES**  
INCOME STATEMENT (\$Mil.)

(\$ MIL)	2000A	2001A	Q1 MAR 02A	Q2 JUN 02A	Q3 SEP 02A	Q4 DEC 02E	2002E	Q1 MAR 03E	Q2 JUN 03E	Q3 SEP 03E	Q4 DEC 03E	2003E
<b>Revenue:</b>												
Product	\$785.69	\$668.75	\$153.45	\$162.92	\$136.98	\$122.00	\$575.35	\$124.44	\$130.66	\$135.24	\$144.70	\$535.04
% of total rev	84.9%	82.6%	82.3%	82.9%	80.1%	81.9%	81.9%	81.9%	81.8%	81.8%	81.8%	81.8%
Service	\$139.44	\$140.47	\$32.90	\$33.66	\$33.95	\$27.00	\$127.50	\$27.54	\$29.05	\$30.07	\$32.18	\$118.84
% of total rev	15.1%	17.4%	17.7%	17.1%	19.9%	18.1%	18.1%	18.1%	18.2%	18.2%	18.2%	18.2%
<b>TOTAL REVENUE</b>	<b>\$925.14</b>	<b>\$809.21</b>	<b>\$186.35</b>	<b>\$196.58</b>	<b>\$170.92</b>	<b>\$149.00</b>	<b>\$702.85</b>	<b>\$151.98</b>	<b>\$159.72</b>	<b>\$165.31</b>	<b>\$176.88</b>	<b>\$653.88</b>
<b>COST OF SALES</b>	<b>\$801.79</b>	<b>\$705.94</b>	<b>\$162.53</b>	<b>\$172.48</b>	<b>\$149.47</b>	<b>\$130.96</b>	<b>\$615.44</b>	<b>\$133.36</b>	<b>\$172.48</b>	<b>\$145.02</b>	<b>\$155.01</b>	<b>\$605.86</b>
<b>Gross Profit:</b>												
Product	\$67.63	\$62.67	\$13.62	\$13.58	\$11.20	\$9.88	\$48.28	\$10.08	\$10.58	\$10.82	\$11.58	\$43.06
% of product rev	8.61%	9.37%	8.87%	8.34%	8.18%	8.10%	8.39%	8.10%	8.10%	8.00%	8.00%	8.05%
Service	\$55.72	\$40.61	\$10.20	\$10.52	\$10.25	\$8.15	\$39.13	\$8.54	\$9.01	\$9.47	\$10.30	\$37.31
% of service rev	39.96%	28.91%	31.02%	31.26%	30.20%	30.20%	30.69%	31.00%	31.00%	31.50%	32.00%	31.40%
<b>TOTAL GROSS PROFIT</b>	<b>\$123.35</b>	<b>\$103.28</b>	<b>\$23.82</b>	<b>\$24.10</b>	<b>\$21.45</b>	<b>\$18.04</b>	<b>\$87.41</b>	<b>\$18.62</b>	<b>\$19.59</b>	<b>\$20.29</b>	<b>\$21.87</b>	<b>\$80.37</b>
% of total rev	13.33%	12.76%	12.78%	12.26%	12.55%	12.10%	12.44%	12.25%	12.27%	12.27%	12.37%	12.29%
<b>TOTAL OPER. EXPENSE</b>	<b>\$70.65</b>	<b>\$72.00</b>	<b>\$16.17</b>	<b>\$16.32</b>	<b>\$15.75</b>	<b>\$13.60</b>	<b>\$61.84</b>	<b>\$13.55</b>	<b>\$13.90</b>	<b>\$14.10</b>	<b>\$14.50</b>	<b>\$56.05</b>
% of total rev	7.6%	8.9%	8.7%	8.3%	9.2%	9.1%	8.8%	8.9%	8.7%	8.5%	8.2%	8.6%
<b>OPER INCOME</b>	<b>\$52.70</b>	<b>\$31.27</b>	<b>\$7.65</b>	<b>\$7.78</b>	<b>\$5.70</b>	<b>\$4.44</b>	<b>\$25.57</b>	<b>\$5.07</b>	<b>\$5.69</b>	<b>\$6.19</b>	<b>\$7.37</b>	<b>\$24.32</b>
% of total rev	5.7%	3.9%	4.1%	4.0%	3.3%	3.0%	3.6%	3.3%	3.6%	3.7%	4.2%	3.7%
INT (net)	\$3.81	\$2.54	\$0.12	\$0.19	\$0.07	\$0.05	\$0.43	\$0.05	\$0.05	\$0.05	\$0.05	\$0.20
Restructuring/Reserves		\$15.93				\$3.20						
PRE-TAX	\$48.89	\$28.74	\$7.53	\$7.59	\$5.64	\$4.39	\$25.13	\$5.02	\$5.64	\$6.14	\$7.32	\$24.12
% of total rev	5.3%	3.6%	4.0%	3.9%	3.3%	2.9%	3.6%	3.3%	3.5%	3.7%	4.1%	3.7%
TAX-RATE %	40%	39%	38%	39%	10%	39%	32%	39%	39%	39%	39%	39%
<b>NET INCOME</b>	<b>\$29.49</b>	<b>\$17.53</b>	<b>\$4.66</b>	<b>\$4.63</b>	<b>\$5.09</b>	<b>\$2.68</b>	<b>\$17.06</b>	<b>\$3.06</b>	<b>\$3.44</b>	<b>\$3.75</b>	<b>\$4.47</b>	<b>\$14.71</b>
% of total rev	3.2%	2.2%	2.5%	2.4%	3.0%	1.8%	2.4%	2.0%	2.2%	2.3%	2.5%	2.3%
EPS (diluted)	\$2.38	\$0.62	\$0.36	\$0.36	\$0.40	\$0.05	\$1.17	\$0.24	\$0.27	\$0.29	\$0.35	\$1.15
EPS (x gain/charge)	\$2.44	\$1.43	\$0.36	\$0.38	\$0.30	\$0.21	\$1.26	\$0.24	\$0.27	\$0.29	\$0.35	\$1.15
PRIOR YR EPS	\$2.11	\$2.44	\$0.28	\$0.33	\$0.40	\$0.41	\$1.43	\$0.36	\$0.38	\$0.30	\$0.21	\$1.26
SHARES OUT (MIL)	12.41	12.70	12.79	12.87	12.77	12.70	12.78	12.70	12.80	12.80	12.80	12.78
<b>Y/Y% CHG.</b>												
Product	20.3%	-14.9%	-5.3%	-4.2%	-18.4%	-27.7%	-14.0%	-18.9%	-19.8%	-1.3%	18.6%	-7.0%
Service	34.3%	0.7%	-2.5%	-4.5%	-5.1%	-24.5%	-9.2%	-16.3%	-13.7%	-11.4%	19.2%	-6.8%
<b>TOTAL REVENUE</b>	<b>22.3%</b>	<b>-12.5%</b>	<b>-4.8%</b>	<b>-4.3%</b>	<b>-16.1%</b>	<b>-27.1%</b>	<b>-13.1%</b>	<b>-18.4%</b>	<b>-18.8%</b>	<b>-3.3%</b>	<b>18.7%</b>	<b>-7.0%</b>
<b>TOTAL GROSS PROFIT</b>	<b>18.3%</b>	<b>-16.3%</b>	<b>-3.7%</b>	<b>-4.1%</b>	<b>-19.2%</b>	<b>-32.8%</b>	<b>-15.4%</b>	<b>-21.8%</b>	<b>-18.7%</b>	<b>-5.4%</b>	<b>21.3%</b>	<b>-8.1%</b>
SG&A	17.1%	0.8%	-6.2%	-1.6%	-7.7%	-18.9%	-8.6%	-15.5%	-14.4%	-8.2%	8.9%	-8.0%
<b>OPER INCOME</b>	<b>15.8%</b>	<b>-40.7%</b>	<b>15.9%</b>	<b>5.2%</b>	<b>-33.4%</b>	<b>-49.1%</b>	<b>-18.2%</b>	<b>-33.8%</b>	<b>-26.8%</b>	<b>8.6%</b>	<b>66.2%</b>	<b>-4.9%</b>
INT (net)	0.9%	-33.3%	-93.1%	-56.3%	-48.9%	-68.9%	-82.9%	-59.7%	-74.1%	-25.4%	0.0%	-53.9%
PRE-TAX	17.2%	-41.2%	56.9%	9.1%	-33.2%	-48.7%	-12.5%	-33.3%	-25.6%	9.0%	67.0%	-4.0%
<b>NET INCOME</b>	<b>18.5%</b>	<b>-40.6%</b>	<b>59.4%</b>	<b>9.1%</b>	<b>-1.0%</b>	<b>-48.7%</b>	<b>-2.7%</b>	<b>-34.4%</b>	<b>-25.6%</b>	<b>-26.5%</b>	<b>67.0%</b>	<b>-13.8%</b>
EPS (x gain/charge)	16.1%	-41.6%	31.1%	14.6%	-26.1%	-48.7%	-11.9%	-33.9%	-29.9%	-2.1%	65.7%	-8.5%
<b>SEQ% CHG.</b>												
Product			-9.1%	6.2%	-15.9%	-10.9%		2.0%	5.0%	3.5%	7.0%	
Service			-8.0%	2.3%	0.9%	-20.5%		2.0%	5.5%	3.5%	7.0%	
<b>REVENUE</b>			<b>-8.9%</b>	<b>5.5%</b>	<b>-13.1%</b>	<b>-12.8%</b>		<b>2.0%</b>	<b>5.1%</b>	<b>3.5%</b>	<b>7.0%</b>	
<b>GROSS PROFIT</b>			<b>-11.2%</b>	<b>1.2%</b>	<b>-11.0%</b>	<b>-15.9%</b>		<b>3.2%</b>	<b>5.2%</b>	<b>3.6%</b>	<b>7.8%</b>	
OPER. EXP			-10.7%	0.9%	-3.5%	-13.7%		-0.4%	2.6%	1.4%	2.8%	
<b>OPER INCOME</b>			<b>-12.2%</b>	<b>1.7%</b>	<b>-26.7%</b>	<b>-22.2%</b>		<b>14.2%</b>	<b>12.3%</b>	<b>8.8%</b>	<b>19.1%</b>	
PRE-TAX			-12.0%	0.8%	-25.7%	-22.2%		14.4%	12.4%	8.9%	19.2%	
<b>NET INCOME</b>			<b>-10.6%</b>	<b>-0.8%</b>	<b>10.1%</b>	<b>-47.5%</b>		<b>14.4%</b>	<b>12.4%</b>	<b>8.9%</b>	<b>19.2%</b>	
EPS (x gain/charge)			-11.2%	5.2%	-22.1%	-29.5%		14.4%	11.6%	8.9%	19.2%	
<b>MARGIN ANALYSIS</b>												
<b>GROSS MARGIN-Product</b>	<b>8.61%</b>	<b>9.37%</b>	<b>8.87%</b>	<b>8.34%</b>	<b>8.18%</b>	<b>8.10%</b>	<b>8.39%</b>	<b>8.10%</b>	<b>8.10%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.05%</b>
Y/Y BP CHG	(81.9)	76.3	(102.6)	(71.5)	(108.6)	(119.5)	(98.0)	(77.4)	(23.6)	(17.6)	(10.0)	(34.4)
SEQ BP CHG			(42.1)	(53.8)	(16.0)	(7.6)		0.0	0.0	(10.0)	0.0	
<b>GROSS MARGIN-Service</b>	<b>39.96%</b>	<b>28.91%</b>	<b>31.02%</b>	<b>31.26%</b>	<b>30.20%</b>	<b>30.20%</b>	<b>30.69%</b>	<b>31.00%</b>	<b>31.00%</b>	<b>31.50%</b>	<b>32.00%</b>	<b>31.40%</b>
Y/Y BP CHG	(117.5)	(1,105.0)	517.9	359.6	(57.2)	(96.5)	178.3	(1.7)	(25.9)	129.5	180.0	70.6
SEQ BP CHG			(14.8)	24.3	(105.5)	(0.5)		80.0	0.0	50.0	50.0	
<b>GROSS MARGIN-Total</b>	<b>13.33%</b>	<b>12.76%</b>	<b>12.78%</b>	<b>12.26%</b>	<b>12.55%</b>	<b>12.10%</b>	<b>12.44%</b>	<b>12.25%</b>	<b>12.27%</b>	<b>12.27%</b>	<b>12.37%</b>	<b>12.29%</b>
Y/Y BP CHG	(44.3)	(57.1)	13.6	1.6	(48.8)	(101.4)	(32.6)	(53.3)	0.5	(27.6)	26.1	(14.5)
SEQ BP CHG			(33.6)	(52.2)	29.0	(44.6)		14.5	1.6	0.9	9.1	
<b>OPER MARGIN</b>	<b>5.7%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>3.3%</b>	<b>3.0%</b>	<b>3.6%</b>	<b>3.3%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>4.2%</b>	<b>3.7%</b>
Y/Y BP CHG	(31.7)	(183.2)	73.2	35.5	(86.8)	(128.4)	(22.7)	(77.1)	(39.4)	40.9	119.1	8.2
SEQ BP CHG			(15.6)	(14.8)	(62.1)	(35.9)		35.7	22.9	18.2	42.3	
<b>NET MARGIN</b>	<b>3.2%</b>	<b>2.2%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>3.0%</b>	<b>1.8%</b>	<b>2.4%</b>	<b>2.0%</b>	<b>2.2%</b>	<b>2.3%</b>	<b>2.5%</b>	<b>2.3%</b>
Y/Y BP CHG	(10.1)	(102.1)	100.7	28.7	45.5	(75.6)	26.1	(48.9)	(20.0)	(71.4)	73.0	(17.7)
SEQ BP CHG			(4.9)	(14.9)	62.7	(118.5)		21.8	14.1	11.2	25.9	

## POMEROY COMPUTER RESOURCES

### BALANCE SHEET (\$Mil.)

ASSETS (\$mil)	2000A	2001A	MAR 02A	JUN 02A	SEP 02A	DEC 02E	2002E	MAR 03E	JUN 03E	SEP 03E	DEC 03E	2003E
CASH & EQUIV	\$1.10	\$2.88	\$0.01	\$1.39	\$17.67	\$35.71	\$35.71	\$40.04	\$45.30	\$41.59	\$38.40	\$38.40
TOTAL RECEIVABLES	\$208.25	\$207.80	\$180.21	\$147.31	\$131.96	\$105.97	\$105.97	\$108.05	\$113.46	\$117.37	\$125.45	\$125.45
RESERVES	\$2.48	\$16.74	\$16.76	\$17.26	\$18.29	\$18.29	\$18.29	\$18.29	\$18.29	\$18.29	\$18.29	\$18.29
INVENTORIES	\$29.35	\$20.88	\$19.82	\$20.96	\$16.87	\$15.79	\$15.79	\$16.08	\$20.79	\$17.48	\$18.69	\$18.69
OTHER CURRENT	\$5.85	\$8.47	\$8.83	\$9.77	\$9.50	\$8.29	\$8.29	\$8.45	\$8.88	\$9.19	\$9.84	\$9.84
<b>TOT CURR ASSETS</b>	<b>\$244.54</b>	<b>\$240.02</b>	<b>\$208.87</b>	<b>\$179.43</b>	<b>\$176.00</b>	<b>\$165.75</b>	<b>\$165.75</b>	<b>\$172.61</b>	<b>\$188.43</b>	<b>\$185.62</b>	<b>\$192.38</b>	<b>\$192.38</b>
PP&E	\$18.65	\$18.55	\$18.16	\$20.06	\$20.07	\$22.00	\$22.00	\$21.00	\$20.00	\$21.00	\$23.00	\$23.00
LEASES	\$36.38	\$22.44	\$21.89	\$1.62	\$1.58	\$1.58	\$1.58	\$1.58	\$1.58	\$1.58	\$1.58	\$1.58
GOODWILL	\$53.46	\$58.51	\$59.50	\$60.11	\$60.53	\$60.53	\$60.53	\$60.53	\$60.53	\$60.53	\$60.53	\$60.53
OTHER ASSETS	\$3.35	\$2.20	\$1.75	\$2.66	\$3.95	\$3.44	\$3.44	\$3.51	\$3.69	\$3.82	\$4.08	\$4.08
<b>TOTAL ASSETS</b>	<b>\$361.27</b>	<b>\$341.72</b>	<b>\$310.17</b>	<b>\$263.87</b>	<b>\$262.13</b>	<b>\$253.30</b>	<b>\$253.30</b>	<b>\$259.23</b>	<b>\$274.22</b>	<b>\$272.55</b>	<b>\$281.57</b>	<b>\$281.57</b>
<b>LIAB &amp; EQUITY</b>												
CURR PORTION OF NOTE	\$22.78	\$27.19	\$23.69	\$3.29	\$1.86	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ACCT PAY	\$67.30	\$86.45	\$66.18	\$46.37	\$39.62	\$33.01	\$33.01	\$33.61	\$43.47	\$36.55	\$39.07	\$39.07
BANK NOTE	\$55.46	\$11.88	\$0.71	\$2.42	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
ACCRUEDS	\$14.45	\$14.66	\$13.36	\$10.03	\$12.63	\$11.01	\$11.01	\$11.23	\$11.80	\$12.21	\$13.07	\$13.07
<b>CURRENT LIAB</b>	<b>\$159.99</b>	<b>\$140.18</b>	<b>\$103.94</b>	<b>\$62.11</b>	<b>\$54.11</b>	<b>\$44.02</b>	<b>\$44.02</b>	<b>\$44.84</b>	<b>\$55.27</b>	<b>\$48.76</b>	<b>\$52.14</b>	<b>\$52.14</b>
L.T. DEBT	\$19.57	\$10.21	\$9.86	\$0.66	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
DEF INCOME TAX	\$0.00	\$0.57	\$0.57	\$0.00	\$2.71	\$2.37	\$2.37	\$2.41	\$2.54	\$2.62	\$2.81	\$2.81
<b>EQUITY</b>	<b>\$181.71</b>	<b>\$190.76</b>	<b>\$195.81</b>	<b>\$201.10</b>	<b>\$205.30</b>	<b>\$206.91</b>	<b>\$206.91</b>	<b>\$211.97</b>	<b>\$216.41</b>	<b>\$221.16</b>	<b>\$226.62</b>	<b>\$226.62</b>
<b>TOTAL LIAB+EQUITY</b>	<b>\$361.27</b>	<b>\$341.72</b>	<b>\$310.17</b>	<b>\$263.87</b>	<b>\$262.13</b>	<b>\$253.30</b>	<b>\$253.30</b>	<b>\$259.23</b>	<b>\$274.22</b>	<b>\$272.55</b>	<b>\$281.57</b>	<b>\$281.57</b>
<b>Y/Y % CHG.</b>												
CASH & EQUIV	-37%	162%	-99%	-49%	441%	NM	1142%	NM	NM	135%	8%	8%
TOTAL RECEIVABLES	3%	0%	-10%	-24%	-38%	-49%	-49%	-40%	-23%	-11%	18%	18%
INVENTORIES	-24%	-29%	-28%	3%	-12%	-24%	-24%	-19%	-1%	4%	18%	18%
ACCT PAY	-27%	28%	12%	-35%	-50%	-62%	-62%	-49%	-6%	-8%	18%	18%
L.T. DEBT	181%	-48%	-50%	-95%	-100%	-100%	-100%	-100%	-100%	N.A.	N.A.	N.A.
EQUITY	30%	5%	6%	6%	6%	8%	8%	8%	8%	8%	10%	10%
<b>RATIO ANALYSIS</b>												
<b>LIQUIDITY</b>												
CASH/EQUIV. PER SHARE	\$0.09	\$0.23	\$0.00	\$0.11	\$1.38	\$2.81	\$2.79	\$3.15	\$3.54	\$3.25	\$3.00	\$3.01
CURRENT RATIO	1.5	1.7	2.0	2.9	3.3	3.8	3.8	3.8	3.4	3.8	3.7	3.7
<b>ASSET EFFICIENCY</b>												
TRADE A/R DAYS	54	64	61	57	63	57	48	57	57	57	57	62
RES % A/R (INCL CHARGE)	1.2%	8.1%	11.7%	12.3%	14.0%	14.0%	17.3%	17.3%	17.3%	17.3%	17.3%	14.6%
INVENTORY DAYS	13	11	11	11	10	11	9	11	11	11	11	11
INVENTORY TURNS	24	28	32	34	32	32	34	33	37	30	34	35
PAYABLE DAYS	31	45	37	25	24	23	20	23	23	23	23	24
<b>NET TRADE CYCLE</b>	<b>37</b>	<b>30</b>	<b>35</b>	<b>44</b>	<b>49</b>	<b>45</b>	<b>38</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>49</b>
WORK. CAP. / SALES (ANN)	18.4%	17.6%	18.0%	15.5%	16.0%	14.9%	12.6%	14.9%	14.2%	14.9%	14.9%	16.1%
FIXED ASSET / SALES (ANN)	1.8%	2.3%	2.5%	2.4%	2.9%	3.5%	2.9%	3.5%	3.2%	3.1%	3.1%	3.4%
<b>LEVERAGE</b>												
INTEREST COVERAGE	13.8	12.3	61.7	40.3	85.1	88.7	58.9	101.3	113.8	123.8	147.5	121.6
DEBT AS % CAPITAL	38%	24%	15%	3%	1%	0%	5%	0%	0%	0%	0%	5%
<b>RETURN ON CAPITAL</b>												
PROFIT MARGIN	3.2%	2.2%	2.5%	2.4%	3.0%	1.8%	2.4%	2.0%	2.2%	2.3%	2.5%	2.3%
ASSET TURNS (ANN)	2.7	2.3	2.3	2.7	2.6	2.3	2.4	2.4	2.4	2.5	2.5	2.4
<b>ROA</b>	<b>8.5%</b>	<b>5.0%</b>	<b>5.7%</b>	<b>6.4%</b>	<b>7.7%</b>	<b>4.1%</b>	<b>5.7%</b>	<b>4.8%</b>	<b>5.2%</b>	<b>5.6%</b>	<b>6.4%</b>	<b>5.5%</b>
ASSETS/EQUITY	2.16	1.89	1.69	1.45	1.29	1.27	1.50	1.22	1.25	1.23	1.25	1.23
<b>ROE</b>	<b>18.3%</b>	<b>9.4%</b>	<b>9.6%</b>	<b>9.3%</b>	<b>10.0%</b>	<b>5.2%</b>	<b>8.6%</b>	<b>5.8%</b>	<b>6.5%</b>	<b>6.9%</b>	<b>8.1%</b>	<b>6.8%</b>
<b>ROIC</b>	<b>7.5%</b>	<b>5.2%</b>	<b>5.2%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>4.9%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>7.8%</b>	<b>4.3%</b>
BOOK VALUE	\$14.64	\$15.02	\$15.31	\$15.62	\$16.07	\$16.29	\$16.19	\$16.69	\$16.91	\$17.28	\$17.71	\$17.74
TANGIBLE BOOK VALUE	\$10.33	\$10.41	\$10.66	\$10.95	\$11.34	\$11.53	\$11.45	\$11.92	\$12.18	\$12.55	\$12.98	\$13.00

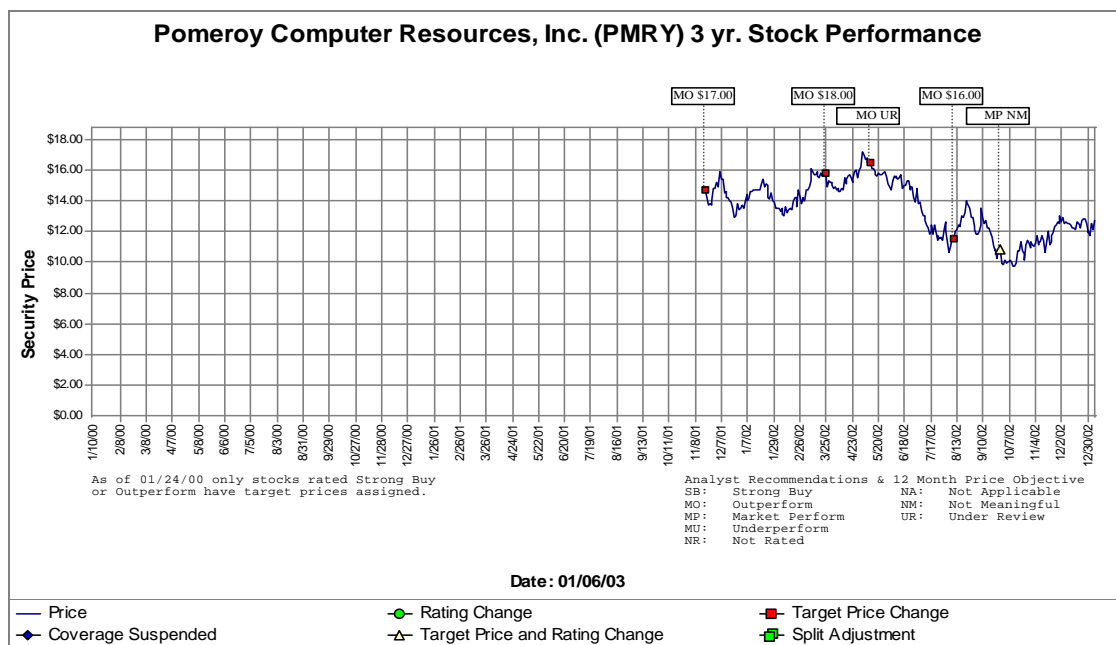


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