Executive ~~Briefing Package~~
Pioneer

June 1994

digital™

Pioneer

June 9, 1994
Revision 2

Briefing Package
Pioneer

FY'94 DIGITAL REVENUE/PROFIT RESULTS

Q3 Results

	Q3 Budget	Q3 Actual	% Attained	YTD Actual	YTD % Budget	YTD % Growth
Sales Out	$49.5	$42.6 *	86%	$128.1	95%	13%
Product NOR	$32.9	$40.0	121%	$100.7	112%	28%
Services NOR	$ 3.9	$ 5.0	128%	$ 13.4	124%	54%
Gross Margin	$20.6	$17.5	85%	$ 61.7	113%	18%

* Pioneer's quarter ended on March 31; approximately $5 million in Sales Out revenue did not make this quarter due to delivery issues.

Payment History

	<	FY'93	>	<	FY'94	>
	Q2	Q3	Q4	Q1	Q2	Q3
Avg. Days to Pay	60	55	50	45	48	45
Payments ($)	$27.9M	$35.2M	$37.6M	$33.6M	$42.6M	$34.4M

NOR HISTORICAL DATA/P&L PERFORMANCE

NOR

	Pioneer Standard	Pioneer Technologies	Total
FY'91	$ 60.7M	$ 23.1M	$83.8M
FY'92	$ 61.8M	$ 29.5M	$91.3M
FY'93	$ 88.8M	$ 33.8M	$122.6M
FY'94 (Q3 YTD)	$85.0M	$29.0M	$114.0M

Pioneer P&L *
Q3 YTD FY'94

	($M)	% of Gross Revenue
Gross Revenue	162.8	100%
Discounts/Allowances	48.8	30%
NOR	114.0	70%
Trans. Cost/Svs. Del.	52.3	32%
Gross Margin	61.7	38%
Gross Margin % of NOR	54%	

* Source: Account Workbench P&L.

COMPANY BACKGROUND

PIONEER STANDARD/PIONEER TECHNOLOGIES

THE COMPANIES

Pioneer Standard Electronics, Inc. and it's 50 percent owned affiliate, Pioneer Technologies Group, Inc. are Authorized Digital Distributors headquartered in Cleveland, Ohio and Gaithersburg, Maryland, respectively. They contributed $122 Million (NOR) to Digital in FY'93. The two companies combined have 40 branch locations throughout the United States. Pioneer Standard's territory coverage is complementary to Pioneer Technologies, in that they do not overlap in any geography.

Pioneer services U.S. major markets (see map page 5). Pioneer is ranked 4th in sales volume of the 1500 Distributors in the United States. The sales of Pioneer Standard and Pioneer Technologies combined for FY'93 totaled $714M. The Digital product line represents approximately 22% of Pioneer's revenue.

Pioneer is unique among Digital authorized distributors in that they run their company on a Digital VAXcluster. Pioneer not only sells Digital, they actually run their business exclusively on Digital products. Annual internal use of Digital purchases exceed $1 Mil.

Pioneer's Corporate mission is to be the preferred link between their suppliers and customers while providing the investors with attractive financial growth. FY'94 Sales are planned to exceed $900M which will help the company stay as one of the top four independent distributors in the United States.

COMPANY BACKGROUND - Con't.

All major decisions at Pioneer relating to Digital are made or influenced by a group of key individuals:

Pioneer Standard Electronics, Inc.

Pete Heller	C.E.O.
Jim Bayman	President and Chief Operating Officer
Art Rhein	Senior V.P. (Sales and Marketing)
Janice Margheret	Senior V.P. (Finance and M.I.S.)
Bob Bailey	Director of Marketing

Pioneer Technologies Group, Inc.

Bruce Tucker	President and Chairman of the Board
Fred Hammett	Senior V.P. Systems Marketing

COMPANY BACKGROUND - Con't.

Pioneer Value Add:

Pioneer is a full-line Authorized Distribution partner with expertise in the entire Digital product line up to and including the VAX 7000 family. Digital systems and peripherals are ware- housed to insure that aggressive customer demands can be met in a timely fashion as well as providing seed/demo units for specific opportunities. Pioneer has a systems sales force that exceeds 100 sales personnel that are fully trained by Digital. An extensive two week Digital training requirement is fulfilled by all sales people each year. Pioneer's specific market expertise is in the application area of Manufacturing, Wholesale distribution, Networking, and Desktop Integration.

Pioneer owes much of its Digital success to strong Technical capabilities. Digital trained Field Application Engineers (FAEs) are located at each branch to support the local sales team to insure that the customers receive the high level of technical expertise they expect when buying Digital products. There is also an extensive corporate Technical Support organization in both Cleveland, Ohio and Gaithersburg, MD for providing additional support.

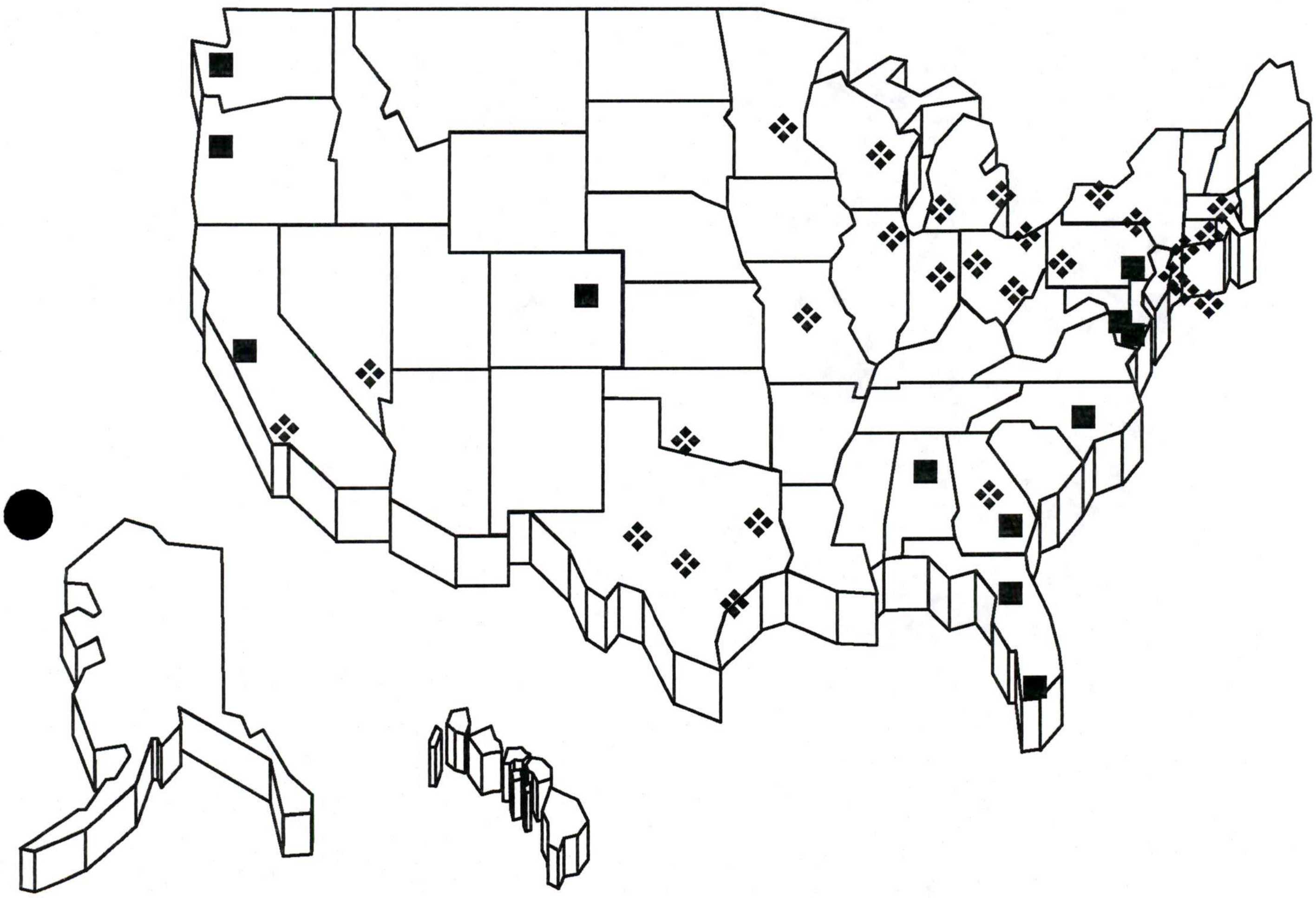
Pioneer is also a Certified Value-Enhanced Distributor for Digital and as such, can configure and integrate Digital Systems to meet specific non-standard customer requirements. Pioneer's Technical Application Centers, located in Cleveland, OH and Gaithersburg, MD are staffed by highly trained engineers with a wealth of experience in systems integration. This capability allows Pioneer to offer the capabilities of a manufacturer with the flexibility of a Distributor.

This strong suit of capabilities comes with a strong commitment to customer satisfaction which has resulted in Pioneer being consistently rated as the number one Digital distributor in customer satisfaction.

Pioneer Sales Branch Locations

■ = Pioneer Technologies

❖ = Pioneer Standard



DIGITAL REVENUE HISTORY *

Pioneer Standard and Technologies Digital Sales History
(Sales Out at Resale, $M)

	Budget	Act/Fcst	% Budget	% Growth	% P Sales
FY'87	41.6	52.3	126%	40%	18%
FY'88	80.0	76.9	96%	47%	22%
FY'89	109.8	106.6	97%	39%	23%
FY'90	110.0	93.1	85%	-13%	20%
FY'91	108.5	110.5	102%	19%	22%
FY'92	120.0	133.0	111%	20%	24%
FY'93	140.0	160.0	114%	20%	22%

Pioneer Technologies Digital Sales Out At Resale History

	Budget	Act/Fcst	% Budget	% Growth	% P Sales
FY'87	8.8	10.8	123%		15%
FY'88	17.0	22.2	131%	105%	24%
FY'89	30.0	38.3	128%	72%	26%
FY'90	36.0	26.0	72%	-26%	17%
FY'91	32.0	29.0	91%	0%	17%
FY'92	32.0	41.8	131%	44%	22%
FY'93	44.0	44.0	100%	5%	16%

Pioneer Standard Digital Sales Out At Resale History

	Budget	Act/Fcst	% Budget	% Growth	% P Sales
FY'87	32.8	41.5	126%	20%	
FY'88	63.0	54.7	87%	32%	21%
FY'89	80.0	68.3	86%	27%	23%
FY'90	74.0	67.0	91%	0%	22%
FY'91	76.5	81.4	106%	21%	24%
FY'92	88.0	92.0	105%	14%	25%
FY'93	96.0	116.0	121%	26%	27%

* "Sales Out At Resale" is defined as the sale price of Digital products that were sold (Invoiced) by Pioneer to their customers.

FY'94 ACCOUNT PLAN KEY BUSINESS CHALLENGES FOR PIONEER *

- Grow profitably in a difficult economic climate. Digital and Pioneer must closely examine selected opportunities for investment to maximize their potential for profitable growth.

- Continue effective metrics and working relationships with the Digital sales organization to ensure close ties to the changing Digital parent organization.

- Continue to focus on substantially expanding the Digital services component of their total sales volume.

- Expand SME market share for Digital.

- Continue the Large Account Integration Program by promoting a Digital National account program and building local management confidence and relationships.

- Enhance the Digital Value-Added Reseller plan to increase recruitment/transition/development of the VAR business.

- Develop and implement an Alpha product and chip sales program in conjunction with Digital.

PERSONNEL BACKGROUND

PRESTON (PETE) B. HELLER
C.E.O.
Pioneer Standard Electronics, Inc.

Preston (Pete) Heller is President and Chief Executive Officer of Pioneer Standard as well as Chairman of the Board. Prior to joining Pioneer, Mr. Heller was a principal with the renowned accounting firm of Arthur Young and Company. A graduate of Purdue University, he serves on the Board of Directors of Cleveland Machine Controls, Sudbury Incorporated as well as National City Bank. In addition, Mr. Heller is a member of the NASDAQ Advisory Board.

JAMES (JIM) L. BAYMAN
President and Chief Operating Officer
Pioneer Standard Electronics, Inc.

Mr. Bayman is President of Pioneer Standard. Mr. Bayman has held a variety of positions since joining the firm in 1969, ranging from general manager to executive vice president. Prior to joining Pioneer, Mr. Bayman served in a number of management positions within the electronics industry. Jim is a director of Mueller Electric Company and Roulston & Company.

ARTHUR (ART) RHEIN
Senior Vice President (Sales & Marketing)
Pioneer Standard Electronics, Inc.

Art is currently responsible for all sales and marketing activities for Pioneer. Prior to becoming Vice President of Marketing in 1986, an elected officer of the company in 1987, and a member of Pioneer's Board of Directors in 1990, Art was Vice President Northeast Region where he supervised Pioneer's sales efforts in the newly acquired Harvey Electronics locations. Art had been a Vice President of Marketing with Harvey.

In the period between 1966 and 1983, Art had various sales and marketing management positions within the electronic component industry, joining it after attending Cornell University from 1962 to 1966.

JANICE M. MARGHERET
Senior Vice President (Finance & M.I.S.)
Pioneer Standard Electronics, Inc.

Janice is an operating officer of Pioneer Standard. She is responsible for directing both Management Information Systems and Financial Services for the Company. She is also the Executive Sponsor of FutureStart, Pioneer's total quality initiative focused on business process redesign bringing enhanced value to customers, suppliers and employees. Janice joined Pioneer in 1983 and was elected an Executive Officer in 1987. In 1988, she took on the additional responsibilities of overseeing the sales and operations of an operating division of the company.

Janice was formerly with Ernst & Young from 1977 to 1983. At Ernst & Young she specialized in the distribution, manufacturing, banking and advertising industries. Janice graduated Magna Cum Laude with a B.S.B.A. degree concentrating in marketing, accounting and management.

ROBERT (BOB) BAILEY
Director of Digital Sales
Pioneer Standard Electronics, Inc.

Bob holds the position of Director of Digital Sales. He has been with Pioneer for 15 years. Previous to his current position, he was the System Sales Manager from Grand Rapids, MI. He relocated to Cleveland in 1989 in his current capacity.

BRUCE TUCKER, SR.
President and Chairman of the Board
Pioneer Technologies Group, Inc.

Mr. Tucker founded Pioneer Technologies in 1964 and assumed the positions of Chairman of the Board and President, He is also director of Pioneer Standard Electronics, Inc. as well as MCA, Inc., a medical OEM. He is a graduate of American University.

R. FREDERICK (FRED) HAMMETT
Senior Vice President Systems Marketing
Pioneer Technologies Group, Inc.

Mr. Hammett is the Senior Vice President of Systems for Pioneer Technologies. Prior to joining the company in 1977, Mr. Hammett served in a number of management positions within Fairfield Semiconductor and Westinghouse Electric.

Mr. Hammett holds a degree in Mechanical Engineering from Ohio University.

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1. COMPANY BACKGROUND

Pioneer Standard/Pioneer Technologies

THE COMPANIES

Pioneer Standard Electronics, Inc. and it's 50 percent owned affiliate, Pioneer Technologies Group, Inc. are Authorized Digital Distributors headquartered in Cleveland, Ohio and Gaithersburg, Maryland, respectively. They contributed $160 Million (Gross Revenue) to Digital in FY'92 and are on plan to generate $180M in FY'93. The two companies combined have 40 branch locations throughout the United States. Pioneer Standard's territory coverage is complementary to Pioneer Technologies, in that they do not overlap in any geography.

Pioneer services U.S. major markets (see map page 4). Pioneer is ranked 4th in sales volume of the 1500 Distributors in the United States. Sales of Pioneer Standard and Pioneer Technologies combined for FY'92 totaled $552 M. The Digital product line represents approximately 24% of Pioneer's reve nue.

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Pioneer's Corporate mission is to be the preferred link between their suppliers and customers while providing the investors with attractive financial growth. FY'93 Sales are projected to exceed $650M which will help the company stay as one of the top four independent distributors in the United States.

All major decisions at Pioneer relating to Digital are made or influenced by a group of key individuals:

1. COMPANY BACKGROUND - Con't.

Pioneer Standard

Pete Heller	C.E.O.
Jim Bayman	President and Chief Operating Officer
Art Rhein	Senior V.P. Sales and Marketing
Janice Margheret	V.P. Finance and M.I.S.
Bob Bailey	Dir of Marketing

Pioneer Technologies

Bruce Tucker	President and Chairman of the Board
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Pioneer Branch Locations

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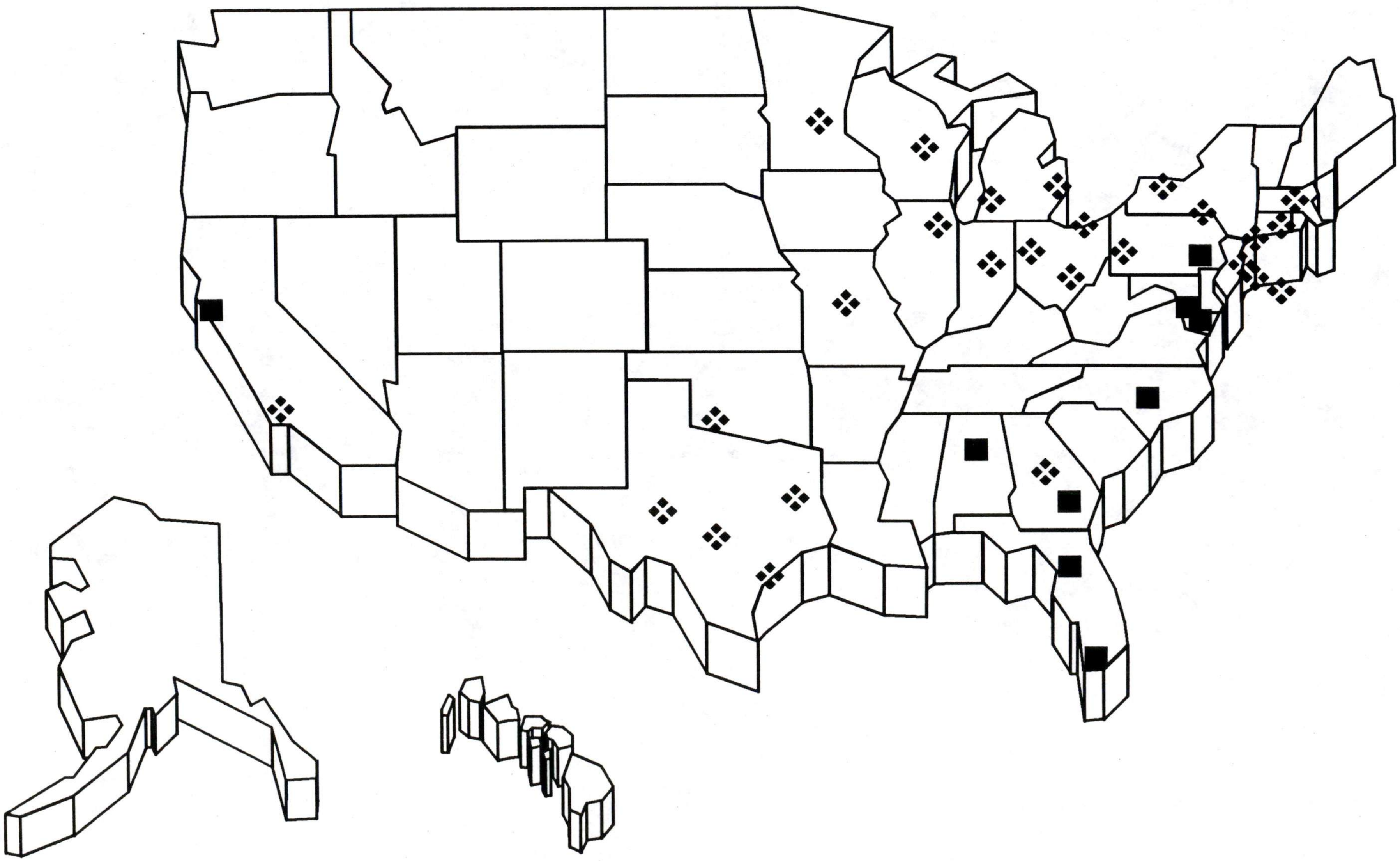

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This strong suit of capabilities comes with a strong commitment to customer satisfaction which has resulted in Pioneer being consistently rated as the number one Digital distributor in customer satisfaction.

2. DIGITAL REVENUE HISTORY *

Pioneer Standard and Technologies Digital Sales History
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FY'91	76.5	81.4	106%	21%	24%
FY'92	88.0	92.0	105%	14%	25%
FY'93	96.0				

* "Sales Out At Resale" is defined as the sale price of Digital products that were sold (Invoiced) by Pioneer to their customers.

3. CURRENT FY'93 PERFORMANCE (Q1 & Q2)

	Q1 & Q2 BUDGET (000)	Q1 & Q2 ACTUAL (000)	%	Q1 & Q2 FY'92 (000)	FY'93/92 GROWTH %
Certs	47755	64624	135%	43878	147%
NOR	46013	57316	124%	43537	132%
Services	5459	5769	105%	4665	124%
Sls Out	65800	72540	110%	61300	118%
ABU Profit	640	4562	713%		

4. KEY BUSINESS CHALLENGES FOR PIONEER

a. The effective integration of the Pioneer Sales Force into Digital's major accounts. Pioneer is committed to bringing expertise, talent and resources to partner with Digital in growing the Digital revenue of these accounts.

b. Successful metrics and working relationships with Digital as part of Digital's new "Profit and Loss" structure.

c. Selling Digital services is a key focus for Pioneer. Pioneer wants to be recognized as a "service supplier" to not only increment their hardware sales, but also to increase customer satisfaction.

d. Implementation of effective sales strategy for Ultrix and Workstation product sets.

e. Pioneer views the SME market as critical to their (and our) growth. VAR recruitment and development are key investment areas. Pioneer has also invested in setting up a wholesaler business to address the lower cost of sales in servicing VARs.

5. PERSONNEL BACKGROUND

PRESTON (PETE) B. HELLER
C.E.O.
Pioneer Standard Electronics, Inc.

Preston (Pete) Heller is President and Chief Executive Officer of Pioneer Standard as well as Chairman of the Board. Prior to joining Pioneer, Mr. Heller was a principal with the renowned accounting firm of Arthur Young and Company.

A graduate of Purdue University, he serves on the Board of Directors of Cleveland Machine Controls and Mueller Electric Company. In addition, Mr. Heller is a member of the NASDAQ Advisory Board.

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Prior to joining Pioneer, Mr. Bayman served in a number of management positions within the electronics industry. He holds a Bachelor of Science degree in Industrial Engineering.

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Senior Vice President Sales & Marketing
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In the period between 1966 and 1983, Art had various sales and marketing management positions within the electronic component industry, joining it after attending Cornell University from 1962 to 1966.

JANICE M. MARGHERET
Vice President - Finance & M.I.S.
Pioneer Standard Electronics, Inc.

Janice is responsible for directing the activities of M.I.S. and Financial Services as well as the Company's policy-making disciplines. Janice joined Pioneer in 1983 and was elected an Executive Officer in 1987. In 1989, Janice took on additional responsibilities of overseeing Pioneer/Packard, the automotive components sales region of the Company.

Janice, a C.P.A., was formerly a Manager with Ernst & Young where she was employed from 1977 to 1983. She was responsible for managing audit engagements of clients in various industries and specialized in the distribution, manufacturing, banking and advertising industries. Janice graduated Magna Cum Laude with a B.S.B.A. degree concentrating in marketing, accounting and management.

ANDREW (ANDY) BENNERS
Director of Marketing
Pioneer Standard Electronics, Inc.

Andy began his career with Pioneer in August 1983 as a Product Marketing Manager, and within four months, was promoted to General Manager of the Woodbury branch. He was promoted to Regional Directory in July 1985 with P & L responsibility for the Northeast region. In 1987, he assumed the position of Director of Semiconductor Marketing with corporate marketing responsibility for active components.

In July of 1987, Andy left Pioneer and accepted the position of Worldwide Director of Sales for IDR< Inc., a division of Reuters, Inc.. IDR manufactures x86 workstations and pug-in compatible board level imaging products. Andy rejoined Pioneer in September 1991 as Director of Marketing for all non-DEC systems and peripheral product lines.

Previous to joining Pioneer from 1968 to 1983, Andy was active in sales and marketing for several companies in the mainstream of industrial electronics distribution. He attended Adelphi University and was enrolled in a pre-law program.

ROBERT (BOB) BAILEY
Director of Digital Sales
Pioneer Standard Electronics, Inc.

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Pioneer Technologies Group, Inc.

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Senior Vice President Systems Marketing
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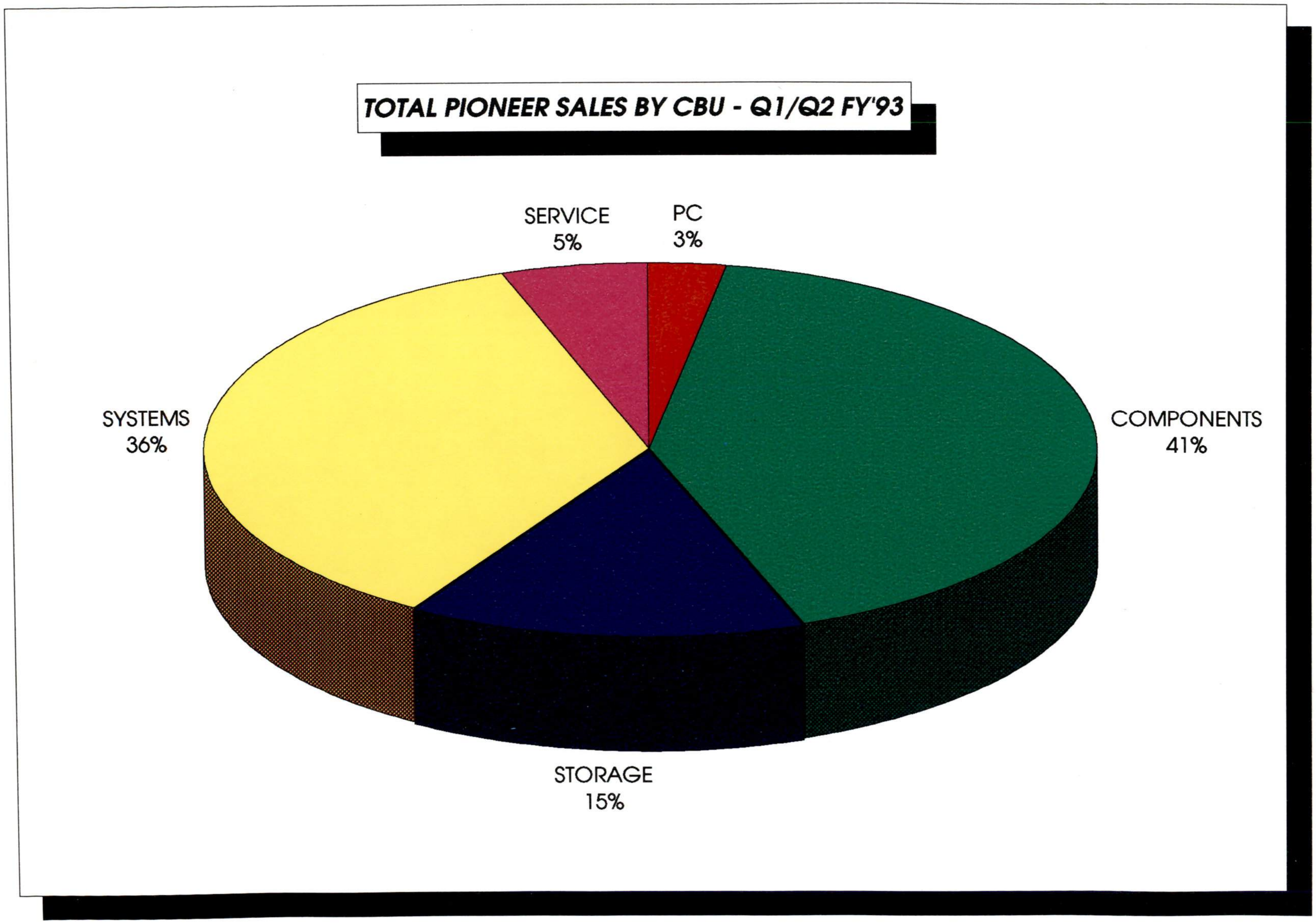
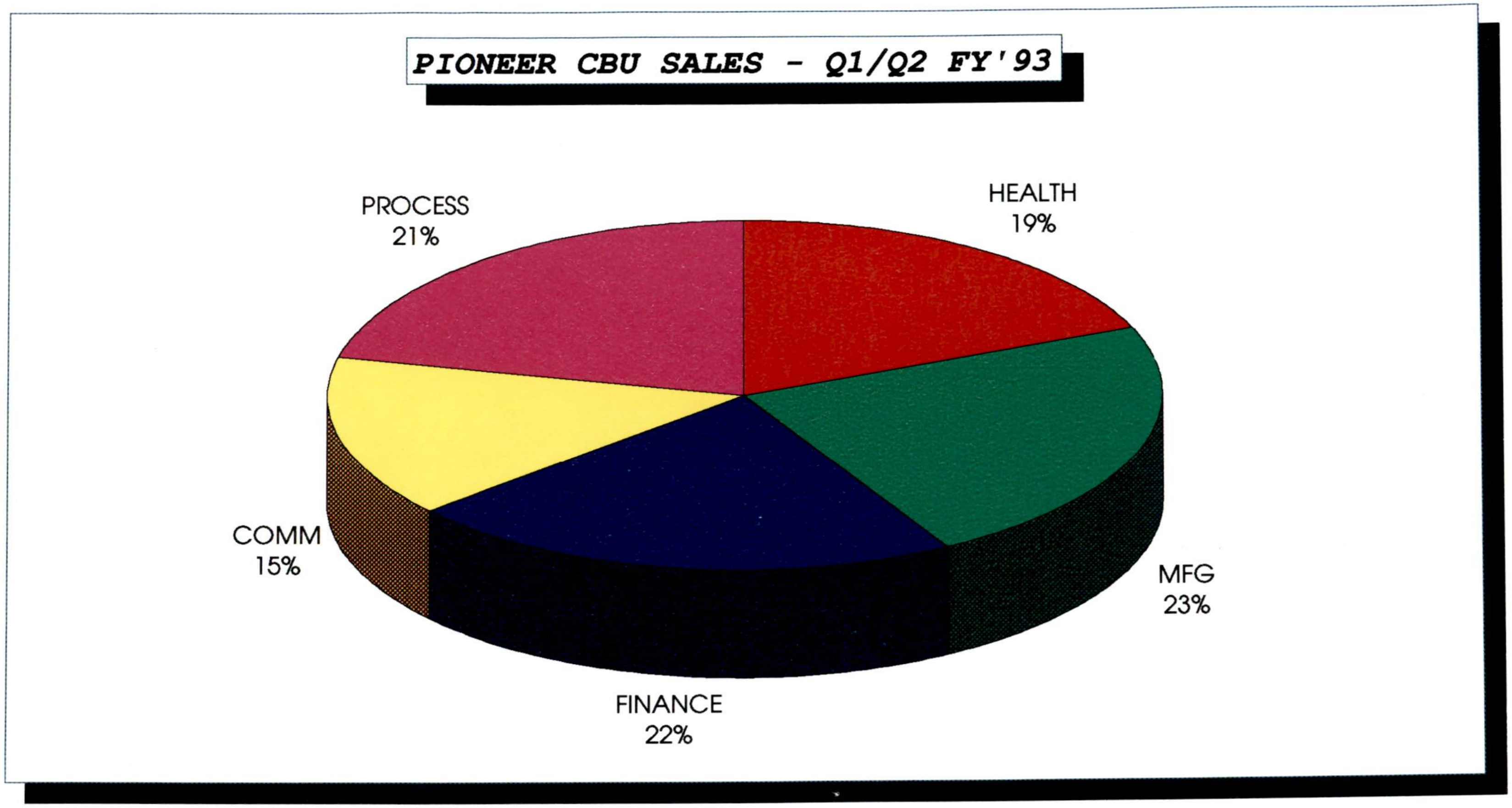
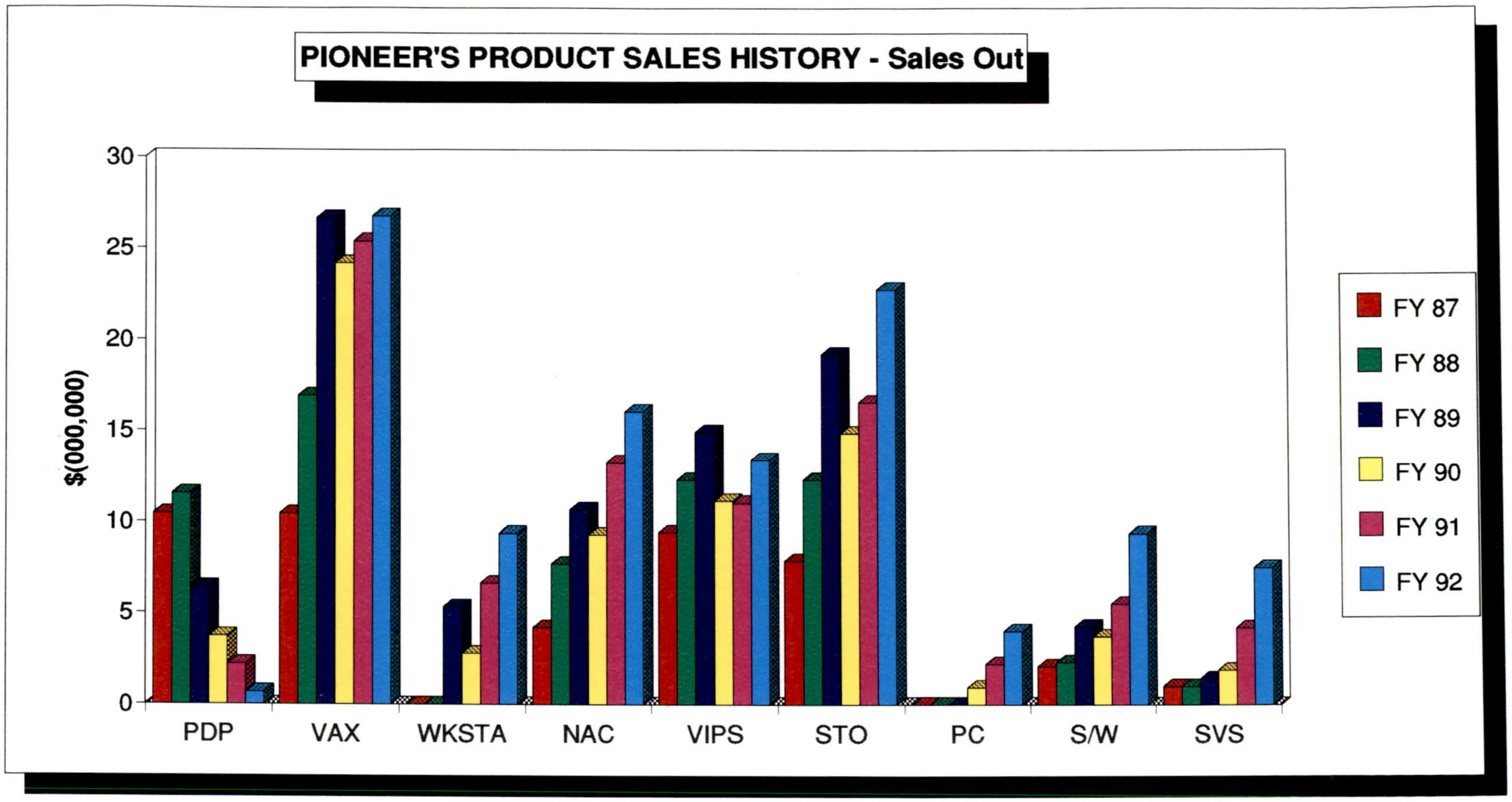

TOTAL PIONEER SALES BY CBU - Q1/Q2 FY'93
SERVICE 5%
PC 3%
SYSTEMS 36%
COMPONENTS 41%
STORAGE 15%


PIONEER CBU SALES - Q1/Q2 FY'93
PROCESS 21%
HEALTH 19%
COMM 15%
MFG 23%
FINANCE 22%


PIONEER'S PRODUCT SALES HISTORY - Sales Out
$(000,000)
30
25
20
15
10
5
0
PDP
VAX
WKSTA
NAC
VIPS
STO
PC
S/W
SVS
FY 87
FY 88
FY 89
FY 90
FY 91
FY 92

DORIOT AWARD

digital

Randy Glickman
Account Group Manager
Pioneer Standard Electronics
Pioneer Technologies Group

Digital Equipment Corporation
3 Results Way, MR03-2/R14
Marlboro, MA 01752-3011
508-467-9312
Fax 508-467-9535

Pioneer-Standard Electronics

Interim Report For The First Quarter

Ended June 30, 1992

TO OUR SHAREHOLDERS

The fiscal first quarter ended June 30 was an outstanding period for the Company as sales and earnings established all-time records. Moreover, the outlook also is positive.

Net income for the quarter rose to $3,066,000, an increase of 90 percent over the $1,616,000 of the like fiscal 1992 period and 27 percent above the previous quarterly record profit. Current year first quarter earnings per share were 56 cents (50 cents fully diluted) compared to 30 cents (28 cents fully diluted) a year earlier. A major factor in our strong first quarter earnings improvement was the reversal of the trend of declining gross profit margins which began in the second quarter of fiscal 1992. The reversal, in part, reflected a shift in product mix to higher margin transactions.

Pioneer-Standard first quarter sales were a record $102,315,000, 17 percent above the $87,150,000 of a year earlier and nine percent greater than the previous quarterly sales record. Combined sales of the Company and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., amounted to a record $169,241,000, 31 percent above those of the prior year's quarter. The sales gain of the Company and its affiliate in the first quarter represents a strong indication that we are continuing to gain market share.

Pioneer/Technologies also made a significant contribution to the Company's earnings gain. The Company's 50 percent equity interest in our affiliate's earnings for the first quarter amounted to $551,000 compared to $84,000 a year earlier.

Our sales of semiconductors and computer systems products were at record levels in the first quarter. To a significant extent, the demand for these products was augmented by the Company's technical orientation and the ability of our sales organization to present new technology to customers for new and/or improved designs.

Additionally, there are indications that the market for semiconductors is strengthening. The semiconductor industry's book-to-bill ratio—the relationship of shipments to new orders—rose to 1.14 in June. That is up from 0.97 a year earlier. June, 1992 bookings in the U.S., based on a three-month moving average, were up almost 28 percent from a year earlier while June billings rose about 15 percent from June, 1991.

Our first quarter earnings also reflect effective expense control despite costs associated with our expansion in southern California. That expansion, which involves a significant enlargement of our sales and technical staffs, is proceeding on schedule in terms of sales and personnel. A major factor in our success there is the technical support we provide customers. California represents over 30 percent of the U.S. market for components such as we distribute.

Second quarter sales and earnings historically trail those of the first quarter by a significant margin. Presently, July sales and margins are continuing the relative trends of the June quarter. Although there is no assurance this will continue, it should be read as an encouraging indicator.

Dividend Payment

Enclosed for shareholders of record July 8, 1992 is a check for the regular quarterly dividend in the amount of four cents per share.

Preston Heller, Jr.
Chairman

James L. Bayman
President

August 1, 1992

FINANCIAL HIGHLIGHTS

(Dollars in thousands except per share amounts)

	1992	1991
***Combined Sales** (Pioneer-Standard Electronics, Inc. and Pioneer/Technologies Group, Inc.) for quarter ended June 30	**$169,241**	$128,929

RESULTS OF PIONEER-STANDARD ELECTRONICS, INC.

(Unaudited)

First Fiscal Quarter ended June 30	1992	1991
Net sales	**$102,315**	$ 87,150
Cost of sales	**80,183**	67,661
Operating expenses	**16,841**	15,833
Operating profit	**5,291**	3,656
Interest expense	**1,066**	1,107
*Equity earnings	**551**	84
Income before taxes	**4,776**	2,633
Taxes	**1,710**	1,017
Net income	**$ 3,066**	$ 1,616
Earnings per share:		
Primary	**$ .56**	$ .30
Fully diluted	**.50**	.28
Dividends per share	**$ .04**	$ .04
Equity per share	**$ 11.02**	$ 9.94
Average shares outstanding:		
Primary	**5,516,239**	5,466,476
Fully diluted	**6,607,422**	6,557,659

*Sales of Pioneer-Standard Electronics, Inc. and its 50% owned affiliate Pioneer/Technologies Group, Inc. are not consolidated for reporting purposes. Combined sales of the two organizations are shown for informational purposes. The Company records 50% of the affiliate's net income on the equity method.

CONDENSED BALANCE SHEETS

Pioneer-Standard Electronics, Inc.

June 30, 1992 and 1991
(Unaudited/Dollars in Thousands)

	1992	1991
Assets		
Current assets		
Cash	**$ 568**	$ 148
Receivables	**56,331**	49,285
Inventory	**62,260**	60,854
Other	**3,315**	3,834
	$122,474	$114,121
Net fixed assets	**23,289**	21,965
Equity investment	**9,509**	8,387
Other	**1,832**	1,135
	$157,104	$145,608
Liabilities & Equity		
Current liabilities		
Current debt	**$ 2,000**	$ 4,500
Accounts payable	**37,525**	28,752
Other	**13,106**	10,473
	$ 52,631	$ 43,725
Long-term debt	**42,576**	46,134
Deferred taxes	**1,578**	1,378
Equity	**60,319**	54,371
	$157,104	$145,608

PIONEER'S TECHNICAL LEADERSHIP

Forging Stronger Links with Customers and Vendors

Pioneer's role as an industrial electronics distributor is to efficiently link the thousands of buyers of electronic products with the sources of supply—the more than 100 vendors whose products it distributes. Pioneer's management decided to invest in forging even stronger links with customers and vendors by building a cadre of field application engineers (FAEs). Their job is to help customers solve design engineering problems and to interpret how cutting edge technologies coming from the vendors can be used to create design solutions.

This role is gaining in importance because vendors are redeploying their own FAEs to focus on major accounts, relying increasingly on Pioneer to serve the broad customer base they can't efficiently reach.

Today, with a ratio of one FAE to every three sales people (the industry standard is one-to-six), the Pioneer-Standard FAE group is the industry's strongest, and it has won the Company a reputation for technical competence second to none. The group is made up of graduate engineers, many holding advanced degrees, and all are seasoned veterans of real world experience in a variety of sophisticated industrial electronics design work.

Vendors provide Pioneer FAEs with the same on-going, in-depth training on new products, technologies and applications their own FAEs receive. In turn, Pioneer passes that information to customers through one-on-one problem-solving involvement with their design engineering departments aimed at helping customers get their new products to the marketplace faster. When the customer needs more than just another source of supply, Pioneer FAEs are able to suggest appropriate technologies and leverage their technical expertise into additional revenue. This close, consultive relationship not only helps Pioneer build bridges to customers, but opens up new sales avenues for vendors as well.

Pioneer also maintains an aggressive field seminar program to reach the broad customer base, with seminar materials having a high level of technical content developed by Pioneer, by vendors, or jointly. More than a dozen different seminars have been mounted dealing with the products of just

one vendor alone. The FAE group also assists in training Pioneer sales people through courses that have been developed corporately—bringing them up to speed on certain technologies where they fit, and better focusing the selling effort.

FAEs work in concert with the sales force to establish program plans and strategies for servicing accounts from the sales, marketing and technical standpoints. Technical prowess plays an important part in the planning process and ultimate service to customers and has been tremendously important to Pioneer's progress in building sales and increasing market share. It is currently serving the Company well in becoming established on the West Coast and enhancing its position as a leading national distributor. Technical strength is an important distinguishing characteristic of the Company. Building further upon that strength is a process to which Pioneer's management remains deeply committed.

INVESTOR INFORMATION

As industrial electronics distributors, Pioneer-Standard Electronics and its 50 per cent owned affiliate, Pioneer/Technologies Group, Inc., play a vital role in efficiently linking thousands of buyers of electronics products ranging from simple, but vital electromechanical components to sophisticated semiconductor and computer equipment—with the source of supply: the manufacturers.

Pioneer-Standard and Pioneer/Technologies serve major markets through 38 locations.

TRANSFER AGENT AND REGISTRAR

Society National Bank
P.O. Box 6477
Cleveland, Ohio 44114

COMMON STOCK

Traded over-the-Counter
NASDAQ Symbol—PIOS
Quoted in the National
Market System

Pioneer

PIONEER-STANDARD ELECTRONICS, INC.
4800 EAST 131ST STREET
CLEVELAND, OH 44105 / (216) 587-3600

Pioneer-Standard Electronics

Interim Report For The Second Quarter

Ended September 30, 1992

TO OUR SHAREHOLDERS

Like the first quarter, the second quarter ended September 30 was a period of records with the result that sales and earnings for the first six months were at an all-time high. Moreover, based on these results and current activity, it appears probable that the current fiscal year will be a record one for the Company. The second quarter also saw the retirement of all of the $15,222,000 principal amount of the 9% Subordinated Convertible Debentures Due 1998. The action was a major factor in the enhancement of our financial position and was primarily responsible for increasing shareholders' equity by $14.3 million and reducing debt by a like amount.

Second quarter net income amounted to $2,897,000, a second quarter record, and 160 percent above the $1,116,000 earned in last year's second quarter. Primary earnings per share were 51 cents (46 cents fully diluted) compared to 20 cents a year earlier. Pioneer-Standard second period sales were a second quarter record $99,912,000, up 13 percent from $88,629,000 last year.

For the six months, net income totaled $5,963,000, also more than double the $2,732,000 earned a year earlier. Six-month primary earnings per share were

$1.07 (96 cents fully diluted) versus 50 cents per share (48 cents fully diluted) a year ago. Sales this year were $202,227,000, an increase of 15 percent over the $175,779,000 last year.

Combined sales of Pioneer-Standard and our 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., for the six months also rose to an all-time high $340,420,000, up 30 percent from a year earlier. Second quarter combined sales of $171,179,000, also a record, were up 29 percent.

The sales and earnings gains of the second quarter and year-to-date are attributable to a number of factors. Demand for our products has definitely strengthened. And there is every indication that we continue to gain market share. Earnings benefited from a shift in product mix to higher margin transactions, effective expense control and operating efficiencies. And our share of our affiliate's earnings for the six months this year was $1,358,000 in contrast to $33,000 last year. The Pioneer/Technologies second quarter earnings contribution was $807,000 versus a $51,000 loss last year.

The Outlook

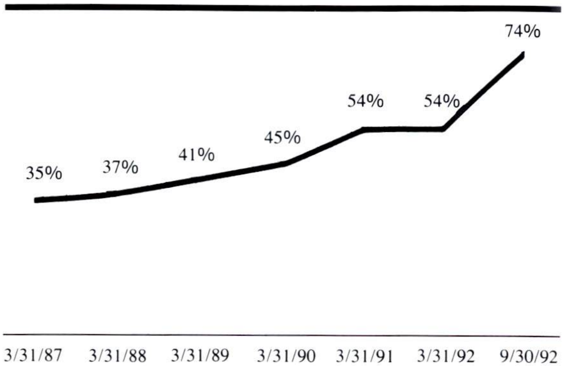
To a significant extent, results for the current year's first half represent performance which we would expect to be able to sustain on a long-term basis. This is not to say that we are immune to the law of supply and demand or the pressures of a struggling economy. The Company will be challenged at times. However, much of the credit for current year gains and improvements in profit margins is attributable to fundamental improvements and strengthening of marketing strategies and operating processes. Gains in market share, for example, are attributable to the fact that we are the recognized leader in our industry in providing technical support to customers. Major strides have been made in inventory management and delivery procedures; through the first six months, over 99 percent of orders received anywhere in the Company for processing by our Corporate Distribution Center by 3 p.m. were shipped the same day. FutureStart, our commitment to total quality, is proving highly successful in improving major operating processes. A report on one such process, credit, is presented on page 9 of this report.

Last year, fiscal 1992, we had record sales of $362,386,000. Combined sales of $552,294,000 last year also were a record. The $8,292,000, or $1.53 per share ($1.41 fully diluted), of fiscal 1991 stands as the present record for earnings. Based on results for the first six months and the current outlook, we expect to surpass all these in the fiscal year ending next March 31.

Redemption of Debentures

As noted earlier, the retirement of the $15,222,000 of debentures—for 1,025,305 common shares plus cash of $913,000—greatly improves our financial position, i.e. reduction in debt and increase in shareholders' equity. It improves dramatically our ratio of equity to capital as this graph illustrates. The reduction in debt

Equity to Capital Ratio



lessens the impact of financial risk and provides Pioneer with additional flexibility in funding the ongoing needs of its business opportunities.

The Company's present financial position is particularly solid when you examine its $77.3 million in net worth, $76.3 million of which is tangible net worth and excludes intangibles such as goodwill. In addition, most of the Company's net worth has been internally generated; $55.5 million, or 72 percent, represents retained earnings.

The 1,025,305 common shares which were issued for conversion of debentures had been included as diluted shares for computing dilutive earnings per share amounts. For new reporting periods (i.e., beginning with each of the third and fourth quarters for fiscal year 1993 and for fiscal 1994 periods and beyond), these newly issued shares are included as primary shares and there will cease to be dilutive earnings per share computations attributable to the debenture conversion feature. Pursuant to financial reporting requirements, however, dilutive computations will continue to be made for the nine-month and 12-month periods of fiscal 1993—both viewed as a single reporting period for these computations.

Dividend Payment

Enclosed for shareholders of record October 7, 1992 is a check for the regular quarterly dividend in the amount of four cents per share.

Preston Heller, Jr.	James L. Bayman
Chairman	President

November 1, 1992

FINANCIAL HIGHLIGHTS

(Dollars in thousands except per share amounts)

	Three Months 1992	1991	Six Months 1992	1991
***Combined Sales** (Pioneer-Standard Electronics, Inc. and Pioneer/Technologies Group, Inc.) for periods ended September 30	**$171,179**	$132,382	**$340,420**	$261,311

RESULTS OF PIONEER-STANDARD ELECTRONICS, INC.

(Unaudited)

Periods ended September 30	1992	1991	1992	1991
Net sales	**$ 99,912**	$ 88,629	**$202,227**	$175,779
Cost of sales	**77,926**	69,511	**158,109**	137,172
Operating expenses	**17,217**	16,006	**34,058**	31,839
Operating profit	**4,769**	3,112	**10,060**	6,768
Interest expense	**1,253** (1)	1,168	**2,319** (1)	2,275
*Equity earnings (loss)	**807**	(51)	**1,358**	33
Income before taxes	**4,323**	1,893	**9,099**	4,526
Taxes	**1,426**	777	**3,136**	1,794
Net income	**$ 2,897**	$ 1,116	**$ 5,963**	$ 2,732
Earnings per share:				
Primary	**$ .51**	$ .20	**$ 1.07**	$ .50
Fully diluted	**.46**	.20	**.96**	.48
Dividends per share	**$ .04**	$ .04	**$ .08**	$ .08
Equity per share			**$ 11.90**	$ 10.10
Average shares outstanding:				
Primary	**5,692,293**	5,468,666	**5,608,028**	5,468,666
Fully diluted	**6,623,123**	6,591,554	**6,637,393**	6,619,107
**Shares outstanding, end of period	**6,500,587**	5,470,832	**6,500,587**	5,470,832

*Sales of Pioneer-Standard Electronics, Inc. and its 50% owned affiliate, Pioneer/Technologies Group, Inc. are not consolidated for financial reporting purposes. Combined sales of the two organizations are shown for informational purposes. The Company records 50% of the affiliate's net income (loss) on the equity method.
**During the second quarter of 1992, a total of 1,025,305 common shares plus cash of $913,000 was issued for the retirement of all of the Company's 9% Subordinated Convertible Debentures. Since most of the conversions to common shares occurred late in September, 1992, the effect on the amount of average shares outstanding during the second quarter and six-month periods ended September 30, 1992 and resulting earnings per share calculations was minimal.
(1)Includes $246,000 representing all of the remaining unamortized debenture issuance costs.

CONDENSED BALANCE SHEETS

Pioneer-Standard Electronics, Inc.

September 30, 1992 and 1991
(Unaudited/Dollars in Thousands)

	1992	1991
Assets		
Current assets		
Cash	**$ 192**	$ 684
Receivables	**54,953**	48,865
Inventory	**61,058**	61,267
Other	**3,299**	3,496
	$119,502	$114,312
Net fixed assets	**23,235**	22,773
Equity investment	**10,316**	8,336
Other	**1,597**	1,348
	$154,650	$146,769
Liabilities & Equity		
Current liabilities		
Current debt	**$ —**	$ 4,500
Accounts payable	**39,044**	29,511
Other	**10,710**	11,097
	$ 49,754	$ 45,108
Long-term debt	**25,993**	45,013
Deferred taxes	**1,578**	1,378
Equity	**77,325**	55,270
	$154,650	$146,769

CONTINUOUS PROCESS IMPROVEMENT:

Managing By Facts

The Pioneer-Standard mission and quality statements are the mandates for all employees, all departments. These statements also underly FutureStart—a structured extension of Pioneer's quality emphasis to every major facet of operations to achieve total quality in everything it does and total customer satisfaction.

A major component of FutureStart is Continuous Process Improvement (CPI), in itself a process aimed at achieving the Company's quality goals. CPI improves processes by streamlining them, eliminating waste, reducing errors and rework, and it ultimately impacts favorably on bottom-line results. To bring CPI on stream, Pioneer adopted a standard process improvement methodology and refined it to meet the Company's requirements.

The focus then shifted to targeting specific business areas within the Company where the methodology could be tested, and where its success would yield material benefits to Pioneer. One of those areas was the Credit Department. A seven member Credit CPI Team was assembled comprised of people in key areas of the department, and the team was then trained over several months to learn and apply the CPI methodology.

Reducing Time, Maximizing Service

The process is driven from the bottom up, rather than the top down. The people on the front lines know where process problems lie better than anyone else. And given the CPI tools and techniques, they are in the best position to effect change. With titles and rank left at the door, members of the Credit Team developed a project charter, with the objective of reducing the time required for opening new accounts by 50 percent while continuing to limit bad debt risks and assigning appropriate credit limits. Narrowing that time frame without increasing credit risks would bring significant benefits to Pioneer in terms of expanding the account base and sales more rapidly and increasing customer satisfaction through timely new account approvals and shipments.

The team carefully examined the existing process, developing all of the data it needed for a road map to change. With the facts in hand, it identified the major impediments to the 50 percent reduction objective and prioritized those to be addressed by the CPI team. As changes were implemented, the team measured the results to see how well they were or weren't taking hold.

The results? With a more than 40 percent reduction in the number of process steps involved in opening new accounts at the outset of the CPI initiative, new accounts today are being opened at a pace exceeding the 50 percent reduction objective. With that dramatic success, the Credit Department's process improvement has indeed taken hold and is benefiting importantly Pioneer's business levels. As important, the CPI Credit Team proved to be a tangible demonstration of how employees can "improve it" when they are given the tools and empowered to use them. What they achieved was part of an ongoing process, rather then an event. It is evolutionary. The CPI Credit Team will move on to new goals, and the CPI process itself will continue to migrate throughout Pioneer.

INVESTOR INFORMATION

As industrial electronics distributors, Pioneer-Standard Electronics and its 50 per cent owned affiliate, Pioneer/Technologies Group, Inc., play a vital role in efficiently linking thousands of buyers of electronics products ranging from simple, but vital electromechanical components to sophisticated semiconductor and computer equipment—with the source of supply: the manufacturers.

Pioneer-Standard and Pioneer/Technologies serve major markets through 38 locations.

TRANSFER AGENT AND REGISTRAR

Society National Bank
P.O. Box 6477
Cleveland, Ohio 44114

COMMON STOCK

Traded over-the-Counter
NASDAQ Symbol—PIOS
Quoted in the National
Market System

Pioneer®

PIONEER-STANDARD ELECTRONICS, INC.
4800 EAST 131ST STREET
CLEVELAND, OH 44105 / (216) 587-3600

Pioneer-Standard Electronics

Our Commitment To
Total Quality

ANNUAL REPORT 1992

MISSION STATEMENT *We will be the preferred strategic link between our suppliers and customers. We will serve today's needs for electronic components, systems, and services—and tomorrow's needs for technology. We will be among the top five independent distributors in the United States. We will provide our investors with attractive financial growth and our employees with an equal opportunity for personal and professional growth. We take pride in our culture, dedicated to:* **Integrity, Flexibility, Fairness, Growth, Quality, Success in all regards.** *We are committed to doing what we say we'll do!*

Our Commitment To Total Quality

A sub-group of one of the FutureStart teams works on the foundation of the Company's total quality initiative. *See page 8.*

QUALITY STATEMENT *Pioneer is committed to developing loyal and successful partners by clearly identifying and understanding both customer and supplier requirements and providing services and products to meet or exceed their expectations. In our pursuit of excellence, we rely on benchmarking, measurement, and a preventative approach to continually improve our processes and provide rapid, error-free delivery of our services and products at a competitive cost. We are committed to developing motivated people through our emphasis on:* **Education** — to be well trained and capable, **Communication** — to be well informed, **Empowerment** — to be decisive and responsive, **Teamwork** — to foster involvement and innovation, **Recognition** — to reward Quality achievements. *Everyone at Pioneer takes Quality personally by knowing our customers, taking pride in our performance, and delivering the best value in the marketplace.*

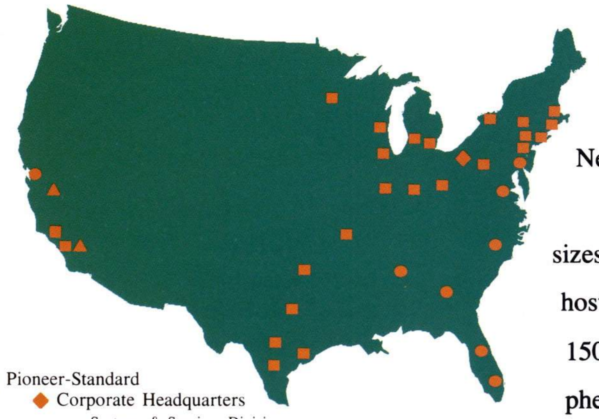
PIONEER...A LEADER FROM COAST TO COAST

There are some 1500 industrial electronics distributors in the United States. With combined sales of over one-half billion dollars, Pioneer-Standard Electronics and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., ranks fifth in a $9 billion industry. Pioneer-Standard and its affiliate serve major markets from 38 sales and operating locations ranging from California in the west to New England and Florida in the east.

Pioneer is a sales and service organization which emphasizes technical support, prompt, efficient delivery and a host of value-added services. Pioneer offers some 150,000 electronic components, computer and peripheral systems products of more than 100 of the nation's most prominent electronics manufacturers.

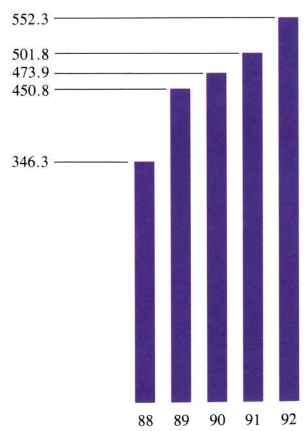
As a leading national distributor, Pioneer provides its suppliers access to markets which would be difficult or unprofitable for them to reach on their own. Pioneer serves as the strategic link between suppliers and its many thousands of customers.

For the customer, Pioneer represents a single source for a wide variety of products and value-added services. The customers realize such advantages as consolidated purchasing power, lower minimum purchase requirements, Just-in-time delivery programs, and on-line electronic ordering which result in lower administrative expenses. And, probably of greatest significance, customers have access to the support of what many regard as the industry's most technically competent sales organization. Pioneer represents a vital link to new and leading technology which can improve a customer's products and speed their way to market.



■ Pioneer-Standard
◆ Corporate Headquarters
Systems & Services Division
Packard
Corporate Distribution Center
● Pioneer/Technologies
▲ Compumech

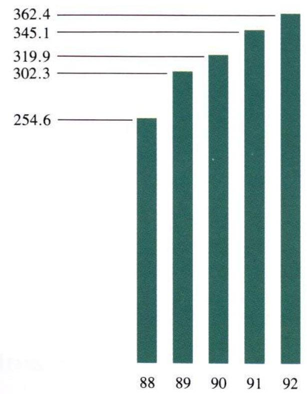
Pioneer Presence in the Market



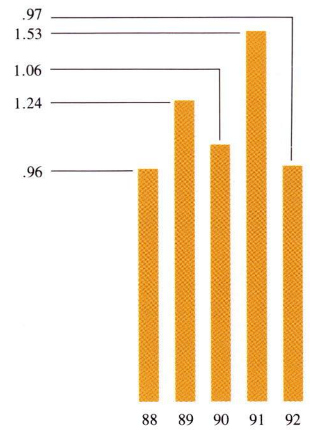
Combined Sales Pioneer-Standard and Pioneer/Technologies
(Millions of Dollars)

FINANCIAL HIGHLIGHTS

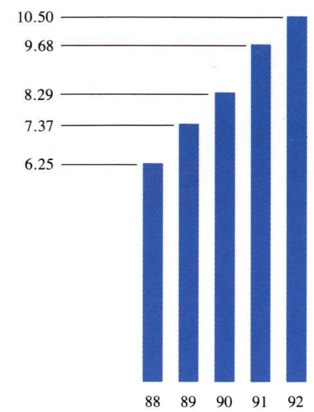
Fiscal years ended March 31	1992	1991
Combined Sales (Pioneer-Standard Electronics, Inc. and Pioneer/Technologies Group, Inc.)	$552,294,000	$501,834,000
Pioneer-Standard Electronics, Inc.		
Net Sales	$362,386,000	$345,064,000
Income before income taxes	8,542,000	13,376,000
Provision for income taxes	3,215,000	5,084,000
Net income	$ 5,327,000	$ 8,292,000
Per Share Data		
Net income		
Primary	$ .97	$1.53
Fully diluted	.94	1.41
Dividends	.16	.15
Shareholders' equity	10.50	9.68
Weighted average shares outstanding	5,469,749	5,415,057



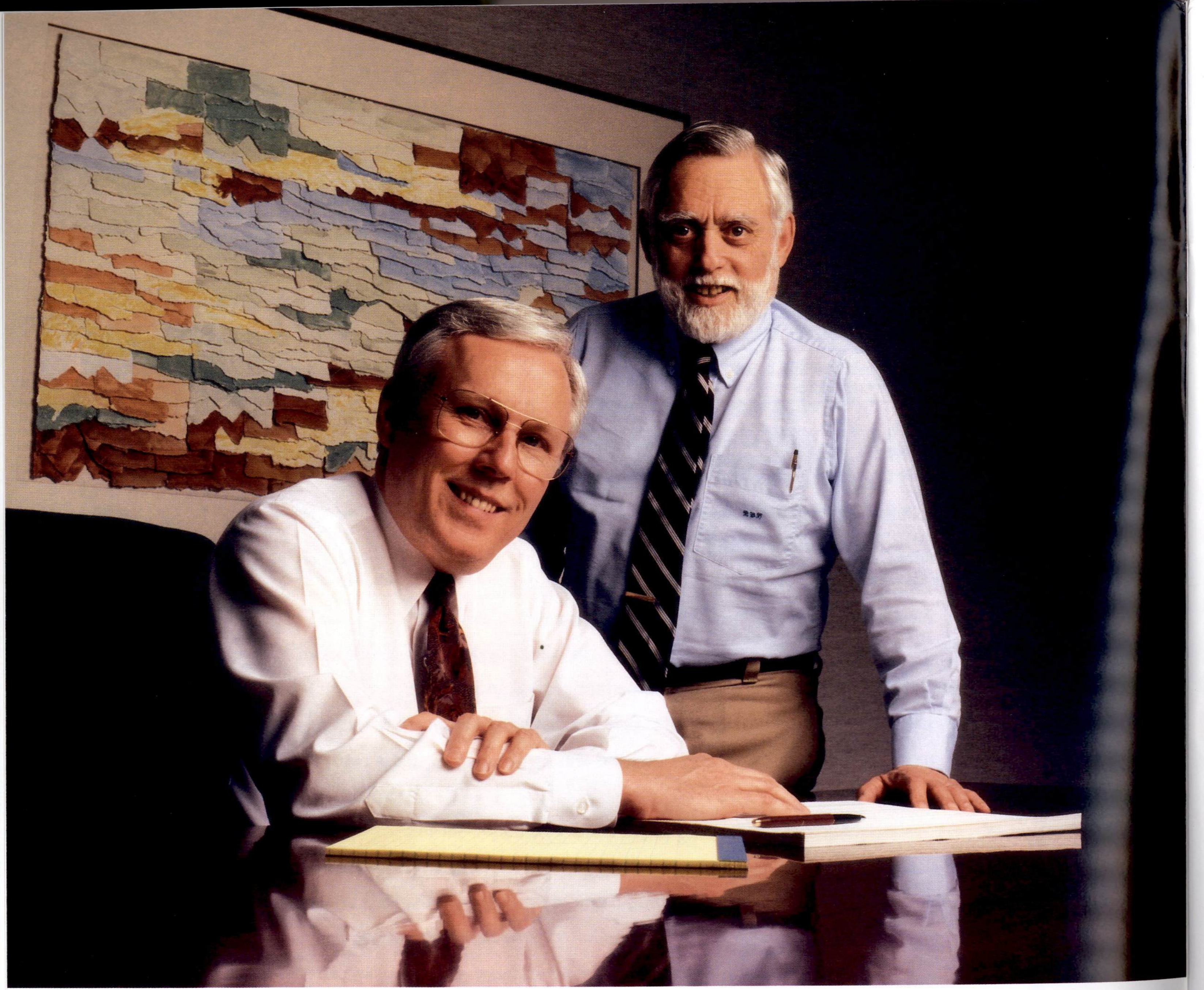
Net Sales
(Millions of Dollars)



Net Income Per Share
(Dollars)



Shareholders' Equity Per Share
(Dollars)



Pioneer is recognized by many as one of the industry's most technically competent distributors. The Company also is working to achieve the reputation as the electronic distributor recognized for total quality. We have taken actions to establish clear leadership as the most quality-focused, customer-driven, customer-responsive national distributor of industrial electronic components, computer products and peripherals.

Note we said national distributor. The successes we are having in establishing Pioneer-Standard in our California market warrants shedding our long-held, and honored, mantle as the nation's largest multi-regional distributor for we are effectively serving customers and suppliers coast to coast.

Pioneer-Standard's California expansion and our total quality initiative, entitled FutureStart, represent two very important developments for the Company. Both have very positive long-term implications for our shareholders, customers, suppliers and employees.

JAMES L. BAYMAN
President and Chief Operating Officer

PRESTON HELLER, JR.
Chairman of the Board and Chief Executive Officer

TO OUR SHAREHOLDERS

Much of the period included in our 1992 fiscal year was difficult for the electronics industry. The recession, sluggish industrial activity and oversupply of many electronic products combined to foster one of the most price competitive market environments in recent memory. Calendar 1991 sales of the industrial electronics distribution industry as a whole declined one percent.

Against such a backdrop, Pioneer-Standard recorded a five percent increase in sales to a record $362.4 million. Sales per employee rose to a record $387,000. Combined sales of Pioneer-Standard and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., rose 10 percent to an all-time high of $552.3 million.

Pioneer-Standard net income for the year was $5.3 million, or 97 cents per share (94 cents fully diluted), down from the record high $8.3 million, or $1.53 per share ($1.41 fully diluted), of the previous year. The variance in earnings for the two years is somewhat magnified by the fact that not only were 1991 earnings a record, but they were 23 percent greater than the Company's previous high. While our results in 1992 fell far short of our objectives, they reflected the general trend of our peers. We expect improvement in the new year underway.

Significant pockets of pressure on margins have been intense for some time, reflecting the economy and the resulting weakened demand as well as a number of other factors. In fiscal 1992 there was a shift in product mix to lower margin transactions. In some instances, major product categories moved from short supply to a surplus on the market literally overnight. Price competition was especially keen.

Increased Market Share

Our earnings also were affected by anticipated incremental expenses associated with further establishing ourselves in the California market. The West Coast expansion, as well as FutureStart, represent investments in continued growth. Both are in keeping with Pioneer's long-term commitment to outgrow the industry and our Mission Statement highlighted on page 1.

This past year, our share of the $9.1 billion U.S. market served by industrial electronics distributors rose to 5.8 percent, up from 5.5 percent the previous year. Since 1974, our market share has climbed steadily from 1.8 percent to 5.8 percent regardless of the economic climate. We expect to continue this upward trend.

California

California alone represents over 30 percent of the U.S. market for products such as we distribute. This past year Pioneer-Standard initiated a major expansion of our southern California sales/technical organization. We opened a new regional headquarters in Irvine and a sales office in Woodland Hills. We are providing a full range of component and computer products and services, including field application engineering, engineering design and systems integration, just-in-time delivery and kitting, systems programming, same-day shipment, and electronic data interchange. It is already apparent that the California market will respond very positively to our customer-driven responsiveness and our emphasis on technical support.

FutureStart

Pioneer has long emphasized quality in the delivery of products and services. The Corporate Distribution Center, a model for the industry, the high degree of technical support and the broad range of component, computer and peripheral products offered are examples of our commitment to quality service.

FutureStart represents a structured extension of our quality emphasis to every major facet of our operations. We have embarked upon the establishment of a Company-wide culture for each individual to focus on continuous improvement of our processes—to do the right things correctly the first time. FutureStart is increasing customer satisfaction, improving overall efficiency and reducing cycle times. It will also serve to eliminate unnecessary expenses, improving our profitability. In short, it is enhancing our competitive position in the marketplace.

The Outlook

The influences which have adversely affected demand for industrial electronic products appear to be lessening. Accordingly, we believe that we will realize sales increases for at least the first part of the year underway through gains in market share and modest growth in the market.

We expect an improved earnings performance in fiscal 1993. Stringent expense control measures are in place and we have taken actions which we believe will improve gross margins. As the year progresses, we also expect to begin realizing more benefits from our investment in FutureStart. Further, the unabsorbed expenses incurred in starting up in southern California will diminish as sales grow.

Our long-range view is one of strong confidence. The electronics industry is a principal propellant of the vast improvements we have seen in our standard of living in recent decades. Each year the computer industry figuratively doubles computation capacity while halving its unit cost. Many of the advances in medicine, automotive design, communications, workplace and household helpers are directly attributable to electronics.

One measure of its importance—and vitality—is that the electronics industry normally outperforms the general economy as a whole. The distribution segment of the electronics industry has become increasingly important in the market, with especially strong growth in semiconductors, computers and peripheral systems products. Again, Pioneer has consistently outgrown the distribution industry. We are committed to continue to do so with maximum emphasis on earnings gains.

Preston Heller, Jr.
Chairman

James L. Bayman
President

OUR COMMITMENT TO TOTAL QUALITY

FutureStart, Pioneer's total quality initiative, is designed to provide major breakthroughs in the way the Company does business, and to improve performance on a continuing basis. FutureStart is a customer-driven, business process redesign oriented to furthering customer and supplier loyalty. It in fact represents establishment of a culture—corporate-wide—imbued with the concept of doing "the right things right the first time."

Many distributors are studying and upgrading quality control programs, i.e., the inspection systems, the policies, procedures and audits designed to insure that quality products get to customers in the right quantity on time. FutureStart does this and goes much further with detailed analysis and redefinition of major business processes involved in being the preferred link between suppliers and customers.

Quality service has long been a Pioneer hallmark. The Company is a recognized leader in providing technical support to customers. For example, Pioneer-Standard has one field application engineer (FAE) for every three sales representatives; the industry ratio is one to six. The FAE's are degreed engineers who provide technical support to customers, complementing highly trained, technically oriented sales representatives. FAE's are the backbone of ongoing technical training programs and seminars for customers and Company personnel.

Through its Systems and Services Division, the Company has a broad range of value-added services, including computer systems modification. The Corporate Distribution Center, which completed its first full year of operation in fiscal 1992, is considered a model for the industry. The Center is providing same-day shipment of over 98 percent of orders received by 3 P.M.

FutureStart moves the Company's quality standards to new, higher levels.

Redesigning Business Processes

Teams of Pioneer employees, representing the buying, warehousing, order processing, sales, financial and value-added functions, initiated the analysis phase of FutureStart in a series of week-long, off-premise, working sessions. These were the "As Is" teams. Their assignment was to document and detail how every step in major processes was being accomplished. They focused on eliminating duplication, bottlenecks, or activities which did not contribute to the value of the services or products offered.

The "As Is" data became the raw material for the next phase of FutureStart—that of redesigning key processes with a focus on continuous improvement. "To Be" teams developed process models for the future. Emphasis was on customer satisfaction, reduced cycle times and improved efficiency—the essence of total quality.

"FutureStart is a commitment to a way of business life, to total quality in everything we do."

JIM RICHEY
Director of Marketing—Passives

"The 4.8 turns on inventory is impressive to financial people, and what impresses customers is that we are shipping 98 percent of orders received by 3 P.M. the same day. That's quality service."

DIANE KISH
Supervisor
Corporate Distribution Center

The "To Be" teams also introduced the concept of cross-functionality. Where the "As Is" teams reflected a traditional vertical organizational structure, i.e., departmental, the "To Be" teams were horizontal in composition, cutting across traditional organizational boundaries. Each "To Be" team was made up of personnel with a broad range of professional and occupational specialties, e.g., marketing, quality control, sales forecasting, purchasing, warehousing, finance. The "To Be" process models for the future are decidedly cross-functional in nature.

Implementation of the "To Be" models is underway in what is described as a "migration of core business processes," meaning a steady, ongoing evolution of all sales, administrative, warehousing and support functions to total quality. Put more simply, it means that not only will personnel of the Corporate Distribution Center be quality-conscious, but that executives, managers, sales and clerical personnel throughout the Company have committed to "doing it right the first time."

At present, an ambitious employee training/education initiative, centered on the "University of Pioneer," is underway. Like university education, the training is designed to provide highly specialized coursework while exposing participants to numerous disciplines. The curriculum is oriented to provide a broad educational offering for all employees.

Quality Is Good Business

FutureStart is producing results which translate into reduced cycle time, increased productivity and customer satisfaction. For example, analysis by the "As Is" teams and process redefinition by "To Be" teams produced ESP (Enhanced Selling Power), a highly automated, cross-functional approach to order management. ESP virtually eliminates manual procedures and paperwork, affords instantaneous communications between sales representatives and product managers and provides a wide variety of information, e.g., part numbers, credit history, customer product preferences, pricing, to provide quality customer service. And thanks to new sales lead management techniques, Pioneer sales personnel are now responding to customer inquiries virtually at first contact.

Pioneer's approach to total quality recognizes that competition in the industrial electronics industry will increasingly center on the ability to meet and exceed customer and supplier expectations. Pioneer employees contributed significantly to the formulation of FutureStart. So did customers and suppliers who were consulted to define expectations.

Customers and suppliers are keenly interested in the quality pursuits of Pioneer, and for very pragmatic, business reasons. Application of the word "quality" has been expanded to encompass not only the product itself, but the processes involved in delivering it. Pioneer is a full partner in American industry's rapidly increasing emphasis on quality.

There is wide-spread recognition that quality is good business, that it eliminates unnecessary expenses. Well-managed warehousing and delivery reduces customer inventory carrying costs. Customer-distributor relationships which evolve to certification of a distributor as a certified quality supplier eliminate the need for the customer to perform quality inspections upon receipt of products. Controlled environments, such as that of the Company's Corporate Distribution Center, assure the customer and manufacturer of product integrity.

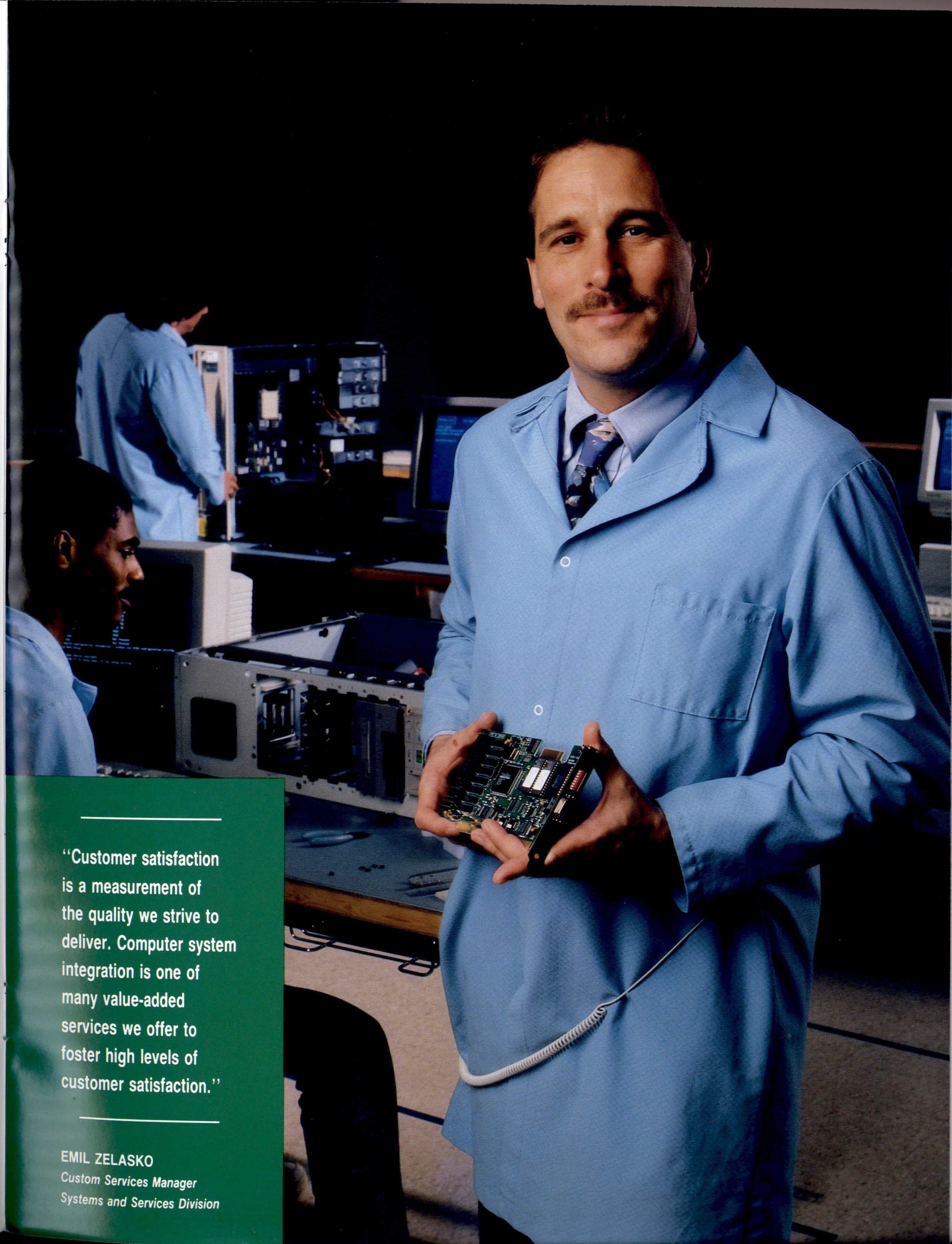
Increasingly, customers and manufacturers have undertaken inspections and audits of distributors' warehousing and quality assurance procedures. Very recently, electronics manufacturers and industrial electronics distributors, acting in concert, developed standards and commissioned independent inspections of distributors' quality assurance and shipping practices. Pioneer-Standard's Corporate Distribution Center, Pioneer-Standard's Dayton, Ohio, Military Warehouse and the Pioneer/Technologies Corporate Warehouse were among the first to be certified.

Recognition of Quality

The degree to which quality is emphasized is illustrated by recognition Pioneer received in recent months. A leading electronics manufacturer, which happens to be an important Company supplier, selected the Pioneer Corporate Distribution Center as the industrial electronics distribution industry ''Best-in-Class'' model in a competitive benchmarking process. Benchmarking, in the idiom of quality, is a practice designed to identify the best available to serve as a model for others.

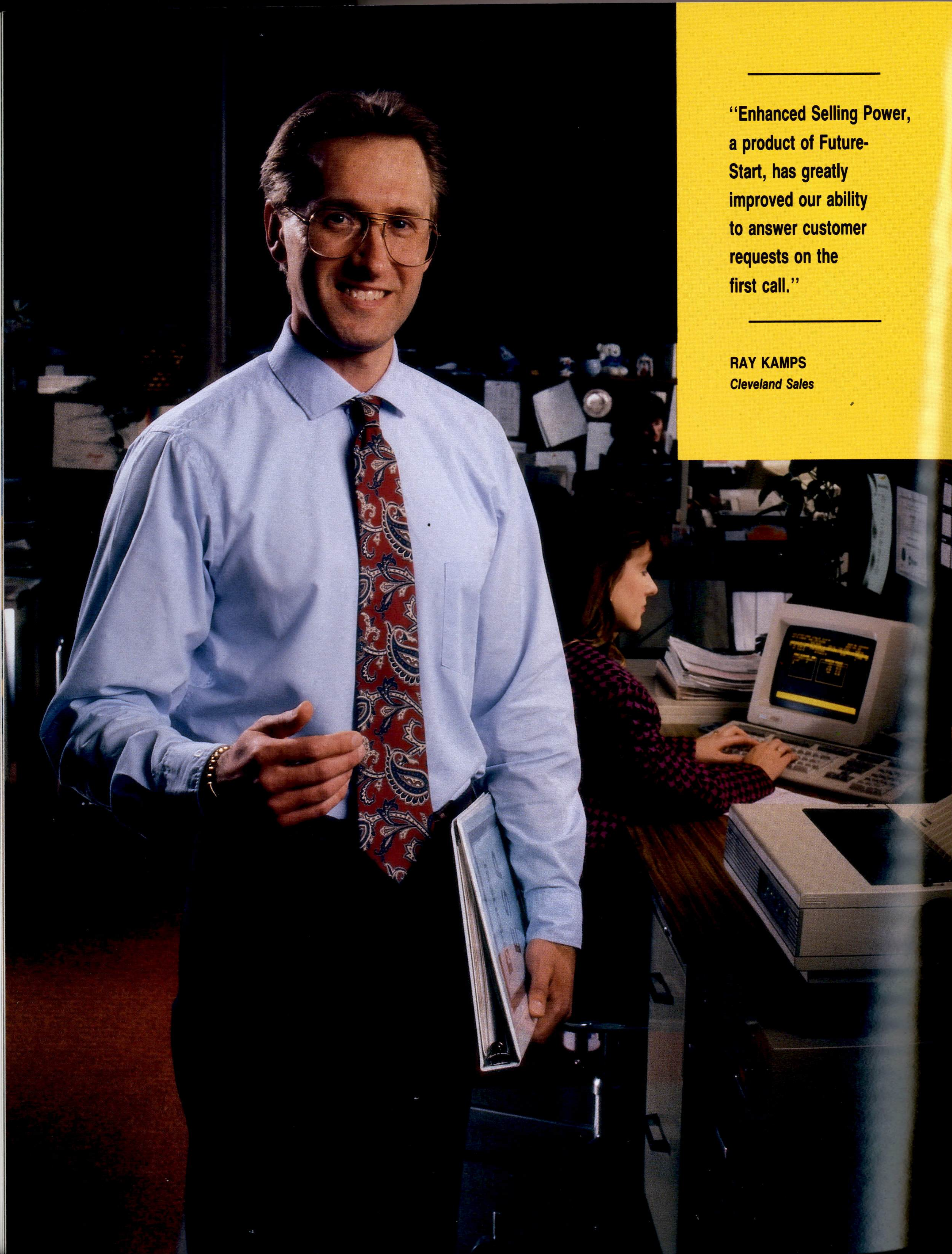
A major customer, a leading manufacturer of a wide variety of electronic products, cited the Company as a preferred vendor for 98 percent on-time delivery and a 99 percent quality rating. Another, a leader in the manufacture of communications and office equipment, named Pioneer ''Vendor of the Year'' for 98 percent on-time delivery and a 99.8 percent quality rating. The Company won the award for an unprecedented second consecutive year from among more than 100 candidates. Still another, a world-wide manufacturer of health care products, cited Pioneer as one of five out of many suppliers to receive its ''Supplier of the Year'' award.

The significance of these awards goes far beyond wall plaques. Six years ago the manufacturer of health care products initiated a vendor reduction program. The program has reduced the number of vendors from over 900 to about 250. In effect, the reduction was based on a supplier's ability to meet total quality criteria. The customer's objective is to place 80 percent of its business with a few select vendors who consistently meet its requirements for quality products and service.



''Customer satisfaction is a measurement of the quality we strive to deliver. Computer system integration is one of many value-added services we offer to foster high levels of customer satisfaction.''

EMIL ZELASKO
Custom Services Manager
Systems and Services Division



"Enhanced Selling Power, a product of Future-Start, has greatly improved our ability to answer customer requests on the first call."

RAY KAMPS
Cleveland Sales

Summary of Operations

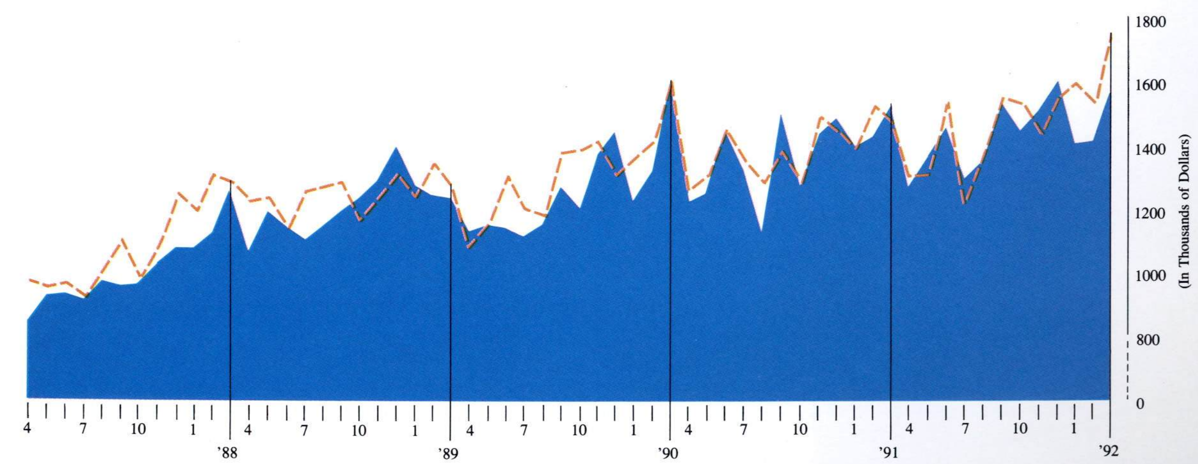
This emphasis on meeting customer needs and expectations has served the Company well, particularly during periods as tumultuous for the industry as was fiscal 1992. Pioneer again had record sales and increased its share of the market.

Pioneer-Standard 1992 sales were a record $362,386,000, an increase of five percent over the $345,064,000 of 1991 which in turn were eight percent over the $319,908,000 of 1990. Nineteen-ninety-two was the 20th year of sales gains in the 21 years Pioneer-Standard has been public. Combined sales of Pioneer-Standard and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., rose to a record $552,294,000, up 10 percent over the $501,834,000 of 1991.

While the sales of Pioneer/Technologies are not included with those of Pioneer-Standard for financial statement purposes, they are combined for industry rankings. Accordingly, the combined sales rank fifth among the nation's 1500 industrial electronics distributors. Pioneer-Standard and its affiliate serve major markets from 38 sales and operating locations, ranging from California in the west to New England and Florida in the east.

In calendar 1991, the Pioneer share of the U.S. industrial electronics distribution market rose to 5.8 percent, up from 5.5 percent the prior year and 5.2 percent in calendar 1989.

The increases in market share are largely attributable to a number of factors which combined are characteristic of the Pioneer marketing effort. Included are numer-



Pioneer-Standard Bookings and Billings
(Daily Averages)

Bookings

Billings

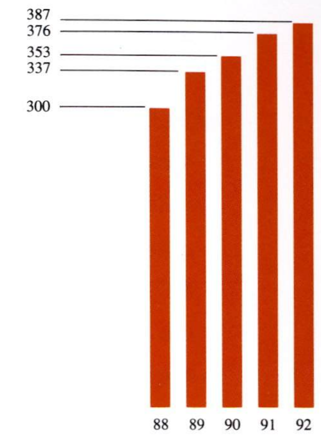
"We have one field application engineer for every three sales representatives. The standard ratio in the industry is one to six. Our ratio contributes mightily to quality service delivery...and it is distinguishing us in our California market."

JIM JEFFERIES
Regional Director
Southwest Region
Irvine, California

ous customer support services ranging from technical assistance to a broad range of value-added functions. Just-in-time delivery programs and the ability to regularly meet delivery commitments also are significant in the Pioneer sales effort.

One example of the effectiveness of the Company's sales effort occurred in the fiscal 1992 fourth quarter with the December 31 termination of a relationship between the Company and one of its suppliers of semiconductors. By March of 1992, new orders of equivalent products of other suppliers essentially replaced that business.

Pioneer-Standard sales per employee, a measure of productivity, amounted to a record $387,000 in 1992, up from $376,000 in 1991. This was achieved while building the sales organization in southern California which is just now starting to be productive.



Sales Per Employee
(Thousands of Dollars)

Earnings

Unlike 1991, however, sales gains in 1992 did not translate into earnings increases. Gross margins in 1992 were under severe pressure, reflecting the recessionary economy, an oversupply in some significant product categories and intense price competition. During the first half of the year the market for computer products was especially weak. Throughout most of the year, a series of factors combined to erode semiconductor margins industry-wide. In contrast, in 1991, particularly early in the year, the demand for microprocessors was very strong. Microprocessor sales in 1991 made a major contribution to the year's record earnings performance.

Net income in 1992 amounted to $5,327,000, or 97 cents per share (94 cents per share fully diluted). This compares to $8,292,000, or $1.53 per share ($1.41 fully diluted) in 1991 and $5,744,000, or $1.06 per share ($1.01 fully diluted) in 1990. Operating profit in 1992 was $12,393,000 in contrast to $17,421,000 in 1991 and $13,971,000 in 1990. The 1992 gross profit margin was 21.4 percent; in 1991 it was 22.5 percent and in 1990, 22.7 percent.

As a percentage of sales, warehousing, general and administrative expenses amounted to 18.0 percent in 1992, 17.4 percent in 1991 and 18.3 percent in 1990. These figures reflect major expansion/improvement projects including the expansion of sales operations in California (1992), the start-up of the Corporate Distribution Center (1991) and the start-up of a new Systems and Services Division facility (1990).

The 1992 income taxes were $3,215,000. In 1991, they were $5,084,000 and in 1990, $3,771,000. Effective tax rates were 37.6 percent in 1992, 38.0 percent in 1991 and 39.6 percent in 1990. The declines in the effective tax rate are largely attributable to the Company's equity interest in net income of Pioneer/Technologies being an increasing share of total net income each year over the three year period. Such income amounted to $654,000 in 1992, $703,000 in 1991 and $490,000 in 1990.

Interest expense in 1992 was $4,505,000, $4,748,000 in 1991 and $4,946,000 in 1990. The 1992 reduction is a result of reduced interest rates and, to a lesser extent, lower average borrowing levels. The reduction in interest expense in 1991 is largely attributable to lower average debt levels and, to a lesser extent, lower interest rates. No interest costs were capitalized in 1992. Interest costs of $46,000 and $272,000 were capitalized in 1991 and 1990, respectively. Total interest-bearing debt at the end of each of the past three years was $49,806,000, $44,881,000 and $53,865,000, respectively.

Inflation has had minimal effect on the Company's operations.

The Company extends credit based on an evaluation of customers' financial condition, and generally collateral is not required. Credit losses are provided for in the financial statements when collectibility is in doubt.

Liquidity and Capital Resources

Over the past three years, the Company has funded major expansion projects, such as further automation of business processes, the Corporate Distribution Center and the Systems and Services facility, as well as the December, 1990 purchase of the Computer Systems Division of Lex Electronics Inc., while at the same time reducing its debt to capitalization ratio from 59 percent at the end of 1989 to 46 percent at the end of 1992. Additions to property, plant and equipment amounted to $5,110,000 in 1992, $4,127,000 in 1991 and $10,273,000 in 1990.

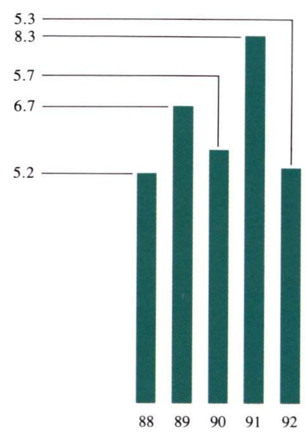
The Company has the financial resources to pursue ambitious growth and performance objectives on a long-term basis. The Company is highly liquid. As of March 31, 1992, working capital amounted to $69,325,000. Current assets of $116,446,000 were 2.5 times current liabilities. The Company's cash flow position has been enhanced by improved inventory management techniques and, more recently, by the efficiencies afforded by the new Corporate Distribution Center. Turns on average inventory in 1992 were 4.8 times, up from 4.7 the previous year and 4.2 in 1990.

This past January, the Company entered into a new bank credit agreement which provides up to $30,000,000 of unsecured borrowings on a revolving credit basis. Interest rates are based on various floating rate mechanisms. The new agreement replaced a $30,000,000 credit facility. As of March 31, $21,000,000 of the $30,000,000 revolving credit line was unused. Additionally, the Company has unsecured lines of credit amounting to $15,000,000, $12,500,000 of which were unused at fiscal year-end.

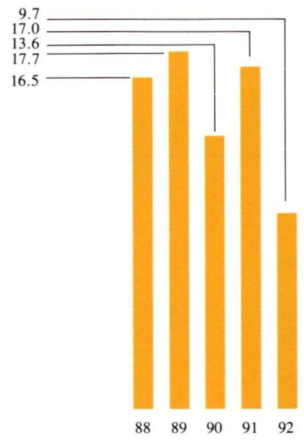
The Company expects to incur approximately $5,000,000 of capital expenditures in 1993. Considering the available credit lines and funds derived from current operations, coupled with flexibility provided by the debt to capitalization ratio of 46 percent, the Company has many resources available to finance its growth.

The Company had $15,222,000 in 9 percent Subordinated Convertible Debentures outstanding as of March 31, 1992. With the Debentures considered equity, as many consider such instruments, the debt to capitalization ratio was 32 percent.

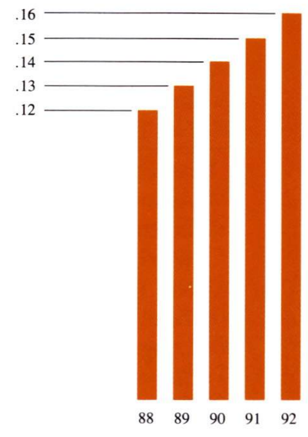
Shareholders' equity at fiscal 1992 year-end was a record $57,455,000, equal to $10.50 per share. That was up from $52,855,000, or $9.68 per share, at the end of the previous year.



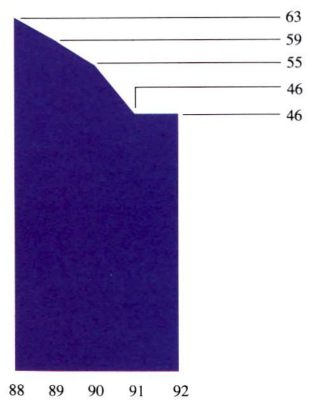
Net Income
(Millions of Dollars)



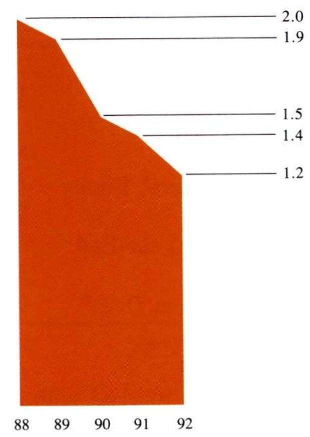
Return on Average Shareholders' Equity
(Percent)



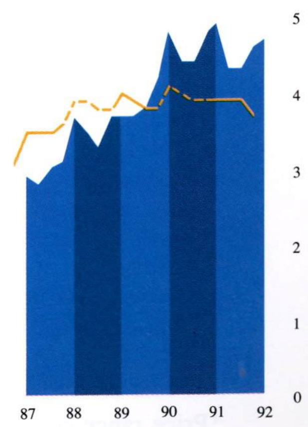
Cash Dividends Paid Per Share
(Dollars)



Interest Bearing Debt Percent of Equity Plus Debt
(Percent)



Interest Expense as a Percent to Sales
(Percent)



Inventory Turnover Rate

Pioneer-Standard

Industry

Pioneer-Standard's monthly turnover rate is for the past five fiscal years; the industry's is for the past five calendar years.

FINANCIAL REVIEW

Summary of Operations/Fiscal Years ended March 31

Management's discussion and analysis of financial condition and results of operations is incorporated in the sections entitled "To Our Shareholders" which begins on page 5 and "Our Commitment To Total Quality" on pages 8 through 19.

(Dollars in thousands except per share amounts)

For the Year	**1992**	1991	1990	1989	1988	1987	1982	1977	1972
Combined Sales (Pioneer-Standard Electronics, Inc. and Pioneer/Technologies Group, Inc.)	**$552,294**	$501,834	$473,850	$450,820	$346,259	$285,040	$133,707	$49,617	$15,012
Pioneer-Standard Electronics, Inc.									
Net Sales	**362,386**	345,064	319,908	302,308	254,581	212,234	94,722	34,895	11,351
Interest Expense	**4,505**	4,748	4,946	5,601	5,196	5,246	1,424	122	35
Income from Continuing Operations before Income Taxes and Equity in Earnings of Pioneer/Technologies Group, Inc.	**7,888**	12,673	9,025	10,990	7,707	2,647	3,620	2,798	878
Equity in Earnings of Pioneer/Technologies Group, Inc.	**654**	703	490	100	851	482	308	223	46
Income Taxes	**3,215**	5,084	3,771	4,576	3,355	1,280	1,608	1,428	439
Income from Continuing Operations	**5,327**	8,292	5,744	6,514	5,203	1,849	2,320	1,593	485
Net Income*	**5,327**	8,292	5,744	6,722	5,203	462	2,577	1,846	680
Year-End Position									
Accounts Receivable	**50,004**	51,378	51,256	44,232	41,517	31,493	12,471	4,118	1,297
Inventory	**60,983**	56,981	56,786	61,084	58,391	59,104	21,369	6,558	2,263
Working Capital	**69,325**	66,553	64,399	72,858	69,628	62,433	22,715	10,048	2,121
Net Property and Equipment	**23,579**	22,534	21,329	13,265	12,255	12,500	5,688	1,009	976
Total Assets*	**150,871**	146,348	145,006	133,181	126,946	116,619	50,565	17,256	8,000
Long-Term Debt*	**44,717**	44,306	49,374	54,381	56,081	53,064	7,237	1,373	566
Shareholders' Equity*	**57,455**	52,855	44,795	39,807	33,787	29,232	24,798	10,838	4,571
Weighted Average Shares Outstanding	**5,469,749**	5,415,057	5,401,932	5,401,932	5,401,932	5,401,932	5,369,096	5,184,714	5,098,028
Average Number of Employees	**937**	917	906	898	849	854	645	286	141
Per Share Data									
Income Per Share from Continuing Operations	**.97**	1.53	1.06	1.20	.96	.34	.43	.31	.09
Net Income Per Share*	**.97**	1.53	1.06	1.24	.96	.09	.48	.36	.13
Cash Dividends Paid Per Share*	**.16**	.15	.14	.13	.12	.12	.090	.033	.016
Shareholders' Equity Per Share*	**10.50**	9.68	8.29	7.37	6.25	5.41	4.61	2.09	.90
Price Range of Common Shares*									
High	**17.75**	15.50	10.50	11.25	10.50	10.38	8.50	2.07	1.49[1]
Low	**10.00**	7.25	7.13	7.75	6.00	5.00	5.38	1.37	.83[1]
Measurement Data									
Gross Margin Percent of Sales	**21.4**	22.5	22.7	22.8	23.7	23.5	25.2	25.5	27.1
Income from Continuing Operations Percent of Sales	**1.5**	2.4	1.8	2.2	2.0	.9	2.5	4.6	4.3
Net Income Percent of Average Shareholders' Equity	**9.7**	17.0	13.6	17.7	16.5	6.3	9.8	16.0	11.5
Sales Per Employee	**387**	376	353	337	300	249	147	122	81
Accounts Receivable Days Outstanding at Year-End	**47**	50	48	48	46	46	46	41	41
Turns on Annual Average Inventory	**4.8**	4.7	4.2	3.9	3.3	2.9	3.6	4.4	4.0
Interest Bearing Debt Percent of Equity Plus Debt*	**46.4**	45.9	54.6	58.8	62.5	65.0	35.0	12.1	11.3

Notes:

All data are for continuing operations unless marked with an asterisk.

[1]Price range covers the period when the stock was first publicly traded, January 7, 1971 through March 31, 1972.

BALANCE SHEETS

PIONEER-STANDARD ELECTRONICS, INC.

March 31, 1992 and 1991

Assets	1992	1991
Current assets:		
Cash	$ 1,887,000	$ 2,474,000
Accounts receivable, less allowance for doubtful accounts (1992-$1,226,000, 1991-$1,350,000)	50,004,000	51,378,000
Merchandise inventory	60,983,000	56,981,000
Prepaid expenses	785,000	407,000
Deferred income taxes	2,787,000	3,122,000
Total current assets	116,446,000	114,362,000
Investment and other assets:		
Investment in 50%-owned company	8,957,000	8,303,000
Other assets	1,889,000	1,149,000
Property and equipment, at cost:		
Land	1,070,000	985,000
Buildings	11,893,000	11,638,000
Furniture and equipment	23,502,000	20,897,000
Leasehold improvements	2,399,000	2,269,000
	38,864,000	35,789,000
Less accumulated depreciation and amortization	15,285,000	13,255,000
Net property and equipment	23,579,000	22,534,000
	$150,871,000	$146,348,000

Liabilities and Shareholders' Equity	1992	1991
Current liabilities:		
Notes payable to banks	$ 2,500,000	$ —
Accounts payable	33,085,000	36,138,000
Income taxes	341,000	1,414,000
Accrued salaries, wages and commissions	3,211,000	3,111,000
Other accrued liabilities	5,395,000	6,571,000
Long-term debt due within one year	2,589,000	575,000
Total current liabilities	47,121,000	47,809,000
Long-term debt	44,717,000	44,306,000
Deferred income taxes	1,578,000	1,378,000
Shareholders' equity:		
Common shares, without par value, $1 stated value: authorized 20,000,000 shares; outstanding 5,470,832 shares in 1992 and 5,458,082 in 1991	5,471,000	5,458,000
Capital in excess of stated value	1,984,000	1,849,000
Retained earnings	50,000,000	45,548,000
Total shareholders' equity	57,455,000	52,855,000
	$150,871,000	$146,348,000

See accompanying notes.

STATEMENTS OF INCOME

PIONEER-STANDARD ELECTRONICS, INC.

Years ended March 31, 1992, 1991 and 1990

	1992	1991	1990
Net sales	$362,386,000	$345,064,000	$319,908,000
Operating costs and expenses:			
Cost of goods sold	284,897,000	267,559,000	247,391,000
Warehouse, selling and administrative expenses	65,096,000	60,084,000	58,546,000
	349,993,000	327,643,000	305,937,000
Operating profit	12,393,000	17,421,000	13,971,000
Equity in earnings of 50%-owned company	654,000	703,000	490,000
Interest expense	(4,505,000)	(4,748,000)	(4,946,000)
Income from operations before income taxes	8,542,000	13,376,000	9,515,000
Provision for income taxes:			
Federal			
Current	2,082,000	4,565,000	3,185,000
Deferred	418,000	(629,000)	(350,000)
	2,500,000	3,936,000	2,835,000
State	715,000	1,148,000	936,000
	3,215,000	5,084,000	3,771,000
Net income	$ 5,327,000	$ 8,292,000	$ 5,744,000
Income per common share:			
Primary	$ .97	$1.53	$1.06
Fully diluted	$ .94	$1.41	$1.01

See accompanying notes.

STATEMENTS OF SHAREHOLDERS' EQUITY

PIONEER-STANDARD ELECTRONICS, INC.

Years ended March 31, 1992, 1991 and 1990

	Stated value of common shares	Capital in excess of stated value	Retained earnings	Total
Balance at March 31, 1989	$5,402,000	$1,326,000	$33,079,000	$39,807,000
Net income			5,744,000	5,744,000
Cash dividends ($.14 per share)			(756,000)	(756,000)
Balance at March 31, 1990	5,402,000	1,326,000	38,067,000	44,795,000
Net income			8,292,000	8,292,000
Cash dividends ($.15 per share)			(811,000)	(811,000)
Shares issued upon exercise of stock options	56,000	454,000		510,000
Tax benefit related to exercise of stock options		69,000		69,000
Balance at March 31, 1991	5,458,000	1,849,000	45,548,000	52,855,000
Net income			5,327,000	5,327,000
Cash dividends ($.16 per share)			(875,000)	(875,000)
Shares issued upon exercise of stock options	13,000	106,000		119,000
Tax benefit related to exercise of stock options		29,000		29,000
Balance at March 31, 1992	$5,471,000	$1,984,000	$50,000,000	$57,455,000

See accompanying notes.

STATEMENTS OF CASH FLOW

PIONEER-STANDARD ELECTRONICS, INC.

Years ended March 31, 1992, 1991 and 1990

	1992	1991	1990
Cash flows from operating activities:			
Net income	$ 5,327,000	$ 8,292,000	$ 5,744,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,127,000	3,461,000	2,843,000
Undistributed earnings of affiliate	(654,000)	(703,000)	(490,000)
(Increase) decrease in operating working capital	(6,083,000)	4,310,000	7,058,000
Increase in other assets	(802,000)	(72,000)	(15,000)
Deferred taxes	535,000	(647,000)	(368,000)
Total adjustments	(2,877,000)	6,349,000	9,028,000
Net cash provided by operating activities	2,450,000	14,641,000	14,772,000
Cash flows from investing activities:			
Additions to property and equipment	(5,110,000)	(4,127,000)	(10,273,000)
Acquisition of business	(2,125,000)	(1,796,000)	—
Net cash used in investing activities	(7,235,000)	(5,923,000)	(10,273,000)
Cash flows from financing activities:			
Increase (decrease) in short-term financing	2,500,000	(4,000,000)	2,000,000
Increase in long-term debt	22,000,000	35,000,000	1,000,000
Repayment under revolving credit	(19,000,000)	(38,000,000)	(5,000,000)
Purchase of subordinated debt	—	(1,978,000)	(1,060,000)
Principal payments under long-term debt obligations	(575,000)	(519,000)	(355,000)
Issuance of common shares under stock option plan	119,000	510,000	—
Tax benefit related to exercise of stock options	29,000	69,000	—
Dividends paid	(875,000)	(811,000)	(756,000)
Net cash provided by (used in) financing activities	4,198,000	(9,729,000)	(4,171,000)
Net increase (decrease) in cash	(587,000)	(1,011,000)	328,000
Cash at beginning of year	2,474,000	3,485,000	3,157,000
Cash at end of year	$ 1,887,000	$ 2,474,000	$ 3,485,000

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The Company is a distributor of industrial electronics components and computer systems products and maintains the following accounting policies:

Cash Equivalents—The Company considers highly liquid instruments with a maturity of ninety days or less at date of purchase to be cash equivalents.

Merchandise Inventory—Inventory is stated at the lower of cost (first-in, first-out basis) or market. Reserves for slow-moving and obsolete inventory at March 31, were $2,190,000 in 1992 and $2,232,000 in 1991.

Affiliated Company—The Company owns 50% of the outstanding common stock of Pioneer/Technologies Group, Inc. The investment is accounted for by the equity method. Income taxes are not provided on undistributed earnings of the affiliated company since they are considered to be permanently reinvested.

Other Assets—Other assets include the excess of cost over value assigned to net assets of a purchased business, which is being amortized on the straight-line method over 40 years; cash surrender value of life insurance; security deposits; debt issuance costs, which are being amortized on the straight-line method over lives of the related debt instruments; and certain deferred charges.

Property and Equipment—The Company capitalizes interest costs during the construction period of major facilities. No interest costs were capitalized in 1992. Interest costs of $46,000 and $272,000 were capitalized in 1991 and 1990, respectively. The Company capitalizes costs associated with software developed for its own use. Depreciation and amortization is computed using principally the straight-line method. Accelerated methods are used for tax reporting purposes.

Common Shares and Net Income Per Common Share—Net income per common share is computed using the weighted average common shares and common share equivalents outstanding during the year of 5,469,749 in 1992, 5,415,057 in 1991 and 5,401,932 in 1990.

Fully diluted net income per common share is computed on the same basis as above with the assumption that all of the 9% Subordinated Convertible Debentures were converted into common shares and that the related interest expense, net of income taxes, was added to net income. The number of shares used for this computation was 6,610,608, 6,582,420 and 6,674,055 in 1992, 1991 and 1990, respectively.

2 ACQUISITIONS

On December 28, 1990, the Company purchased from Lex Electronics Inc. certain assets and assumed certain liabilities of Lex's Computer Systems Division. The valuation of assets acquired, $10,409,000, was offset by liabilities assumed of $4,881,000, resulting in a net cash purchase price of $5,528,000. The Company paid $2,809,000 at the time of the closing and the balance of $2,719,000 in April 1991. Effective December 28, 1990, the Company sold certain of the assets acquired from Lex to Pioneer/Technologies Group, Inc., a 50%-owned affiliate of the Company, for a purchase price of $1,607,000. The affiliate paid the Company the balance of the purchase price in three installments over the period January, 1991 through April, 1991.

The acquisition was accounted for as a purchase with the acquired assets and liabilities recorded at their estimated value and the related operating results included in the financial statements from the date of acquisition. The acquisition costs approximated the fair market value of the net assets acquired.

Assuming the acquisition had taken place at the beginning of the year, net sales, on a pro-forma unaudited basis, would have been $358,864,000 in 1991. The effects of the acquisition on net income and earnings per share would have been immaterial.

3 LOAN AGREEMENTS

The Company has unsecured lines of credit aggregating $15,000,000 from two banks. The Company's revolving credit agreement limits the aggregate borrowings against the unsecured lines to a maximum of $15,000,000. The unsecured lines, which may be withdrawn at the option of the banks, permit the Company to borrow at varying interest rates. There are $2,500,000 of borrowings against these lines at March 31, 1992.

Long-term debt at March 31, 1992 and 1991 consists of the following:

	1992	1991
Revolving credit	$ 9,000,000	$ 6,000,000
9.79% Senior Notes	20,000,000	20,000,000
9% Subordinated Convertible Debentures due in 1998	15,222,000	15,222,000
13½% Mortgage payable in monthly installments of $6,000 including interest with final payment due in 2000	353,000	376,000
Industrial revenue bond loan	800,000	1,000,000
Obligations under capital leases	1,931,000	2,283,000
	47,306,000	44,881,000
Less amounts due within one year	2,589,000	575,000
	$44,717,000	$44,306,000

The Company entered into a new revolving credit agreement dated January 23, 1992 with three banks providing for up to an aggregate of $30,000,000 of unsecured borrowings on a revolving credit basis for three years after which time any outstanding borrowings are convertible into a four-year term loan amortized in equal quarterly installments. The agreement contains a provision whereby annually, upon consent of the parties, the maturity date may be extended for one additional year resulting in a remaining two-year revolving credit and four-year term loan facility. At the choice of the Company, interest on borrowings is payable at a floating prime rate or at other floating rate options (certificate of deposit, LIBOR, or banker's acceptance) plus ¾%. There is a commitment fee of ¼% on the unborrowed amount. This new credit facility replaces the credit agreement for $30,000,000 dated October 14, 1988, as amended.

Annual principal payments of $2,860,000 on the 9.79% Senior Notes will begin November 1, 1994 and continue through November 1, 2000 when the last payment of $2,840,000 is due. Interest is payable semi-annually.

The terms of both the revolving credit agreement and Senior Note Purchase Agreement provide for, among other things, restrictions regarding the payment of cash dividends, limitations on other borrowings and capital expenditures, minimum working capital requirements and the maintenance of certain financial ratios. Unrestricted retained earnings available for dividends at March 31, 1992 under the most restrictive covenants are $1,849,000.

The 9% Subordinated Convertible Debentures are due in 1998 and are convertible into common shares of the Company at a conversion price of $13.95 per share, subject to adjustment in certain events. The debentures are redeemable at par and are subject to sinking fund requirements of $2,200,000 annually with interest payable semi-annually. Open market purchases made in prior years have satisfied sinking fund requirements through March 31, 1992 and left $178,000 principal amount of debentures available to fulfill a portion of the sinking fund requirements for fiscal 1993.

The Company has a Loan Agreement which requires annual installments sufficient to fund the County of Montgomery, Ohio Industrial Revenue Bond principal and interest requirements. Interest of 8.25% is payable semi-annually. Principal payments are due in annual installments increasing from $200,000 in calendar 1992 to $300,000 in 1993 and a final payment of $300,000 due in 1994.

Property and equipment with a net book value of $2,355,000 at March 31, 1992 was pledged as security for the mortgage and the industrial revenue bond.

Aggregate maturities of long-term debt for the next five fiscal years are: 1993—$2,589,000; 1994—$2,791,000; 1995—$6,153,000; 1996—$7,442,000; and 1997—$7,355,000.

4 LEASE COMMITMENTS

The Company is committed under lease agreements, which contain renewal options for periods up to twenty years, for certain warehouse facilities and equipment expiring at various dates to the year 2017.

Amounts for capitalized leases are included in property and equipment at cost of $3,456,000 at March 31, 1992 and 1991 less accumulated amortization of $1,441,000 and $1,037,000 at March 31, 1992 and 1991, respectively.

Future minimum lease payments under capital leases and operating leases at March 31, 1992 are as follows:

	Capital Leases	Operating Leases
1993	$ 524,000	$1,402,000
1994	421,000	1,156,000
1995	335,000	786,000
1996	218,000	647,000
1997	132,000	613,000
Thereafter	2,706,000	948,000
Total minimum lease payments	4,336,000	$5,552,000
Less amount representing interest	2,405,000	
Present value of minimum lease payments	$1,931,000	

Rental expense for operating leases was $1,940,000, $2,044,000 and $1,883,000 for 1992, 1991 and 1990, respectively.

5 INCOME TAXES

The following is a reconciliation of the Company's effective income tax rate to the statutory rate:

	1992	1991	1990
Statutory rate	34.0%	34.0%	34.0%
Equity in undistributed earnings of 50%-owned company	(2.6)	(1.8)	(1.7)
Provision for state taxes	5.5	5.7	6.5
Other items	.7	.1	.8
Effective rate	37.6%	38.0%	39.6%

Deferred income taxes represent the tax effects of items reported for tax purposes in periods different from those for financial statement purposes. The principal timing differences and tax effects of each are as follows:

	1992	1991	1990
Depreciation and amortization	$ 213,000	$ 169,000	$ 76,000
Allowance for doubtful accounts	42,000	(123,000)	(83,000)
Costs capitalized in inventory	(136,000)	(373,000)	(335,000)
State tax	59,000	(48,000)	20,000
Excess of fair market value over cost of assets acquired	199,000	(199,000)	—
Other	41,000	(55,000)	(28,000)
Deferred tax	$ 418,000	$(629,000)	$(350,000)

The Financial Accounting Standards Board has issued Statement No. 109, "Accounting for Income Taxes." The Statement provides several alternatives as to the method and date of adoption, which must be no later than fiscal year 1994. Although changes in the calculation and presentation of income taxes will be required, management has determined the impact on the financial statements will not be material.

6 COMMON SHARE PURCHASE RIGHTS PLAN

The Company maintains a Common Share Purchase Rights Plan whereby, until the occurrence of certain events, each share of the Company's outstanding common shares represents ownership of one right (Right). The Rights may only be exercised if a person or group acquires twenty percent (20%) or more of the Company's Common Shares, or announces a tender offer for at least twenty percent (20%) of the Company's Common Shares. The exercise price of each Right is $40 per Common Share subject to adjustment in certain events. The Rights trade with the Company's Common Shares until the Rights become exercisable.

If the Company is acquired in a merger or other business combination transaction, each Right will entitle its holder to purchase, at the Right's then-exercise price, a number of the acquiring company's common shares (or other securities) having a market value at the time of twice the Right's then-current exercise price. In addition, if a person or group acquires twenty percent (20%) or more of the Company's Common Shares or certain specified transactions occur while a person or group beneficially owns twenty percent (20%) or more of such Common Shares, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then-current exercise price, a number of the Company's Common Shares having a market value of twice the Right's then-exercise price.

Prior to the acquisition by a person or group of beneficial ownership of twenty percent (20%) or more of the Company's Common Shares, the Rights are redeemable for one cent ($.01) per Right at the option of the Board of Directors. The Rights will expire May 10, 1999.

7 STOCK OPTIONS

The Company adopted a new stock option plan in 1991 which provides for the issuance of stock options to purchase up to 250,000 common shares of the Company. As of March 31, 1992, no options were granted from this plan. All of the outstanding options as of March 31, 1992, were issued pursuant to a plan adopted in 1982. Pursuant to this plan's provisions, options are no longer permitted to be issued thereunder subsequent to March 24, 1992.

These plans provide for non-qualified or incentive stock options. The options are priced at 100% of fair market value at date of grant and expire ten years from date of grant.

No charges are made against income in accounting for stock options. Any tax benefits arising from the exercise of options are recognized when realized and credited to capital in excess of stated value. Transactions involving the stock option plan are summarized as follows:

	Number of Shares	Option Price Range per Share
Outstanding at March 31, 1991	200,800	$7.13-$12.44
Exercised	(12,750)	7.88- 10.06
Granted	42,800	15.25
Forfeited	(1,950)	8.75- 15.25
Outstanding at March 31, 1992	**228,900**	**$7.13-$15.25**
Exercisable at March 31, 1992	**178,900**	**$7.13-$15.25**
Available for grant at March 31, 1992	**250,000**	

8 PIONEER/TECHNOLOGIES GROUP, INC.

Pioneer-Standard Electronics, Inc. owns 50% of the common stock of Pioneer/Technologies Group, Inc. Included in the Company's retained earnings are undistributed earnings of Pioneer/Technologies Group, Inc. in the amount of $8,902,000 at March 31, 1992 ($8,248,000 and $7,545,000 in 1991 and 1990, respectively). No dividends have been paid by Pioneer/Technologies Group, Inc. from date of incorporation in 1964 to March 31, 1992.

Pioneer-Standard Electronics, Inc. may not sell, assign, give, transfer, exchange, or otherwise dispose of its share ownership without allowing Pioneer/Technologies Group, Inc. the first option to purchase the shares at then current book value. If Pioneer/Technologies Group, Inc. does not exercise this option, then shareholders representing the other 50% of the common stock of Pioneer/Technologies Group, Inc. have the right and option to purchase all the shares at then current book value.

In the event of a "change in control," as defined, of Pioneer-Standard Electronics, Inc., or upon the occurrence of certain events, Pioneer/Technologies Group, Inc. has the right to purchase all shares of its stock owned by Pioneer-Standard Electronics, Inc. at then current book value. If Pioneer/Technologies Group, Inc. does not exercise the right, the remaining shareholders representing the other 50% of the common shares of Pioneer/Technologies Group, Inc. have the right and option to purchase all the shares at then current book value.

Comparative financial information of Pioneer/Technologies Group, Inc. at March 31, 1992, 1991 and 1990 and for the years then ended is summarized as follows:

	1992	1991	1990
Net sales	**$189,908,000**	$156,770,000	$153,942,000
Gross profit	**34,217,000**	31,646,000	28,779,000
Net income	**1,309,000**	1,407,000	980,000
Total current assets	**$ 63,256,000**	$ 51,341,000	$ 50,222,000
Net fixed and other assets	**4,403,000**	5,106,000	4,360,000
Total assets	**$ 67,659,000**	$ 56,447,000	$ 54,582,000
Total current liabilities	**$ 24,711,000**	$ 21,704,000	$ 24,633,000
Total long-term liabilities	**25,032,000**	18,136,000	14,749,000
Total shareholders' equity	**17,916,000**	16,607,000	15,200,000
Total liabilities and shareholders' equity	**$ 67,659,000**	$ 56,447,000	$ 54,582,000

In 1991, Pioneer/Technologies Group, Inc. changed its method of computing depreciation from the double declining method to the straight-line method. The cumulative effect of this change for the periods prior to April 1, 1990 of $205,000, after reduction for income taxes, is included in net income of Pioneer/Technologies Group, Inc. as a separate item. The effect of this change is not material to the Company's results of operations.

9 OPERATING WORKING CAPITAL CHANGES AND SUPPLEMENTAL INFORMATION FOR THE STATEMENTS OF CASH FLOWS

The components of the changes in operating working capital were:

	1992	1991	1990
Accounts receivable	**$ 780,000**	$ 463,000	$(7,024,000)
Merchandise inventory	**(4,002,000)**	1,906,000	4,298,000
Prepaid expenses	**(378,000)**	(99,000)	213,000
Accounts payable	**(334,000)**	576,000	7,708,000
Income taxes	**(1,073,000)**	502,000	(525,000)
Accrued salaries, wages and commissions	**100,000**	(472,000)	518,000
Other accrued liabilities	**(1,176,000)**	1,434,000	1,870,000
(Increase) decrease in operating working capital	**$(6,083,000)**	$ 4,310,000	$ 7,058,000

Operating working capital for fiscal 1991 is net of $2,686,000 relating to the acquisition of a business.

Supplemental cash flow information:

	1992	1991	1990
Cash paid or received during the year for:			
Interest paid	**$ 4,437,000**	$ 4,165,000	$ 5,176,000
Income taxes paid	**4,053,000**	5,237,000	4,694,000
Non-cash investing and financing activities:			
Capital lease obligations incurred	**$ —**	$ 513,000	$ 592,000
Non-cash assets and liabilities of business acquired:			
Working capital	**$ —**	$ 4,811,000	—
Other assets	**—**	(890,000)	—
	$ —	$ 3,921,000	—

10 EMPLOYEE RETIREMENT PLAN

The Company maintains a contributory profit-sharing and thrift plan which qualifies under Section 401(k) of the Internal Revenue Code for all employees meeting certain service requirements. The plan allows eligible employees to contribute up to 10% of their compensation, with the Company matching 50% of up to 4% of compensation. The Company may also make contributions dependent on profits each year for the benefit of all eligible employees under the amended plan. Total profit sharing and Company matching contributions were $881,000, $1,085,000 and $914,000 for 1992, 1991 and 1990, respectively.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Pioneer-Standard Electronics, Inc.

We have audited the accompanying balance sheets of Pioneer-Standard Electronics, Inc. as of March 31, 1992 and 1991 and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer-Standard Electronics, Inc. at March 31, 1992 and 1991 and the results of its operations and its cash flows for each of the three years in the period ended March 31, 1992, in conformity with generally accepted accounting principles.

Ernst & Young

Cleveland, Ohio
May 8, 1992

QUARTERLY FINANCIAL DATA

(unaudited)

Fiscal Year Ending March 31	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1992					
Net sales	**$87,150,000**	**$88,629,000**	**$93,439,000**	**$93,168,000**	**$362,386,000**
Gross profit	**19,489,000**	**19,118,000**	**19,698,000**	**19,184,000**	**77,489,000**
Net income	**1,616,000**	**1,116,000**	**1,245,000**	**1,350,000**	**5,327,000**
Income per share:					
Primary	**.30**	**.20**	**.23**	**.24**	**.97**
Fully diluted	**.28**	**.20**	**.22**	**.24**	**.94**
1991					
Net sales	$83,899,000	$84,350,000	$85,720,000	$91,095,000	$345,064,000
Gross profit	19,274,000	18,562,000	19,192,000	20,477,000	77,505,000
Net income	2,406,000	1,561,000	2,041,000	2,284,000	8,292,000
Income per share:					
Primary	.45	.28	.38	.42	1.53
Fully diluted	.40	.26	.35	.40	1.41

DIVIDEND INFORMATION AND PRICE RANGE OF COMMON SHARES

Fiscal Year Ending March 31	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1992					
High	**$17.75**	**$14.00**	**$13.50**	**$14.50**	**$17.75**
Low	**12.25**	**10.00**	**10.25**	**10.75**	**10.00**
Dividends paid	**.04**	**.04**	**.04**	**.04**	**.16**
1991					
High	$14.25	$15.25	$9.25	$15.50	$15.50
Low	9.88	7.75	7.25	8.75	7.25
Dividends paid	.035	.035	.04	.04	.15

As of April 8, 1992 there were 5,470,832 Common Shares of Pioneer-Standard Electronics, Inc. outstanding, and there were 506 shareholders of record.

The market price of Pioneer-Standard Electronics, Inc. Common Shares at the close of business May 8, 1992 was $11.25.

See Note 3 for information regarding dividend restrictions.

CORPORATE DIRECTORY

DIRECTORS

JAMES L. BAYMAN
President and Chief Operating Officer of the Company

FREDERICK A. DOWNEY[1]
President, F.A. Downey Associates, Inc. (venture capital/consulting)

VICTOR GELB[1,2]
President, Victor Gelb Inc. (industrial fibers)

GORDON E. HEFFERN
Retired Chairman of the Board and Chief Executive Officer, Society Corporation and Society National Bank (banking)

PRESTON B. HELLER, JR.[1]
Chairman of the Board and Chief Executive Officer of the Company

ARTHUR RHEIN
Vice President-Marketing of the Company

EDWIN Z. SINGER[1,2]
Chairman of the Board, Sandusco, Inc. (wholesale merchandising, real estate)

THOMAS C. SULLIVAN[1]
Chairman of the Board and Chief Executive Officer, RPM, Inc. (specialty coatings and membranes)

KARL E. WARE[2]
Chairman and Chief Executive Officer, Ware Industries, Inc. (metal wire forms and steel components)

[1]Executive Committee

[2]Audit Committee

CORPORATE OFFICERS

PRESTON B. HELLER, JR.
Chairman of the Board and
Chief Executive Officer

JAMES L. BAYMAN
President and Chief Operating Officer

JOHN V. GOODGER
Vice President, Treasurer and
Assistant Secretary

JANICE M. MARGHERET
Vice President and Controller

ARTHUR RHEIN
Vice President—Marketing

WILLIAM A. PAPENBROCK
Secretary

CORPORATE OFFICES

Pioneer-Standard Electronics, Inc.
4800 East 131st Street
Cleveland, Ohio 44105
Phone: (216) 587-3600

LEGAL COUNSEL

Calfee, Halter & Griswold
Suite 1800
800 Superior Avenue
Cleveland, Ohio 44114

INDEPENDENT AUDITORS

Ernst & Young
1300 Huntington Building
Cleveland, Ohio 44115

SHAREHOLDER INFORMATION

TRANSFER AGENT AND REGISTRAR

Ameritrust Company National Association
P.O. Box 6477
Cleveland, Ohio 44101

COMMON SHARES

Traded Over-the-Counter
NASDAQ Symbol-PIOS
Quoted in the National Market System

FORM 10-K

A copy of the Company's Form 10-K annual report, which is filed with the Securities and Exchange Commission, may be obtained by writing Treasurer's Office, Pioneer-Standard Electronics, Inc., 4800 East 131st Street, Cleveland, Ohio 44105.

ANNUAL MEETING

Shareholders and other interested persons are cordially invited to attend the annual meeting of shareholders at 11 a.m., Tuesday, July 21, 1992, at Pioneer-Standard's corporate offices, 4800 East 131st Street, Cleveland (Garfield Heights), Ohio 44105. Shareholders who cannot attend are urged to return their proxy card promptly to ensure representation at this meeting.

ANALYSTS FOLLOWING PIONEER

The following financial analysts provide investment research on Pioneer:
- Richard C. Billy, CFA
  Prudential Securities, Inc.
- Michael A. Gumport, CFA
  Shearson Lehman Brothers Inc.
- Maureen P. Lentz
  Roulston & Company, Inc.
- Mark L. Parr, CFA
  McDonald & Company Securities, Inc.
- Karen Payne
  Wheat First Butcher & Singer
- E. Eugene Robinson
  The Ohio Company
- Clarke L. Walser, CFA
  Hamilton Investments, Inc.
- Paul J. Travers
  Value Line, Inc.

MARKET MAKERS

The following firms make a market in the Company's Common Shares:
- The Chicago Corporation
- Cowen & Company
- Hamilton Investments, Inc.
- Herzog, Heine, Geduld, Inc.
- Kemper Securities Group, Inc.
- Mayer & Schweitzer, Inc.
- McDonald & Company Securities, Inc.
- Merrill Lynch, Pierce, Fenner & Smith, Inc.
- The Ohio Company
- Prudential Securities, Inc.
- Roney & Co.
- Troster Singer Corporation
- Wheat First Butcher & Singer

OPERATIONS DIRECTORY

PIONEER-STANDARD ELECTRONICS, INC.

Austin, Texas
Binghamton, New York
Boston, Massachusetts
Chicago, Illinois
Cleveland, Ohio
Columbus, Ohio
Dallas, Texas
Dayton, Ohio
Detroit, Michigan
Grand Rapids, Michigan
Houston, Texas
Indianapolis, Indiana
Irvine, California
Manhattan, New York
Milwaukee, Wisconsin
Minneapolis, Minnesota
Fairfield, New Jersey
Pittsburgh, Pennsylvania
Rochester, New York
St. Louis, Missouri
San Antonio, Texas
Shelton, Conneticut
Tulsa, Oklahoma
Woodbury, New York
Woodland Hills, California

COMPUMECH ELECTRONICS

Irvine, California
Milpitas, California

PIONEER/TECHNOLOGIES GROUP, INC.

Atlanta, Georgia
Ft. Lauderdale, Florida
Huntsville, Alabama
Orlando, Florida
Philadelphia, Pennsylvania
Raleigh, North Carolina
San Jose, California
Washington, D.C.

Pioneer-Standard Electronics, Inc.
4800 East 131st Street
Cleveland, Ohio 44105/(216) 587-3600

Pioneer-Standard Electronics

file customer file
Pioneer

Our Commitment To
Total Quality

ANNUAL REPORT 1992

MISSION STATEMENT *We will be the preferred strategic link between our suppliers and customers. We will serve today's needs for electronic components, systems, and services—and tomorrow's needs for technology. We will be among the top five independent distributors in the United States. We will provide our investors with attractive financial growth and our employees with an equal opportunity for personal and professional growth. We take pride in our culture, dedicated to:* **Integrity, Flexibility, Fairness, Growth, Quality, Success in all regards.** *We are committed to doing what we say we'll do!*

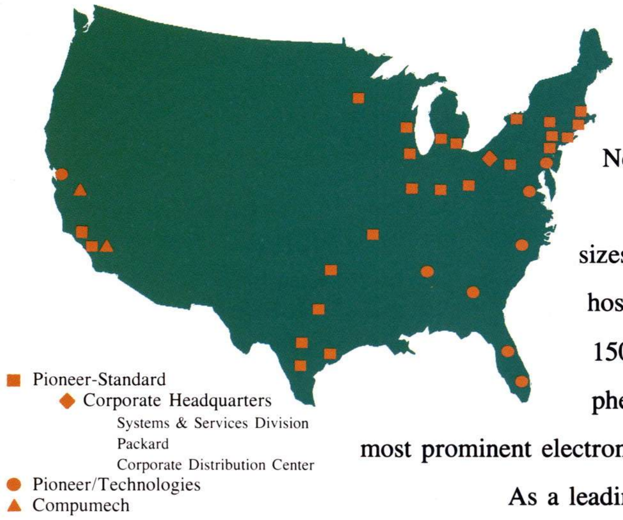
Our Commitment To Total Quality

A sub-group of one of the FutureStart teams works on the foundation of the Company's total quality initiative. *See page 8.*

QUALITY STATEMENT *Pioneer is committed to developing loyal and successful partners by clearly identifying and understanding both customer and supplier requirements and providing services and products to meet or exceed their expectations. In our pursuit of excellence, we rely on benchmarking, measurement, and a preventative approach to continually improve our processes and provide rapid, error-free delivery of our services and products at a competitive cost. We are committed to developing motivated people through our emphasis on:* **Education** — to be well trained and capable, **Communication** — to be well informed, **Empowerment** — to be decisive and responsive, **Teamwork** — to foster involvement and innovation, **Recognition** — to reward Quality achievements. *Everyone at Pioneer takes Quality personally by knowing our customers, taking pride in our performance, and delivering the best value in the marketplace.*

PIONEER...A LEADER FROM COAST TO COAST

There are some 1500 industrial electronics distributors in the United States. With combined sales of over one-half billion dollars, Pioneer-Standard Electronics and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., ranks fifth in a $9 billion industry. Pioneer-Standard and its affiliate serve major markets from 38 sales and operating locations ranging from California in the west to New England and Florida in the east.

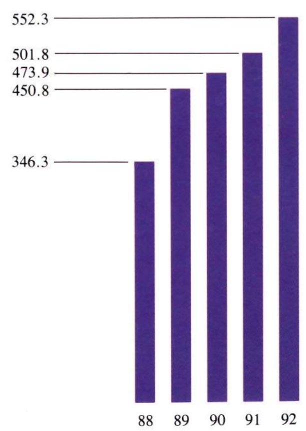


Pioneer Presence in the Market

Pioneer is a sales and service organization which emphasizes technical support, prompt, efficient delivery and a host of value-added services. Pioneer offers some 150,000 electronic components, computer and peripheral systems products of more than 100 of the nation's most prominent electronics manufacturers.

As a leading national distributor, Pioneer provides its suppliers access to markets which would be difficult or unprofitable for them to reach on their own. Pioneer serves as the strategic link between suppliers and its many thousands of customers.

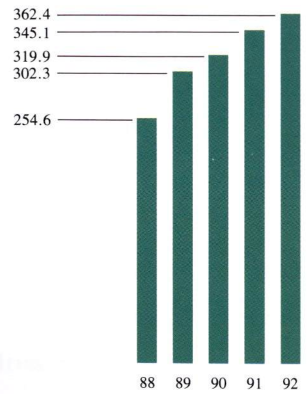
For the customer, Pioneer represents a single source for a wide variety of products and value-added services. The customers realize such advantages as consolidated purchasing power, lower minimum purchase requirements, Just-in-time delivery programs, and on-line electronic ordering which result in lower administrative expenses. And, probably of greatest significance, customers have access to the support of what many regard as the industry's most technically competent sales organization. Pioneer represents a vital link to new and leading technology which can improve a customer's products and speed their way to market.



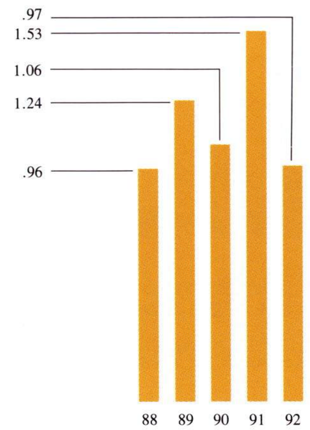
Combined Sales Pioneer-Standard and Pioneer/Technologies
(Millions of Dollars)

FINANCIAL HIGHLIGHTS

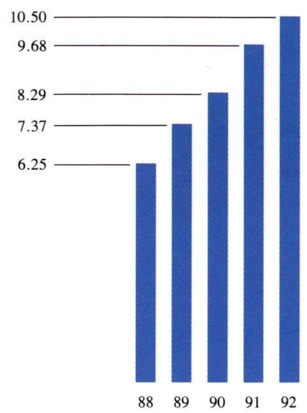
Fiscal years ended March 31	1992	1991
Combined Sales (Pioneer-Standard Electronics, Inc. and Pioneer/Technologies Group, Inc.)	$552,294,000	$501,834,000
Pioneer-Standard Electronics, Inc.		
Net Sales	$362,386,000	$345,064,000
Income before income taxes	8,542,000	13,376,000
Provision for income taxes	3,215,000	5,084,000
Net income	$ 5,327,000	$ 8,292,000
Per Share Data		
Net income		
Primary	$ .97	$1.53
Fully diluted	.94	1.41
Dividends	.16	.15
Shareholders' equity	10.50	9.68
Weighted average shares outstanding	5,469,749	5,415,057



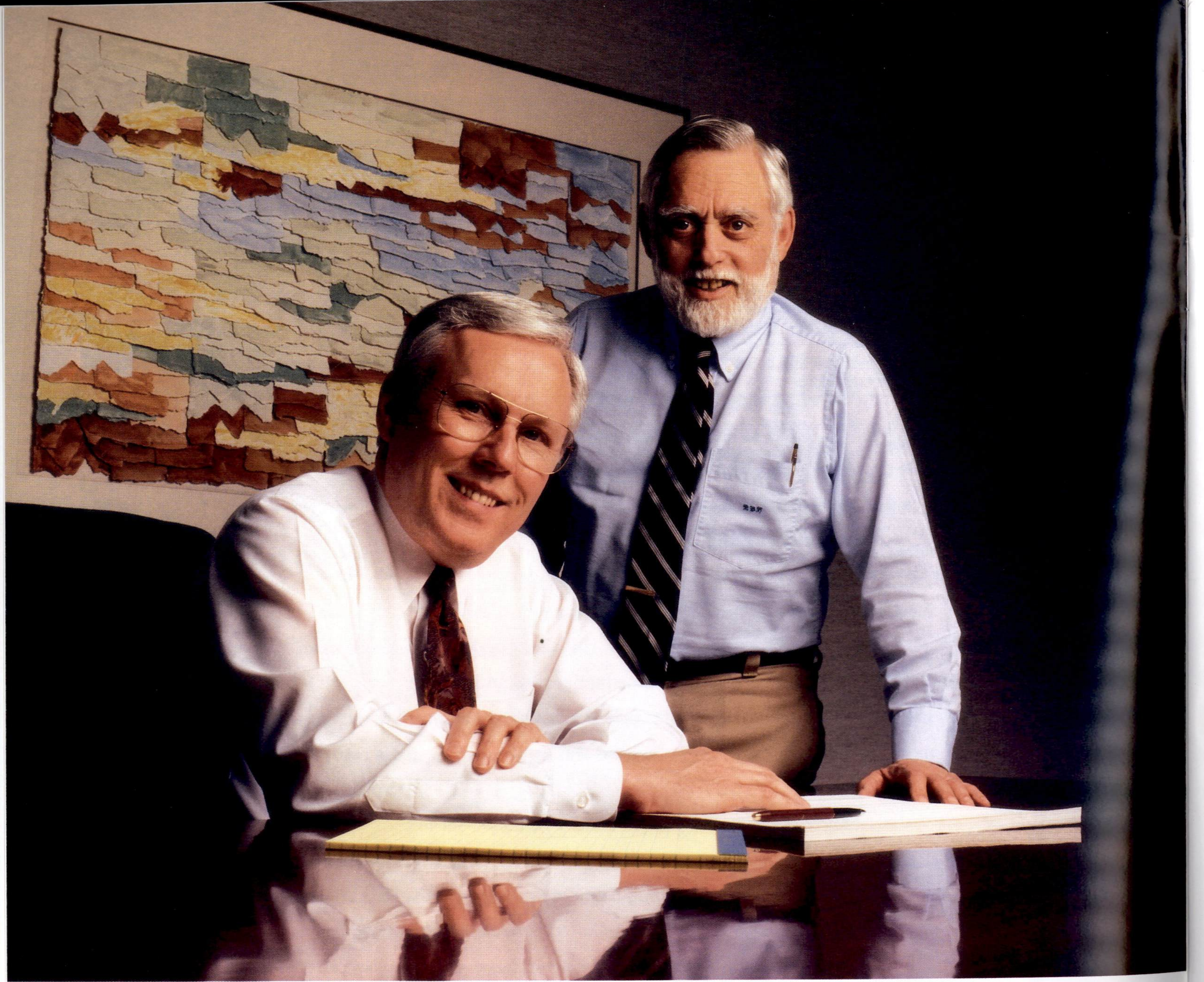
Net Sales
(Millions of Dollars)



Net Income Per Share
(Dollars)



Shareholders' Equity Per Share
(Dollars)



Pioneer is recognized by many as one of the industry's most technically competent distributors. The Company also is working to achieve the reputation as the electronic distributor recognized for total quality. We have taken actions to establish clear leadership as the most quality-focused, customer-driven, customer-responsive national distributor of industrial electronic components, computer products and peripherals.

Note we said national distributor. The successes we are having in establishing Pioneer-Standard in our California market warrants shedding our long-held, and honored, mantle as the nation's largest multi-regional distributor for we are effectively serving customers and suppliers coast to coast.

Pioneer-Standard's California expansion and our total quality initiative, entitled FutureStart, represent two very important developments for the Company. Both have very positive long-term implications for our shareholders, customers, suppliers and employees.

JAMES L. BAYMAN
President and Chief Operating Officer

PRESTON HELLER, JR.
Chairman of the Board and Chief Executive Officer

TO OUR SHAREHOLDERS

Much of the period included in our 1992 fiscal year was difficult for the electronics industry. The recession, sluggish industrial activity and oversupply of many electronic products combined to foster one of the most price competitive market environments in recent memory. Calendar 1991 sales of the industrial electronics distribution industry as a whole declined one percent.

Against such a backdrop, Pioneer-Standard recorded a five percent increase in sales to a record $362.4 million. Sales per employee rose to a record $387,000. Combined sales of Pioneer-Standard and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., rose 10 percent to an all-time high of $552.3 million.

Pioneer-Standard net income for the year was $5.3 million, or 97 cents per share (94 cents fully diluted), down from the record high $8.3 million, or $1.53 per share ($1.41 fully diluted), of the previous year. The variance in earnings for the two years is somewhat magnified by the fact that not only were 1991 earnings a record, but they were 23 percent greater than the Company's previous high. While our results in 1992 fell far short of our objectives, they reflected the general trend of our peers. We expect improvement in the new year underway.

Significant pockets of pressure on margins have been intense for some time, reflecting the economy and the resulting weakened demand as well as a number of other factors. In fiscal 1992 there was a shift in product mix to lower margin transactions. In some instances, major product categories moved from short supply to a surplus on the market literally overnight. Price competition was especially keen.

Increased Market Share

Our earnings also were affected by anticipated incremental expenses associated with further establishing ourselves in the California market. The West Coast expansion, as well as FutureStart, represent investments in continued growth. Both are in keeping with Pioneer's long-term commitment to outgrow the industry and our Mission Statement highlighted on page 1.

This past year, our share of the $9.1 billion U.S. market served by industrial electronics distributors rose to 5.8 percent, up from 5.5 percent the previous year. Since 1974, our market share has climbed steadily from 1.8 percent to 5.8 percent regardless of the economic climate. We expect to continue this upward trend.

California

California alone represents over 30 percent of the U.S. market for products such as we distribute. This past year Pioneer-Standard initiated a major expansion of our southern California sales/technical organization. We opened a new regional headquarters in Irvine and a sales office in Woodland Hills. We are providing a full range of component and computer products and services, including field application engineering, engineering design and systems integration, just-in-time delivery and kitting, systems programming, same-day shipment, and electronic data interchange. It is already apparent that the California market will respond very positively to our customer-driven responsiveness and our emphasis on technical support.

FutureStart

Pioneer has long emphasized quality in the delivery of products and services. The Corporate Distribution Center, a model for the industry, the high degree of technical support and the broad range of component, computer and peripheral products offered are examples of our commitment to quality service.

FutureStart represents a structured extension of our quality emphasis to every major facet of our operations. We have embarked upon the establishment of a Company-wide culture for each individual to focus on continuous improvement of our processes—to do the right things correctly the first time. FutureStart is increasing customer satisfaction, improving overall efficiency and reducing cycle times. It will also serve to eliminate unnecessary expenses, improving our profitability. In short, it is enhancing our competitive position in the marketplace.

The Outlook

The influences which have adversely affected demand for industrial electronic products appear to be lessening. Accordingly, we believe that we will realize sales increases for at least the first part of the year underway through gains in market share and modest growth in the market.

We expect an improved earnings performance in fiscal 1993. Stringent expense control measures are in place and we have taken actions which we believe will improve gross margins. As the year progresses, we also expect to begin realizing more benefits from our investment in FutureStart. Further, the unabsorbed expenses incurred in starting up in southern California will diminish as sales grow.

Our long-range view is one of strong confidence. The electronics industry is a principal propellant of the vast improvements we have seen in our standard of living in recent decades. Each year the computer industry figuratively doubles computation capacity while halving its unit cost. Many of the advances in medicine, automotive design, communications, workplace and household helpers are directly attributable to electronics.

One measure of its importance—and vitality—is that the electronics industry normally outperforms the general economy as a whole. The distribution segment of the electronics industry has become increasingly important in the market, with especially strong growth in semiconductors, computers and peripheral systems products. Again, Pioneer has consistently outgrown the distribution industry. We are committed to continue to do so with maximum emphasis on earnings gains.

Preston Heller, Jr.
Chairman

James L. Bayman
President

OUR COMMITMENT TO TOTAL QUALITY

FutureStart, Pioneer's total quality initiative, is designed to provide major breakthroughs in the way the Company does business, and to improve performance on a continuing basis. FutureStart is a customer-driven, business process redesign oriented to furthering customer and supplier loyalty. It in fact represents establishment of a culture—corporate-wide—imbued with the concept of doing "the right things right the first time."

Many distributors are studying and upgrading quality control programs, i.e., the inspection systems, the policies, procedures and audits designed to insure that quality products get to customers in the right quantity on time. FutureStart does this and goes much further with detailed analysis and redefinition of major business processes involved in being the preferred link between suppliers and customers.

Quality service has long been a Pioneer hallmark. The Company is a recognized leader in providing technical support to customers. For example, Pioneer-Standard has one field application engineer (FAE) for every three sales representatives; the industry ratio is one to six. The FAE's are degreed engineers who provide technical support to customers, complementing highly trained, technically oriented sales representatives. FAE's are the backbone of ongoing technical training programs and seminars for customers and Company personnel.

Through its Systems and Services Division, the Company has a broad range of value-added services, including computer systems modification. The Corporate Distribution Center, which completed its first full year of operation in fiscal 1992, is considered a model for the industry. The Center is providing same-day shipment of over 98 percent of orders received by 3 P.M.

FutureStart moves the Company's quality standards to new, higher levels.

Redesigning Business Processes

Teams of Pioneer employees, representing the buying, warehousing, order processing, sales, financial and value-added functions, initiated the analysis phase of FutureStart in a series of week-long, off-premise, working sessions. These were the "As Is" teams. Their assignment was to document and detail how every step in major processes was being accomplished. They focused on eliminating duplication, bottlenecks, or activities which did not contribute to the value of the services or products offered.

The "As Is" data became the raw material for the next phase of FutureStart—that of redesigning key processes with a focus on continuous improvement. "To Be" teams developed process models for the future. Emphasis was on customer satisfaction, reduced cycle times and improved efficiency—the essence of total quality.

"FutureStart is a commitment to a way of business life, to total quality in everything we do."

JIM RICHEY
Director of Marketing—Passives

"The 4.8 turns on inventory is impressive to financial people, and what impresses customers is that we are shipping 98 percent of orders received by 3 P.M. the same day. That's quality service."

DIANE KISH
Supervisor
Corporate Distribution Center

The "To Be" teams also introduced the concept of cross-functionality. Where the "As Is" teams reflected a traditional vertical organizational structure, i.e., departmental, the "To Be" teams were horizontal in composition, cutting across traditional organizational boundaries. Each "To Be" team was made up of personnel with a broad range of professional and occupational specialties, e.g., marketing, quality control, sales forecasting, purchasing, warehousing, finance. The "To Be" process models for the future are decidedly cross-functional in nature.

Implementation of the "To Be" models is underway in what is described as a "migration of core business processes," meaning a steady, ongoing evolution of all sales, administrative, warehousing and support functions to total quality. Put more simply, it means that not only will personnel of the Corporate Distribution Center be quality-conscious, but that executives, managers, sales and clerical personnel throughout the Company have committed to "doing it right the first time."

At present, an ambitious employee training/education initiative, centered on the "University of Pioneer," is underway. Like university education, the training is designed to provide highly specialized coursework while exposing participants to numerous disciplines. The curriculum is oriented to provide a broad educational offering for all employees.

Quality Is Good Business

FutureStart is producing results which translate into reduced cycle time, increased productivity and customer satisfaction. For example, analysis by the "As Is" teams and process redefinition by "To Be" teams produced ESP (Enhanced Selling Power), a highly automated, cross-functional approach to order management. ESP virtually eliminates manual procedures and paperwork, affords instantaneous communications between sales representatives and product managers and provides a wide variety of information, e.g., part numbers, credit history, customer product preferences, pricing, to provide quality customer service. And thanks to new sales lead management techniques, Pioneer sales personnel are now responding to customer inquiries virtually at first contact.

Pioneer's approach to total quality recognizes that competition in the industrial electronics industry will increasingly center on the ability to meet and exceed customer and supplier expectations. Pioneer employees contributed significantly to the formulation of FutureStart. So did customers and suppliers who were consulted to define expectations.

Customers and suppliers are keenly interested in the quality pursuits of Pioneer, and for very pragmatic, business reasons. Application of the word "quality" has been expanded to encompass not only the product itself, but the processes involved in delivering it. Pioneer is a full partner in American industry's rapidly increasing emphasis on quality.

There is wide-spread recognition that quality is good business, that it eliminates unnecessary expenses. Well-managed warehousing and delivery reduces customer inventory carrying costs. Customer-distributor relationships which evolve to certification of a distributor as a certified quality supplier eliminate the need for the customer to perform quality inspections upon receipt of products. Controlled environments, such as that of the Company's Corporate Distribution Center, assure the customer and manufacturer of product integrity.

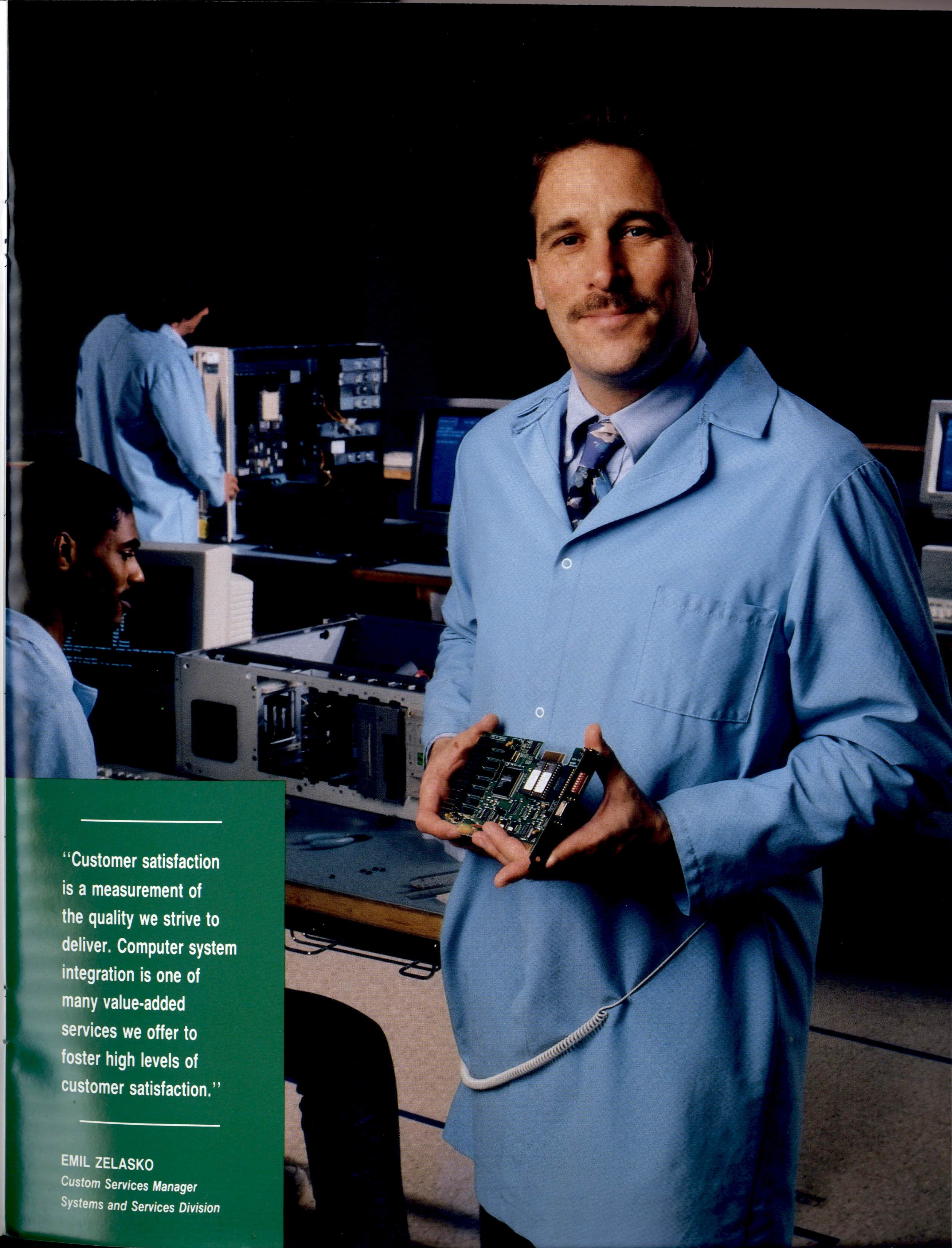
Increasingly, customers and manufacturers have undertaken inspections and audits of distributors' warehousing and quality assurance procedures. Very recently, electronics manufacturers and industrial electronics distributors, acting in concert, developed standards and commissioned independent inspections of distributors' quality assurance and shipping practices. Pioneer-Standard's Corporate Distribution Center, Pioneer-Standard's Dayton, Ohio, Military Warehouse and the Pioneer/Technologies Corporate Warehouse were among the first to be certified.

Recognition of Quality

The degree to which quality is emphasized is illustrated by recognition Pioneer received in recent months. A leading electronics manufacturer, which happens to be an important Company supplier, selected the Pioneer Corporate Distribution Center as the industrial electronics distribution industry "Best-in-Class" model in a competitive benchmarking process. Benchmarking, in the idiom of quality, is a practice designed to identify the best available to serve as a model for others.

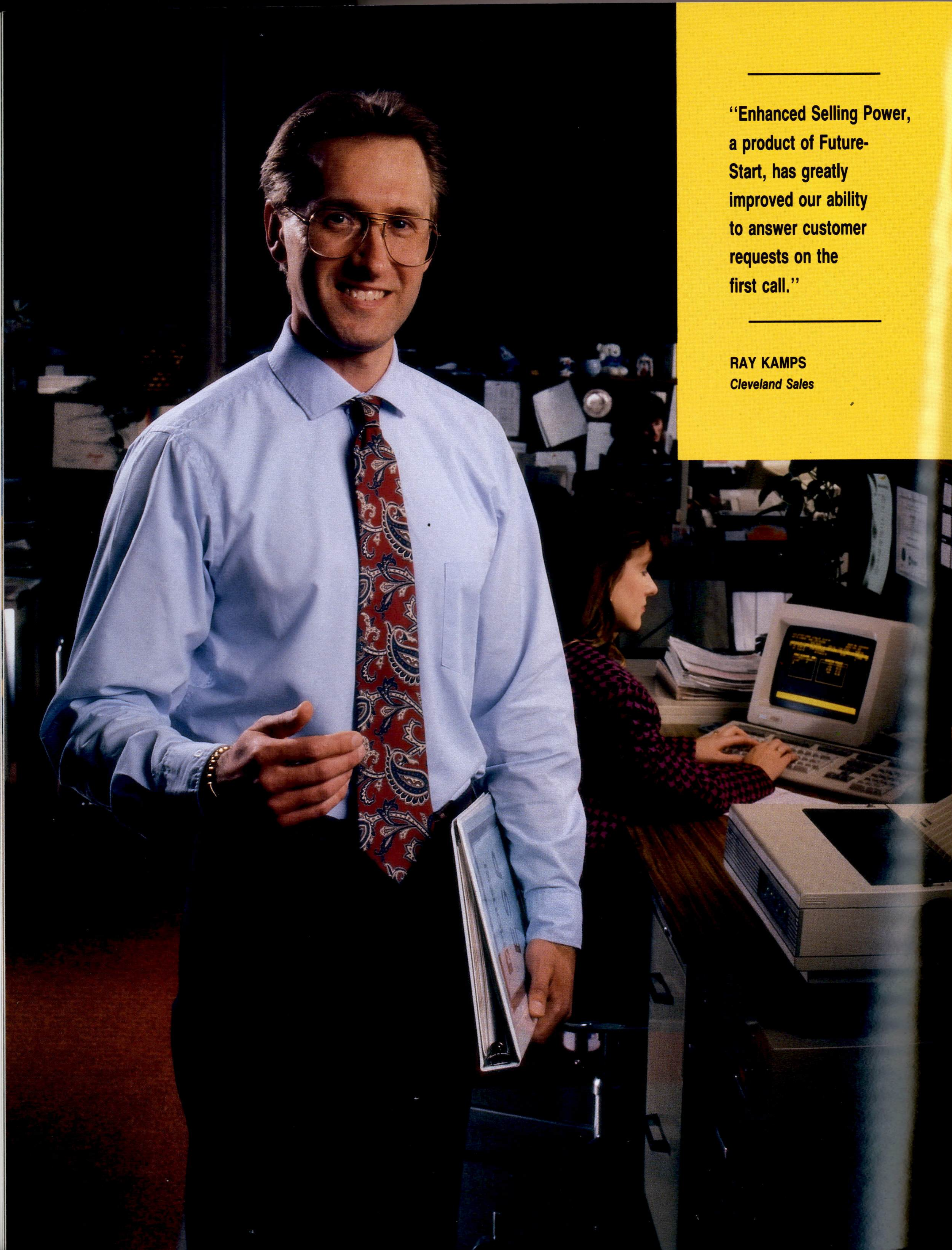
A major customer, a leading manufacturer of a wide variety of electronic products, cited the Company as a preferred vendor for 98 percent on-time delivery and a 99 percent quality rating. Another, a leader in the manufacture of communications and office equipment, named Pioneer "Vendor of the Year" for 98 percent on-time delivery and a 99.8 percent quality rating. The Company won the award for an unprecedented second consecutive year from among more than 100 candidates. Still another, a world-wide manufacturer of health care products, cited Pioneer as one of five out of many suppliers to receive its "Supplier of the Year" award.

The significance of these awards goes far beyond wall plaques. Six years ago the manufacturer of health care products initiated a vendor reduction program. The program has reduced the number of vendors from over 900 to about 250. In effect, the reduction was based on a supplier's ability to meet total quality criteria. The customer's objective is to place 80 percent of its business with a few select vendors who consistently meet its requirements for quality products and service.



"Customer satisfaction is a measurement of the quality we strive to deliver. Computer system integration is one of many value-added services we offer to foster high levels of customer satisfaction."

EMIL ZELASKO
Custom Services Manager
Systems and Services Division



"Enhanced Selling Power, a product of Future-Start, has greatly improved our ability to answer customer requests on the first call."

RAY KAMPS
Cleveland Sales

Summary of Operations

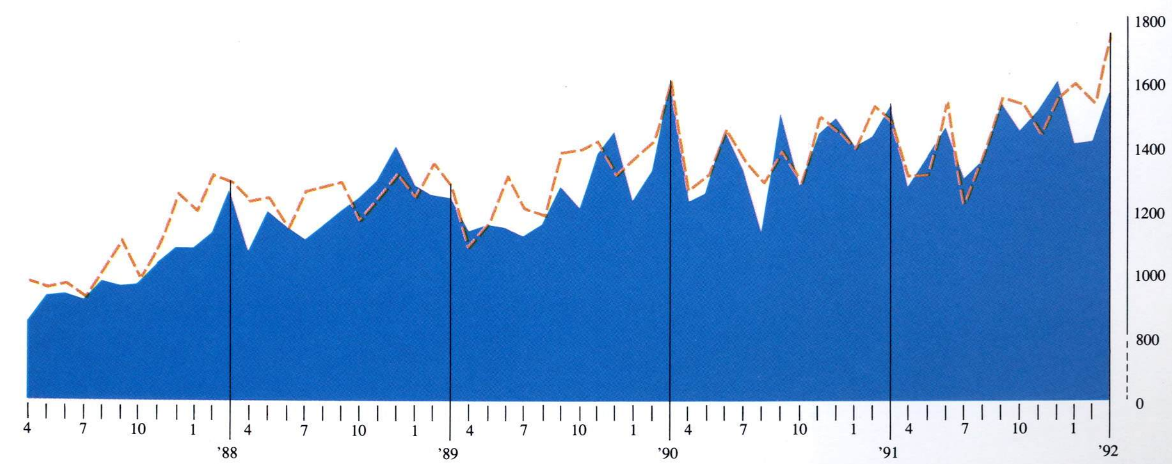
This emphasis on meeting customer needs and expectations has served the Company well, particularly during periods as tumultuous for the industry as was fiscal 1992. Pioneer again had record sales and increased its share of the market.

Pioneer-Standard 1992 sales were a record $362,386,000, an increase of five percent over the $345,064,000 of 1991 which in turn were eight percent over the $319,908,000 of 1990. Nineteen-ninety-two was the 20th year of sales gains in the 21 years Pioneer-Standard has been public. Combined sales of Pioneer-Standard and its 50 percent-owned affiliate, Pioneer/Technologies Group, Inc., rose to a record $552,294,000, up 10 percent over the $501,834,000 of 1991.

While the sales of Pioneer/Technologies are not included with those of Pioneer-Standard for financial statement purposes, they are combined for industry rankings. Accordingly, the combined sales rank fifth among the nation's 1500 industrial electronics distributors. Pioneer-Standard and its affiliate serve major markets from 38 sales and operating locations, ranging from California in the west to New England and Florida in the east.

In calendar 1991, the Pioneer share of the U.S. industrial electronics distribution market rose to 5.8 percent, up from 5.5 percent the prior year and 5.2 percent in calendar 1989.

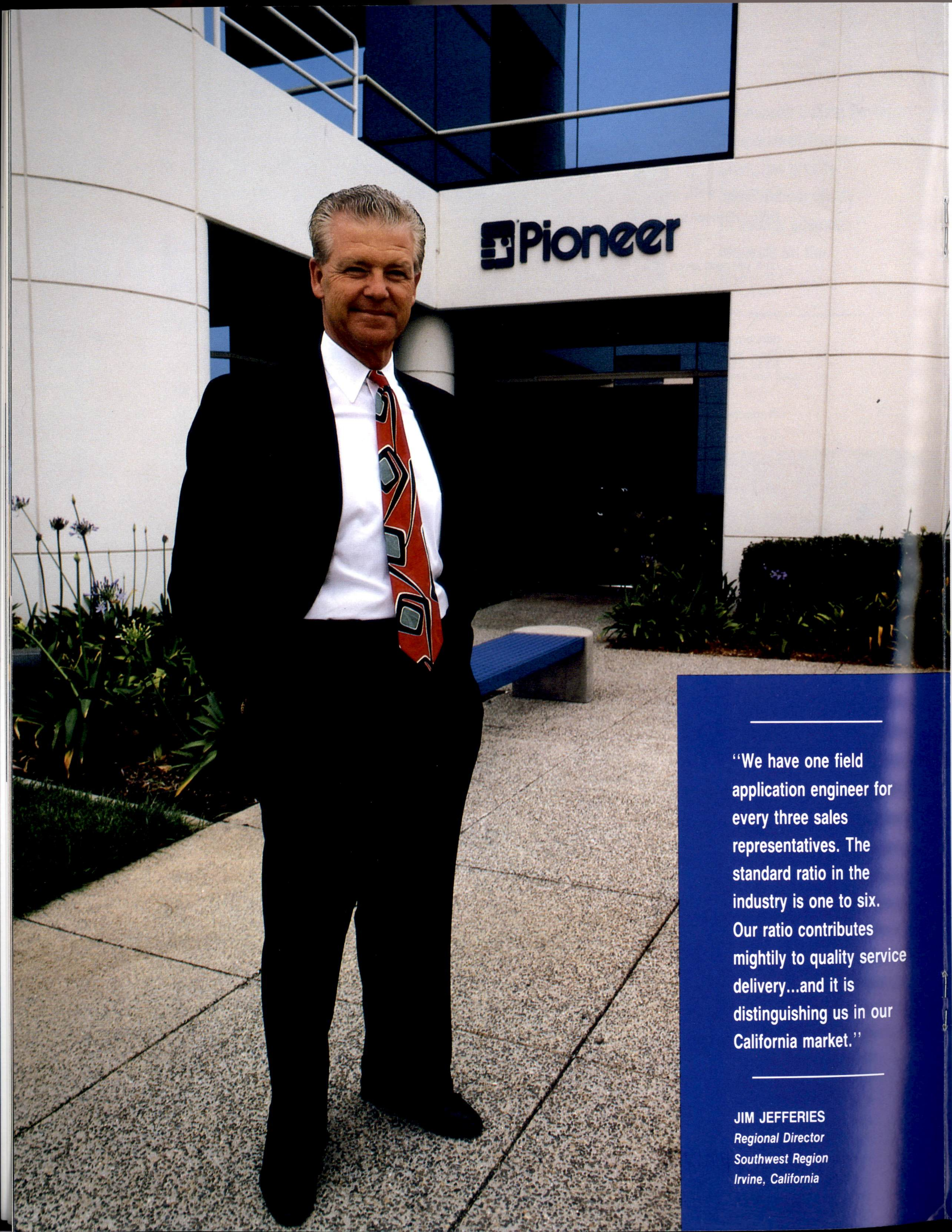
The increases in market share are largely attributable to a number of factors which combined are characteristic of the Pioneer marketing effort. Included are numer-



Pioneer-Standard Bookings and Billings
(Daily Averages)

Bookings

Billings



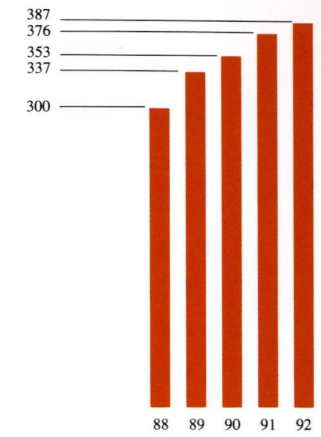
"We have one field application engineer for every three sales representatives. The standard ratio in the industry is one to six. Our ratio contributes mightily to quality service delivery...and it is distinguishing us in our California market."

JIM JEFFERIES
Regional Director
Southwest Region
Irvine, California

ous customer support services ranging from technical assistance to a broad range of value-added functions. Just-in-time delivery programs and the ability to regularly meet delivery commitments also are significant in the Pioneer sales effort.

One example of the effectiveness of the Company's sales effort occurred in the fiscal 1992 fourth quarter with the December 31 termination of a relationship between the Company and one of its suppliers of semiconductors. By March of 1992, new orders of equivalent products of other suppliers essentially replaced that business.

Pioneer-Standard sales per employee, a measure of productivity, amounted to a record $387,000 in 1992, up from $376,000 in 1991. This was achieved while building the sales organization in southern California which is just now starting to be productive.



Sales Per Employee
(Thousands of Dollars)

Earnings

Unlike 1991, however, sales gains in 1992 did not translate into earnings increases. Gross margins in 1992 were under severe pressure, reflecting the recessionary economy, an oversupply in some significant product categories and intense price competition. During the first half of the year the market for computer products was especially weak. Throughout most of the year, a series of factors combined to erode semiconductor margins industry-wide. In contrast, in 1991, particularly early in the year, the demand for microprocessors was very strong. Microprocessor sales in 1991 made a major contribution to the year's record earnings performance.

Net income in 1992 amounted to $5,327,000, or 97 cents per share (94 cents per share fully diluted). This compares to $8,292,000, or $1.53 per share ($1.41 fully diluted) in 1991 and $5,744,000, or $1.06 per share ($1.01 fully diluted) in 1990. Operating profit in 1992 was $12,393,000 in contrast to $17,421,000 in 1991 and $13,971,000 in 1990. The 1992 gross profit margin was 21.4 percent; in 1991 it was 22.5 percent and in 1990, 22.7 percent.

As a percentage of sales, warehousing, general and administrative expenses amounted to 18.0 percent in 1992, 17.4 percent in 1991 and 18.3 percent in 1990. These figures reflect major expansion/improvement projects including the expansion of sales operations in California (1992), the start-up of the Corporate Distribution Center (1991) and the start-up of a new Systems and Services Division facility (1990).

The 1992 income taxes were $3,215,000. In 1991, they were $5,084,000 and in 1990, $3,771,000. Effective tax rates were 37.6 percent in 1992, 38.0 percent in 1991 and 39.6 percent in 1990. The declines in the effective tax rate are largely attributable to the Company's equity interest in net income of Pioneer/Technologies being an increasing share of total net income each year over the three year period. Such income amounted to $654,000 in 1992, $703,000 in 1991 and $490,000 in 1990.

Interest expense in 1992 was $4,505,000, $4,748,000 in 1991 and $4,946,000 in 1990. The 1992 reduction is a result of reduced interest rates and, to a lesser extent, lower average borrowing levels. The reduction in interest expense in 1991 is largely attributable to lower average debt levels and, to a lesser extent, lower interest rates. No interest costs were capitalized in 1992. Interest costs of $46,000 and $272,000 were capitalized in 1991 and 1990, respectively. Total interest-bearing debt at the end of each of the past three years was $49,806,000, $44,881,000 and $53,865,000, respectively.

Inflation has had minimal effect on the Company's operations.

The Company extends credit based on an evaluation of customers' financial condition, and generally collateral is not required. Credit losses are provided for in the financial statements when collectibility is in doubt.

Liquidity and Capital Resources

Over the past three years, the Company has funded major expansion projects, such as further automation of business processes, the Corporate Distribution Center and the Systems and Services facility, as well as the December, 1990 purchase of the Computer Systems Division of Lex Electronics Inc., while at the same time reducing its debt to capitalization ratio from 59 percent at the end of 1989 to 46 percent at the end of 1992. Additions to property, plant and equipment amounted to $5,110,000 in 1992, $4,127,000 in 1991 and $10,273,000 in 1990.

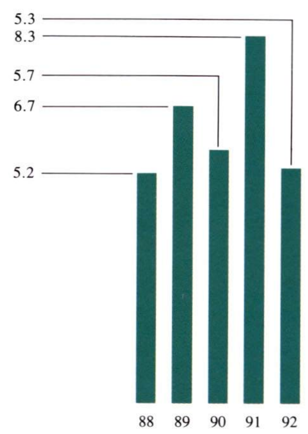
The Company has the financial resources to pursue ambitious growth and performance objectives on a long-term basis. The Company is highly liquid. As of March 31, 1992, working capital amounted to $69,325,000. Current assets of $116,446,000 were 2.5 times current liabilities. The Company's cash flow position has been enhanced by improved inventory management techniques and, more recently, by the efficiencies afforded by the new Corporate Distribution Center. Turns on average inventory in 1992 were 4.8 times, up from 4.7 the previous year and 4.2 in 1990.

This past January, the Company entered into a new bank credit agreement which provides up to $30,000,000 of unsecured borrowings on a revolving credit basis. Interest rates are based on various floating rate mechanisms. The new agreement replaced a $30,000,000 credit facility. As of March 31, $21,000,000 of the $30,000,000 revolving credit line was unused. Additionally, the Company has unsecured lines of credit amounting to $15,000,000, $12,500,000 of which were unused at fiscal year-end.

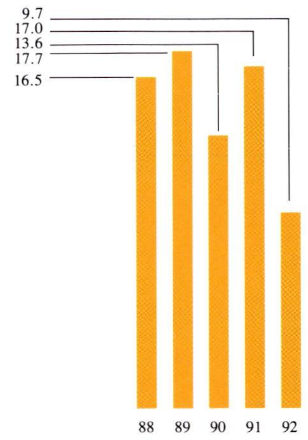
The Company expects to incur approximately $5,000,000 of capital expenditures in 1993. Considering the available credit lines and funds derived from current operations, coupled with flexibility provided by the debt to capitalization ratio of 46 percent, the Company has many resources available to finance its growth.

The Company had $15,222,000 in 9 percent Subordinated Convertible Debentures outstanding as of March 31, 1992. With the Debentures considered equity, as many consider such instruments, the debt to capitalization ratio was 32 percent.

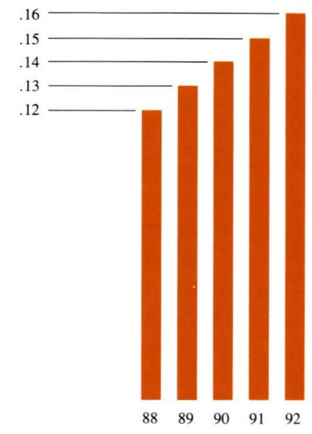
Shareholders' equity at fiscal 1992 year-end was a record $57,455,000, equal to $10.50 per share. That was up from $52,855,000, or $9.68 per share, at the end of the previous year.



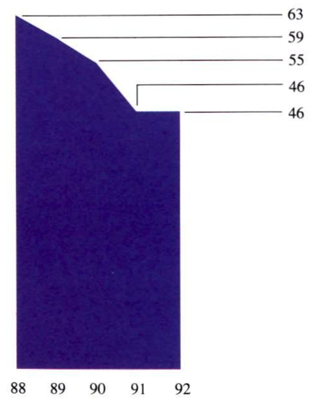
Net Income
(Millions of Dollars)



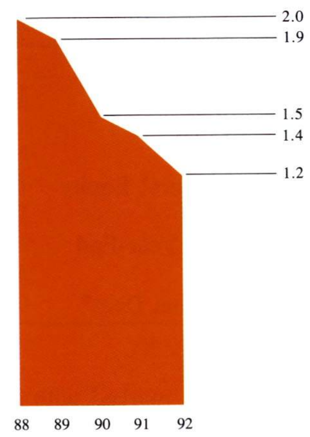
Return on Average Shareholders' Equity
(Percent)



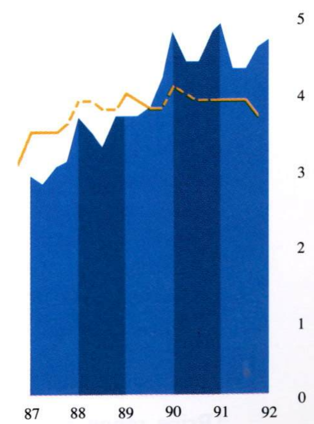
Cash Dividends Paid Per Share
(Dollars)



Interest Bearing Debt Percent of Equity Plus Debt
(Percent)



Interest Expense as a Percent to Sales
(Percent)



Inventory Turnover Rate

Pioneer-Standard

Industry

Pioneer-Standard's monthly turnover rate is for the past five fiscal years; the industry's is for the past five calendar years.

FINANCIAL REVIEW

Summary of Operations/Fiscal Years ended March 31

Management's discussion and analysis of financial condition and results of operations is incorporated in the sections entitled "To Our Shareholders" which begins on page 5 and "Our Commitment To Total Quality" on pages 8 through 19.

(Dollars in thousands except per share amounts)

For the Year	1992	1991	1990	1989	1988	1987	1982	1977	1972
Combined Sales (Pioneer-Standard Electronics, Inc. and Pioneer/Technologies Group, Inc.)	**$552,294**	$501,834	$473,850	$450,820	$346,259	$285,040	$133,707	$49,617	$15,012
Pioneer-Standard Electronics, Inc.									
Net Sales	**362,386**	345,064	319,908	302,308	254,581	212,234	94,722	34,895	11,351
Interest Expense	**4,505**	4,748	4,946	5,601	5,196	5,246	1,424	122	35
Income from Continuing Operations before Income Taxes and Equity in Earnings of Pioneer/Technologies Group, Inc.	**7,888**	12,673	9,025	10,990	7,707	2,647	3,620	2,798	878
Equity in Earnings of Pioneer/Technologies Group, Inc.	**654**	703	490	100	851	482	308	223	46
Income Taxes	**3,215**	5,084	3,771	4,576	3,355	1,280	1,608	1,428	439
Income from Continuing Operations	**5,327**	8,292	5,744	6,514	5,203	1,849	2,320	1,593	485
Net Income*	**5,327**	8,292	5,744	6,722	5,203	462	2,577	1,846	680
Year-End Position									
Accounts Receivable	**50,004**	51,378	51,256	44,232	41,517	31,493	12,471	4,118	1,297
Inventory	**60,983**	56,981	56,786	61,084	58,391	59,104	21,369	6,558	2,263
Working Capital	**69,325**	66,553	64,399	72,858	69,628	62,433	22,715	10,048	2,121
Net Property and Equipment	**23,579**	22,534	21,329	13,265	12,255	12,500	5,688	1,009	976
Total Assets*	**150,871**	146,348	145,006	133,181	126,946	116,619	50,565	17,256	8,000
Long-Term Debt*	**44,717**	44,306	49,374	54,381	56,081	53,064	7,237	1,373	566
Shareholders' Equity*	**57,455**	52,855	44,795	39,807	33,787	29,232	24,798	10,838	4,571
Weighted Average Shares Outstanding	**5,469,749**	5,415,057	5,401,932	5,401,932	5,401,932	5,401,932	5,369,096	5,184,714	5,098,028
Average Number of Employees	**937**	917	906	898	849	854	645	286	141
Per Share Data									
Income Per Share from Continuing Operations	**.97**	1.53	1.06	1.20	.96	.34	.43	.31	.09
Net Income Per Share*	**.97**	1.53	1.06	1.24	.96	.09	.48	.36	.13
Cash Dividends Paid Per Share*	**.16**	.15	.14	.13	.12	.12	.090	.033	.016
Shareholders' Equity Per Share*	**10.50**	9.68	8.29	7.37	6.25	5.41	4.61	2.09	.90
Price Range of Common Shares*									
High	**17.75**	15.50	10.50	11.25	10.50	10.38	8.50	2.07	1.49[1]
Low	**10.00**	7.25	7.13	7.75	6.00	5.00	5.38	1.37	.83[1]
Measurement Data									
Gross Margin Percent of Sales	**21.4**	22.5	22.7	22.8	23.7	23.5	25.2	25.5	27.1
Income from Continuing Operations Percent of Sales	**1.5**	2.4	1.8	2.2	2.0	.9	2.5	4.6	4.3
Net Income Percent of Average Shareholders' Equity	**9.7**	17.0	13.6	17.7	16.5	6.3	9.8	16.0	11.5
Sales Per Employee	**387**	376	353	337	300	249	147	122	81
Accounts Receivable Days Outstanding at Year-End	**47**	50	48	48	46	46	46	41	41
Turns on Annual Average Inventory	**4.8**	4.7	4.2	3.9	3.3	2.9	3.6	4.4	4.0
Interest Bearing Debt Percent of Equity Plus Debt*	**46.4**	45.9	54.6	58.8	62.5	65.0	35.0	12.1	11.3

Notes:

All data are for continuing operations unless marked with an asterisk.

[1] Price range covers the period when the stock was first publicly traded, January 7, 1971 through March 31, 1972.

BALANCE SHEETS

PIONEER-STANDARD ELECTRONICS, INC.

March 31, 1992 and 1991

Assets	1992	1991
Current assets:		
Cash	$ 1,887,000	$ 2,474,000
Accounts receivable, less allowance for doubtful accounts (1992-$1,226,000, 1991-$1,350,000)	50,004,000	51,378,000
Merchandise inventory	60,983,000	56,981,000
Prepaid expenses	785,000	407,000
Deferred income taxes	2,787,000	3,122,000
Total current assets	116,446,000	114,362,000
Investment and other assets:		
Investment in 50%-owned company	8,957,000	8,303,000
Other assets	1,889,000	1,149,000
Property and equipment, at cost:		
Land	1,070,000	985,000
Buildings	11,893,000	11,638,000
Furniture and equipment	23,502,000	20,897,000
Leasehold improvements	2,399,000	2,269,000
	38,864,000	35,789,000
Less accumulated depreciation and amortization	15,285,000	13,255,000
Net property and equipment	23,579,000	22,534,000
	$150,871,000	$146,348,000

Liabilities and Shareholders' Equity	1992	1991
Current liabilities:		
Notes payable to banks	$ 2,500,000	$ —
Accounts payable	33,085,000	36,138,000
Income taxes	341,000	1,414,000
Accrued salaries, wages and commissions	3,211,000	3,111,000
Other accrued liabilities	5,395,000	6,571,000
Long-term debt due within one year	2,589,000	575,000
Total current liabilities	47,121,000	47,809,000
Long-term debt	44,717,000	44,306,000
Deferred income taxes	1,578,000	1,378,000
Shareholders' equity:		
Common shares, without par value, $1 stated value: authorized 20,000,000 shares; outstanding 5,470,832 shares in 1992 and 5,458,082 in 1991	5,471,000	5,458,000
Capital in excess of stated value	1,984,000	1,849,000
Retained earnings	50,000,000	45,548,000
Total shareholders' equity	57,455,000	52,855,000
	$150,871,000	$146,348,000

See accompanying notes.

STATEMENTS OF INCOME

PIONEER-STANDARD ELECTRONICS, INC.

Years ended March 31, 1992, 1991 and 1990

	1992	1991	1990
Net sales	$362,386,000	$345,064,000	$319,908,000
Operating costs and expenses:			
Cost of goods sold	284,897,000	267,559,000	247,391,000
Warehouse, selling and administrative expenses	65,096,000	60,084,000	58,546,000
	349,993,000	327,643,000	305,937,000
Operating profit	12,393,000	17,421,000	13,971,000
Equity in earnings of 50%-owned company	654,000	703,000	490,000
Interest expense	(4,505,000)	(4,748,000)	(4,946,000)
Income from operations before income taxes	8,542,000	13,376,000	9,515,000
Provision for income taxes:			
Federal			
Current	2,082,000	4,565,000	3,185,000
Deferred	418,000	(629,000)	(350,000)
	2,500,000	3,936,000	2,835,000
State	715,000	1,148,000	936,000
	3,215,000	5,084,000	3,771,000
Net income	$ 5,327,000	$ 8,292,000	$ 5,744,000
Income per common share:			
Primary	$ .97	$1.53	$1.06
Fully diluted	$ .94	$1.41	$1.01

See accompanying notes.

STATEMENTS OF SHAREHOLDERS' EQUITY

PIONEER-STANDARD ELECTRONICS, INC.

Years ended March 31, 1992, 1991 and 1990

	Stated value of common shares	Capital in excess of stated value	Retained earnings	Total
Balance at March 31, 1989	$5,402,000	$1,326,000	$33,079,000	$39,807,000
Net income			5,744,000	5,744,000
Cash dividends ($.14 per share)			(756,000)	(756,000)
Balance at March 31, 1990	5,402,000	1,326,000	38,067,000	44,795,000
Net income			8,292,000	8,292,000
Cash dividends ($.15 per share)			(811,000)	(811,000)
Shares issued upon exercise of stock options	56,000	454,000		510,000
Tax benefit related to exercise of stock options		69,000		69,000
Balance at March 31, 1991	5,458,000	1,849,000	45,548,000	52,855,000
Net income			5,327,000	5,327,000
Cash dividends ($.16 per share)			(875,000)	(875,000)
Shares issued upon exercise of stock options	13,000	106,000		119,000
Tax benefit related to exercise of stock options		29,000		29,000
Balance at March 31, 1992	$5,471,000	$1,984,000	$50,000,000	$57,455,000

See accompanying notes.

STATEMENTS OF CASH FLOW

PIONEER-STANDARD ELECTRONICS, INC.

Years ended March 31, 1992, 1991 and 1990

	1992	1991	1990
Cash flows from operating activities:			
Net income	$ 5,327,000	$ 8,292,000	$ 5,744,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	4,127,000	3,461,000	2,843,000
Undistributed earnings of affiliate	(654,000)	(703,000)	(490,000)
(Increase) decrease in operating working capital	(6,083,000)	4,310,000	7,058,000
Increase in other assets	(802,000)	(72,000)	(15,000)
Deferred taxes	535,000	(647,000)	(368,000)
Total adjustments	(2,877,000)	6,349,000	9,028,000
Net cash provided by operating activities	2,450,000	14,641,000	14,772,000
Cash flows from investing activities:			
Additions to property and equipment	(5,110,000)	(4,127,000)	(10,273,000)
Acquisition of business	(2,125,000)	(1,796,000)	—
Net cash used in investing activities	(7,235,000)	(5,923,000)	(10,273,000)
Cash flows from financing activities:			
Increase (decrease) in short-term financing	2,500,000	(4,000,000)	2,000,000
Increase in long-term debt	22,000,000	35,000,000	1,000,000
Repayment under revolving credit	(19,000,000)	(38,000,000)	(5,000,000)
Purchase of subordinated debt	—	(1,978,000)	(1,060,000)
Principal payments under long-term debt obligations	(575,000)	(519,000)	(355,000)
Issuance of common shares under stock option plan	119,000	510,000	—
Tax benefit related to exercise of stock options	29,000	69,000	—
Dividends paid	(875,000)	(811,000)	(756,000)
Net cash provided by (used in) financing activities	4,198,000	(9,729,000)	(4,171,000)
Net increase (decrease) in cash	(587,000)	(1,011,000)	328,000
Cash at beginning of year	2,474,000	3,485,000	3,157,000
Cash at end of year	$ 1,887,000	$ 2,474,000	$ 3,485,000

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

The Company is a distributor of industrial electronics components and computer systems products and maintains the following accounting policies:

Cash Equivalents—The Company considers highly liquid instruments with a maturity of ninety days or less at date of purchase to be cash equivalents.

Merchandise Inventory—Inventory is stated at the lower of cost (first-in, first-out basis) or market. Reserves for slow-moving and obsolete inventory at March 31, were $2,190,000 in 1992 and $2,232,000 in 1991.

Affiliated Company—The Company owns 50% of the outstanding common stock of Pioneer/Technologies Group, Inc. The investment is accounted for by the equity method. Income taxes are not provided on undistributed earnings of the affiliated company since they are considered to be permanently reinvested.

Other Assets—Other assets include the excess of cost over value assigned to net assets of a purchased business, which is being amortized on the straight-line method over 40 years; cash surrender value of life insurance; security deposits; debt issuance costs, which are being amortized on the straight-line method over lives of the related debt instruments; and certain deferred charges.

Property and Equipment—The Company capitalizes interest costs during the construction period of major facilities. No interest costs were capitalized in 1992. Interest costs of $46,000 and $272,000 were capitalized in 1991 and 1990, respectively. The Company capitalizes costs associated with software developed for its own use. Depreciation and amortization is computed using principally the straight-line method. Accelerated methods are used for tax reporting purposes.

Common Shares and Net Income Per Common Share—Net income per common share is computed using the weighted average common shares and common share equivalents outstanding during the year of 5,469,749 in 1992, 5,415,057 in 1991 and 5,401,932 in 1990.

Fully diluted net income per common share is computed on the same basis as above with the assumption that all of the 9% Subordinated Convertible Debentures were converted into common shares and that the related interest expense, net of income taxes, was added to net income. The number of shares used for this computation was 6,610,608, 6,582,420 and 6,674,055 in 1992, 1991 and 1990, respectively.

2 ACQUISITIONS

On December 28, 1990, the Company purchased from Lex Electronics Inc. certain assets and assumed certain liabilities of Lex's Computer Systems Division. The valuation of assets acquired, $10,409,000, was offset by liabilities assumed of $4,881,000, resulting in a net cash purchase price of $5,528,000. The Company paid $2,809,000 at the time of the closing and the balance of $2,719,000 in April 1991. Effective December 28, 1990, the Company sold certain of the assets acquired from Lex to Pioneer/Technologies Group, Inc., a 50%-owned affiliate of the Company, for a purchase price of $1,607,000. The affiliate paid the Company the balance of the purchase price in three installments over the period January, 1991 through April, 1991.

The acquisition was accounted for as a purchase with the acquired assets and liabilities recorded at their estimated value and the related operating results included in the financial statements from the date of acquisition. The acquisition costs approximated the fair market value of the net assets acquired.

Assuming the acquisition had taken place at the beginning of the year, net sales, on a pro-forma unaudited basis, would have been $358,864,000 in 1991. The effects of the acquisition on net income and earnings per share would have been immaterial.

3 LOAN AGREEMENTS

The Company has unsecured lines of credit aggregating $15,000,000 from two banks. The Company's revolving credit agreement limits the aggregate borrowings against the unsecured lines to a maximum of $15,000,000. The unsecured lines, which may be withdrawn at the option of the banks, permit the Company to borrow at varying interest rates. There are $2,500,000 of borrowings against these lines at March 31, 1992.

Long-term debt at March 31, 1992 and 1991 consists of the following:

	1992	1991
Revolving credit	**$ 9,000,000**	$ 6,000,000
9.79% Senior Notes	**20,000,000**	20,000,000
9% Subordinated Convertible Debentures due in 1998	**15,222,000**	15,222,000
13½% Mortgage payable in monthly installments of $6,000 including interest with final payment due in 2000	**353,000**	376,000
Industrial revenue bond loan	**800,000**	1,000,000
Obligations under capital leases	**1,931,000**	2,283,000
	47,306,000	44,881,000
Less amounts due within one year	**2,589,000**	575,000
	$44,717,000	$44,306,000

The Company entered into a new revolving credit agreement dated January 23, 1992 with three banks providing for up to an aggregate of $30,000,000 of unsecured borrowings on a revolving credit basis for three years after which time any outstanding borrowings are convertible into a four-year term loan amortized in equal quarterly installments. The agreement contains a provision whereby annually, upon consent of the parties, the maturity date may be extended for one additional year resulting in a remaining two-year revolving credit and four-year term loan facility. At the choice of the Company, interest on borrowings is payable at a floating prime rate or at other floating rate options (certificate of deposit, LIBOR, or banker's acceptance) plus ¾%. There is a commitment fee of ¼% on the unborrowed amount. This new credit facility replaces the credit agreement for $30,000,000 dated October 14, 1988, as amended.

Annual principal payments of $2,860,000 on the 9.79% Senior Notes will begin November 1, 1994 and continue through November 1, 2000 when the last payment of $2,840,000 is due. Interest is payable semi-annually.

The terms of both the revolving credit agreement and Senior Note Purchase Agreement provide for, among other things, restrictions regarding the payment of cash dividends, limitations on other borrowings and capital expenditures, minimum working capital requirements and the maintenance of certain financial ratios. Unrestricted retained earnings available for dividends at March 31, 1992 under the most restrictive covenants are $1,849,000.

The 9% Subordinated Convertible Debentures are due in 1998 and are convertible into common shares of the Company at a conversion price of $13.95 per share, subject to adjustment in certain events. The debentures are redeemable at par and are subject to sinking fund requirements of $2,200,000 annually with interest payable semi-annually. Open market purchases made in prior years have satisfied sinking fund requirements through March 31, 1992 and left $178,000 principal amount of debentures available to fulfill a portion of the sinking fund requirements for fiscal 1993.

The Company has a Loan Agreement which requires annual installments sufficient to fund the County of Montgomery, Ohio Industrial Revenue Bond principal and interest requirements. Interest of 8.25% is payable semi-annually. Principal payments are due in annual installments increasing from $200,000 in calendar 1992 to $300,000 in 1993 and a final payment of $300,000 due in 1994.

Property and equipment with a net book value of $2,355,000 at March 31, 1992 was pledged as security for the mortgage and the industrial revenue bond.

Aggregate maturities of long-term debt for the next five fiscal years are: 1993—$2,589,000; 1994—$2,791,000; 1995—$6,153,000; 1996—$7,442,000; and 1997—$7,355,000.

4 LEASE COMMITMENTS

The Company is committed under lease agreements, which contain renewal options for periods up to twenty years, for certain warehouse facilities and equipment expiring at various dates to the year 2017.

Amounts for capitalized leases are included in property and equipment at cost of $3,456,000 at March 31, 1992 and 1991 less accumulated amortization of $1,441,000 and $1,037,000 at March 31, 1992 and 1991, respectively.

Future minimum lease payments under capital leases and operating leases at March 31, 1992 are as follows:

	Capital Leases	Operating Leases
1993	$ 524,000	$1,402,000
1994	421,000	1,156,000
1995	335,000	786,000
1996	218,000	647,000
1997	132,000	613,000
Thereafter	2,706,000	948,000
Total minimum lease payments	4,336,000	$5,552,000
Less amount representing interest	2,405,000	
Present value of minimum lease payments	$1,931,000	

Rental expense for operating leases was $1,940,000, $2,044,000 and $1,883,000 for 1992, 1991 and 1990, respectively.

5 INCOME TAXES

The following is a reconciliation of the Company's effective income tax rate to the statutory rate:

	1992	1991	1990
Statutory rate	**34.0%**	34.0%	34.0%
Equity in undistributed earnings of 50%-owned company	**(2.6)**	(1.8)	(1.7)
Provision for state taxes	**5.5**	5.7	6.5
Other items	**.7**	.1	.8
Effective rate	**37.6%**	38.0%	39.6%

Deferred income taxes represent the tax effects of items reported for tax purposes in periods different from those for financial statement purposes. The principal timing differences and tax effects of each are as follows:

	1992	1991	1990
Depreciation and amortization	**$ 213,000**	$ 169,000	$ 76,000
Allowance for doubtful accounts	**42,000**	(123,000)	(83,000)
Costs capitalized in inventory	**(136,000)**	(373,000)	(335,000)
State tax	**59,000**	(48,000)	20,000
Excess of fair market value over cost of assets acquired	**199,000**	(199,000)	—
Other	**41,000**	(55,000)	(28,000)
Deferred tax	**$ 418,000**	$(629,000)	$(350,000)

The Financial Accounting Standards Board has issued Statement No. 109, "Accounting for Income Taxes." The Statement provides several alternatives as to the method and date of adoption, which must be no later than fiscal year 1994. Although changes in the calculation and presentation of income taxes will be required, management has determined the impact on the financial statements will not be material.

6 COMMON SHARE PURCHASE RIGHTS PLAN

The Company maintains a Common Share Purchase Rights Plan whereby, until the occurrence of certain events, each share of the Company's outstanding common shares represents ownership of one right (Right). The Rights may only be exercised if a person or group acquires twenty percent (20%) or more of the Company's Common Shares, or announces a tender offer for at least twenty percent (20%) of the Company's Common Shares. The exercise price of each Right is $40 per Common Share subject to adjustment in certain events. The Rights trade with the Company's Common Shares until the Rights become exercisable.

If the Company is acquired in a merger or other business combination transaction, each Right will entitle its holder to purchase, at the Right's then-exercise price, a number of the acquiring company's common shares (or other securities) having a market value at the time of twice the Right's then-current exercise price. In addition, if a person or group acquires twenty percent (20%) or more of the Company's Common Shares or certain specified transactions occur while a person or group beneficially owns twenty percent (20%) or more of such Common Shares, each Right will entitle its holder (other than such person or members of such group) to purchase, at the Right's then-current exercise price, a number of the Company's Common Shares having a market value of twice the Right's then-exercise price.

Prior to the acquisition by a person or group of beneficial ownership of twenty percent (20%) or more of the Company's Common Shares, the Rights are redeemable for one cent ($.01) per Right at the option of the Board of Directors. The Rights will expire May 10, 1999.

7 STOCK OPTIONS

The Company adopted a new stock option plan in 1991 which provides for the issuance of stock options to purchase up to 250,000 common shares of the Company. As of March 31, 1992, no options were granted from this plan. All of the outstanding options as of March 31, 1992, were issued pursuant to a plan adopted in 1982. Pursuant to this plan's provisions, options are no longer permitted to be issued thereunder subsequent to March 24, 1992.

These plans provide for non-qualified or incentive stock options. The options are priced at 100% of fair market value at date of grant and expire ten years from date of grant.

No charges are made against income in accounting for stock options. Any tax benefits arising from the exercise of options are recognized when realized and credited to capital in excess of stated value. Transactions involving the stock option plan are summarized as follows:

	Number of Shares	Option Price Range per Share
Outstanding at March 31, 1991	200,800	$7.13-$12.44
Exercised	(12,750)	7.88- 10.06
Granted	42,800	15.25
Forfeited	(1,950)	8.75- 15.25
Outstanding at March 31, 1992	**228,900**	**$7.13-$15.25**
Exercisable at March 31, 1992	**178,900**	**$7.13-$15.25**
Available for grant at March 31, 1992	**250,000**	

8 PIONEER/TECHNOLOGIES GROUP, INC.

Pioneer-Standard Electronics, Inc. owns 50% of the common stock of Pioneer/Technologies Group, Inc. Included in the Company's retained earnings are undistributed earnings of Pioneer/Technologies Group, Inc. in the amount of $8,902,000 at March 31, 1992 ($8,248,000 and $7,545,000 in 1991 and 1990, respectively). No dividends have been paid by Pioneer/Technologies Group, Inc. from date of incorporation in 1964 to March 31, 1992.

Pioneer-Standard Electronics, Inc. may not sell, assign, give, transfer, exchange, or otherwise dispose of its share ownership without allowing Pioneer/Technologies Group, Inc. the first option to purchase the shares at then current book value. If Pioneer/Technologies Group, Inc. does not exercise this option, then shareholders representing the other 50% of the common stock of Pioneer/Technologies Group, Inc. have the right and option to purchase all the shares at then current book value.

In the event of a "change in control," as defined, of Pioneer-Standard Electronics, Inc., or upon the occurrence of certain events, Pioneer/Technologies Group, Inc. has the right to purchase all shares of its stock owned by Pioneer-Standard Electronics, Inc. at then current book value. If Pioneer/Technologies Group, Inc. does not exercise the right, the remaining shareholders representing the other 50% of the common shares of Pioneer/Technologies Group, Inc. have the right and option to purchase all the shares at then current book value.

Comparative financial information of Pioneer/Technologies Group, Inc. at March 31, 1992, 1991 and 1990 and for the years then ended is summarized as follows:

	1992	1991	1990
Net sales	**$189,908,000**	$156,770,000	$153,942,000
Gross profit	**34,217,000**	31,646,000	28,779,000
Net income	**1,309,000**	1,407,000	980,000
Total current assets	**$ 63,256,000**	$ 51,341,000	$ 50,222,000
Net fixed and other assets	**4,403,000**	5,106,000	4,360,000
Total assets	**$ 67,659,000**	$ 56,447,000	$ 54,582,000
Total current liabilities	**$ 24,711,000**	$ 21,704,000	$ 24,633,000
Total long-term liabilities	**25,032,000**	18,136,000	14,749,000
Total shareholders' equity	**17,916,000**	16,607,000	15,200,000
Total liabilities and shareholders' equity	**$ 67,659,000**	$ 56,447,000	$ 54,582,000

In 1991, Pioneer/Technologies Group, Inc. changed its method of computing depreciation from the double declining method to the straight-line method. The cumulative effect of this change for the periods prior to April 1, 1990 of $205,000, after reduction for income taxes, is included in net income of Pioneer/Technologies Group, Inc. as a separate item. The effect of this change is not material to the Company's results of operations.

9 OPERATING WORKING CAPITAL CHANGES AND SUPPLEMENTAL INFORMATION FOR THE STATEMENTS OF CASH FLOWS

The components of the changes in operating working capital were:

	1992	1991	1990
Accounts receivable	**$ 780,000**	$ 463,000	$(7,024,000)
Merchandise inventory	**(4,002,000)**	1,906,000	4,298,000
Prepaid expenses	**(378,000)**	(99,000)	213,000
Accounts payable	**(334,000)**	576,000	7,708,000
Income taxes	**(1,073,000)**	502,000	(525,000)
Accrued salaries, wages and commissions	**100,000**	(472,000)	518,000
Other accrued liabilities	**(1,176,000)**	1,434,000	1,870,000
(Increase) decrease in operating working capital	**$(6,083,000)**	$ 4,310,000	$ 7,058,000

Operating working capital for fiscal 1991 is net of $2,686,000 relating to the acquisition of a business.

Supplemental cash flow information:

	1992	1991	1990
Cash paid or received during the year for:			
Interest paid	**$ 4,437,000**	$ 4,165,000	$ 5,176,000
Income taxes paid	**4,053,000**	5,237,000	4,694,000
Non-cash investing and financing activities:			
Capital lease obligations incurred	**$ —**	$ 513,000	$ 592,000
Non-cash assets and liabilities of business acquired:			
Working capital	**$ —**	$ 4,811,000	—
Other assets	**—**	(890,000)	—
	$ —	$ 3,921,000	—

10 EMPLOYEE RETIREMENT PLAN

The Company maintains a contributory profit-sharing and thrift plan which qualifies under Section 401(k) of the Internal Revenue Code for all employees meeting certain service requirements. The plan allows eligible employees to contribute up to 10% of their compensation, with the Company matching 50% of up to 4% of compensation. The Company may also make contributions dependent on profits each year for the benefit of all eligible employees under the amended plan. Total profit sharing and Company matching contributions were $881,000, $1,085,000 and $914,000 for 1992, 1991 and 1990, respectively.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Pioneer-Standard Electronics, Inc.

We have audited the accompanying balance sheets of Pioneer-Standard Electronics, Inc. as of March 31, 1992 and 1991 and the related statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer-Standard Electronics, Inc. at March 31, 1992 and 1991 and the results of its operations and its cash flows for each of the three years in the period ended March 31, 1992, in conformity with generally accepted accounting principles.

Ernst + Young

Cleveland, Ohio
May 8, 1992

QUARTERLY FINANCIAL DATA

(unaudited)

Fiscal Year Ending March 31	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1992					
Net sales	**$87,150,000**	**$88,629,000**	**$93,439,000**	**$93,168,000**	**$362,386,000**
Gross profit	**19,489,000**	**19,118,000**	**19,698,000**	**19,184,000**	**77,489,000**
Net income	**1,616,000**	**1,116,000**	**1,245,000**	**1,350,000**	**5,327,000**
Income per share:					
Primary	**.30**	**.20**	**.23**	**.24**	**.97**
Fully diluted	**.28**	**.20**	**.22**	**.24**	**.94**
1991					
Net sales	$83,899,000	$84,350,000	$85,720,000	$91,095,000	$345,064,000
Gross profit	19,274,000	18,562,000	19,192,000	20,477,000	77,505,000
Net income	2,406,000	1,561,000	2,041,000	2,284,000	8,292,000
Income per share:					
Primary	.45	.28	.38	.42	1.53
Fully diluted	.40	.26	.35	.40	1.41

DIVIDEND INFORMATION AND PRICE RANGE OF COMMON SHARES

Fiscal Year Ending March 31	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
1992					
High	**$17.75**	**$14.00**	**$13.50**	**$14.50**	**$17.75**
Low	**12.25**	**10.00**	**10.25**	**10.75**	**10.00**
Dividends paid	**.04**	**.04**	**.04**	**.04**	**.16**
1991					
High	$14.25	$15.25	$9.25	$15.50	$15.50
Low	9.88	7.75	7.25	8.75	7.25
Dividends paid	.035	.035	.04	.04	.15

As of April 8, 1992 there were 5,470,832 Common Shares of Pioneer-Standard Electronics, Inc. outstanding, and there were 506 shareholders of record.

The market price of Pioneer-Standard Electronics, Inc. Common Shares at the close of business May 8, 1992 was $11.25.

See Note 3 for information regarding dividend restrictions.

CORPORATE DIRECTORY

DIRECTORS

JAMES L. BAYMAN
President and Chief Operating Officer of the Company

FREDERICK A. DOWNEY[1]
President, F.A. Downey Associates, Inc. (venture capital/consulting)

VICTOR GELB[1,2]
President, Victor Gelb Inc. (industrial fibers)

GORDON E. HEFFERN
Retired Chairman of the Board and Chief Executive Officer, Society Corporation and Society National Bank (banking)

PRESTON B. HELLER, JR.[1]
Chairman of the Board and Chief Executive Officer of the Company

ARTHUR RHEIN
Vice President-Marketing of the Company

EDWIN Z. SINGER[1,2]
Chairman of the Board, Sandusco, Inc. (wholesale merchandising, real estate)

THOMAS C. SULLIVAN[1]
Chairman of the Board and Chief Executive Officer, RPM, Inc. (specialty coatings and membranes)

KARL E. WARE[2]
Chairman and Chief Executive Officer, Ware Industries, Inc. (metal wire forms and steel components)

[1]Executive Committee

[2]Audit Committee

CORPORATE OFFICERS

PRESTON B. HELLER, JR.
Chairman of the Board and Chief Executive Officer

JAMES L. BAYMAN
President and Chief Operating Officer

JOHN V. GOODGER
Vice President, Treasurer and Assistant Secretary

JANICE M. MARGHERET
Vice President and Controller

ARTHUR RHEIN
Vice President—Marketing

WILLIAM A. PAPENBROCK
Secretary

CORPORATE OFFICES

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Cleveland, Ohio 44105
Phone: (216) 587-3600

LEGAL COUNSEL

Calfee, Halter & Griswold
Suite 1800
800 Superior Avenue
Cleveland, Ohio 44114

INDEPENDENT AUDITORS

Ernst & Young
1300 Huntington Building
Cleveland, Ohio 44115

SHAREHOLDER INFORMATION

TRANSFER AGENT AND REGISTRAR

Ameritrust Company National Association
P.O. Box 6477
Cleveland, Ohio 44101

COMMON SHARES

Traded Over-the-Counter
NASDAQ Symbol-PIOS
Quoted in the National Market System

FORM 10-K

A copy of the Company's Form 10-K annual report, which is filed with the Securities and Exchange Commission, may be obtained by writing Treasurer's Office, Pioneer-Standard Electronics, Inc., 4800 East 131st Street, Cleveland, Ohio 44105.

ANNUAL MEETING

Shareholders and other interested persons are cordially invited to attend the annual meeting of shareholders at 11 a.m., Tuesday, July 21, 1992, at Pioneer-Standard's corporate offices, 4800 East 131st Street, Cleveland (Garfield Heights), Ohio 44105. Shareholders who cannot attend are urged to return their proxy card promptly to ensure representation at this meeting.

ANALYSTS FOLLOWING PIONEER

The following financial analysts provide investment research on Pioneer:

- Richard C. Billy, CFA
  Prudential Securities, Inc.
- Michael A. Gumport, CFA
  Shearson Lehman Brothers Inc.
- Maureen P. Lentz
  Roulston & Company, Inc.
- Mark L. Parr, CFA
  McDonald & Company Securities, Inc.
- Karen Payne
  Wheat First Butcher & Singer
- E. Eugene Robinson
  The Ohio Company
- Clarke L. Walser, CFA
  Hamilton Investments, Inc.
- Paul J. Travers
  Value Line, Inc.

MARKET MAKERS

The following firms make a market in the Company's Common Shares:

- The Chicago Corporation
- Cowen & Company
- Hamilton Investments, Inc.
- Herzog, Heine, Geduld, Inc.
- Kemper Securities Group, Inc.
- Mayer & Schweitzer, Inc.
- McDonald & Company Securities, Inc.
- Merrill Lynch, Pierce, Fenner & Smith, Inc.
- The Ohio Company
- Prudential Securities, Inc.
- Roney & Co.
- Troster Singer Corporation
- Wheat First Butcher & Singer

OPERATIONS DIRECTORY

PIONEER-STANDARD ELECTRONICS, INC.

Austin, Texas
Binghamton, New York
Boston, Massachusetts
Chicago, Illinois
Cleveland, Ohio
Columbus, Ohio
Dallas, Texas
Dayton, Ohio
Detroit, Michigan
Grand Rapids, Michigan
Houston, Texas
Indianapolis, Indiana
Irvine, California
Manhattan, New York
Milwaukee, Wisconsin
Minneapolis, Minnesota
Fairfield, New Jersey
Pittsburgh, Pennsylvania
Rochester, New York
St. Louis, Missouri
San Antonio, Texas
Shelton, Conneticut
Tulsa, Oklahoma
Woodbury, New York
Woodland Hills, California

COMPUMECH ELECTRONICS

Irvine, California
Milpitas, California

PIONEER/TECHNOLOGIES GROUP, INC.

Atlanta, Georgia
Ft. Lauderdale, Florida
Huntsville, Alabama
Orlando, Florida
Philadelphia, Pennsylvania
Raleigh, North Carolina
San Jose, California
Washington, D.C.

Pioneer

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Cleveland, Ohio 44105/(216) 587-3600