

J. L. BAINBRIDGE
& COMPANY, INC.

August 1, 2003

In a less than robust economy, most of the companies carefully selected for investment again reported record earnings. GE's earnings were affected by a sharp decline in the gas turbine business, which has run its course, and earnings growth is set to resume. Scotts' shortfall was due to a very cold and wet spring in the Northeast and Midwest while Pfizer's decline was due to costs of its merger with Pharmacia. Target's results were affected at Marshall Fields by the economy and the Iraq war. All of the companies are expected to grow at a double-digit rate for 2003.

<u>INVESTMENT</u>	<u>EPS GROWTH</u>
Avon Products	+11%
Cardinal Health	+21%
First Data	+15%
Forest Labs	+45%
General Electric	-12%
General Mills	+11%
Johnson & Johnson	+16%
McGraw Hill	+07%
Medtronic	+20%
Pepsi	+15%
Pfizer	-06%
Scotts	-05%
Sysco	+13%
Target	FLAT
Walgreens	+14%
Wal-Mart	+14%

The market continues to be a volatile as evidenced by yesterday's decline in the shares of Cardinal Health. This decline was in response to Cardinal lowering their long-term earnings growth objective from 20% to the mid-teens or higher and their expectation of somewhat lower margins in the pharmacy distribution business. Lower margins could be a concern if this was their only business but as a result of a strategy to diversify into other areas of the health care industry, this business is currently 48% of earnings, and because their other businesses are growing faster, over the next few years pharmacy distribution will be only about one third of profits. The other divisions are biotechnology drug manufacturing and radioactive drug specialty distribution; hospital and patient automation systems and medical supply and devices manufacturing and distribution. In addition to these high growth businesses, Cardinal has \$1.7 billion in cash and is generating more than \$1 billion of excess cash annually. Obviously we consider Cardinal an excellent investment and a buying opportunity.

We appreciate your continued interest in our investment management service through the AdvisorNetwork Program at Charles Schwab. Please give me a call to discuss how we may be of service to you. At your convenience, I will travel to your home, a Schwab office near you or you are always welcome to visit our office in Sarasota, FL.

Sincerely,

Jerry L. Bainbridge, President