February 3, 2004

The companies carefully selected for investment again reported strong earnings growth. In addition it is gratifying that these impressive earnings reports were greeted by good appreciation in the price of their common stocks. Furthermore these companies continue to utilize their excellent financial condition and excess cash flow to the advantage of their owners as evidenced by First Data's announcement that they will repurchase an additional $1 billion of common stock.

INVESTMENT	EPS GROWTH
Avon Products	+20%
Cardinal Health	+12%
First America Financial	Reports 02/11/04
First Data	+16%
Forest Labs	+30%
General Electric	FLAT
General Mills	+11%
Johnson & Johnson	+17%
McGraw Hill	+11%
Medtronic	+15%
Pepsi	+30%
PetsMart	+31%
Scotts	Seasonal Loss
Sysco	+21%
Target	+10%
Walgreens	+16%
Wal-mart	+14%

Our 2003 Annual Report featured Cardinal Health and projected future earnings per share (EPS) growth of 15% compounded annually. However based on the earnings report and a review of results by senior management during a conference call conducted last month, this projected growth rate is most likely too low. This is due to the fact the slowdown in earnings growth for the pharmaceutical distribution division experienced in 2003 will prove to be a temporary event. In previous years drug companies offered discounts for large purchases in order to stimulate sales, but due to the SEC's investigation of this practice, the discounts were discontinued in 2003. Thus Cardinal, which used its financial might in the past to make very large purchases which were sold to smaller distributors at a profit, reported distribution results in 2003 without these profits against 2002 results which included the profits. In 2004 and beyond earnings will be reported on a comparable basis and their earnings growth rate should resume which implies high teen earnings per share growth for Cardinal.

Jerry L. Bainbridge, President