

J. L. BAINBRIDGE
& COMPANY, INC.

August 2, 2005

Dear Mr. & Mrs. Client:

As listed below the vast majority the companies selected for investment again posted strong earnings growth, which represent record earnings on top of long strings of record earnings.

<u>INVESTMENT</u>	<u>EPS GROWTH</u>
American Express	+19%
Avon Products	+11%
Cardinal Health	-7%
Donaldson	+11%
First Data	+6%
Forest Labs	-14%
General Electric	+15%
Henry Schein	+6%
Johnson & Johnson	+13%
McGraw-Hill	+19%
Medtronic	+14%
3M Company	+12%
Nuveen Investments	+24%
Pepsi	+13%
Petsmart	+11%
Procter & Gamble	+15%
Scotts Miracle Grow	+15%
Sysco	+13%
Target	+18%
T Rowe Price	+27%
Walgreens	+20%
Wal-Mart	+10%
Wrigley	+16%

Cardinal Health's earnings decline is expected to reverse to single digit growth later this year as they complete the transition to a fee based drug distribution arrangement with double-digit earnings growth resuming next year. Forest Labs decline is due to expenses being incurred to develop new products. For all of this year earnings will be down about 9% with growth resuming next year. Henry Shein's lower growth was due to one-time merger integration and headquarter relocation costs. Importantly revenue increased 20%, and beginning next quarter earnings will track revenue growth. Finally Avon's stock declined primarily due to a 20% decline in sales in China, which had been growing at over 50%. Ironically the decline was the result of Avon becoming the only company approved to sell directly to consumers via company representatives. While this is good news, the short-term effect was a curtailment of orders by retailers. Avon is now busy reassuring retailers they will continue to be an important sales channel. Overall July produced an excellent return, and we are focused on achieving our 15% objective.

Jerry L. Bainbridge, President