

J. L. BAINBRIDGE
& COMPANY, INC.

August 3, 2006

Dear Mr. & Mrs. Client:

As listed below the companies carefully selected for investment again posted very impressive earnings growth, which represent record earnings on top of many years of record earnings. The earnings per share figures are 2006 versus 2005 for the most recent quarter versus a year ago.

INVESTMENT	EPS GROWTH
American Express	+13%
Avon Products	-21%
Cardinal Health	+14%
Donaldson	+19%
First Data	+11%
Fiserv	+12%
General Electric	+12%
Henry Schein	+16%
Johnson & Johnson	+9%
Korn/Ferry Int'l	+21%
McGraw-Hill	+16%
Medtronic	+19%
3M Company	+4%
Nuveen Investments	+12%
Pepsi	+14%
PETsMART	+11%
Procter & Gamble	+12%
Scotts Miracle Grow	+14%
Sysco	-11%
Target	+14%
T Rowe Price	+32%
UnitedHealth Group	+21%
Wal-Mart	+14%
Wrigley	-3%

Avon's earnings were again impacted by a 78% increase in advertising which will be offset by cost savings as the year progresses. The good news is this increase in promotional spending is stimulating sales growth. Avon has eliminated 25% of its management ranks which will reduce expenses by \$200 million annually beginning in the next quarter, and they are ahead of schedule in reaching their goal of \$300 million in annual savings next year. Since receiving approval in April as the first company to sell directly in China, Avon has 114,000 sales representatives in place with an additional 31,000 in process. China is a tremendous opportunity for Avon due to the size of the market and the fact none of their competitors are close to direct selling approval. While the stock price does not reflect these positives we believe patience will be rewarded. Two years ago Cardinal Health's share price was \$38 per share and the analysts were negative. The current price is \$66 and based on our analysis their stock has the potential to reach \$98 by the end of next year. We remain confident the financial strength and earnings growth, both achieved in the past and potential for the future bode well for future returns for our clients.

Jerry L. Bainbridge, President