

J. L. BAINBRIDGE
& COMPANY, INC.

February 3, 2006

Dear Mr. & Mrs. Client:

As listed below the vast majority of the companies selected for investment again posted strong earnings growth, which represents record earnings on top of many years of record earnings. The earnings per share figures are for the year 2005 versus 2004 for those companies reporting on a calendar year and are for the most recent quarter versus the same quarter a year ago for those companies reporting on a fiscal year.

| INVESTMENT | EPS GROWTH |
|---------------------|---------------|
| American Express | +13% |
| Avon Products | +2% |
| Cardinal Health | +42% |
| Donaldson | +19% |
| First Data | +3% |
| Fiserve | +13% |
| General Electric | +10% |
| Henry Schein | +17% |
| Johnson & Johnson | +13% |
| Korn/Ferry Int'l | +25% |
| McGraw-Hill | +13% |
| Medtronic | +23% |
| 3M Company | +14% |
| Nuveen Investments | +18% |
| Pepsi | +14% |
| PETSMART | Flat |
| Procter & Gamble | +10% |
| Scotts Miracle Grow | Seasonal loss |
| Stryker | +20% |
| Sysco | +2% |
| Target | +37% |
| T Rowe Price | +28% |
| Wal-Mart | +6% |
| Wrigley | +12% |

In January First Data announced a spin-off of their Western Union business to shareholders on a tax free basis. Western Union is the worldwide leader in the fast growing money transfer market and will have a higher stock evaluation. Another aspect of this spin-off is the positive impact on their card processing business. When a slower growing business is in combination with a much faster growing business, management tends to focus on the better business and the slower business gets a free ride. But when the businesses are separated, suddenly management of the underperformer is in the hot seat and costs are reduced and new ways to stimulate growth appear. This is exactly what we are seeing at Ameriprise Financial since its spin-off from American Express last September. When the spin-off is final, revised cost basis for First Data as well as the cost basis for Western Union can be obtained by calling our office.

Jerry L. Bainbridge, President