

**J. L. BAINBRIDGE**  
**& COMPANY, INC.**

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Dear Client:

As listed below all of the companies selected for investment again posted remarkable earnings growth, which represent record earnings on a string of many years of record earnings. The earnings per share figures are 2007 versus 2006 for the most recent earnings period versus a year earlier.

INVESTMENT	EPS GROWTH
American Express	+16%
A T & T	+16%
Avon Products	+16%
Boeing	+37%
Cardinal Health	+8%
Amdocs Limited	+6%
Danaher	+19%
Disney	+29%
Donaldson	+23%
Eaton	+8%
Fiserv	+20%
Franklin Resources	+26%
General Electric	+16%
Grainger	+21%
Henry Schein	+50%
Johnson & Johnson	+11%
Korn/Ferry Int'l	+16%
Lincoln Electric	+12%
McGraw-Hill	+17%
Medtronic	+13%
3M Company	+11%
Pepsi	+11%
PETSMART	+1%
Procter & Gamble	+14%
Scotts Miracle Gro	Seasonal Loss
Target	+2%
T Rowe Price	+26%
United Technologies	+15%

While the stock market started the year with a bout of panic selling, our optimism has not changed regarding this year as well as the next several years. Our outlook is based on the positive impact of the aggressive interest rate cuts by the Federal Reserve and rapid growth in exports. Exports represent a very significant twelve percent of the USA economy's total Gross National Product. In addition the companies listed above derive over fifty percent of their business from faster growing international markets which fuels growth as evidenced by their most recent earnings reports. As one example, Disney's twenty-nine percent jump in earnings was the result of fast growth overseas as well as foreign visitors to their theme parks in Florida and California. It is only a matter of time until these remarkable earnings growth translates to higher stock prices and high investment returns for our clients.

Jerry L. Bainbridge, President