

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

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Dear Client:

As listed below most of the companies selected for investment again posted good earnings growth, which represent record earnings on a string of many years of record earnings. The earnings per share figures are 2008 versus 2007 for the most recent earnings period versus a year earlier.

INVESTMENT	EPS GROWTH
American Express	-21%
A T & T	+10%
Avon Products	+34%
Boeing	-33%
Cardinal Health	-13%
Caterpillar	Flat
Amdocs Limited	+15%
Danaher	+13%
Disney	+18%
Eaton	+9%
Emerson Electric	+17%
Fiserv	+16%
General Electric	-13%
Goodrich	+21%
Grainger	+39%
Henry Schein	+18%
Johnson & Johnson	+10%
Korn/Ferry Int'l	Flat
Lincoln Electric	+39%
Manitowoc	+21%
McGraw-Hill	-4%
Medtronic	+16%
3M Company	+10%
Pepsi	+6%
Precision Casting	+13%
Procter & Gamble	+12%
Regal Beloit	+18%
T Rowe Price	-11%
United Technologies	+16%

The stock market decline and the worsening economic climate in September and October were much more severe than we expected. However, the above companies' businesses are performing well and are financially strong. In addition, governments around the world are cutting interest rates, injecting money into the banking system and implementing economic stimulus programs. Hence, while America and Europe have fallen into recession and growth in developing countries is slowing, these actions are expected to bring about renewed growth both here and overseas by next spring. Accordingly, we expect the emotional selling of stocks will subside and our portfolio will recover from the current levels, which are extraordinarily cheap and offer exceptional appreciation potential over the next several years.

Jerry L. Bainbridge, President