

PEARSON Investment Letter

Published Monthly Since 1982

www.pearsoncapitalinc.com**FEATURED STOCKS**

Coventry Health Care	Oshkosh Truck
Foot Locker	PetMed Express
Investors Finc Serv	The Providence Serv
j2 Global Com	United PanAm

GROWTH & INCOME STOCKS

Alliance Resource	Citigroup
-------------------	-----------

UTILIZING WHAT WE'VE LEARNED**BY DONALD PEARSON**

The negative first six months of 2005 have performed similarly to the

As market conditions change, so will our process. Small stocks or emerging growth companies have had five years of above-average growth. As the dollar weakens and rates rise, this will make these more expensive and less desirable. The energy sector still looks undervalued on a price/earnings basis, but if and when the oil price falls, so will these stocks. When this happens, it'll be swift. In the healthcare sector pharmaceuticals have done poorly, while hospitals and eye-surgery centers have surged. The computer sector has not done well year to date, but many companies look undervalued here. REITs and home builders should be watched closely. REITs are up 140% over the past five years, but are down an average of 4% year to date. Home builders have continued to outperform the market by a considerable amount again this year, but must be watched. We believe watching sectors carefully, and selecting for value, will get above-average results again at the end of 2005. We sold our holdings in Orleans Home (OHB) in the third quarter of last year, and it's still at the same price even though the sector has gone through the roof in performance.

Companies will begin reporting their quarterly earnings in ten days and the season, although short, lasts about 7-8 weeks. As always, there will be many positive and negative surprises that we will all have to deal with. Every time a company that we are holding within our account base declares its earnings results (usually quarterly), it is immediately placed into one of several categories. It may be upgraded and more may be purchased, or lowered and brought immediately to the operating table. At that time I must begin the pre-surgery and examine the patient closely. After further review, I usually cut the patient open and go inside for a better look. After examining the performance numbers, combing the news and wire services for any and all pertinent information, and applying an in-house formula for turnaround or immediate correction, the difficult decision to sell or continue to hold is made. Everyone on our team supplies information he has uncovered, along with his personal opinion, to help with the final decision. This is my responsibility, and I look forward to it.

first six of last year. The market's positive performance came in the third and fourth quarters last year, and this year appears to be headed in that direction. The market indexes were down a few percent a year ago, and they are down 4% year to date. Real Estate is still leading the investment market as it did in 2004. Average US home prices rose 12.5% from the first quarter of 2004 through the first quarter of 2005 according to the Office of Federal Housing Enterprise Oversight. Any of us investing in real estate today knows that, similar to the stock market, nothing goes on forever, and real estate may be winding down in many areas of the country. Interest rates are continuing to move higher as we've had our ninth increase this week. The value of the dollar, although it is higher today than a year ago, should continue to decline and cause inflation growth. The price of crude topped \$60.00 a barrel this week, and this also has the market retreating. A year ago the rate for a 30-year fixed mortgage was 6.21% and today it's down to 5.53%. Any one of these indicators will not give you a prognosis for the future, but combined, my read says they indicate value, and safety should be prioritized. Selecting the right stock will be more important than trying to invest in the right sector.

Many larger companies today are buying back shares of their own stock or increasing their dividends to shareholders, and in many cases both. We've taken what we believe to be a proactive approach to this strategy. We've continued to favor certain sectors such as financial, healthcare, and home builders, while placing companies increasing their yields, or buying back their stock, at a higher evaluation. We're giving them additional weighted value and we're seeing very favorable results. One thing I can assure everyone, our formula for selecting stock will continue to change and be fine-tuned over and over again.



Walter D. Pearson
Chairman



Donald E. Pearson
President



Sandra Alberti
Publishing President

Investment Letters are complimentary to our clients with managed accounts!

IS THE DOLLAR WEAKENING?

Today, numerous financial writers are telling us that our dollar is weakening. The explanation is that other currencies are gaining strength. What's going on? How can this be? The fact of the matter is that things are not as they once were. Time marches on and changes have come about, like it or not!

When this country was first founded, our forefathers wrote the Constitution that purportedly would be the law of the land. One of the things stated therein was that the only acceptable currency was specie (gold or silver) or paper money backed up by specie. These men had been through the same sort of financial game that we are experiencing now and they fixed it, so they thought, so that we would never have these problems.

Then, along came Franklin D. Roosevelt and citizens were forced to turn in any gold they owned to the government. Shortly after that he reduced the amount of gold that the government was forced to hold to back up the dollars in existence. That was when a gentleman named Franz Pick started to hold seminars all over the country, and he advocated opening Swiss accounts by turning in dollars for gold. The reason Switzerland was necessary is that the Swiss bankers were willing and able to keep a secret. At this time gold was pegged at \$34 an ounce, but it didn't take too long for the price to exceed \$800. For those who had listened and acted upon Mr. Pick's information, a fifty-thousand dollar gold investment now exceeded a million dollars. After a while the value backed down, and today we see a figure of something over \$400.

Other countries had followed our lead and many had gold backing behind their currencies, but our currency was referred to as the strong dollar, or the almighty dollar. The reason for the strength of our currency was that for every dollar issued, we held a certain amount of gold at Fort Knox, and before FDR, one could walk into any bank and redeem a paper dollar for gold or silver. Naturally no one did this, but because of the fact that it was possible, ours was a strong currency.

At a later time problems arose again with the dollar. Other countries had seen what FDR had done to the dollar and some started doing the same. It got to the point where some of these countries had no backing to their currency, and it seemed that some group, or some country, was exchanging their currency, which had no backing, for US dollars and then trading those dollars for gold. President Nixon could see that we were in a position of eventually being wiped out financially, so he decided to close the gold window, and today we no longer have any backing to our currency whatsoever. As a matter of fact, although we still refer to it as a United States dollar, what it really is today is a Federal Reserve note.

An interesting fact that is not generally known is that FDR, during WWII, sent plates and paper to Russia so that they could print up our currency as they needed it. This was a secret operation but it so happened that the gentleman who was entrusted with the operation wrote a book about it at a later date.

Now that the dollar has no backing, it is just the same as any other currency in our world today. It is simply a piece of paper that passes for currency, and the reason it passes is that people will accept it. If the people lost confidence in the currency, they would refuse to accept it, and it would have no value whatsoever. Look at it this way: If you were to work for a week and receive \$500, you would accept that \$500 because any store would take it in trade for their goods. If the time came when they would no longer accept this currency, you too would refuse to accept it for your labor. It would then have become just a fancy piece of paper.

Thinking in local terms, we have no problem, but the fact of the matter is that we are also doing business with other countries and the bankers set the pace. A few years ago the Japanese yen was only worth one-tenth of what it is worth today in relation to the United States Dollar. What this means to you is that if you travel in Japan these days you will find things cost about ten times as much. Nothing has changed except the ratings of the yen and the dollar.

One thing that will run down the value of the dollar is our loss of manufacturing facilities. Many of our businesses have left our shores and are now stationed in countries where there is no minimum wage and costs are much lower. Leaving the dollar out of it, think in the terms of trading. When the Japanese have something we would like to purchase, what do we have to trade for their item? The fewer things we manufacture, the fewer things we have to trade, and that is why we come up with a weaker dollar.

From the investors viewpoint, what are the conclusions? First of all, our dollar is not going to get stronger, and will definitely buy less as time goes on. Regardless of the cause, inflation is a definite. We have it and it won't go away. In order to cope we must do something with the paper which we hold and which loses value day after day. There are two ways to go as I see it. One can invest in properties, and if you know what you are doing it should turn out very well for the investor. The big drawback here is that it takes time and work, and some people are not in a position to handle it all properly. The other alternative is investing in stocks, and I think this is best for most people.

When investing in stocks there are three choices:

1. The investor can invest in mutual funds. This used to be an excellent idea, but many things have transpired that bring the advantages down and the disadvantages up. We have written a piece pointing these out, and it is available for anyone who wishes it, free of charge, by simply making the request.
2. The investor can hire a professional to handle his account. Before we entered the picture, it was necessary to have more cash than most people could muster, so they were relegated to the mutual fund department. In order to help the smaller investors we have no minimum requirements.
3. The investor can do it himself. There are numerous reasons why this is not a positive. The investor does not have the knowledge we have. He cannot invest as much time as we do. He cannot afford the services we subscribe to. Putting it in another perspective, if his spouse were to require an appendectomy, I am sure he would call his doctor rather than trying to perform it himself.

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR JULY

COVENTRY HEALTH CARE, INC. (CVH) NYSE PRICE: \$70.75

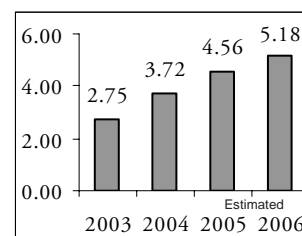
CVH operates as a managed health care company. It offers a range of commercial risk products, such as health maintenance organization products, preferred provider organizations, and point of service products, workers' compensation, and network rental to a cross section of employer and government-funded groups, government agencies, and other insurance carriers and administrators. The company also provides management services, such as network management, claims processing, utilization review, and quality assurance; and access to its provider networks to employers that self-insure their employee health benefits. The company markets its products and services through its own sales staff and a network of independent brokers and agents in approximately 15 markets.

Type: Growth
Sector: Healthcare

Institutional Holdings: 267
Industry: Health Care Plans

Ratings & Recommendations Earnings per share

Current P/E Ratio: **18**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A-**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **B-**
Value Line Rating: **1-3-3**



FOOT LOCKER, INC (FL) NYSE PRICE: \$27.22

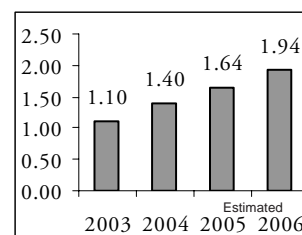
Foot Locker, Inc., together with its subsidiaries, operates as the retailer of athletic footwear and apparel. It operates through two segments, Athletic Stores and Direct-to-Customers. The Athletic Stores segment retails athletic footwear, apparel, and accessories under various brand names for running, basketball, hiking, tennis, aerobics, fitness, baseball, football, and soccer. The Direct-to-Customers segment reflects Footlocker.com, Inc., which sells footwear, apparel, equipment, and team licensed private-label merchandise to customers through catalogs and Internet Web sites. As of January 29, 2005, the company operated 3,967 primarily mall-based stores in the US, Canada, Europe, and Asia Pacific. Foot Locker was incorporated in 1989 and is headquartered in New York City.

Type: Growth
Sector: Services

Institutional Holdings: 159
Industry: Apparel Stores

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.2**
Annual Yield: **1.0%**
Annual Dividend: **\$0.30**
Investor's Bus. Daily: **A-**
Pearson Growth Rating: **B+**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **A**
Value Line Rating: **3-2-3**



INVESTORS FINANCIAL SERVICES CORP (IFIN) NASDAQ PRICE: \$37.83

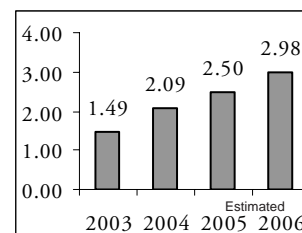
IFIN operates as a bank holding company for Investors Bank & Trust Company that provides asset administration services for the financial services industry in the United States. The company offers core and value-added services to financial asset managers, such as mutual fund complexes, investment advisors, family offices, banks and insurance companies. Its core services include middle office outsourcing, global custody, multicurrency accounting, and fund administration. The value-added services consist of securities lending, foreign exchange, cash management, performance measurement, institutional transfer agency, investment advisory services, lines of credit and brokerage, and transition management services. IFIN was organized as a Delaware corporation in 1995 and is headquartered in Boston, Massachusetts.

Type: Growth
Sector: Financial

Institutional Holdings: 238
Industry: Asset Management

Ratings & Recommendations Earnings per share

Current P/E Ratio: **18.2**
Annual Yield: **0.2%**
Annual Dividend: **\$0.08**
Investor's Bus. Daily: **C**
Pearson Growth Rating: **A**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **A-**
Value Line Rating: **1-3-3**



j2 GLOBAL COMMUNICATIONS, INC (JCOM) NASDAQ PRICE: \$34.44

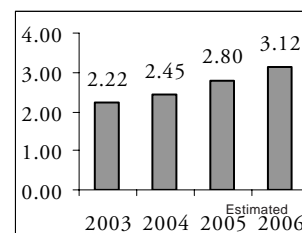
JCOM provides outsourced and value-added messaging and communications services worldwide. It offers faxing and voicemail solutions; document management solutions; hosted email, email perimeter protection, and email marketing services; call management; and conference calling services. The company also offers integrated solutions to replace or augment individual and corporate messaging and communications services. As of April 19, 2005, j2 Global Communications delivered its services through its global telephony/Internet protocol network that covered approximately 1,500 cities in 22 countries across 5 continents. The company serves individuals, small to medium-sized businesses, enterprises, and government organizations. The company is headquartered in Hollywood, California.

Type: Growth
Sector: Technology

Institutional Holdings: 122
Industry: Internet Software

Ratings & Recommendations Earnings per share

Current P/E Ratio: **24.1**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **C+**
Pearson Growth Rating: **A+**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **C-**
Value Line Rating: **2-3-3**



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR JULY

OSKOSH TRUCK CORPORATION (OSK) NYSE PRICE: \$78.28

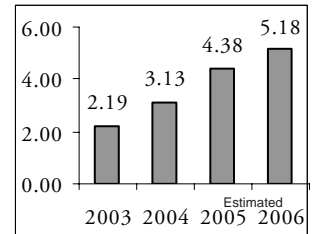
OSK engages in the design, manufacture, and marketing of various trucks and truck bodies. The company operates in three segments: Commercial, Fire and Emergency, and Defense. The Commercial segment offers concrete mixer systems; refuse truck bodies; mobile and stationary compactors, and waste transfer units; portable and stationary concrete batch plants; and truck components to ready-mix companies, and commercial and municipal waste haulers primarily in the US, as well as in Europe. The Fire and Emergency segment provides commercial and custom fire trucks and equipment. The Defense segment offers heavy- and medium-payload tactical trucks and supply parts to the U.S. military and to other foreign militaries. Oshkosh Truck also offers lease financing services in the United States.

Type: Growth
Sector: Consumer Goods

Institutional Holdings: 175
Industry: Trucks

Ratings & Recommendations Earnings per share

Current P/E Ratio: **20.6**
Annual Yield: **0.6%**
Annual Dividend: **\$0.53**
Investor's Bus. Daily: **B**
Pearson Growth Rating: **A-**
Pearson Value Rating: **B**
Stand.&Poor Rating: **D**
Value Line Rating: **1-3-2**



PETMED EXPRESS, INC. (PETS) NASDAQ PRICE: \$7.73

PetMed Express, Inc. markets prescription and nonprescription pet medications, along with health and nutritional supplements for cats and dogs. Its nonprescription medication products include flea and tick control products, bone and joint care products, vitamins and nutritional supplements, and hygiene products. Petmed Express' prescription medication products include heartworm treatments, thyroid and arthritis medications, antibiotics, and other specialty medications, as well as generic substitutes. The company offers its products through catalog and postcards, customer service representatives, and the Internet. Petmed Express was founded in 1996 and is based in Pompano Beach, Florida.

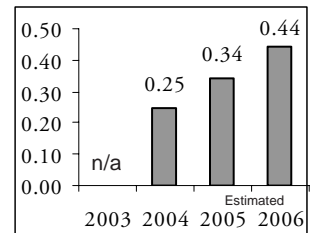
Dr. Marc A. Puleo M.D., 42, Chairman and President
WebSite: <http://www.1888petmeds.com>

Type: Growth
Sector: Services

Institutional Holdings: 10
Industry: Drug Stores

Ratings & Recommendations Earnings per share

Current P/E Ratio: **22.9**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **B**
Pearson Growth Rating: **A+**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**



THE PROVIDENCE SERVICE CORPORATION (PRSC) NASDAQ PRICE: \$24.83

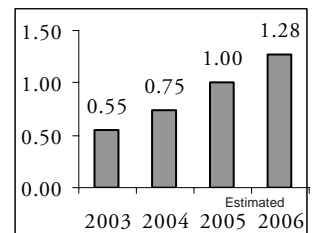
The Providence Service Corporation (TPSC) provides home and community-based social services to government sponsored clients under programs, such as welfare, juvenile justice, Medicaid, and corrections. The company also provides counseling, case management, foster care, and other support services to individuals and families. TPSC offers these services primarily to state, city, and county levels of government; and are delivered under contracts ranging from capitation to fee-for-service arrangements. As of December 31, 2003, the company served approximately 13,300 clients directly or through its managed entities, from 99 locations in 17 states and the District of Columbia. The company was formed as a Delaware corporation in 1996 and has its principal executive offices in Tucson, Arizona.

Type: Emerging Growth
Sector: Healthcare

Institutional Holdings: 29
Industry: Healthcare Serv.

Ratings & Recommendations Earnings per share

Current P/E Ratio: **29.5**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **B+**
Pearson Growth Rating: **A**
Pearson Value Rating: **B**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**



UNITED PANAM FINANCIAL CORP (UPFC) NASDAQ PRICE: \$27.41

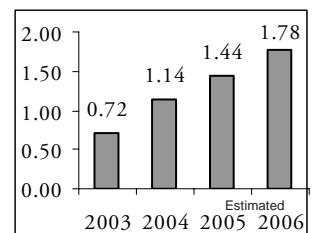
UPFC, a specialty finance company, engages primarily in nonprime automobile finance and insurance premium finance. The company's automobile finance business is conducted through United Auto Credit Corporation (UACC), a wholly owned subsidiary of the bank. UACC purchases and holds for investment nonprime automobile installment sales contracts or automobile contracts, originated by independent and franchised dealers of used automobiles. As of 12/31/03, it operated a total of 70 branches. UPFC's insurance premium finance business is conducted through a joint venture agreement with BPN Corporation (BPN). Under this agreement, the bank finances automobile and small business insurance premiums. BPN markets this financing primarily to independent insurance agents in CA. The company is based in Newport Beach, California.

Type: Growth
Sector: Financial

Institutional Holdings: 16
Industry: Mortgage Invest.

Ratings & Recommendations Earnings per share

Current P/E Ratio: **19.7**
Annual Yield: **0%**
Annual Dividend: **\$0**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A**
Pearson Value Rating: **A**
Stand.&Poor Rating: **B-**
Value Line Rating: **3-3-4**



WALL STREET INDEXES

Indexes	1999	2000	2001	2002	2003	2004	05/YTD
S&P 500	21.1%	(10.1%)	(13.3%)	(23.4%)	26.4%	9.0%	(1.7%)
Dow Jones	25.2%	(6.2%)	(7.1%)	(16.8%)	25.3%	3.2%	(4.7%)
Nasdaq	85.6%	(39.3%)	(21.1%)	(31.5%)	50.0%	8.6%	(5.5%)
Russell 2000	21.3%	(4.2%)	1.0%	(21.6%)	45.4%	17.0%	(1.8%)
Our CD Buster	Data available on our website			8.1%	56.7%	22.8%	(In Dispute)
CD Annual Average	4.9%	5.4%	3.0%	2.3%	1.5%	1.5%	2.5%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

ECONOMIC FLOWS:

A summer rebound in the dollar is underway. The Federal Reserve continues to maintain an increasing bias toward interest rates. The Bush administration has also created an incentive by granting a one-time tax exemption for any dollars brought home that are held in overseas corporate accounts. Corporations are taking advantage of this with a large inflow of dollars. This is creating a short term boost in the valuation of the dollar. This boost may be a temporary point in the long term devaluation of the dollar, or a beginning of a long term rally. With Europe having its problems affecting the euro, the dollar seems like a good alternative.



Key point: *The dollar now seems like a healthy alternative to the euro.*

EARNINGS FLOWS:

July is the beginning of summer earnings season. Warnings usually happen early, within the two-week period after July 4th. Once the warnings are out of the way, stocks usually have a nice movement forward until August. Between August and October, stocks usually go through an ugly period. I'm going to guess that the ugly period this year will be oil rising to a market top. Once the price of oil drops, the market will clear itself for a terrific year-end rally.

Key point: *July is usually the beginning of earnings season.*

CASH FLOWS:

At the most recent conference sponsored by Morningstar, bond experts predicted that the nominal returns will only be around four to five percent per year for both stocks and bonds. Over time, a good portion of the stock market's return is from dividends. With cash levels at all time highs, companies will have to find the best use of their money. In many cases they will return a portion of it to shareholders. Stocks with healthy payouts, and increasing dividend payouts, will provide a safe and secure way to make money in the market.

Key point: *Dividends are a good portion of a stock's return over time.*

ADDITIONAL NOTES:

- The price of oil will whipsaw upward or downward in the next three months.
- Dividends and cash buybacks will take center stage this year.
 - Energy companies will continue to slide.
 - Surprises will be on the upside rather than the downside

www.pearsoncapitalinc.com

Pearson Capital, Inc.
P.O. Box 3739
Apollo Beach, Florida 33572

6431 Rubia Circle
Apollo Beach, Florida 33572
Tel: (813) 641 - 7575
Fax: (813) 641 - 7755
Toll Free: (800) 510-0329

1628 White Arrow Drive
Dover, Florida 33527
Tel: (813) 659 - 2560

Chairman Of The Board
Head Of Investment Research
Walter D. Pearson
E-mail: PearsonCap@aol.com

President
Donald E. Pearson
E-mail: PearsonCapital@aol.com

Stock Analyst
Chris Carothers
Email: PearsonCapital2@yahoo.com

Client Specialist
Melissa St. Amour Ph.D.
pearsoncapital8@tampabay.rr.com

The Pearson Investment Letter
published monthly since 1982
www.pearsoninvestmentletter.com

Publishing President
Sandra Alberti
SandraAlberti@pearsoninvestmentletter.com

Editor
Roberta Wilde

Services Provided

Managed Accounts:
Individual - Joint - Custodial
Corporate - Partnership - Trust
IRA's; Roth - Trad - College - SEP
401(k) & 403(b) Rollovers
Transfers

Management fee of 1% annually
for accounts of \$25,000 or more
(2% for smaller accounts)

Free consultation
No hidden fees

Privacy Policy

Table of Contents

Walter's Wisdom:	2
Featured Stocks:	3
Featured Stocks:	4
Market Outlook / Pub.Notes:	5
Income Stocks:	6

JULY'S RECOMMENDED GROWTH & INCOME STOCKS

ALLIANCE RESOURCE PARTNERS, L.P. (ARLP) NASDAQ PRICE: \$74.00

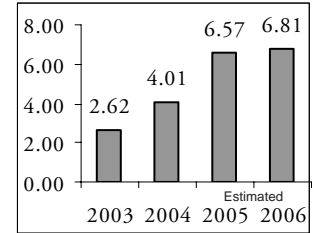
ARLP engages in the production and marketing of steam coal to utilities and industrial users in the US. The company's mining activities are organized into three regions: the Illinois Basin operations, the East Kentucky operations, and the Maryland operations. The Illinois Basin mining operations are located in western Kentucky, southern Illinois, and southern Indiana. The East Kentucky mining operations are located in the central Appalachia coal fields, which produce low-sulfur coal, and operate two mining complexes. The Maryland mining operation is located in the northern Appalachia coal fields. The company also offers ash and scrubber sludge removal, coal yard maintenance, and arranging alternate transportation services. As of 12/3/04, ARLP had approximately 442.4 million tons of proven and probable coal reserves.

Type: Growth & Income
Sector: Basic Materials

Institutional Holdings: 15
Industry: Mining

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.6**
Annual Yield: **4.01%**
Annual Dividend: **\$3.00**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A**
Pearson Value Rating: **A**
Stand.&Poor Rating: **A-**
Value Line Rating: **N/R**



CITI GROUP, INC. (C) NYSE PRICE: \$46.23

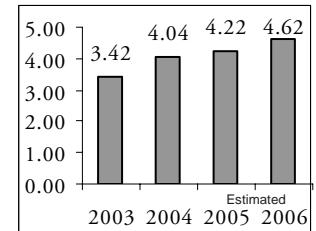
C operates as a financial services holding company, which provides a range of financial services to consumer and corporate customers worldwide. It operates in five segments: Global Consumer, Global Corporate and Investment Bank, Global Wealth Management, Global Investment Management, and Proprietary Investment Activities. Global Consumer segment delivers an array of products and services, including cards, consumer finance, and retail banking. These cards include MasterCard, VISA, Diner's Club, and private label credit and charge cards. It also offers consumer finance and retail banking activities. Global Corporate and Investment Bank segment offers various investment and commercial banking services and products. Global Wealth Management segment consists of The Citigroup Private Bank and Smith Barney Private Client Group.

Type: Growth & Income
Sector: Financial

Institutional Holdings: 1188
Industry: Banks

Ratings & Recommendations Earnings per share

Current P/E Ratio: **14.2**
Annual Yield: **3.7%**
Annual Dividend: **\$1.76**
Investor's Bus. Daily: **C**
Pearson Growth Rating: **C**
Pearson Value Rating: **B**
Stand.&Poor Rating: **B**
Value Line Rating: **N/R**



THESE DAYS

By Walter Pearson

I read a very interesting article in the Economist the other day. It quoted William Nordhaus, an economist at Yale University, and this is what he said: We travel in vehicles that were not yet invented that are powered by fuels not yet produced, communicate through devices not yet manufactured, enjoy cool air on the hottest days, are entertained by electronic wizardry that was not dreamed of, and receive medical treatments that were unheard of. He was referencing the differences from present times compared to 100 years ago and giving us a new slant perhaps on the future.

As new inventions come in, there is no doubt that improvements are made and things can be manufactured with fewer people. This means fewer jobs perhaps, but it also means less cost to the manufacturer, which trickles down to the consumer. Though jobs may be fewer in one area, it seems that they start to blossom out in a new area. We live in a country of entrepreneurs, and we seem to have a fairly high IQ on the average in this country. We have a fellow called Bill Gates who dreamed up some kind of a contraption, and before you knew it, he was worth a few billion dollars. And, Bill, being a non-selfish type of fellow, allowed other Americans to participate. All optimists who invested in his company in 1993 might find that a \$2,000 investment has grown to approximately \$26,000, and I do not believe the growth is over yet, although it has very likely slowed somewhat. In addition to the nice advance in principal, the company has started to pay dividends. The return is not large, but they have also paid a special dividend which amounts to more than twice the amount of the original investment.

As pointed out in the Economist article, there are new things coming out constantly, and it behooves each of us to consider investing in companies that seem to know what they are doing, as long as the price is right and the company shows a certain amount of growth potential.

Copyright © 2004 Pearson Capital, Inc. - All Rights Reserved - Sources: Pearson Capital, Inc. research, various publications and the Internet

Source Rating Key for PCI's featured stocks: Pearson Investment Growth Rating measures long-term past and future growth.

Pearson Value Rating measures current value in terms of potential for the dollar. Investors Business Daily measures growth and relative price strength. S&P measures financial quality and growth potential. Value Line measures timeliness, value and safety.