NEW

50 YEARS OF INVESTMENT EXPERIENCE JULY 2004

PEARSON Investment Letter

Published Monthly Since 1982

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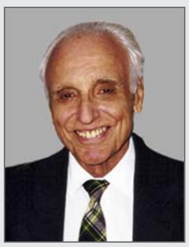
FEATURED STOCKS

Advance Auto	Dearborn Bancorp
Affiliated Computer	Express Scripts
Biosite, Inc	Orleans Home
DaVista, Inc	Ruby Tuesday

GROWTH & INCOME STOCKS

Impac Mortgage	Vineyard National



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Investment Letters are complimentary to our clients with managed accounts!

2004 MIDYEAR REVIEW

BY DONALD PEARSON

We've got six months behind us with six months yet to go before this year is complete. As always, we'll use the events of the last six months to adjust portfolios and our strategies to continue on the road to success. The most important lesson learned from the first six months is: Things are not always what you think they will be, and you cannot always believe Alan Greenspan (or anyone who predicts where we are going and how we are going to get there). Mr. G told us at every opportunity he had earlier this year that the economy was growing at a perfect clip, Bush's tax rebates were great medicine to stimulate the economy, and the deficit was not an issue. About eight weeks ago Mr. G changed course and told us the economy is growing too fast, the deficit should be addressed, and interest rates will probably be raised in June or July, with additional rate hikes expected. Anytime someone with his impact on market conditions makes a complete turnaround with his opinion, you'll see an immediate market swing. This is why there was a huge down period at that time.

If you are favoring certain sectors, the negative news can impact your portfolio's performance on a short-range basis. We have been very bullish on homebuilders and financials for several years. Although many investors took an above average hit on their stock prices when Mr. G spoke out, they are all now returning to their pre-Alan speech. As an example, homebuilder sales in May surged 14.8% to a new high in spite of predicted higher interest rates. The market indexes are finishing the first half of the year near even, in spite of a solid start at the beginning of the year. People entering the market in mid to late February, March, or early April are actually in the negative right now because of the stock market's reaction to this change in direction.

Even though much of this information doesn't sound positive and optimistic, nothing could be further from the truth. Once you've digested all of the current information, and you believe you know the impact this will have on the market, the rest is not difficult, only time consuming. Simply said, it's time to plan the work and work the plan.

I believe everyone has decisions to make with homebuilders and financials held within their portfolios. We will be reducing our homebuilders holdings, and keeping only the best after our research is completed next week. The same can be said with financials, some will be sold simply because rising interest rates will have a negative effect on their performance. As an example, many of you will see Washington Mutual (WM) sold from your portfolio within the next few days. This has been a CORE holding for PCI for several years. WM has reported two down earnings quarters, and now displays minimal growth potential in the months and years ahead with interest rates on the rise. Only portfolios built for exceptional low risk will keep it, and this is because of its 4+% yield coupled with a single digit price earnings ratio, i.e., safety. Although we will be selling a large amount, WM will remain a part of our CD Buster (model portfolio).

We continue to closely watch all of our financial holdings because there are banks and bank stocks that will actually prosper from a rate hike. Many mutual funds take months and years to complete this exercise for their shareholders such as Fidelity's Magellan Fund. At last count it had 361 stocks in its portfolio, while our ideal managed portfolio has between 44 and 52. We can do the actual change in less than an hour after the final decisions have been agreed upon predicated on our research. So now, the most important question should be: What does the second half of this year look like?

It's my opinion the second half of this year should be one of growth for the market, barring any serious terrorist intervention. All the market indicators are pointed in the right direction and companies continue to report earnings on the rise. Even an interest rate hike, when managed correctly, can have a positive reaction to the market. Read Chris's article on Page 5, and you'll have a better understanding of this. You may see above average activity within your portfolios over the next few months as we customize them to the changing market conditions. As a true optimist I see this to be an opportunity and a challenge. Our job here is not to control the market, as we know we cannot. Our mission is to outperform the indexes continually. Even if we miss from time to time, the strategy never changes. We search for growth companies 30% or more undervalued with three or more years of solid upside potential. Knowing the market index returns 11.4% annually on average, or has over the last 30+ years, portfolios under our management can really continue to prosper as we apply all we've learned from the first half of this year.

HOW'S THE MARKET DOING?

Most people tend to get overly involved in what the "market" is doing. The theory on investing usually runs along the lines of "how's the market doing?" The fact of the matter is that the truly important question is, "how's my stock doing?" It doesn't make much sense to say that price is unimportant, but, in actuality, the important thing is how the company is doing in its business. If your company is doing well, the price of its stock will take care of itself.

Have you done your homework?
It is common knowledge that sometimes a stock will be selling for more than it's worth, while at other times it might be distinctly undervalued. Originally, one should look for companies that are able to increase earnings each year. Naturally, no company is expected to be perfect; but, while it doesn't hurt to expect positive performance, one should also be prepared for a bumpy ride. At any rate, if you have done your groundwork, you should be able to make out positively most of the time. When the market is high there are still bargains that can be found. Conversely, when the market is low, it is not too difficult to get burned. What it all comes down to is making sure you have done your homework; or, you take the easy way out and leave it up to your financial advisor.

Would you prefer to take the easy way out?
Having a financial advisor has two distinct advantages. In the first place an advisor has more experience and most likely has been at it for a longer period of time. He can also spend more time, and can probably afford to spend more money, on research. The second big advantage is that if he goofs, the blame rests upon him. The mistakes are not yours.

An investor expects profits.
An investor is a partner in a business, and, as such, is entitled to some of its profits. By concentrating on growth companies, the investor may not receive much income for a number of years, or the time lag may be surprisingly short. It is necessary for a new company to spend most of its profits to solidify its business and increase earnings. As a company matures the expansion tends to slow, and the excess cash is then spun off to the stockholders in the form of dividends. Then too, there are situations where a company is doing well and another larger company feels it to be in its own best interest to acquire your company. In this situation you will usually find a strong profit if you decide to sell, or a good dividend gain if you don't. A case in point might be Merchants National Bank. Twenty years ago it was paying a dividend that amounted to approximately 6% on the amount invested. The bank was doing nicely and then another bank took them over and the dividend was increased. Since that time, National City Bank has taken over and the dividend has been increased constantly. If you had bought Merchants Bank twenty years ago, you would be receiving annual dividends totaling the amount you paid for the stock in the first place. Remember, Merchants Bank is not an isolated case. This has happened many times in the stock market. Investors often fail to realize this and they may be inclined to sell as soon as they see that profit.

Remember...
One way or the other, the important thing to keep in mind is that one should be an investor and that growth investing is the way to go. If you are in a situation where income is a must, be prepared to settle for less than the maximum inasmuch as growth should take care of the rest.

PRICE OR VALUE

A mistake made by most investors is confusing price with value. The stock market is simply the equivalent of a Wal-Mart store with the exception that only stocks are traded there. (The way Wal-Mart is going, they may soon be handling stocks as well!) Remember, the stock market is just a place where you may buy or sell a stock. It also determines the price. The price may be more, or less, than you figure the stock is worth, but the stock market will give the investor the going price.

Another mistake many investors make is to compare their valuations with the stock market and feel they have erred somewhere if their figures don't measure up each month. Naturally, it is nice to see your account beating all of the averages during each period, but there are situations that put all of this into an entirely different perspective. I can recall some years ago when some different fund managers used to lunch together in Boston. One fund manager was getting ribbed each noon because his fund was not moving up with the rest of them. All of a sudden their laughter was heard no more. His fund had suddenly outstripped them. The man had been loading up on coal stocks and suddenly the utilities switched over to coal. How rapidly things changed with both the coal stocks and with this man's lunch breaks.

As an investor, it isn't necessary to foresee something of this magnitude to come up with the same results. You may hold a stock similar to one I held some time ago. I bought the stock at a good price, I thought. One year later the stock was at the same price. It was my opinion that the value had increased but the price was the same. Shortly afterwards another company bought them out and paid double what the stock was selling for in the marketplace.

From time to time we see a stock rise or fall 50%, or more, in price in a single day. When a stock falls 50% in a day this does not necessarily mean that the basic value of the company has shrunk by that much, but it does mean that the price has gone down and, as a seller, you have lost money. This does not mean that the stock should be sold, or bought; it does mean that you should recheck the company and then make a decision.

Sometime you may find that you have bought into a company with a tremendous future, but your stock has gone down in price. Here again you were looking long range and you bought the right stock at the wrong time. It is not necessary for that stock price to beat the averages every day. If you have invested for long-term growth, look, and think, long term. An example might be Cognizant Technology, which we have been recommending off and on for some time now. You might have bought it at a high point in 2003 for $12+ and watched it go down to less than $6. However, if you stuck to your guns, you are now sitting with a stock worth more than $48 a share today, which means that your choice was right and just your timing was off.

Walter Pearson is the former President of First New England Securities, Co., Inc. and at that time, also managed the Statistical Department. He is the author of the book, "Investing for the Millions" and Publisher Emeritus for the Pearson Investment Letter. At this time, Mr. Pearson is Chairman of the Board of Pearson Capital, Inc. He is a contributing columnist for various publications and is listed in Who's Who in America.

"Remember the Lord your God, for it is He who gives you the ability to produce wealth. Deut. 8:18"

PEARSON CAPITAL'S RECOMMENDED STOCKS FOR JULY

ADVANCE AUTO PARTS, INC (AAP) NYSE PRICE: $44.18

AAP is a specialty retailer of automotive parts primarily serving the United States automotive aftermarket industry. . At January 3, 2004, Advance operated 2,539 stores within the United States, Puerto Rico and the Virgin Islands. The Company operated 2,503 stores throughout 39 states in the Northeastern, Southeastern and Midwestern regions of the United States. These stores operated primarily under the Advance Auto Parts trade name, except for the state of Florida, which operated under Advance Discount Auto Parts or Discount Auto Parts trade names. For the sixteen weeks ended 4/24/04, revenues rose 12% to $1.12 billion. Net income from continuing operations totaled $51.3M, up from $4 million. Revenues reflect higher comparable store sales and the addition of new stores. Net income reflects a lower loss on debt extinguishment.

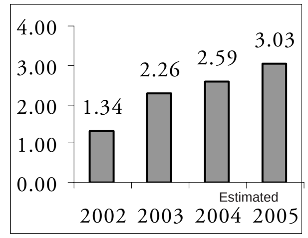
Type: Emerging Growth
Sector: Services

Institutional Holdings: 182
Industry: Retail

Ratings & Recommendations

Current P/E Ratio: **19.8**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B-**
Pearson Value Rating: **B**
Stand.&Poor Rating: **A**
Value Line Rating: **2-3-3**

Earnings per share



AFFILIATED COMPUTER SERVICES, INC (ACS) NYSE PRICE: $52.94

ACS is a global company delivering comprehensive business process outsourcing and information technology (IT) outsourcing solutions to commercial and government clients. ACS is organized into commercial, state and local government and the federal government segments. Within the commerc. segment, ACS provides technology outsourcing, business process outsourcing and systems integration serv. to clients in such industries as insurance, utilities, manufacturing, financial institutions, telecommunications, healthcare, retail and transportation. In the state and local goverment segment, the Company is a business process outsourcing provider to state and local governments. In the federal government segment, ACS provides systems integration services, business process outsourcing and technology outsourcing to federal agencies.

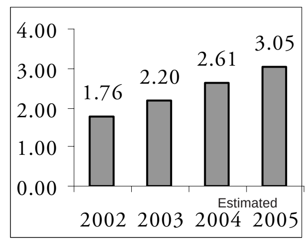
Type: Growth
Sector: Technology

Institutional Holdings: 418
Industry: Computer Services

Ratings & Recommendations

Current P/E Ratio: **14.1**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **C+**
Pearson Growth Rating: **A-**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **A+**
Value Line Rating: **2-3-3**

Earnings per share



BIOSITE, INC (BSTE) NASDAQ PRICE: $45.09

Biosite Incorporated is a provider of novel, rapid medical diagnostics that improve a physician's ability to diagnose critical diseases and health conditions. The Company focuses on disease categories that are in need of improved diagnosis and monitoring. Biosite has adopted a strategy that encompasses the diagnostic continuum from protein validation to point-of-care diagnostics. Through combined expertise in diagnostic discovery and commercialization, the Company is able to select large market opportunities, access potential markers of disease, identify proteins with high diagnostic utility, apply validated disease markers to advanced testing platforms, bring products to market and educate physicians and other clinicians on new approaches to diagnosis, thereby benefiting patients.

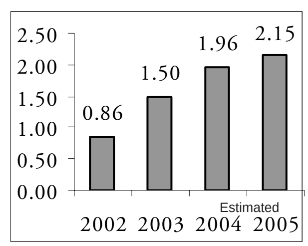
Type: Growth
Sector: Healthcare

Institutional Holdings: 103
Industry: Biotech./Drugs

Ratings & Recommendations

Current P/E Ratio: **26.7**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A+**
Pearson Growth Rating: **A+**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **A**
Value Line Rating: **3-4-3**

Earnings per share



DAVITA, INC (DVA) NYSE PRICE: $30.83

DaVita Inc. is a provider of dialysis services in the United States for patients suffering from chronic kidney failure, also known as end-stage renal disease (ESRD). As of December 31, 2003, the Company operated or provided administrative services to approximately 570 outpatient dialysis centers located in 34 states and the District of Columbia, serving approximately 48,500 patients. The Company also provided acute inpatient dialysis services in approximately 300 hospitals. All other activities, which accounted for less than 4% of consolidated revenues in 2003, related to DaVita's business of providing ESRD laboratory services, administration of third-party dialysis centers, disease management services and ESRD clinical research programs. For the three months ended 3/31/04, revenue rose 16% to $535.4 million.

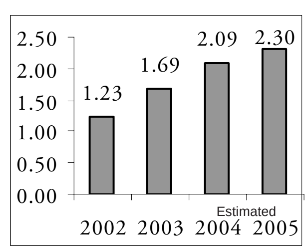
Type: Emerging Growth
Sector: Healthcare

Institutional Holdings: 199
Industry: Healthcare Facilities

Ratings & Recommendations

Current P/E Ratio: **16.5**
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**

Earnings per share



PEARSON CAPITAL'S RECOMMENDED STOCKS FOR JULY

DEARBORN BANCORP, INC (DEAR) NASD PRICE: $29.00

Dearborn Bancorp, Inc. is a bank holding corporation owning all the common stock of the Community Bank of Dearborn (the Bank), a Michigan banking corporation. The Bank is a commercial bank headquartered in Dearborn, Michigan, and conducts business primarily in Wayne, Macomb and Oakland Counties, Michigan. The Bank, through its main office, branch offices and regional lending centers, emphasizes and offers highly personalized service to its customers. It offers a range of financial products and services, including checking accounts, savings accounts, money market accounts, certificates of deposit, business checking, direct deposit, loan services (commercial, consumer and real estate mortgages), travelers' checks, cashiers' checks, wire transfers, safety deposit boxes, collection services and night depository services.

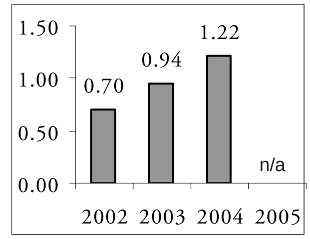
Type: Growth
Sector: Financial

Institutional Holdings: 2
Industry: Regional Banks

Ratings & Recommendations

Current P/E Ratio: **23.6**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **C**
Pearson Growth Rating: **A**
Pearson Value Rating: **B**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**

Earnings per share



EXPRESS SCRIPTS, INC (ESRX) NASDAQ PRICE: $79.23

ESRX is an independent pharmacy benefit manager (PBM) that provides integrated pharmacy benefit management (PBM) services, including network pharmacy claims processing, mail pharmacy services, benefit design consultation, drug utilization review and formulary management. ESRX provides healthcare management and administration services on behalf of clients that include health maintenance organizations, health insurers, third-party administrators, employers, union-sponsored benefit plans and government health programs. For the three months ended 3/31/04, revenues rose 13% to $3.63 billion. Net income before accounting change rose 17% to $70 million. Revenues reflect an increase in the average revenue per network pharmacy claim. Net income also reflects a higher gross profit.

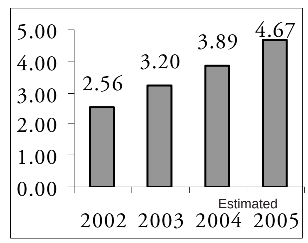
Type: Emerging Growth
Sector: Services

Institutional Holdings: 361
Industry: Retail/Drugs

Ratings & Recommendations

Current P/E Ratio: **23.6**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **B**
Pearson Value Rating: **B-**
Stand.&Poor Rating: **A**
Value Line Rating: **2-3-3**

Earnings per share



ORLEANS HOMEBUILDERS, INC (OHB) AMEX PRICE: $19.27

Orleans Homebuilders, Inc. primarily develops residential communities in southeastern Pennsylvania, central and southern New Jersey, and the metropolitan areas of Richmond, Virginia and Charlotte, Greensboro and Raleigh, North Carolina. OHB operates as a land developer, primarily for its own use, and as a builder. OHB builds and sells condominiums, townhouses and single-family homes to first-time homebuyers, first- and second-time, move-up homebuyers and luxury homebuyers, as well as empty nesters and active adult homebuyers. During the fiscal year ended June 30, 2003 (fiscal 2003), OHB delivered 1,243 homes, as compared to 1,322 homes in the fiscal year ended June 30, 2002 (fiscal 2002). In July 2003, OHB acquired Masterpiece Homes, Inc., a homebuilder in the central Florida market.

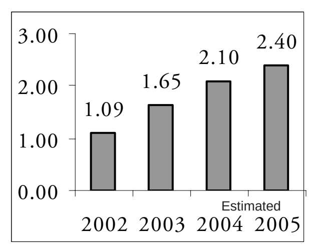
Type: Growth
Sector: Capital Goods

Institutional Holdings: 40
Industry: Construction Serv.

Ratings & Recommendations

Current P/E Ratio: **9.3**
Annual Yield: **0%**
Annual Dividend: **$0**
Investor's Bus. Daily: **B-**
Pearson Growth Rating: **B**
Pearson Value Rating: **A+**
Stand.&Poor Rating: **N/R**
Value Line Rating: **1-2-4**

Earnings per share



RUBY TUESDAY, INC (RI) NYSE PRICE: $27.45

RI owns and operates Ruby Tuesday casual dining restaurants and franchises the Ruby Tuesday concept in selected domestic and international markets. RI jointly owns certain of its domestic franchises with various franchise partners. As of June 3, 2003, the Company owned and operated 440 Ruby Tuesday restaurants, located in 26 states and the District of Columbia, while franchise partnerships operated 189 locations and traditional domestic and international franchisees operated 28 locations. For the 39 weeks ended 3/2/04, revenues increased 15% to $765.8 million. Net income increased 25% to $79 million. Revenues reflect the addition of units and an increase in average unit volumes. Net income also reflects a decrease in restaurant operating costs as a percentage of revenues.

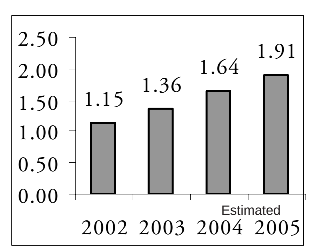
Type: Growth
Sector: Services

Institutional Holdings: 195
Industry: Restaurants

Ratings & Recommendations

Current P/E Ratio: **17.5**
Annual Yield: **0.1%**
Annual Dividend: **$0.05**
Investor's Bus. Daily: **B+**
Pearson Growth Rating: **B**
Pearson Value Rating: **B**
Stand.&Poor Rating: **B**
Value Line Rating: **2-3-3**

Earnings per share



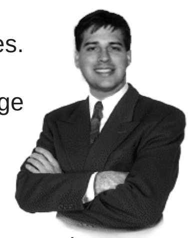
WALL STREET INDEXES

Indexes	1998	1999	2000	2001	2002	2003	2004/YTD
S&P 500	28.5%	21.1%	(10.1%)	(13.3%)	(23.4%)	26.4%	2.6%
Dow Jones	18.1%	25.2%	(6.2%)	(7.1%)	(16.8%)	25.3%	(0.2)%
Nasdaq	39.6%	85.6%	(39.3%)	(21.1%)	(31.5%)	50.0%	2.2%
Russell 2000	(2.4%)	21.3%	(4.2%)	1.0%	(21.6%)	45.4%	6.2%
Our CD Buster	Data for 2002/03/04 available on our website				**8.1**%	**56.7**%	**11.85**%
CD Annual Average	4.7%	4.9%	5.4%	3.0%	2.3%	1.5%	1.5%

MARKET VIEW

Christopher Carothers - PCI's Stock Analyst

Economic Flows:



By the time you read this, the Fed will have already raised interest rates. I'm hoping that it is only 25 basis points. History tells us that the first interest rate hike actually is quite positive in the market with the average jump in stock prices of about 5 percent. That will be interesting to watch. The Fed will then keep on its historical path upward toward its average levels. Actually, the second and third interest rate hikes usually do not have a big effect either, unless the rate increases are swift and merciless. So, I'm betting that the Fed will take its time to move to its natural middle. Severe "undervaluation" of certain stocks, such as REITs, gold, banks, and housing will return to normal when scared investors come back to buy.

Key point: A small interest rate hike may actually be as negative as some thought.

Earnings flows:

The July earning season is the slowest time of the year. If earnings are good, this should spark a brief summer rally that will hopefully move the market forward. Then, with the election kicking off in late summer, we may not face a nasty October, but if Kerry wins in November, I expect you'll probably see a lot of volatility!

Key point: Even though the market is slow, a lot of things can happen between now and the election.

Cash flows:

Due to an improvement in the economy, companies are becoming more and more profitable. Look for increases in company balance sheets, dividends, and stock buybacks. More cash, means more opportunity.

Key point: Companies are improving balance sheets.

Additional note:

I am noticing more and more talk about the idea of "convergence" in which different computers and operating systems work with each other to create value. For years this has been just talk. However, I believe that now we finally see this beginning to happen. "Internet" will meet up with "Intranet" meeting up with cell phones, with home theater systems, hospital records, and all sorts of areas increasing value with one another. This is based on the following assumptions:

1) Hardware becomes cheap and inexpensive to implement.
2) Storage and bandwidth become cheap.
3) Processor chips continue to get faster and more powerful.
4) New networks form and new ideas are created.

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JULY'S RECOMMENDED GROWTH & INCOME STOCKS

IMPAC MORTGAGE HOLDINGS, INC (IMH) NASDAQ PRICE: $22.52

IMH along with its wholly owned subsidiaries, IMH Assets Corp. (IMH Assets), Impac Warehouse Lending Gr., Inc. (IWLG), Impac Multifamily Capital Corp., (IMCC), Impac Funding Corp. (IFC), Impac Secured Assets Corp. (ISAC) and Novelle Fincl Serv., Inc. (Novelle), operates as a mortgage real estate investment trust (REIT) that is engaged in the acquisition, sales and investments of non-conforming Alt-A mortgages, small-balance, multi-family mortgages and sub-prime (B/C) mortgages. IMH also provides warehouse and repurchase financing to originators of mortgages. IMH operates three core businesses, including the long-term investment operations that are conducted by IMH, IMH Assets and IMCC; the mortgage operations that are conducted by IFC, ISAC and Novelle, and the warehouse lending operations that is conducted by IWLG.

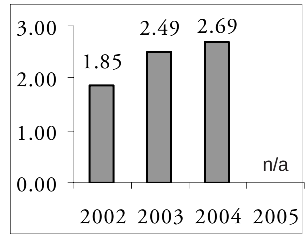
Type: Growth & Income
Sector: Services

Institutional Holdings: 71
Industry: Real Estate

Ratings & Recommendations

Current P/E Ratio: **8.2**
Annual Yield: **13.5%**
Annual Dividend: **$3.00**
Investor's Bus. Daily: **C+**
Pearson Growth Rating: **A**
Pearson Value Rating: **A+**
Stand.&Poor Rating: **B**
Value Line Rating: **N/R**

Earnings per share



VINEYARD NATIONAL BANCORP (VNBC) NASDAQ PRICE: $39.89

VNBC serves as the holding company for Vineyard Bank (the Bank). The Company's principal business is to serve as a holding company for the Bank and its subsidiaries and for other banking or banking-related subsidiaries, which the Company may establish or acquire. The Bank is a community bank primarily involved in attracting deposits from individuals and businesses and using those deposits, together with borrowed funds, to originate commercial business and commercial real estate loans, primarily to small businesses, churches and private schools, single-family construction loans, Small Business Administration loans and, to a lesser extent, single-family permanent loans and various types of consumer loans. For the three months ended 3/31/04, interest income totaled $15.2 million, up from $6.6 million.

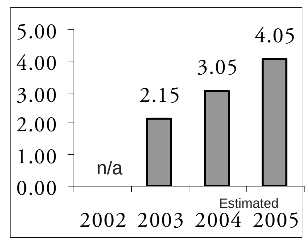
Type: Growth & Income
Sector: Financial

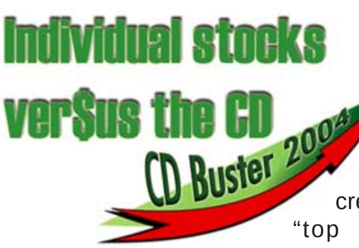
Institutional Holdings: 1
Industry: Regional Banks

Ratings & Recommendations

Current P/E Ratio: **16.5**
Annual Yield: **0.1%**
Annual Dividend: **$0.08**
Investor's Bus. Daily: **A**
Pearson Growth Rating: **A+**
Pearson Value Rating: **A-**
Stand.&Poor Rating: **N/R**
Value Line Rating: **N/R**

Earnings per share





+11.85%

The 2004 CD Buster portfolio was created from our "top ten" list of growth, growth & income stocks, and our January Investment Letter. The start up prices were taken from the market's closing price on January 2, 2004. This portfolio demonstrates how selected stocks could outperform the regular bank CD yielding 1.5% annually. This example does not include trading fees and management fees as well as dividends earned. Current performance does not indicate or guarantee future performance. All client portfolios are customized differently to meet their individual objectives and goals. There are no guarantees as to the profit of each - some may lose money.

Year To Date Results through Wednesday, 06/30/04

Stocks Name	Symbol	Yield	Shares	Price/Share	Total Invested	Current/Price	Current
Doral Financial	DRL	1.4%	79	$31.51	$2,489.29	$34.50	$2,725.50
H&Q Life Sciences	HQL	8.6%	159	$15.84	$2,518.56	$15.62	$2,483.58
MBNA Corporation	KRB	1.1%	101	$24.62	$2,486.62	$25.79	$2,604.79
Lincare Holdings	LNCR	n/a%	80	$30.31	$2,424.80	$32.86	$2,628.80
Logitech Intl	LOGI	n/a%	58	$42.95	$2,491.10	$45.68	$2,649.44
Nicholas Financial	NICK	1.2%	299	$ 8.23	$2,460.77	$8.78	$2,625.22
Possis Medical	POSS	n/a%	132	$19.09	$2,519.88	$34.15	$4,507.80
Teva Pharmaceutical	TEVA	0.06%	43	$57.87	$2,488.41	$67.18	$2,888.74
W Holding Company	WHI	1.2%	135	$18.77	$2,533.95	$17.17	$2,317.95
Washington Mutual	WM	2.8%	64	$39.61	$2,535.04	$38.64	$2,472.96
Total:	AVG Yield 1.8%				**$24,999.96**		**$27,904.78**

For additional updates go to our website at www.pearsoncapitalinc.com Go to: "CD Buster 04"

A $25,000 CD returning 1.5% annually would have a year-end value of: $25,375.
The same $25,000 invested in our CD Buster in January 2004 would have a value today (Wednesday, 06/30/04)
of $27,904.78 (+$2,956.36 = +11.85%)

DISCLAIMER: *The CD Buster is a stock simulation portfolio created by Pearson Capital, Inc. for informational/educational purposes only. Pearson Capital, Inc. makes no guarantee as to the accuracy or completeness of this data. Pearson Capital, Inc. shall not be liable for any errors or omissions, or for any actions taken in reliance thereon.*

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.*

Information & data obtained from other sources is believed to be reliable, but its accuracy and completeness can not be guaranteed.

Sources: Pearson Capital, Inc. research, various publications and the Internet