

MARCH 2008

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| The Markets | Current 1/31/2008 | 3-Month Values | 3-Month Change | Year-Ago Values | 12-Month Change |
|-----------------------------------|----------------------|---------------------|-------------------|--------------------|--------------------|
| Cash | | | | | |
| Taxable MMF Yield | 3.10% | 4.23% | -113bp | 4.86% | -176bp |
| Tax-Exempt MMF Yield | 1.42% | 3.00% | -158bp | 3.11% | -169bp |
| Fixed Income | | | | | |
| Federal Funds Rate | 3.00% | 4.50% | -150bp | 5.25% | -225bp |
| 5-Yr US Treasury note | 2.48% | 3.39% | -91bp | 4.51% | -203bp |
| 10-Yr US Treasury bond | 3.52% | 3.94% | -42bp | 4.46% | -94bp |
| 5-Yr Aaa Muni Bond Index | 3.30% | 3.26% | 4bp | 3.68% | -38bp |
| 30-Year Conv. Mortgage | 6.24% | 6.20% | 4bp | 6.16% | 8bp |
| Equities | | | | | |
| S&P 500 | 1,331 | 1,481 | -10.2% | 1,407 | -5.4% |
| S&P LargeCap 100 | 614 | 692 | -11.3% | 644 | -4.7% |
| S&P MidCap 400 | 789 | 861 | -8.4% | 838 | -5.6% |
| S&P SmallCap 600 | 363.39 | 398.77 | -8.9% | 405.53 | -10.4% |
| EAFA Foreign Index | 71.6 | 82.98 | -13.7% | 74.18 | -3.5% |
| S&P 500 PE Ratio | 13.7 | 15.6 | -12.2% | 16.8 | -18.5% |
| S&P 500 Dividend Yield | 2.0% | 1.8% | 20bp | 1.9% | 13bp |
| Misc. | | | | | |
| Inflation Rate (CPI, last 12 mo.) | 4.28% | 3.54% | 74bp | 2.42% | 187bp |
| CRB Index (Commodities) | 417 | 340 | 22.6% | 312 | 33.4% |
| London Gold / oz. | 972 | 782 | 24.2% | 664 | 46.3% |
| Crude Oil / bbl. | 103 | 90 | 13.3% | 58 | 78.0% |
| Recent Economic Data | | | | | |
| Real GDP / 4th Quarter | 0.06% | Personal Income | | | 0.3% |
| ISM Manufacturing Index | 50.70 | Personal Spending | | | 0.4% |
| Industrial Capacity Utilization | 81.50 | Retail Sales | | | 0.3% |
| Productivity / 4th Quarter | 0.02% | New Home Sales | | | -2.8% |
| Unemployment Rate | 4.9% | Consumer Confidence | | | 75.00 |

*Stock index performance excludes dividends

bp = basis point (1/100th of one percent)

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Economic Forecasts*

| | 2007 | 08:1Qe | 08:2Qe | 08:3Qe | 08:4Qe | 09:1Qe |
|-----------------------|-------|--------|--------|--------|--------|--------|
| Real GDP | 2.2% | 0.1% | 1.8% | 3.3% | 2.8% | 3.0% |
| GDP Price Deflator | 2.7% | 2.5% | 2.7% | 2.1% | 2.3% | 2.6% |
| 10-Year Treasury Bond | 4.63% | 3.63% | 3.50% | 3.50% | 3.63% | 4.00% |
| Fed Funds Rate | 5.00% | 3.00% | 2.38% | 2.25% | 2.25% | 2.63% |

*Mesirow Financial estimates e = estimated

QUOTE OF THE MONTH:

"Many of the challenges now facing our economy stem from the continuing contraction of the U.S. housing market... The FOMC has responded aggressively to the weaker outlook for economic activity, having reduced its target for the federal funds rate by 225 basis points since last summer. As the Committee noted in its most recent post-meeting statement, the intent of those actions has been to help promote moderate growth over time and to mitigate the risks to economic activity."

- Fed Chairman Ben S. Bernanke, Semiannual Monetary Policy Report to the Congressional Committee on Financial Services, U.S. House of Representatives, Feb. 27, 2008.

The Economy: The U.S. Economy Catches the Flu

The United States economy grew by an annualized real rate of 0.6 percent during the fourth quarter of 2007, bringing total economic growth for the year to 2.2 percent and representing a slowdown from the 2.9 percent rate registered in 2006. The quarterly reading was about half of what Wall Street was expecting and the lowest reading since the first quarter of 2007. The report was not well received, but it did reflect strength in several of the underlying components that provide cause for optimism. In addition, other recently released indicators (particularly new orders for durable goods, initial jobless claims, and several other employment measures) are sending a signal of better times ahead. We must keep in mind that a bucketful of monetary and fiscal stimulus is in the pipeline, which will eventually take hold and support renewed growth.

Economic Fundamentals Appear to Remain Solid

Near-term economic frailty should dissipate by the second half of 2008. Whether the economy is in recession or not may not be consequential longer-term, and any dip into negative growth should prove to be shallow and short-lived; stimulatory government policy should see to that.

The fourth-quarter GDP report may overstate the weakness filtering through the economy – a bug that makes us all feel bad, but only temporarily so, like the flu bug that has hit so many of our offices this year. Three of the four determinants (consumer spending, net exports and government spending) performed well. Only gross domestic private investment was weak. Setting aside the drop in stockpiles, the economy looks to be pretty solid. The headline GDP figure was dragged down by inventories, which subtracted a full 1.25 percent from the overall pace of activity.

Fluctuating Inventory Levels Take a Toll on Economic Growth

Private inventories fell by \$3.4 billion. The other, not-too-surprising source of weakness was residential investment, which tumbled 23.9 percent in the fourth quarter after plunging an equally significant 20.5 percent in the third quarter. Housing remains the economic virus, and the sickness in residential activity subtracted 1.18 percent from total GDP in the fourth quarter. But not all was bleak last quarter. In fact, many of the other integral components of the economy were rather strong. To see how the economy fared without the volatile inventory position, economists look at the final sales of domestic products.

During the fourth quarter, this measure increased 1.9 percent, which followed on the heels of a 4.0-percent gain in the third quarter, suggesting domestic demand was healthy outside the wobble of inventory levels. Other bright spots in the fourth quarter included solid consumer spending (at 2.0 percent), resulting in the 64th consecutive quarter of positive consumer spending, which added 1.37 percent to aggregate demand. Nonresidential fixed investment, also known as capital spending, increased a rather robust 7.5 percent in the final quarter of 2007, which was considerably stronger than the 4.0-percent gain in the third quarter. Apparently, lower interest rates are driving increased business investment as structures spending jumped an annualized 15.8 percent last quarter after advancing 26.2 percent and 16.4 percent in the second and third quarters, respectively.

Rising net exports, which have offset a good portion of the losses experienced in the residential spending arena, failed to come to the rescue of the dizzying slump in the housing market in the fourth quarter. Net exports increased 3.9 percent but only contributed 0.41 percent to real growth. That was good, but not good enough to counter the housing bug.

Inflationary Pressures Seen

The GDP deflators were higher than expected and probably a little disconcerting to those members at the Federal Reserve who are still worried about price stability. During the fourth quarter, the implicit GDP deflator rose by 2.5 percent, up from the

1.0-percent reading in the third quarter. Meanwhile, the personal consumption expenditure deflator (PCED) surged by 3.9 percent, while the core PCED jumped to 2.7 percent, representing the highest quarterly reading since the second quarter of 2006. Unfortunately, we believe these barometers will trend higher in 2008 as elevated input and commodity prices find their way to the retail level and the Federal Reserve continues to make money cheaper.

Consumers Pulling Back?

Total outstanding consumer credit increased by a relatively soft 2.1 percent in December, following a robust 8.2-percent increase in November. A skittish jobs climate combined with restrictive lending standards has resulted in softer consumer credit. Total revolving (or credit-card) debt increased an annualized 2.7 percent – considerably slower than the stellar gains in October (11.1 percent) and November (13.7 percent). Apparently, the consumer is playing it smart. Since banks are ratcheting up lending standards for loans, some consumers are forced to rely on charge cards as a means for credit. Rather than ringing up debt they can't pay off, consumers have cut spending. Otherwise, charging up a storm could be a very dangerous practice if the economy takes a steep turn south.

Sales at the retail level actually increased in January, rising 0.3 percent. This report was expressed in nominal terms, and it is not adjusted for inflation. As such, the results can be difficult to interpret. It seems a safe bet, however, that the 2.0-percent surge in sales at gasoline stations was largely due to elevated prices at the pump. Still, it is good news in the sense that it may reflect the economy isn't heading into the ER.

Consumer Inflation Rising

Disposable personal incomes grew by a nominal 0.5 percent in December, but they were dramatically reduced to a 0.2-percent gain once adjusted for inflation. Consumer spending increased 0.2 percent in December, but escalating prices turned real spending into a flat performance. In fact, it was a rising price level that really put a damper on real fourth-quarter consumer spending. The personal consumption expenditure deflator (PCED) climbed 0.2 percent in December, bringing the 12-month pace of consumer inflation to 3.4 percent. Meanwhile, the core PCED, an inflation barometer watched closely by the Federal Reserve, inched up 0.2 percent in December and is now 2.2 percent higher than in December 2006. This is higher than the Fed's desired 1–2-percent "comfort zone." The aggressive Fed rate cutting should only add to these pressures.

Look for Rebound in the Second Half of 2008

The second half of 2008 should start to show signs of life. A terrific leading indicator of economic activity is mortgage refinancing activity; this figure has soared as interest rates have cratered in recent months, and, when coupled with current fiscal and monetary stimulus programs, it is cause for optimism about the economy's recovery to sound health.

Interest Rates: Fiscal and Monetary Stimulus Plans Triggered

In an effort to counter the slowdown, Congress passed a \$168 billion fiscal stimulus package that will provide rebate checks to 130 million people starting in May; the effort is intended to stimulate consumer spending, which comprises about 70 percent of the economy.

On the monetary front, the Federal Reserve continued its stimulus program by aggressively cutting short-term interest rates. Federal Reserve Chairman Ben Bernanke told Congress that the central bank was prepared to do more to boost growth; so it looks like he's saying, "The heck with the inflation torpedoes; full speed ahead on growth."

Bailout in Progress

It appears to us that the monetary centers of the world have teamed up with deep pockets in the Middle East and Far East to prevent large financial institutions such as Citigroup, Merrill Lynch, and Countrywide Financial (being absorbed by Bank of America) from succumbing to the devastating disease spreading from the infection of the sub-prime securities to which they knowingly exposed themselves. "Too big to fail" is the theme, and the stock market can be included in that category. These money centers are in essence underwriting the untoward risks so enthusiastically taken by their institutions. We can philosophize on the merit of this action and its potential long-term effects on the market's perception and measurement of risk and reward, but in practical terms, it likely means the economy will avert the disaster it would have otherwise deserved in a purely free market. One effect may eventually be seen in the rate of inflation, which has already been fed by rising energy and food prices; cheap money can't help. More on this later as events and reports unfold.

Banks Tighten Credit

According to the latest Federal Reserve *Senior Loan Officer Survey on Bank Lending Practices*, banks are tightening their lending standards as they attempt to rebuild their capital bases in the wake of huge subprime security write-offs. Apparently, one-third of all domestic institutions reported an increase in lending standards on commercial and industrial (C&I) loans to small-, large- and middle-market firms during the first quarter. Similar stronger tightening had occurred on commercial real estate loans as well as for residential mortgage loans. Demand weakened for consumer loans and commercial real estate loans, and it slipped just a bit for C&I loans. This report suggests that banks (lenders) are indeed fearful of the credit crisis and are reluctant to lend. Meanwhile, borrowers are also spooked and less willing to borrow. Tighter standards will only dampen future economic activity.

The Stock Market: The Stock/Bond Yield Gap – Predictive at the Extremes

We have emphasized the importance of stocks and stock-market valuation as a way to measure the merit of investing, which is an especially important tool during emotional and volatile stock market periods, such as we are experiencing now.

Stocks compete with bonds for investor money, so it is useful to measure and compare the valuations of each category in order to see which is providing the most value at any given time. We use the famous Fed Model, which uses the 10-year U.S. Treasury bond as a proxy for bond valuation, and the earnings yield (which is the reciprocal of the P/E ratio) on the S&P 500 as a proxy for stocks.

The S&P 500 is expected to earn a rather flattish (compared to 2007) EPS of \$97 in 2008. With the S&P 500 trading at 1328 at press time, the P/E ratio is 13.7x, the reciprocal of which is an earnings yield of 7.3 percent. This compares very favorably with the current yield on the 10-year note of just 3.6 percent, for a very wide difference and advantage to stocks of 380 basis points. The flaw in the indicator, which makes it an inexact science, is that the “E” in earnings can change. But even assuming a margin of error of 20 percent – that is, earnings coming in 20 percent lower in 2008 than currently expected – the gap is still wide, and it is wide enough to suggest that stocks are undervalued.

Historically, this yield gap can be considered to be at the extreme, and extreme gaps have historically been predictive of the market's future course. The gap peaked the other way in the fourth quarter of 1999 (and especially in the summer of 1987), indicating that stocks were overvalued relative to bonds; a bear market in stocks followed.

Earnings Growth Expected to Decline in 2008

So what about the “E” variable in the valuation equation for 2008? As of Feb. 7, S&P 500 earnings for the fourth quarter of 2007 were down 20 percent from the fourth quarter of 2006 – but excluding financials, earnings are actually up by 18 percent year-over-year. At the sector level, the picture is even more mixed. Strong global growth continues to bolster sectors such as technology (earnings +29 percent), industrials (+13 percent) and energy (+25 percent), but there are signs that global growth is starting to weaken as well. Many companies are issuing cautious outlooks for 2008 earnings. Given that, we are surprised that the sum of analyst estimates for 2008 continues to suggest 15-percent earnings growth over 2007. Indeed, we expect a modest decline (of 2 percent) in 2008 earnings versus 2007. Earnings for 2007 are on track to be down about 4 percent from the peak level reached in 2006.

A good portion of the decline will be attributable to financial- sector stocks. Large banks are bringing their offbalance- sheet sub-prime mortgage related securities onto their balance sheets as the light of scrutiny casts a shadow of doubt on their credibility. These securities are difficult to value at best, and they have no real market value at worst. Many more mortgage foreclosures are expected, which are sure to create more losses for many financial institutions. UBS Securities recently estimated that the aggregate loss for the industry will reach \$600 billion, an astounding number whose impact is still being felt as it ripples throughout the economy and causes lenders to tighten their lending standards. Still, this figure represents only 2 percent of the \$22 trillion U.S. equity market. The collapse of the housing bubble appears to have taken on the proportions of the worst case predicted in some quarters over the past couple of years, creating a mess that will take time to clean up.

The decline in earnings expected for 2008 does not deter us from reading what the valuation model reveals – that stocks are undervalued for long-term investment.

Dividend Yields Look Attractive

Dividend yields rise when stock prices decline, further increasing the value of stocks. Some sectors are offering the most attractive dividend yields in years. Not surprisingly, the hottest sectors in recent years (energy, basic materials and utilities) are actually yielding less than their 10-year averages. Notable recent laggards (consumer discretionary and financials) have yields well above their 10-year averages. The healthcare and consumer staples sectors are also yielding about 20 percent above their 10-year averages and offer greater safety than do financials. Several large-cap banks have already cut their dividends and more could follow. Finally, some of the major European equity-market indices now yield about 4 percent as well. The stock market is paying us to wait for recovery and the next bull market.

The 2-percent dividend yield offered by the S&P 500 is a mere 155 basis points less than the yield on the 10-year U.S. Treasury note, and it reflects an extreme that may indicate a stock-market bottom. By contrast, the gap was 535 basis points in 1999, an extreme that marked a stock-market top that was followed by a bear market in stocks.

Approved List of Common Stocks

March 2008

| | | | 2-29-08 | 2007 Estimate | | 2008 Estimate | | Est EPS | | | Profit | 5-Yr | Debt/ | Mid. Cap | Price Change | | S&P |
|-------------------------------|--------|--------|------------|---------------|------|---------------|------|---------|---------|-------|--------|------|---------|-----------|--------------|------|------|
| S&P 500 | Ticker | Status | Price | EPS | P/E | EPS | P/E | Growth | Div | Yield | Margin | ROE | Capital | (Mil) | 12-wk | YTD | Rank |
| S&P 500 | SPX | – | \$1,330.63 | \$97.07 | 13.7 | – | – | – | \$27.23 | 2.0% | 8.6% | 18% | 32% | \$95,287 | -10% | -9% | – |
| CONSUMER DISCRETIONARY | | | | | | | | | | | | | | | | | |
| Bed Bath & Beyond | BBBY | Buy | \$28.34 | \$2.09 | 13.6 | \$2.17 | 13.1 | 15% | – | 0.0% | 9.0% | 24% | 0% | \$7,505 | -10% | -4% | A |
| Best Buy | BBY | Buy | \$43.01 | \$3.07 | 14.0 | \$3.36 | 12.8 | 15% | \$0.46 | 1.1% | 3.8% | 24% | 15% | \$17,969 | -16% | -18% | B+ |
| Lowe's | LOW | Buy | \$23.97 | \$1.56 | 15.4 | \$1.77 | 13.5 | 15% | \$0.29 | 1.2% | 5.8% | 20% | 26% | \$35,059 | -2% | 6% | A+ |
| Starbuck's | SBUX | Buy | \$17.98 | \$0.97 | 18.5 | \$1.13 | 15.9 | 18% | – | 0.0% | 7.1% | 22% | 20% | \$13,133 | -23% | -12% | B+ |
| Williams-Sonoma | WSM | Buy | \$23.36 | \$1.64 | 14.2 | \$1.84 | 12.7 | 15% | \$0.46 | 2.0% | 5.6% | 21% | 1% | \$2,478 | -20% | -10% | B+ |
| McDonald's | MCD | Hold | \$54.11 | \$3.18 | 17.0 | \$3.50 | 15.5 | 9% | \$1.88 | 3.5% | 10.2% | 17% | 32% | \$63,999 | -8% | -8% | A |
| Target | TGT | Hold | \$52.61 | \$3.57 | 14.7 | \$4.09 | 12.9 | 15% | \$0.54 | 1.0% | 4.5% | 18% | 50% | \$43,711 | -12% | 5% | A+ |
| CONSUMER STAPLES | | | | | | | | | | | | | | | | | |
| CVS | CVS | Buy | \$40.38 | \$2.48 | 16.3 | \$2.88 | 14.0 | 17% | \$0.24 | 0.6% | 3.5% | 15% | 21% | \$59,637 | 1% | 2% | A |
| Estee Lauder | EL | Buy | \$42.58 | \$2.37 | 18.0 | \$2.65 | 16.1 | 12% | \$0.55 | 1.3% | 6.4% | 24% | 44% | \$8,218 | -5% | -2% | A |
| Pepsico | PEP | Buy | \$69.56 | \$3.73 | 18.6 | \$4.14 | 16.8 | 11% | \$1.50 | 2.2% | 14.3% | 34% | 20% | \$111,971 | -10% | -8% | A+ |
| Proctor & Gamble | PG | Buy | \$66.18 | \$3.49 | 19.0 | \$3.90 | 17.0 | 12% | \$1.40 | 2.1% | 13.5% | 31% | 26% | \$205,531 | -11% | -10% | A+ |
| Wrigley (Wm) Jr | WWY | Buy | \$59.86 | \$2.49 | 24.0 | \$2.74 | 21.8 | 10% | \$1.21 | 2.0% | 11.7% | 24% | 26% | \$16,506 | -7% | 2% | A+ |
| Altria Group | MO | Hold | \$73.14 | \$4.77 | 15.3 | \$5.27 | 13.9 | 7% | \$2.94 | 4.0% | 24.1% | 34% | 29% | \$154,056 | -6% | -3% | A |
| Coca-Cola | KO | Hold | \$58.46 | \$3.02 | 19.4 | \$3.31 | 17.7 | 9% | \$1.40 | 2.4% | 20.7% | 32% | 13% | \$135,100 | -6% | -5% | A |
| Walmart | WMT | Hold | \$49.59 | \$3.40 | 14.6 | \$3.76 | 13.2 | 12% | \$0.88 | 1.8% | 3.4% | 21% | 34% | \$198,599 | 4% | 4% | A+ |
| Walgreen | WAG | Hold | \$36.51 | \$2.19 | 16.7 | \$2.46 | 14.8 | 14% | \$0.36 | 1.0% | 3.8% | 18% | 0% | \$36,204 | -0% | -4% | A+ |
| ENERGY | | | | | | | | | | | | | | | | | |
| Chevron | CVX | Buy | \$86.66 | \$9.37 | 9.2 | \$9.48 | 9.1 | 8% | \$2.32 | 2.7% | 9.2% | 26% | 7% | \$182,978 | -1% | -7% | A |
| ConocoPhillips | COP | Buy | \$82.71 | \$10.25 | 8.1 | \$10.50 | 7.9 | 11% | \$1.70 | 2.1% | 6.9% | 20% | 19% | \$132,299 | 3% | -6% | B+ |
| Devon Energy | DVN | Buy | \$102.72 | \$8.30 | 12.4 | \$8.65 | 11.9 | 7% | \$0.56 | 0.5% | 26.7% | 19% | 22% | \$45,706 | 24% | 16% | A |
| Noble | NE | Buy | \$49.15 | \$5.94 | 8.3 | \$7.06 | 7.0 | 20% | \$0.12 | 0.2% | 34.8% | 12% | 16% | \$13,175 | -6% | -13% | B |
| Exxon Mobil | XOM | Hold | \$87.01 | \$7.89 | 11.0 | \$8.11 | 10.7 | 5% | \$1.40 | 1.6% | 11.8% | 27% | 5% | \$475,390 | -2% | -7% | A+ |
| FINANCIALS | | | | | | | | | | | | | | | | | |
| American Int'l Group | AIG | Buy | \$46.86 | \$6.58 | 7.1 | \$7.23 | 6.5 | 13% | \$0.77 | 1.6% | 12.4% | 13% | 59% | \$118,848 | -19% | -20% | A+ |
| Capital One Fin'l | COF | Buy | \$46.03 | \$5.68 | 8.1 | \$6.64 | 6.9 | 11% | \$0.46 | 1.0% | 13.5% | 16% | 61% | \$17,989 | -14% | -3% | A |
| JP Morgan | JPM | Buy | \$40.65 | \$3.82 | 10.6 | \$4.49 | 9.1 | 10% | \$1.44 | 3.5% | 34.2% | 11% | 65% | \$136,545 | -11% | -7% | B |
| Morgan Stanley | MS | Buy | \$42.12 | \$5.75 | 7.3 | \$6.82 | 6.2 | 12% | \$1.08 | 2.6% | 3.0% | 17% | 86% | \$44,699 | -20% | -21% | B+ |
| U.S. Bancorp | USB | Buy | \$32.02 | \$2.64 | 12.1 | \$2.86 | 11.2 | 8% | \$1.63 | 5.1% | 31.2% | 22% | 77% | \$55,288 | -3% | 1% | A |
| Wells Fargo | WFC | Buy | \$29.23 | \$2.52 | 11.6 | \$2.79 | 10.5 | 10% | \$1.21 | 4.1% | 15.0% | 19% | 68% | \$98,633 | -10% | -3% | A |
| Aflac | AFL | Hold | \$62.41 | \$3.87 | 16.1 | \$4.43 | 14.1 | 15% | \$0.86 | 1.4% | 6.6% | 17% | 14% | \$30,445 | -0% | -0% | A |
| Goldman Sachs | GS | Hold | \$169.63 | \$18.80 | 9.0 | \$22.84 | 7.4 | 12% | \$1.40 | 0.8% | 13.2% | 23% | 79% | \$67,458 | -25% | -21% | A |
| SLM Corp | SLM | Hold | \$19.61 | \$1.75 | 11.2 | \$2.02 | 9.7 | 14% | \$0.87 | 4.4% | -9.8% | 49% | 96% | \$10,114 | -49% | -3% | B |

Approved List of Common Stocks

March 2008

| | | | 2-29-08 | 2007 Estimate | | 2008 Estimate | | Est EPS | | | Profit | 5-Yr | Debt/ | Mid. Cap | Price Change | | S&P |
|-------------------------------|--------|--------|----------|---------------|------|---------------|------|---------|--------|-------|--------|------|---------|-----------|--------------|------|------|
| | Ticker | Status | Price | EPS | P/E | EPS | P/E | Growth | Div | Yield | Margin | ROE | Capital | (Mil) | 12-wk | YTD | Rank |
| HEALTHCARE | | | | | | | | | | | | | | | | | |
| Abbott Labs | ABT | Buy | \$53.55 | \$3.22 | 16.6 | \$3.59 | 14.9 | 12% | \$1.34 | 2.5% | 13.9% | 21% | 35% | \$82,749 | -7% | -5% | A |
| Johnson & Johnson | JNJ | Buy | \$61.96 | \$4.44 | 14.0 | \$4.68 | 13.2 | 8% | \$1.66 | 2.7% | 17.3% | 28% | 14% | \$177,314 | -9% | -7% | A+ |
| Medtronic | MDT | Buy | \$49.36 | \$2.55 | 19.4 | \$2.96 | 16.7 | 14% | \$0.50 | 1.0% | 22.8% | 23% | 34% | \$55,809 | -3% | -2% | A |
| Stryker | SYK | Buy | \$65.11 | \$2.88 | 22.6 | \$3.43 | 19.0 | 18% | \$0.33 | 0.5% | 16.4% | 22% | 0% | \$26,727 | -10% | -13% | A+ |
| Wellpoint | WLP | Buy | \$70.08 | \$6.41 | 10.9 | \$7.32 | 9.6 | 15% | – | 0.0% | 5.5% | 12% | 28% | \$37,979 | -17% | -20% | NR |
| Amgen | AMGN | Hold | \$45.52 | \$4.22 | 10.8 | \$4.59 | 9.9 | 10% | – | 0.0% | 21.4% | 15% | 34% | \$49,510 | -18% | -2% | B+ |
| Pfizer | PFE | Hold | \$22.28 | \$2.37 | 9.4 | \$2.53 | 8.8 | 6% | \$1.19 | 5.3% | 22.8% | 19% | 8% | \$152,168 | -6% | -2% | B+ |
| INDUSTRIALS | | | | | | | | | | | | | | | | | |
| Danaher | DHR | Buy | \$74.15 | \$4.37 | 17.0 | \$4.94 | 15.0 | 13% | \$0.12 | 0.2% | 11.0% | 18% | 27% | \$23,466 | -15% | -16% | A+ |
| Emerson Electric | EMR | Buy | \$50.96 | \$3.02 | 16.9 | \$3.34 | 15.3 | 14% | \$1.13 | 2.2% | 9.5% | 21% | 26% | \$40,117 | -11% | -10% | A |
| Eaton Corp | ETN | Buy | \$80.63 | \$7.75 | 10.4 | \$9.02 | 8.9 | 13% | \$1.79 | 2.2% | 7.4% | 20% | 32% | \$11,812 | -10% | -17% | B+ |
| Illinois Tool Works | ITW | Buy | \$49.07 | \$3.56 | 13.8 | \$4.00 | 12.3 | 12% | \$1.05 | 2.1% | 11.3% | 18% | 17% | \$26,692 | -12% | -8% | A+ |
| L-3 Communications | LLL | Buy | \$106.29 | \$6.58 | 16.2 | \$7.33 | 14.5 | 17% | \$1.05 | 1.0% | 4.2% | 12% | 44% | \$13,368 | -4% | 0% | A |
| General Electric | GE | Hold | \$33.14 | \$2.43 | 13.6 | \$2.69 | 12.3 | 11% | \$1.18 | 3.6% | 13.2% | 19% | 73% | \$334,920 | -13% | -11% | A+ |
| INFORMATION TECHNOLOGY | | | | | | | | | | | | | | | | | |
| Autodesk | ADSK | Buy | \$31.09 | \$2.18 | 14.3 | \$2.56 | 12.1 | 16% | \$0.06 | 0.0% | 16.4% | 32% | 0% | \$7,179 | -34% | -38% | B |
| Cisco Systems | CSCO | Buy | \$24.39 | \$1.54 | 15.8 | \$1.71 | 14.3 | 14% | – | 0.0% | 21.0% | 21% | 17% | \$147,973 | -13% | -10% | B+ |
| Citrix Systems | CTXS | Buy | \$32.93 | \$1.64 | 20.1 | \$2.04 | 16.1 | 16% | – | 0.0% | 15.4% | 16% | 0% | \$6,247 | -11% | -13% | B+ |
| Ebay | EBAY | Buy | \$26.36 | \$1.66 | 15.9 | \$1.88 | 14.0 | 17% | – | 0.0% | 4.5% | 10% | 0% | \$35,679 | -21% | -21% | B |
| Hewlett-Packard | HPQ | Buy | \$47.77 | \$3.51 | 13.6 | \$3.92 | 12.2 | 15% | \$0.32 | 0.7% | 7.0% | 12% | 12% | \$123,154 | -7% | -5% | B+ |
| Int'l Business Mach | IBM | Buy | \$113.86 | \$8.24 | 13.8 | \$9.27 | 12.3 | 10% | \$1.60 | 1.4% | 10.5% | 30% | 45% | \$156,894 | 8% | 5% | A |
| Oracle | ORCL | Buy | \$18.80 | \$1.27 | 14.8 | \$1.45 | 13.0 | 15% | – | 0.0% | 23.7% | 32% | 24% | \$96,281 | -7% | -17% | B |
| Microsoft | MSFT | Buy | \$27.20 | \$1.87 | 14.5 | \$2.10 | 13.0 | 12% | \$0.42 | 1.5% | 27.5% | 24% | 0% | \$254,468 | -19% | -24% | B+ |
| Texas Instruments | TXN | Buy | \$29.96 | \$2.08 | 14.4 | \$2.30 | 13.0 | 15% | \$0.36 | 1.2% | 19.1% | 18% | 0% | \$41,890 | -5% | -10% | B+ |
| Adobe Systems | ADBE | Hold | \$33.65 | \$1.83 | 18.4 | \$2.10 | 16.0 | 15% | \$0.03 | 0.0% | 22.9% | 26% | 0% | \$19,308 | -20% | -21% | B+ |
| Accenture | ACN | Hold | \$35.25 | \$2.39 | 14.7 | \$2.65 | 13.3 | 14% | \$0.42 | 1.2% | 5.8% | 64% | 0% | \$26,890 | 2% | -2% | NR |
| Fiserv | FISV | Hold | \$52.62 | \$3.43 | 15.3 | \$4.07 | 12.9 | 14% | – | 0.0% | 10.4% | 18% | 66% | \$8,663 | 3% | -5% | B+ |
| Linear Technology | LLTC | Hold | \$27.71 | \$1.68 | 16.5 | \$1.85 | 15.0 | 15% | \$0.75 | 2.7% | 38.0% | 27% | – | \$6,193 | -9% | -13% | A |
| Western Union | WU | Hold | \$20.80 | \$1.27 | 16.4 | \$1.44 | 14.4 | 12% | \$0.04 | 0.2% | 17.5% | – | – | \$15,619 | -8% | -14% | NR |
| MATERIALS | | | | | | | | | | | | | | | | | |
| Materials SPDR | XLB | Buy | \$40.87 | – | – | – | – | – | \$0.81 | 2.0% | – | – | – | \$1,284 | -2% | -2% | NR |
| TELECOMMUNICATIONS | | | | | | | | | | | | | | | | | |
| Vanguard ETF | VOX | Buy | \$61.46 | – | – | – | – | – | \$2.00 | 3.3% | – | – | – | \$154 | -20% | -18% | NR |
| UTILITIES | | | | | | | | | | | | | | | | | |
| Utilities SPDR | XLU | Buy | \$37.61 | – | – | – | – | – | \$1.01 | 2.9% | – | – | – | \$1,961 | -12% | -11% | NR |