ATG TRUST COMPANY

Research Report

Prepared by Feldman Securities Group, LLC

September 2007

Contents

The Markets	Current 8/31/07	3-Month Values	3-Month Change	Year-Ago Values	12-Month Change
Cash					
Taxable MMF Yield	4.54%	4.84%	-30bp	4.73%	-19bp
Tax-Exempt MMF Yield	3.11%	3.31%	-20bp	3.01%	10bp
Fixed Income					
Federal Funds Rate	5.25%	5.25%	0bp	5.25%	0bp
5-Yr US Treasury note	4.24%	4.86%	-62bp	4.76%	-52bp
10-Yr US Treasury bond	4.53%	4.90%	-37bp	4.78%	-25bp
5-Yr Aaa Muni Bond Index	3.72%	3.79%	-7bp	3.63%	9bp
30-Year Conv. Mortgage	6.45%	6.42%	3bp	6.40%	5bp
Equities					
S&P 500	1,474	1,531	-3.7%	1,304	13.0%
S&P LargeCap 100	688	702	-2.1%	602	14.2%
S&P MidCap 400	863	916	-5.8%	750	15.1%
S&P SmallCap 600	410.2	439.92	-6.8%	368.82	11.2%
EAFA Foreign Index	78.42	81.03	-3.2%	67.6	16.0%
S&P 500 PE Ratio	17.7	16.5	7.3%	17.3	2.3%
S&P 500 Dividend Yield	1.8%	1.7%	7bp	1.9%	-13bp
Misc.					
Inflation Rate (CPI, ann'l rate)	2.36%	2.69%	-33bp	3.82%	-146bp
CRB Index (Commodities)	309	312	-0.9%	329	-6.2%
London Gold $ / oz.	672	659	2.0%	623	7.9%
Crude Oil $ / bbl.	71	67	5.8%	68	5.1%

Recent Economic Data			
Real GDP / 2nd Quarter	4.0%	Personal Income	0.5%
ISM Manufacturing Index	53.8	Personal Spending	0.4%
Industrial Capacity Utilization	81.9	Retail Sales	0.3%
Productivity / 1st Quarter	1.8%	New Home Sales	2.8%
Unemployment Rate	4.6%	Consumer Confidence	105

*Stock index returns exclude dividends

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

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Economic Forecasts*

	07:1Qe	07:2Qe	07:3Qe	07:4Qe	08:1Qe
Real GDP	0.6%	3.4%	2.5%	2.8%	2.4%
GDP Price Deflator	4.2%	2.7%	0.5%	0.6%	2.6%
10-Year Bond Yield	4.65%	5.03%	4.88%	5.00%	5.13%
Fed Funds Rate	5.25%	5.25%	5.25%	5.25%	5.25%

*Mesirow Financial estimates e = estimated

Quote of the Month:

"Financial market conditions have deteriorated, and tighter credit conditions and increased uncertainty have the potential to restrain economic growth going forward…The Committee is monitoring the situation and is prepared to act as needed to mitigate the adverse effects on the economy arising from the disruptions in financial markets."

— Federal Open Market Committee Press Release, Aug. 17, 2007

The Economy: Fundamentals Remain Solid Despite Credit Crunch

Despite a stable and growing global economy, the stock market has been unusually volatile this summer, with the Dow Jones Industrial Average passing the 14,000 mark for the first time before falling below 13,000. Investor reactions have run the gamut of emotions, from panic to near disinterest. Market volatility is nothing new, and seasoned investors understand that it is important to keep their heads while many of those around them, sometimes including even the media, are losing theirs. Regardless of the level of investor experience and emotional stability, it is always instructive – and often comforting – to understand what causes the markets to gyrate.

Recent stock-market volatility was triggered by a series of events that cascaded throughout the financial system like falling dominos:

Collapse of the Sub-Prime Mortgage-Lending Market
The primary culprit is in the lower rungs, or "sub-prime sector," of the mortgage-lending market. The sub-prime sector is where more speculative lending institutions take a chance by lending to borrowers with low credit ratings. The loans they make are frequently creative, and they often take the form of no-down-payment, adjustable-rate or interest-only loans. Such borrowers run into trouble when they are unable to make their monthly mortgage payments after their adjustable interest rate adjusts higher, or their loans begin to require a payment toward principal.

Home prices stopped rising a few months ago – that is when the trouble started. Stretched borrowers, no longer able to afford their monthly principal and interest payments, are also unable to sell their properties at a profit to pay off their existing debts. Mortgage defaults are on the rise.

Consumer Confidence
Despite seemingly ever-rising gasoline prices, consumers were surprisingly more confident in May than they were in April. The Conference Board's Index of Consumer Confidence rose to 108.5 in May from 106.3 the preceding month. Why? Because there is simply nothing more important to the consumer than employment. And since the labor force has been strengthening for the last four years, so too has confidence. Employment is so strong it has been able to prevail over the negative impact of rising energy prices.

Sub-Prime Mortgage Problems Seep into the Financial System
Banks that originate mortgages rarely hold them on their books anymore. Instead, they bundle their loans and sell them to investors in a process known as securitization. Speculative investors, looking for high yields, buy these mortgage-backed securities. Hedge funds, attempting to increase their returns from already risky securities, borrow money to buy them.

Hedge Funds Prove How Risky They Are
This entire process works well when markets are rising, but it creates problems when markets are falling, which is what is happening in the housing market. With mortgage delinquencies spiking mortgage-backed securities have plummeted in value. The hedge funds that borrowed funds to invest in them no longer have assets to sell to cover their loans, and some have closed up shop. In the process, some have lost a large portion of their investors' money.

Credit Crunch Scares Markets
When a market like the sub-prime lending market buckles, the entire system suddenly pulls in its horns and gets more conservative. Banks respond by tightening their lending standards for both consumers and corporate customers. While this liquidity squeeze, or credit crunch, makes loans harder to come by, loans are still readily available to creditworthy borrowers.

However, investment banks now require private-equity funds to put up more equity than before and they are charging higher rates, curtailing deal-making and greatly slowing the recent leveraged-buyout phenomenon. The domino effect extends to higher-quality financial operations. For example, Expedia recently reduced the number of shares it planned to repurchase because the debt it was issuing to raise the required funds had become too expensive. Home Depot announced a reduction in the sales price of its supply business due to the higher cost of debt.

The Federal Reserve Rides to the Rescue
To promote the restoration of orderly conditions in financial markets, the Federal Reserve Board approved temporary changes to its credit policies. The Board approved a 50-basis-point reduction in the primary credit rate and eased credit terms. These changes will remain in place until the Federal Reserve determines that market liquidity has improved materially.

International central bankers acted as well. The European Central Bank tried to calm the markets with a large injection of cash on Aug. 9, lending an unprecedented 94.8 billion euros ($130 billion) at a fixed rate of 4 percent, the same level as its benchmark refinancing rate.

Economic Fundamentals Remain Solid
As financial market panics go, this one rates pretty low on the scale. The underlying economy is stable and growth is quite strong outside the housing sector. The financial system is fundamentally sound, and it is supported by central bankers who are committed to keeping it that way. The stock market did not appear to be overextended when the crunch began, and it seemed to stabilize after a fairly garden-variety correction of about 10 percent. The credit crunch has actually acted to identify and root out unhealthy lending standards – especially in the housing market. These changes should create a more solid economic environment in the long-term.

To date, the liquidity squeeze has had little or no ripple effect on the macro-economy. The economy is growing at slightly less than a 3.0-percent pace, which is close to its potential. The labor force is fully employed, and interest-rate levels are far from restrictive.

As for consumers, they tend to spend their way through credit crunches. In 1998, the Fed eased credit in response to two market events: the Long Term Capital Management hedge fund implosion and the Russian financial crisis. Consumer spending actually grew for the year. Seemingly, consumers focus on personal and immediate economic matters like employment, income growth, and energy prices. Headlines from the credit markets are usually ignored.

Interest Rates: Interest Rates Decline in Flight to Quality

U.S Treasury note and bond yields fell in August as investors sold “riskier” stocks and bought “safer” bonds. Lower interest rates may also signal that the markets believe that the Federal Reserve is ahead of the inflation curve, a good sign for further economic growth.

Earlier this summer, it appeared that the yield on the benchmark 10-year Treasury note had ratcheted up to a likely trading range of 4.75-5.25 percent; it now appears more likely that the range will be closer to 4.5-5.0 percent. At press time the note yielded 4.53 percent.

The Stock Market: Garden-Variety Correction

The so-called credit crunch that scared investors and routed the sub-prime mortgage-lending market spilled over into the stock market in August, pushing the benchmark Standard & Poor’s 500 stock index down by about 10 percent.

Although the press loves to spin a yarn in order to boost ratings, the sell-off remained mostly orderly, with most investors still seeking minimum stock-price levels when they sold, which is not indicative of a true panic, when investors sell at any price. Smaller-cap stocks sold off faster than large-cap stocks, which is normal due to the greater perceived risk in smaller companies and a lower degree of liquidity in those markets.

Ten percent is the technical threshold of a correction, making this event the first stock market correction since the bull market began in October 2002. It is interesting to note that the bull market of 1995–2000 had four corrections. Perhaps this market has a ways to go, and the market fundamentals suggest that it may.

Approved List of Common Stocks

September 2007

								5-year			Financial Ratios						
			8/31/07	2007 Estimate		2008 Estimate		Est EPS			Profit	5-Yr	Debt/	Mkt. 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
S&P 500	SPX	–	$1,473.99	$94.67	15.6	$100.50	14.7	8%	$25.93	1.8%	9.3%	18%	33%	$104,770	-4%	4%	–
CONSUMER DISCRETIONARY																	
Bed Bath & Beyond	BBBY	Buy	$34.64	$2.15	16.1	$2.20	15.7	15%	–	0.0%	9.0%	24%	0%	$9,488	-15%	-9%	A-
Best Buy	BBY	Buy	$43.95	$2.79	15.8	$3.04	14.5	15%	$0.43	1.0%	3.8%	24%	9%	$21,181	-9%	-11%	B+
Lowe's	LOW	Buy	$31.06	$1.99	15.6	$2.26	13.7	15%	$0.26	0.8%	6.6%	20%	21%	$46,746	-5%	-0%	A+
Starbuck's	SBUX	Buy	$27.55	$0.88	31.3	$1.06	26.0	22%	–	0.0%	7.5%	19%	0%	$20,408	-4%	-22%	B+
Williams-Sonoma	WSM	Buy	$33.33	$1.85	18.0	$2.05	16.3	15%	$0.43	1.3%	5.6%	21%	1%	$3,687	-2%	6%	B+
McDonald's	MCD	Hold	$49.25	$2.77	17.8	$3.02	16.3	9%	$1.00	2.0%	13.3%	16%	34%	$58,798	-3%	11%	A
Target	TGT	Hold	$65.93	$3.61	18.3	$4.10	16.1	15%	$0.50	0.8%	4.7%	18%	39%	$56,139	6%	16%	A+
CONSUMER STAPLES																	
CVS	CVS	Buy	$37.82	$1.90	19.9	$2.31	16.4	15%	$0.21	0.6%	3.1%	15%	21%	$58,375	-2%	22%	A-
Estee Lauder	EL	Buy	$41.59	$2.16	19.3	$2.35	17.7	10%	$0.50	1.2%	6.4%	24%	46%	$8,044	-12%	2%	A-
Pepsico	PEP	Buy	$68.03	$3.37	20.2	$3.73	18.2	11%	$1.35	2.0%	16.1%	34%	17%	$110,816	-0%	9%	A+
Proctor & Gamble	PG	Buy	$65.31	$3.04	21.5	$3.47	18.8	12%	$1.32	2.0%	13.5%	31%	26%	$205,656	3%	2%	A+
Wrigley (Wm) Jr	WWY	Buy	$58.25	$2.25	25.9	$2.49	23.4	10%	$1.13	1.9%	11.3%	25%	29%	$15,898	-1%	13%	A+
Altria Group	MO	Hold	$69.41	$4.29	16.2	$4.62	15.0	7%	$3.16	4.6%	17.1%	39%	21%	$145,986	-2%	8%	A+
Anheuser-Busch	BUD	Hold	$49.40	$2.82	17.5	$3.08	16.0	9%	$1.22	2.5%	12.5%	65%	67%	$37,534	-7%	0%	A+
Coca-Cola	KO	Hold	$53.78	$2.63	20.4	$2.92	18.4	8%	$1.33	2.5%	21.1%	32%	8%	$124,225	2%	12%	A-
Walmart	WMT	Hold	$43.63	$3.04	14.4	$3.39	12.9	13%	$0.88	2.0%	3.5%	22%	34%	$179,266	-8%	-6%	A+
Walgreen	WAG	Hold	$45.07	$2.10	21.5	$2.37	19.0	15%	$0.33	0.7%	3.7%	18%	0%	$45,107	-0%	-2%	A+
ENERGY																	
Chevron	CVX	Buy	$87.76	$8.25	10.6	$8.21	10.7	5%	$2.20	2.5%	8.8%	22%	7%	$188,617	8%	19%	A-
ConocoPhillips	COP	Buy	$81.89	$9.39	8.7	$9.35	8.8	7%	$1.59	1.9%	9.3%	18%	20%	$133,841	6%	14%	B+
Devon Energy	DVN	Buy	$75.31	$6.16	12.2	$6.95	10.8	8%	$0.51	0.7%	26.7%	19%	22%	$33,499	-2%	12%	A-
Noble	NE	Buy	$49.06	$4.57	10.7	$6.43	7.6	23%	$0.08	0.2%	34.8%	12%	18%	$13,150	6%	29%	B
Exxon Mobil	XOM	Hold	$85.73	$6.94	12.4	$6.78	12.6	6%	$1.34	1.6%	10.8%	27%	5%	$482,940	3%	12%	A
FINANCIAL																	
American Int'l Group	AIG	Buy	$66.00	$6.69	9.9	$7.08	9.3	13%	$0.70	1.1%	12.4%	13%	54%	$171,220	-9%	-8%	A+
Capital One Fin'l	COF	Buy	$64.66	$5.47	11.8	$8.24	7.8	11%	$0.11	0.2%	20.0%	19%	54%	$26,720	-19%	-16%	A+
Morgan Stanley	MS	Buy	$62.37	$7.75	8.1	$8.39	7.4	13%	$1.08	1.7%	9.8%	18%	81%	$65,734	-12%	-8%	A-
U.S. Bancorp	USB	Buy	$32.35	$2.63	12.3	$2.85	11.4	8%	$1.53	4.7%	35.0%	21%	69%	$56,248	-6%	-11%	A-
Wells Fargo	WFC	Buy	$36.54	$2.75	13.3	$3.03	12.1	10%	$1.15	3.1%	23.8%	20%	66%	$122,034	1%	3%	A
Aflac	AFL	Hold	$53.31	$3.28	16.3	$3.75	14.2	15%	$0.76	1.4%	10.1%	16%	15%	$26,076	1%	16%	A
Goldman Sachs	GS	Hold	$176.01	$21.82	8.1	$21.83	8.1	13%	$1.40	0.8%	13.8%	19%	79%	$71,895	-24%	-12%	NR

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September 2007

	Ticker	Status	8/31/07 Price	2007 Estimate EPS	2007 Estimate P/E	2008 Estimate EPS	2008 Estimate P/E	5-year Est EPS Growth	Div.	Yield	Financial Ratios: Profit Margin	Financial Ratios: 5-Yr ROE	Financial Ratios: Debt/ Capital	Mkt. Cap (Mil.)	Price Change 12-wk	Price Change YTD	S&P Rank
FINANCIAL (cont.)																	
SLM Corp	SLM	Hold	$50.28	$2.53	19.9	$3.43	14.7	15%	$1.00	2.0%	31.9%	48%	96%	$20,686	-11%	3%	B+
HEALTHCARE																	
Abbott Labs	ABT	Buy	$51.91	$2.82	18.4	$3.22	16.1	12%	$1.24	2.4%	7.6%	22%	30%	$79,960	-8%	7%	A-
Johnson & Johnson	JNJ	Buy	$61.79	$4.06	15.2	$4.37	14.1	7%	$1.58	2.6%	20.7%	29%	4%	$178,978	-2%	-6%	A+
Medtronic	MDT	Buy	$52.84	$2.41	21.9	$2.70	19.6	14%	$0.47	0.9%	22.8%	23%	33%	$60,849	-1%	-1%	A
Stryker	SYK	Buy	$66.80	$2.40	27.8	$2.88	23.2	19%	$0.22	0.3%	14.4%	23%	0%	$27,327	-1%	21%	A
Wellpoint	WLP	Buy	$80.59	$5.55	14.5	$6.39	12.6	15%	–	0.0%	5.4%	12%	23%	$49,455	-1%	2%	NR
Amgen	AMGN	Hold	$50.11	$4.21	11.9	$4.34	11.5	10%	–	0.0%	20.7%	14%	41%	$54,457	-11%	-27%	B+
Pfizer	PFE	Hold	$24.84	$2.12	11.7	$2.33	10.7	4%	$1.11	4.5%	22.8%	19%	8%	$174,334	-10%	-4%	A-
INDUSTRIALS																	
Danaher	DHR	Buy	$77.66	$3.80	20.4	$4.29	18.1	15%	$0.09	0.1%	11.7%	18%	23%	$24,013	6%	7%	A+
Emerson Electic	EMR	Buy	$49.23	$2.63	18.7	$2.97	16.6	10%	$1.05	2.1%	9.2%	19%	29%	$39,151	2%	12%	A
Illinois Tool Works	ITW	Buy	$58.17	$3.38	17.2	$3.82	15.2	12%	$0.91	1.6%	12.2%	17%	9%	$32,384	10%	26%	A+
L-3 Communications	LLL	Buy	$98.51	$5.86	16.8	$6.44	15.3	14%	$0.94	1.0%	4.2%	12%	44%	$12,307	3%	21%	A-
General Electric	GE	Hold	$38.87	$2.21	17.6	$2.50	15.5	10%	$1.09	2.8%	12.6%	20%	71%	$399,901	3%	5%	A+
INFORMATION TECHNOLOGY																	
Autodesk	ADSK	Buy	$46.32	$1.89	24.5	$2.24	20.7	17%	$0.06	0.0%	15.7%	27%	0%	$10,709	2%	15%	B
Cisco Systems	CSCO	Buy	$31.92	$1.34	23.8	$1.57	20.3	15%	–	0.0%	21.0%	21%	17%	$193,795	19%	17%	B+
Citrix Systems	CTXS	Buy	$36.35	$1.54	23.6	$1.74	20.9	15%	–	0.0%	17.3%	16%	0%	$6,564	8%	34%	B+
Ebay	EBAY	Buy	$34.10	$1.37	24.9	$1.60	21.3	20%	–	0.0%	18.9%	12%	0%	$46,507	5%	13%	B
Fiserv	FISV	Buy	$46.52	$2.78	16.7	$3.23	14.4	15%	–	0.0%	9.8%	17%	27%	$7,824	-22%	-11%	B+
Oracle	ORCL	Buy	$20.28	$1.02	19.9	$1.18	17.2	15%	–	0.0%	23.7%	32%	27%	$104,257	5%	18%	B
Microsoft	MSFT	Buy	$28.73	$1.49	19.3	$1.73	16.6	12%	$0.40	1.4%	27.5%	24%	0%	$274,854	-6%	-4%	B+
Western Union	WU	Buy	$18.83	$1.08	17.4	$1.25	15.1	12%	$0.01	0.1%	20.4%	–	–	$14,549	-16%	-16%	NR
Adobe Systems	ADBE	Hold	$42.75	$1.51	28.3	$1.71	25.0	15%	$0.03	0.0%	19.6%	29%	0%	$25,137	-3%	4%	B+
Accenture	ACN	Hold	$41.21	$1.95	21.1	$2.23	18.5	13%	$0.35	0.8%	5.3%	65%	0%	$23,734	1%	12%	NR
Int'l Business Mach	IBM	Hold	$116.69	$6.96	16.8	$7.91	14.8	10%	$1.40	1.2%	10.3%	28%	46%	$159,402	10%	20%	A
Linear Technology	LLTC	Hold	$33.99	$1.39	24.5	$1.67	20.4	16%	$0.69	2.0%	38.0%	27%	–	$7,546	-5%	12%	A
MATERIALS																	
Materials SPDR	XLB	Buy	$39.15	–	–	–	–	–	$0.80	2.0%	–	–	–	$1,524	-4%	13%	NR
TELECOMMUNICATIONS																	
Vanguard ETF	VOX	Buy	$80.56	–	–	–	–	–	$0.93	1.2%	–	–	–	$266	-4%	10%	NR
UTILITIES																	
Utilities SPDR	XLU	Buy	$38.81	–	–	–	–	–	$1.09	2.8%	–			$2,942	-7%	6%	NR