Godsey & Gibb Associates

Investment Actions

First Quarter 2010

Positions Recently Added

Apache Corp. (APA) – January 2010
Houston, Texas based Apache Corporation is one of the largest independent energy companies that explores for, develops and produces natural gas, crude oil and natural gas liquids. In North America, the Company's exploration and production interests are focused in the Gulf of Mexico, the Gulf Coast, East Texas, the Permian basin, the Anadarko basin and the Western Sedimentary basin of Canada. Outside of North America, it has exploration and production interests in onshore Egypt, offshore Western Australia, offshore the United Kingdom in the North Sea, and onshore Argentina. The Company also has exploration interests on the Chilean side of the island of Tierra del Fuego. In our view, APA's business mix more closely resembles an integrated oil company, less refining, than an independent producer. The company generates approximately 50% of its revenue from North America and 50% from its other international operations. By commodity, revenues are derived from oil 66%, natural gas 32%, and natural gas liquids 2%. APA has grown its reserves and production consistently via both acquisition and organic growth, while remaining a fiscally conservative company. In addition to high production growth rates, APA maintains one of the highest credit ratings in the sector. Given these attributes, as well as an experienced, well regarded management team, we added APA to our approved list of equities for use in client portfolios.

Becton, Dickinson & Co. (BDX) – March 2010
Franklin Lakes, New Jersey based Becton, Dickinson is a global medical technology company that provides a wide range of medical devices and diagnostic products used by hospitals, doctors' offices, research labs and the general public. BDX operates three segments: (1) Medical Systems – which include hypodermic syringes and needles for injection, insulin syringes, infusion therapy devices and surgical blades and scalpels; (2) Diagnostics – which provides a wide range of products designed for the safe collection and transport of diagnostic specimens and instrumentation for analysis for infectious disease testing; and (3) Biosciences – which focuses on the science and applications associated with cellular analysis and products that help grow living cells and tissue. BDX's portfolio of products spans from the mature to new applications. Becton, Dickinson generates approximately 60% of its revenues outside the U.S. in markets across North America, Asia, Europe and Latin America. The company has historically grown organically and via acquisitions to expand its offerings. BDX also uses its healthy cash flow to finance capital expenditures, dividends, and share repurchases. With a stable business model that we believe is resistant to fluctuations in the economic environment, the potential for increased growth in emerging markets, and a history of providing shareholders with solid returns on investment through dividends and share repurchases, we have added BDX to our approved list of equities for use in client portfolios.

Chevron Corp. (CVX) – January 2010
San Ramon, California based Chevron Corporation (Chevron) manages integrated petroleum operations, chemicals operations, mining operations of coal and other minerals, power generation and energy services. CVX merged with Texaco in 2005 to create the second largest U.S. based oil company and the fifth largest publicly traded oil company in the world. The company's exploration and production (upstream) operations consist of exploring for, developing and producing crude oil and natural gas, and also marketing natural gas. CVX's refining, marketing and transportation (downstream) operations relate to refining crude oil into finished petroleum products; marketing crude oil and the many products derived from petroleum, and

transporting crude oil, natural gas and petroleum products by pipeline, marine vessel, motor equipment and rail car. In our view, given Chevron's fully integrated business model, its international size and scale, a targeted focus on cost management, low levels of corporate debt including a 'AA' Stable credit rating from Standard & Poor's, and a growing, well covered dividend yielding approximately 3.6%, the company represents one of the more attractive names in the energy sector. As such, we have added Chevron to our approved list of equities for income-oriented portfolios.

Exelon Corp. (EXC) – January 2010

Chicago, Illinois based Exelon Corporation (Exelon) is the largest U.S. utility by market capitalization and the largest nuclear generator. It operates as a utility services holding company with principal subsidiaries Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Exelon Generation Company, LLC (Generation). ComEd serves 3.8 million electric customers in Illinois and PECO serves 1.6 million electric and 485,000 gas customers in Pennsylvania. Non-regulated Exelon Generation consists of owned and contracted electric generating facilities, wholesale energy marketing operations and competitive retail sales operations. Exelon's annual dividend currently yields approximately 4.7%, over one full percentage point higher than the yield for the 10-year U.S. Treasury note. The dividend is well covered with both earnings and cash flow, and the company has both an investment grade credit profile and manageable debt levels. With 5.9 million customers, a strong position in the Midwest and Mid-Atlantic regions, and a well covered, growing, and attractive dividend yield, we view EXC as a defensive opportunity in a low interest rate and volatile equity market environment. As such we have added shares of EXC to our approved list of utility stocks for income-oriented portfolios.

Existing Positions Decreased

iShares Emerging Markets ETF (EEM) – February 2010

EEM is comprised of a diversified basket of emerging market equities, with the most heavily weighted countries including China, Brazil, Korea (South), Taiwan, South Africa, India and Russia. While we believe the economies in the emerging markets will maintain a growth advantage relative to developed markets such as the U.S. and Europe, the changing policy landscape and currency market environment over the course of the last year has led us to reduce our position size in EEM to a 2.5% weighting. A year ago, the People's Bank of China (PBoC) was embarking on a massive fiscal and monetary stimulus plan that helped to promote commodity prices and global exports from developing economies. In January, the PBoC, along with other Asian central banks, began raising reserve requirements and interest rates, in an effort to slow loan growth and withdraw stimulus, in order to control inflation. Similarly, the U.S. Federal Reserve has begun reducing the extraordinary level of stimulus and liquidity it provided during the worst of the credit crisis and the recession. Moreover, the U.S. dollar weakness which helped to drive gains in commodity oriented emerging economies over the course of the last year, as the U.S. dollar and many global oriented commodities typically trade with an inverse relationship, has come to an end. The U.S. dollar peaked in March 2009 and declined by 17% versus a basket of global currencies, however the greenback has recently broken out above its 50-, 100- and 200-day moving averages. Given these dynamics, the potential for a related and heightened level of financial market volatility, and the fact that clients currently own shares in many U.S. based multi-national firms with exposure to emerging economies, we felt it was prudent to trim positions in EEM.

iShares Global Materials ETF (MXI) – February 2010

MXI is comprised of a diversified basket of global, large cap growth companies in the global Materials sector, representing the mining, chemicals, iron/steel, building materials and forest/agricultural products industries. While we still see value in the commodities sector as a cyclical recovery story and as 'hard assets' which are typically viewed as a store of value, or hedge, against inflation, as with EEM, the changing policy landscape and currency market environment over the course of the last year has led us to reduce our position size in

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Positions Recently Eliminated

Medtronic Inc. (MDT) – February 2010

Minneapolis, MN based MDT is engaged in medical technology, alleviating pain, restoring health, and extending life for people around the world. The Company operates multiple segments that manufacture and sell device-based medical therapies. Several factors of late led to our removal of MDT from portfolios. In the last few years, product recalls have ticked up for MDT, including the voluntary recall of its leads (wires) for the company's implantable cardioverter defibrillators (ICDs). In our analysis, these recalls not only divert management's time and effort, but also reduce doctor's confidence in its products. In addition, pricing pressure and increasing competition have led to a slowdown in sales for the company's spine division. Lastly, both FDA warning letters and the increased future costs associated with expanded health care services to manufacturers of medical devices such as MDT will likely act to limit the company' future growth potential in our opinion. As such, we have removed shares of Medtronic from client accounts.