

October 2007

### ***Positions Recently Added***

#### **AT&T Corp. (T)**

AT&T is a holding company whose subsidiaries and affiliates operate in the communications services industry both domestically and internationally providing wireline and wireless telecommunications services and equipment, as well as directory advertising and publishing services. The services and products offered by the Company include local exchange services, wireless communications, long-distance services, data/broadband and Internet services, telecommunications equipment, managed networking, wholesale services, directory advertising and publishing. We view AT&T as a consistent grower of both earnings and cash flow with an attractive dividend yield. The third quarter of 2007 marked the 10<sup>th</sup> consecutive quarter of double-digit growth in adjusted EPS for AT&T. The Company's free cash flow after dividends totaled \$2.4 billion in the third quarter and AT&T now expects full year 2007 free cash flow after dividends to be in the \$6 billion to \$7 billion range, up from \$5 billion to \$6 billion, which provides for significant financial flexibility and additional share buybacks. Moreover, AT&T's \$1.42 annual dividend yields approximately 3.5%. Given these positive characteristics and an attractive valuation based on a P/E multiple of 15x forward earnings estimates, we have taken the opportunity to add AT&T to our Core Growth strategy's approved list of stocks.

#### **Oracle Corporation (ORCL)**

Oracle Corporation (Oracle) is an enterprise software company that develops, manufactures, markets, distributes and services database and middleware software, as well as applications software, which help organizations to manage their businesses. Oracle is organized into two businesses: software and services. In our view, Oracle has several growth drivers, including: (1) database and middleware, (2) applications software and customer support and services, and (3) acquisitions. With approximately 57% of its revenues derived from international clients, ORCL generated double-digit revenue growth across geographies in Q1: Americas 21% to \$2.38 billion; Europe, Middle East and Africa 34% to \$1.53 billion; and Asia-Pacific 26% to \$624 million. Due to its growing position in software and software related services, the Company's industry leading operating margins and Oracle's reasonable valuation (P/E ratio of 16x 2008 consensus EPS estimates), we have decided to add Oracle to our Core Growth strategy's approved list of stocks.

### ***Existing Positions Increased***

None this month.

### ***Existing Positions Decreased***

None this month.

### ***Positions Eliminated***

None this month.

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