

Fourth Quarter 2008

Positions Recently Added – December 2008

BP plc (BP) for Income-Oriented Clients

BP, plc is one the world's largest integrated energy companies. BP's proved reserves total more than 17.8 billion barrels of oil and gas equivalent. The company is active in exploration in 29 countries and manages interests in 17 refineries. BP also works to generate energy from alternative sources such as wind, solar and biofuels. From an investment standpoint, we believe BP shares are particularly attractive to income – oriented investors. The company's dividend yield is currently over 7%. Moreover, BP has grown its annual dividend from \$0.43 per share in 2003 to \$0.84 currently, for a five-year dividend growth rate of over 16%. BP's management has indicated that its main focus is to sustain a growing dividend over time. With regard to safety of the dividend, BP maintains cash on its balance sheet that totals near 2.5 times its annual dividend payout. In addition, its dividend payout ratio is manageable in our view at near 42% of the company's earnings. Given its industry leadership position, its high dividend yield and its growing dividend payout, we have added shares of BP to income-oriented client accounts.

Sysco Corp. (SYY) for Income-Oriented Clients

Houston, TX based Sysco is the leading marketer and distributor of food and foodservice products, as well as personal care guest amenities, housekeeping supplies, and room accessories. The company serves over 400,000 customers in the U.S. and Canada, including restaurants, educational institutions, hospitals, nursing homes, and hotels. Due to the company's diversified customer base, no single customer represents over 5% of sales. Growth in both earnings and cash flow at Sysco has been impressive in our view. The company has a solid balance sheet, including a manageable debt level. Lower input costs, including gasoline, are starting to help expand the company's margins. In our view, the two most attractive characteristics in the current environment for income-oriented clients are Sysco's annual dividend and the company's dividend growth. Sysco's current annual dividend yields approximately 4.0%. Moreover, over the last 5-years Sysco has grown its annual dividend from \$0.52 at the end of 2003 the current rate of \$0.88 for an annual dividend growth rate of 14%. Given its attractive dividend yield and dividend growth, we have added shares of SYY to income-oriented client accounts.

Existing Positions Increased

None this month.

Existing Positions Decreased

None this month.

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Positions Eliminated – October 2008

iShares MSCI EAFE Index (EFA) and iShares S&P 400 Index (IJH)

Given the heightened risks to growth in both the economy and the financial markets, we have elected to eliminate our exposure to both the MSCI EAFE Index (EFA) and the S&P 400 Index (IJH) exchange-traded funds. After reducing exposure to both of these securities in January, we have elected to remove the positions entirely due to our macro economic outlook, our industry sector view and a desire to reduce exposure to several of the more economically cyclical industry sectors. Our removal decision was due in part to the exposures to several industry sectors that we view as less favorable given the current economic cycle. For example, the Financials, Consumer Discretionary and Industrials sectors represent a large portion of EFA. The Industrials and Financials industry sectors are the two largest industries within IJH. Given our expectations for slower economic growth, we have taken a more defensive posture and favor less cyclical industry sectors such as Healthcare and Consumer Staples. Moreover, given the lack of visibility for economic growth and an increased level of volatility in the global equity markets, the removals were also consistent with our desire to increase cash levels for preservation of capital and future flexibility.

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