

Domestic Recovery is Improving, but Faces Growth Headwinds

- Weak Job Market - unemployment will decline very slowly
- Deleveraging will continue to weigh on consumer and business spending
- Housing market continues to languish

Recent Policy Decisions Have Been Positive For Growth

- Tax compromise injects additional \$200B stimulus with payroll tax holiday and accelerated depreciation
- Fed QE2 causing asset price increases
- Estimates for domestic GDP rising from 2.5% to 3.5% for 2011

Double Dip Risks Diminishing

- Fundamental impact of Europe on US economy is limited, risk is primarily financial contagion
- Export growth is solid, especially to the emerging economies
- Real Consumer spending continues to rise
- Double dips are rare - a shock is normally required to send the economy back into recession

Inflation Pressures Are Likely Several Years Away

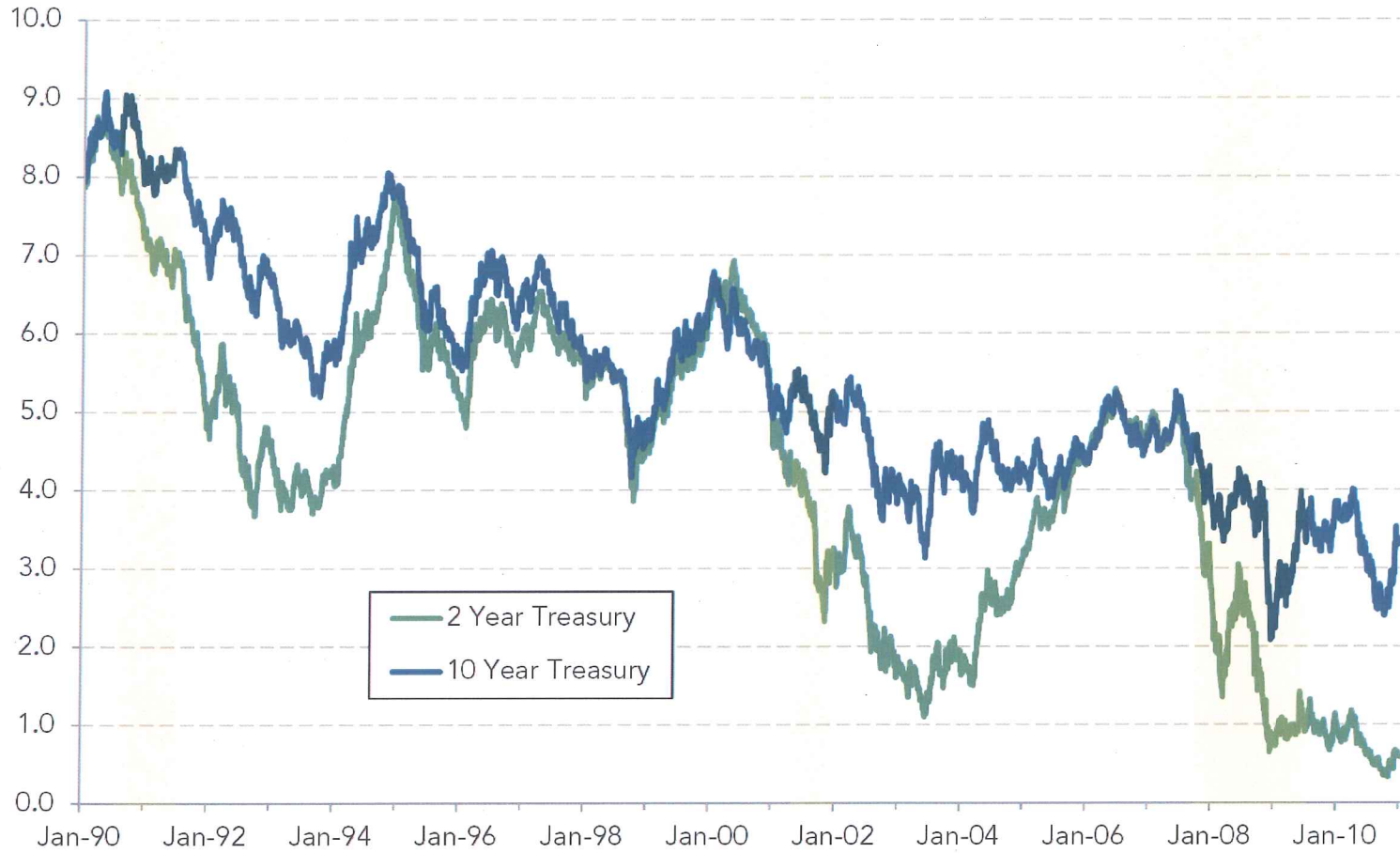
- Ample domestic and global capacity (i.e. unemployment, capacity utilization, etc.)
- Unit labor costs (indicator most closely correlated with core inflation) are still negative
- Commodity price increases more likely to dampen growth/profits rather than igniting inflation
- V-shaped recovery that is strong enough to soak up all excess capacity is unlikely



U.S. Treasury Rates

2 Year and 10 Year Maturity

January 2011



Large Cap Stocks Look Attractive

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	S&P 500 Index	Russell 2000 Index
Trailing P/E	15.7	31.7
Forward P/E	14.4	21.7
Price to Cash Flow	9.9	16.4
Yield	1.8%	0.9%
Long-Term EPS Growth	11.0%	13.0%
Average Quality	B+	B-
Standard Deviation	17.4%	24.2%



Periodic Table of Quality Rankings

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Annual Returns for S&P Quality Rankings Ranked in Order of Performance (Best to Worst)

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Since 1990
A+ 49.6%	B+ 14.9%	B 23.4%	A 5.7%	A+ 42.0%	B 27.4%	A 43.3%	A+ 33.6%	C/D 103.2%	A 4.0%	A- 2.0%	A- -6.8%	C/D 52.9%	B 17.1%	B- 11.6%	A- 22.0%	B 12.1%	A+ -22.1%	C/D 56.2%	B- 26.1%	A- 10.5%
C/D 42.3%	B- 13.6%	B- 22.6%	A+ 2.4%	B- 39.0%	B+ 23.5%	A+ 39.3%	B+ 29.8%	B+ 27.9%	A+ 3.2%	A -2.2%	A -19.8%	B- 37.6%	A- 16.3%	B 9.1%	B+ 18.3%	B+ 8.5%	A- -33.9%	B- 45.3%	C/D 23.6%	B 9.8%
A 35.7%	A- 13.5%	C/D 18.7%	B 0.3%	A 38.9%	A+ 23.2%	A- 38.4%	B 24.5%	B- 27.5%	A- 0.8%	B- -6.4%	B+ -20.1%	B 37.0%	B- 12.8%	A- 6.8%	B- 17.1%	B- 4.7%	B+ -36.8%	B 43.6%	B 21.1%	A+ 9.0%
B+ 33.3%	C/D 11.2%	A- 13.5%	C/D 0.1%	B 37.2%	A 22.5%	B+ 30.0%	A 21.7%	B 26.5%	B+ -4.6%	B -8.8%	A+ -20.4%	A 34.0%	B+ 11.1%	B+ 6.3%	C/D 15.7%	A- 2.1%	B -37.9%	B+ 29.1%	A- 19.3%	B+ 8.6%
B- 25.2%	B 10.7%	B+ 12.8%	A- -0.5%	A- 36.4%	A- 21.8%	B 25.4%	A- 19.2%	A+ 17.9%	B -14.9%	A+ -9.8%	B- -23.6%	B+ 28.3%	A+ 8.7%	A 2.6%	B 13.9%	A 1.9%	A -38.9%	A- 17.0%	A 16.1%	B- 8.5%
A- 23.7%	A 6.9%	A+ -0.3%	B+ -1.2%	B+ 33.2%	B- 15.7%	B- 24.0%	B- 17.0%	A- 12.8%	B- -19.7%	B+ -17.1%	B -26.0%	A- 25.2%	C/D 3.4%	A+ 1.8%	A 13.2%	A+ -3.7%	B- -40.5%	A 15.8%	A+ 13.2%	A 7.9%
B 20.4%	A+ 2.7%	A -4.6%	B- -1.8%	C/D 21.9%	C/D -2.1%	C/D 0.9%	C/D 7.0%	A 1.1%	C/D -22.2%	C/D -30.9%	C/D -45.2%	A+ 19.6%	A 2.3%	C/D 0.3%	A+ 9.5%	C/D -4.6%	C/D -52.2%	A+ 6.1%	B+ 9.1%	C/D 2.6%
High Quality 35.7%	Low Quality 12.0%	Low Quality 22.6%	High Quality 1.1%	High Quality 37.2%	High Quality 22.9%	High Quality 36.6%	High Quality 27.0%	Low Quality 30.2%	High Quality 0.1%	High Quality -8.3%	High Quality -17.6%	Low Quality 39.7%	Low Quality 13.6%	Low Quality 8.3%	High Quality 15.8%	Low Quality 8.6%	High Quality -32.9%	Low Quality 45.1%	Low Quality 22.5%	High Quality 9.0%
Low Quality 22.8%	High Quality 9.1%	High Quality 5.7%	Low Quality -0.4%	Low Quality 36.5%	Low Quality 22.4%	Low Quality 23.9%	Low Quality 21.8%	High Quality 15.6%	Low Quality -17.4%	Low Quality -10.2%	Low Quality -27.8%	High Quality 25.7%	High Quality 9.9%	High Quality 4.5%	Low Quality 15.2%	High Quality 2.8%	Low Quality -39.7%	High Quality 18.8%	High Quality 12.8%	Low Quality 8.8%

Time period is from 1/90 to 12/10. The universe includes all Russell 3000 Index constituents with S&P Quality Rankings and prices greater than \$1. The table includes seven model portfolios segmented by Quality Ranking ranging from the Highest Quality companies (A+) to the Lowest Quality companies (C/D), each capturing the long-term growth and stability of a company's earnings and dividends in a single measure. The High and Low Quality portfolios are provided to compare the aggregate of all companies with higher quality rankings (B+ or better) to those that are lower quality rated (B or below). Each model portfolio is ranked in order from best to worst calendar-year returns. The cumulative annualized return is calculated for the period from 1/1/90 to 12/31/10. Portfolios are formed and rebalanced monthly, and rates of return are calculated using a market capitalization weighted methodology. Over this period of time, the annual standard deviation of returns for the High Quality portfolio is 17.8% and for the Low Quality portfolio is 21.7%.

Sources: Standard & Poor's, Wilshire Atlas, Atlanta Capital. The material is based upon information that S&P, Wilshire, and Atlanta Capital considers to be reliable, but neither S&P, Wilshire, nor Atlanta Capital warrants its completeness, accuracy or adequacy and it should not be relied upon as such. This information should not be considered investment advice. The Russell 3000 Index is a widely accepted measure of the broad U.S. stock market performance that includes approximately 98% of the U.S. market. Indexes are unmanaged and it is not possible to directly invest in an index. Performance during certain periods reflects strong stock market performance that is not typical and may not be repeated. Past performance does not predict future results. Reproduction or redistribution of this page in any form without the express permission from Atlanta Capital is prohibited.



Bond Market Environment

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