ATALANTA SOSNOFF CAPITAL CORP /DE/
Form 10-K
March 28, 2002

10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended December 31, 2001

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from to

Commission File Number 1-9137

ATALANTA/SOSNOFF CAPITAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	13-3339071
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 Park Avenue, New York, New York	10178
(Address of principal executive officers)	(zip code)

(Registrant's telephone number, including area code) (212) 867-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act:
NONE (Title of Class)

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Number of shares of common stock *
outstanding at March 22, 2002: 8,875,705

* (voting; only class outstanding)

Aggregate market value of voting and
non-voting common equity held by non-
affiliates, as of March 22, 2002: $ 12,015,140

Documents incorporated by reference: Proxy Statement for the 2002 Annual Meeting of Stockholders (incorporated in part in Form 10-K, Part III)

Exhibit Index is located on page 29.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K under the captions "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", and elsewhere in this Report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions; the loss of, or the failure to replace, any significant clients; changes in the relative investment performance of client or firm accounts and changes in the financial marketplace, particularly in the securities markets. These forward-looking statements speak only as of the date of this Annual Report. The Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PART I

Item 1. Business

GENERAL

Atalanta/Sosnoff Capital Corporation, a New York Stock Exchange listed company, through its operating subsidiaries, Atalanta/Sosnoff Capital Corporation (Delaware) ("Capital") and Atalanta/Sosnoff Management Corporation ("Management"), provides discretionary investment advisory, brokerage and other related services. The term "Company" as used herein refers to Atalanta/Sosnoff Capital Corporation and its subsidiaries. Capital and Management are both federally registered investment advisors. Management is also federally registered as a broker-dealer.

CLIENT RELATIONSHIPS

General. Investment advisory clients include corporate and public retirement plans, endowments, charitable and religious organizations, and individuals in both taxable and tax-exempt accounts. The Company provides investment advisory services to its clients under investment advisory agreements. These agreements are generally terminable upon short notice and provide for compensation based on the market value of the client assets under management. Generally, annual institutional account fees start at 1% of assets under management, and, for larger accounts, may include performance fees or reductions in fees on incremental assets to as low as 0.2%. Individual and smaller institutional account fees are generally 1% of assets under management. Some institutional account clients have consented to the use of Management as broker for certain portfolio transactions. Most of the Company's individual and smaller institutional account clients use Management as the broker for certain portfolio transactions.

The largest single client of the Company generated approximately 3% of the Company's operating revenues for the year ended December 31, 2001. The Company's ten largest clients, as of December 31, 2001, accounted for approximately 22% of total operating revenues for the year then ended.

Assets under management decreased 13% in 2001, from $2.71 billion at December 31, 2000 to $2.36 billion at December 31, 2001. This net decrease is primarily the result of $196 million of new assets raised in 2001 offset by net cash outflows in client accounts and closed accounts of $305 million and negative performance of $242 million in 2001. (See the following pages and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Summary" for further discussion)

The following table depicts assets under management at the last three year-ends by type of client:

	($ millions)		
	2001	2000	1999
Institutional	$1,509	$1,905	$2,086
High Net Worth	368	393	376
Investment Partnerships	203	200	126
Wrap Programs	244	179	72
Mutual Funds	32	30	26
Totals	$2,356	$2,707	$2,686

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Institutional Clients. Capital manages accounts of institutional clients with assets under management of approximately $1.5 billion as of December 31, 2001, compared with $1.9 billion at the end of 2000, and $2.1 billion at the end of 1999. The following table shows the types of institutional clients whose assets are managed by Capital and, for each type, the assets under management as of December 31, 2001:

Type of Account	Dollars in Millions	% of Total
Corporate employee benefit plans	$303	20%
Not-for-profit Organizations	278	19
Jointly-trusteed collective bargaining employee plans	564	37
Governmental employee benefit plans	268	18
Taxable	96	6
Total	$1,509	100%

While relative investment performance in 2001 was again strong for equity accounts, net outflows in client accounts of $212 million and negative performance of $184 million accounted for the net decrease of 21% in 2001.

High Net Worth ("HNW") Clients. Since 1984, Management has managed assets of individual and smaller institutional accounts. Assets under management in this HNW business decreased 6% during 2001 to $368 million at December 31, 2001, from $393 million at December 31, 2000 and $376 million at December 31, 1999. Net cash outflows and negative performance accounts for the decrease in assets under management in 2001. Certain of these accounts are exclusively managed and serviced (the "SVP Accounts") by a Senior Vice President of Management, Mr. William M. Knobler ("SVP").

Company-Sponsored Investment Partnerships. Capital is the general partner of three investment limited partnerships and the investment advisor of an offshore investment fund, all with different investment objectives and client profiles, with total aggregate assets of $203 million at December 31, 2001, compared with $200 million at the end of 2000 and $126 million at the end of 1999. Capital earns a management fee from each entity at an annual rate of 1% of total assets, as defined. The partnership agreements contain various provisions regarding the bearing of expenses by each of the entities. Capital charges one of the partnerships and the offshore fund, both formed in 1997, an incentive fee of 20% of net profits earned, as defined.

Wrap Program Accounts. The Company manages $244 million of accounts custodied at and sponsored by various financial services firms (i.e. "Wrap" accounts) at December 31, 2001, compared with $179 million at the end of 2000 and $72 million at the end of 1999. At the end of 1999, the Company was selected to participate in one of the premier wrap programs in the country, the Salomon Smith Barney Fiduciary Services program ("SSB FS"). The Company raised $67 million and $88 million in assets, net, in this program in 2001 and 2000, respectively.

Mutual Funds. In June, 1998 the Company started its first mutual fund, the Atalanta/Sosnoff Fund. In July 1999, the Company started three additional mutual funds: the Atalanta/Sosnoff Value Fund, the Atalanta/Sosnoff Balanced Fund, and the Atalanta/Sosnoff Focus Fund. In July 2001, the Company started a fifth mutual fund: the Atalanta/Sosnoff Mid Cap Fund (collectively the "Funds"). Capital acts as the investment advisor to the Funds, and Management acts as the distributor. The Company invested $9.1 million in the Funds in 1998, an additional $6 million during 1999, an additional $3.1 million in reinvested dividends in 2000, and an additional $2.1 million in contributions and reinvested dividends in 2001. The market value of the Funds totaled $32 million at December 31, 2001, and $30 million at the end of 2000. Capital earns an advisory fee of .75% per annum on each Fund, subject to certain fee and expense waivers currently in place.

INVESTMENT MANAGEMENT AND RESEARCH

The Company currently manages $2.36 billion in equity, balanced and fixed income accounts for corporations, public funds, Taft-Hartley clients, foundations, charitable organizations and individuals. Institutional clients were the source of 64% of total managed assets at the end of 2001. The Company's subsidiaries have been registered as investment advisors since 1982 (Capital) and 1984 (Management), respectively. Institutional clients are managed by Capital. Management also provides brokerage services to some of its advisory clients and to certain of Capital's clients.

The Company's investment philosophy seeks to identify companies that are entering into a cycle of accelerating earnings momentum. Clients retain the Company primarily as a domestic large-cap core equity and/or balanced account manager.

The Company's equity methodology focuses on two levels: thematics and stock selection. Through its Investment Policy Committee, composed of Martin T. Sosnoff and Craig B. Steinberg, the Company seeks to identify change at the margin. Major themes unfold during economic cycles they embrace, geopolitical realignments, changes in government regulation and Federal Reserve Board policy emphasis.

The process seeks to identify and overweight "event-driven" companies and sectors with benevolent product profile cycles and accelerating earnings. The Company believes that the vision and motivation of management are common critical variables in outperformance. The Company's methodology is biased toward management with meaningful equity participation.

The two principals, Martin T. Sosnoff and Craig B. Steinberg, have worked together in the investment arena for more than 16 years. The continuity of the team and its years of experience are critical elements in managing investments. The portfolio managers are all experienced research analysts. Portfolio decisions are implemented on behalf of all the Company's clients, subject to individual client guidelines, restrictions and cash flows.

The Company's Investment Policy Committee, headed by Mr. Sosnoff as Chief Investment Officer, is responsible for managing the portfolios of the Company's clients. All members of the Committee participate in the management of all accounts, except the SVP Accounts. When requested, Mr. Knobler participates in the Investment Policy Committee process on an ad hoc basis. Each client portfolio is comprised of securities selected by the Committee, subject to risk tolerances, concentration limits, leverage policies and other restrictions

determined by each client with, in certain cases, the assistance of the Company. Mr. Sosnoff has managed money since the late-1960's through several market cycles. Throughout that time, Mr. Sosnoff has applied a consistent investment style and philosophy to the management of client accounts.

The Company believes that, in addition to performance, client service is paramount in the money management business. Portfolio managers are particularly attuned to the needs of the Company's clients. The Company believes that its consistent investment style since inception and continued emphasis on frequent communication with clients distinguishes it from other managers.

The Company's mission is to maintain a top quartile performance ranking year over year, cycle over cycle and decade over decade. Strong absolute and relative performance results for the four years ended December 31, 2001, have substantially improved the Company's peer group rankings.

MARKETING AND BUSINESS DEVELOPMENT

Institutional. The Company's institutional clients generally allocate their assets among several investment managers and may change the allocation from time to time. In addition, clients allocate their assets among various market sectors and types of investments, and may change these allocations in response to prevailing market conditions or changes in the client's investment objectives.

Net withdrawals from institutional client accounts totaled $212 million in 2001, compared with net withdrawals of $174 million in 2000, and net withdrawals of $347 million in 1999. The Company believes the net cash outflows for the three years ended 2001 are primarily the result of clients reallocating assets away from the Company in an effort to preserve their desired asset allocation.

HNW. Individual and smaller institutional client portfolios are managed on the same basis as the management of the accounts of institutional clients. Account service representatives assist new clients in determining appropriate risk tolerances, concentration limits, leverage policies and other restrictions, and provide ongoing account servicing to existing clients. Net cash withdrawals in HNW client accounts totaled $6 million in 2001, compared with net additions of $15 million in 2000 and net cash withdrawals of $6 million in 1999. The Company continues to devote additional resources to the HNW market.

Investment Partnerships. At December 31, 2001 the Company was the general partner of and managed $203 million in three limited partnership vehicles, primarily for the benefit of high net worth individuals as limited partners. Two of the partnerships, Atalanta Partners, L.P. and Atalanta Variable Fund, L.P., have been managed by Mr. Sosnoff since the late 1960's. The other limited partnership, Sabre Partners, L.P., which began in 1997, is primarily managed by Mr. Steinberg. The Company received net contributions to the Partnerships totaling $21 million in 2001, compared with $57 million in 2000 and $12 million in 1999.

Wrap Programs. The Company continues to increase marketing efforts on the managed account ("Wrap") programs offered by certain large financial services firms. As of December 31, 2001, $244 million was under management from such programs, compared with $179 million at the end of 2000 and $72 million at the end of 1999. The growth in 2001 and 2000 is primarily the result of the Company's efforts in the SSB FS program. The Company believes this business represents an efficient means for the Company to gather assets, and is optimistic about its future growth, subject to performance considerations. The Company has also devoted additional resources to this market.

Mutual Funds. The Company began its first mutual fund in 1998, the Atlanta/Sosnoff Fund. In July 1999, the Company started three additional mutual funds: the Atalanta/Sosnoff Value Fund, the Atalanta/Sosnoff Balanced Fund, and the Atalanta/Sosnoff Focus Fund and in July 2001, the Company started its fifth mutual fund; the Atalanta/Sosnoff Mid Cap Fund (collectively the "Funds"). The Company invested $6.0 million in the Funds during 1999, an additional $3.1 million of reinvested dividends during 2000, and an additional $2.1 million of contributions and reinvested dividends in 2001. The Company is marketing the Funds through Management directly to certain of its current clients and prospects, directly to financial planners and small registered investment advisors as well as through several no-transaction-fee programs sponsored by large financial services companies.

COMPETITION

The investment management business is highly competitive. The Company competes with numerous investment management firms having varying investment methods and philosophies. In addition to competition from other discretionary investment managers, the Company, particularly in its individual and smaller institutional account business, competes with investment alternatives offered by mutual funds, insurance companies, banks, securities dealers and other financial institutions. Also, the allocation by many clients of assets away from active equity investment to index funds and similar products has enhanced the ability of firms offering non-equity products and passive equity management which the Company does not offer, including much larger firms with diversified product lines, to compete with the Company.

The Company's performance results since inception rank above the median among peer group money managers. Because of the strong relative equity performance results for each of the four years ended December 31, 2001, the Company's performance rankings are very good. The Company believes that the most important factors affecting its capacity to compete for new business are sustained top quartile investment performance results, the perceived quality and productivity of investment professionals, a continued commitment to a strong marketing effort and an exemplary level of client service.

Most prospective clients perform a thorough review of an investment manager's background, investment policies and performance before committing assets to that manager. In many cases, prospective clients invite a number of competing firms to make presentations. The process of obtaining a new client typically takes from 6 to 18 months from the time of the initial contact.

The Company believes it has the capacity to continue to increase the number of client accounts under management without significant increases in fixed costs or personnel and without adversely affecting the quality of service to existing clients. The Company has continued to implement enhancements to its portfolio accounting, allocation, monitoring and reporting systems to enable it to more efficiently manage client accounts.

BROKERAGE

Many of the Company's clients use Management as broker for their account transactions, to the extent consistent with the client's best interests and as permitted by applicable law. As of December 31, 2001, some of Capital's institutional clients have consented to the use of Management as broker. Such clients generated approximately $30,000 in commission revenue in 2001. The use of Management as broker is an integral part of the services offered to many of Management's HNW clients (except for those accounts obtained through Wrap programs). Management also provides brokerage services to the Company's officers and employees.

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Management clears and carries all accounts on a fully-disclosed basis through Bear, Stearns Securities Corp. ("Bear Stearns"). Under these arrangements, Bear Stearns performs administrative functions, such as record keeping, confirmation of transactions and preparation and transmission of monthly statements. Bear Stearns also extends margin credit to Management's brokerage customers.

Management owns a seat on the New York Stock Exchange, Inc. ("NYSE") and is a member of, and owns a seat on, the Chicago Board Options Exchange, Inc. ("CBOE"). These seats are leased at market rates to unrelated third parties and aggregate lease rentals for 2001 and 2000 totaled approximately $358,000 and $330,000, respectively.

EMPLOYEES

At December 31, 2001, the Company employed 46 persons on a full-time basis, comprised of 3 senior executives, 5 research, 9 sales and marketing, 10 client service, 9 operations, accounting and systems, 3 trading and 7 administrative or secretarial positions. The Company considers its employee relations to be good.

Sales personnel receive additional compensation based upon the advisory fees of clients which they were responsible for successfully soliciting on behalf of the Company. In addition, the Company has entered into agreements with various sales personnel which, among other things, limit the extent to which such personnel may solicit clients of the Company if their employment is terminated. Some of these agreements provide that, in certain circumstances, an employee, in the event of termination, may continue to receive a percentage of fees received by the Company from clients solicited by that employee. The amounts payable with respect to these salespersons' agreements are not expected to be material.

REGULATION

The securities industry in the United States is subject to extensive regulation under both federal and state laws. Management is registered as a broker-dealer and investment advisor with the Securities and Exchange Commission ("SEC"), and Capital is registered as an investment advisor with the SEC. Management's brokerage operations are also subject to regulation by self-regulatory organizations, including the National Association of Securities Dealers, Inc., and the CBOE. Securities firms are also subject to regulation by state securities administrators in the states in which they conduct business. The Company's subsidiaries are registered as a broker-dealer and/or an investment advisor in all 50 states.

Broker-dealers and investment advisors are subject to regulation covering virtually all aspects of their business. Additional legislation, changes in rules promulgated by the SEC and self-regulatory organizations, or changes in the interpretation or enforcement of existing laws and rules, may directly affect the mode of operation and profitability of the Company. The SEC, self-regulatory organizations and state securities commissions conduct routine inspections of the Company's businesses and may conduct administrative proceedings which can result in censure, fine, suspension or expulsion of a broker-dealer or an investment advisor, and/or their officers or employees in the event of violations of the laws and regulations they administer.

The Company's investment advisory agreements with its clients provide that they may not be assigned without the consent of the client. "Assignment" is defined in the Investment Advisers Act of 1940 to include the direct or indirect transfer or hypothecation of a controlling block of the Company's voting securities. Martin T. Sosnoff, Chairman of the Board of the Company, owns approximately 79% of the NYSE listed company, Atalanta/Sosnoff Capital Corporation (the "Holding Company"), which directly or indirectly owns Capital and Management, both of which are registered investment advisors. Accordingly, the voluntary transfer (by sale, merger or other disposition) or involuntary transfer (by death or disability) by him of a controlling block of the Holding Company's securities would result in such an "assignment" requiring client consent. Although no assurance can be given in these circumstances,

the Company believes it would be able to substantially retain its existing client base. The Company's Certificate of Incorporation contains provisions intended to preclude the possibility that the accumulation by third parties of a substantial position in the Company's common stock would be deemed an "assignment" of the Company's advisory agreements.

Many of the Company's clients are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). The accounts of these clients are subject to a number of ERISA provisions governing, among other things, fiduciary obligations and permissible investments and investment methods.

As a registered broker dealer, Management is required under the rules of the SEC to maintain minimum net capital at all times equal to at least $250,000. In addition, Management's ratio of aggregate indebtedness to net capital may not exceed 15 to 1, and equity capital may not be withdrawn, or dividends paid, from Management if the resulting ratio of aggregate indebtedness to net capital would exceed 10 to 1. Management's minimum net capital requirement as of December 31, 2001 was $250,000; it had net capital at such date of $10.7 million, and a ratio of aggregate indebtedness to net capital of 0.20 to 1.

Item 2. Properties.

The Company occupies office space at 101 Park Avenue, New York, New York under a lease whose term expires in August 2002. In October 1999, the Company entered into a new 15 year lease on its existing office space in New York, which commences in September 2002 (see Note 7 to the Financial Statements).

Item 3. Legal Proceedings.

There are no legal proceedings to which the Company or any of its property is subject which, in the opinion of the Company's management, would have a material adverse effect upon the Company's business or operations.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders during the fourth quarter of 2001.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholders Matters.

The Company's common stock is listed on the NYSE under the trading symbol "ATL." The following table sets forth for the quarters indicated, the high and low closing sales prices of the common stock, as reported on the New York Stock Exchange Composite Transactions Tape, together with special dividends declared each year.

	2001		2000		1999	
QUARTER ENDED	HIGH	LOW	HIGH	LOW	HIGH	LOW
March 31	$11.25	$9.90	$10.50	$7.88	$10.56	$6.75
June 30	11.60	10.00	10.63	9.00	10.00	7.50
September 30	11.45	9.40	10.75	9.50	10.13	7.13
December 31	10.71	9.45	11.63	10.25	8.88	7.63
Special Dividends Declared	$.20		$.25		None	

The approximate number of record holders of common stock was 35 on December 31, 2001.

The Company's Board of Directors will periodically review the Company's earnings, liquidity and anticipated cash needs and, subject to these considerations, it may consider the payment of dividends in the future.

For information with respect to stock and option awards made during 2001, see "Executive Compensation" and "Stock Option and Long Term Incentive Plans" in the Company's Proxy Statement for its 2002 Annual Meeting of Stockholders, incorporated by reference in Item 11 of Part III of this Annual Report on Form 10-K. Shares of common stock awarded in 1997 under the Long Term Incentive Plan were issued to senior executives of the Company without registration under the Securities Act of 1933 in reliance on the exemption therefrom in Section 4(2) thereof for transactions not involving a public offering.

Item 6. Selected Financial Data

SELECTED FINANCIAL DATA
FIVE YEAR REVIEW

(dollars and shares in thousands, except per share amounts)	2001	2000	1999	1998	1997
SUMMARY OF OPERATIONS:					
Net income	$ 283	$ 11,503	$ 17,564	$ 7,784	$ 9,
Per share - diluted	$ .03	$ 1.27	$ 1.91	$ .81	$ 1
- basic	$ .03	$ 1.27	$ 1.91	$ .81	$ 1
Total Revenues	$ 15,090	$ 40,588	$ 51,075	$ 27,304	$ 31,
Operating revenues (1)	$ 15,458	$ 21,179	$ 18,270	$ 16,980	$ 18,
Operating expenses (2)	$ 14,627	$ 18,008	$ 16,611	$ 13,609	$ 13,
Operating income	$ 831	$ 3,171	$ 1,659	$ 3,371	$ 5,
Operating margin	5%	15%	9%	20%	
Per employee:					
Operating revenues (1)	$ 336	$ 460	$ 406	$ 435	$
Operating expenses (2)	$ 318	$ 391	$ 369	$ 349	$
Operating income	$ 18	$ 69	$ 37	$ 86	$
Net interest and dividend income	$ 1,047	$ 1,234	$ 708	$ 1,557	$ 2,
Net realized and unrealized gains (losses) from investments	$ (1,415)	$ 18,176	$ 32,097	$ 8,767	$ 9,
Return on average equity	Nil	11%	19%	10%	
YEAR-END POSITION:					
Total assets	$ 109,495	$ 126,914	$ 123,623	$ 90,686	$ 75,
Shareholders' equity	$ 102,403	$ 107,066	$ 101,776	$ 82,022	$ 70,
Book value per share	$ 11.52	$ 11.89	$ 11.21	$ 8.78	$ 7
Cash dividends declared per share	$ .20	$ .25	None	$ .25	$
Common stock, shares outstanding	8,886	9,005	9,075	9,338	9,
Number of employees	46	46	45	39	
Assets under management (millions)	$ 2,356	$ 2,707	$ 2,686	$ 2,410	$ 2,
AVERAGE ASSETS UNDER MANAGEMENT (MILLIONS)	$ 2,202	$ 2,638	$ 2,412	$ 2,402	$ 2,
Percentage of average assets:					
Operating revenues (1)	.70%	.80%	.76%	.71%	
Operating expenses (2)	.66%	.68%	.69%	.57%	
Operating income	.04%	.12%	.07%	.14%	

(1) Operating revenues consist of advisory fees, commissions and other operating revenue.

(2) Operating expenses consist of total costs and expenses less investment performance bonuses of $2,626,000 and $3,446,000 in 2000 and 1999, respectively, pursuant to the Management Incentive Plan, which were paid to the Chief Executive Officer and President. There were no investment performance bonuses payable for 2001. (See Management's Discussion and Analysis.)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

FINANCIAL SUMMARY

For the fourth consecutive year, investment performance was above market in 2001 for equity clients. Net new client assets raised of $196 million in 2001, offset by net client withdrawals of $305 million and negative performance of $242 million, caused a net decrease of $351 million in assets under management during 2001. Average assets under management totaled $2.20 billion in 2001, compared with $2.64 billion in 2000 and $2.41 billion in 1999.

After elimination of non-operating charges, pretax operating income decreased 62% to $2.5 million in 2001, compared with $6.5 million in 2000 and $5.4 million in 1999. Earnings per share totaled $0.03 in 2001, compared with $1.27 in 2000 and $1.91 in 1999 (all earnings per share amounts represent diluted earnings per share). Net income was $283,000 in 2001, compared with $11.5 million in 2000 and $17.6 million in 1999.

Owing to the continued decline in the market during 2001, total revenue for 2001 decreased 63% to $15.1 million, from $40.6 million in 2000 and $51.1 million in 1999. Revenue from advisory fees and commissions ("operating revenues") decreased 27% to $15.5 million in 2001, from $21.2 million in 2000 and $18.3 million in 1999. The Company had a net loss on investments of $368,000 in 2001, compared with net investment income of $19.4 million in 2000 and $32.8 million in 1999.

Costs and expenses for 2001 decreased 29% to $14.6 million, from $20.6 million in 2000 and $20.1 million in 1999. After eliminating non-operating charges, operating expenses were $12.9 million, $14.6 million and $12.9 million for 2001, 2000 and 1999, respectively. The following table depicts operating income, as adjusted, for the years ended December 31:

OPERATING INCOME		($000)	
	2001	2000	1999
Operating revenues, reported	$ 15,458	$ 21,179	$ 18,270
Costs and expenses, reported	(14,627)	(20,634)	(20,057)
Add MIP investment performance bonuses	--	2,626	3,446
Operating income before adjustments	831	3,171	1,659
Adjustments:			
Non-cash compensation charges	1,688	2,250	2,250
SVP account charges	--	1,125	1,500
Operating income, adjusted	$ 2,519	$ 6,546	$ 5,409

Balance sheet assets totaled $109 million at December 31, 2001, compared with $127 million a year ago. Book value per share decreased 3% to $11.52 at December 31, 2001, compared with $11.89 at the end of 2000. Before the $0.20 per share special dividend paid on December 31, 2001, book value decreased by 1%.

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ASSETS UNDER MANAGEMENT

Managed assets totaled $2.36 billion at the end of 2001, compared with $2.71 billion at the end of 2000 and $2.69 billion at the end of 1999. A breakdown of assets under management by client type as of the end of each of the last three years is as follows:

	($ millions)		
	2001	2000	1999
Institutional	$1,509	$1,905	$2,086
High Net Worth	368	393	376
Investment Partnerships	203	200	126
Wrap Programs	244	179	72
Mutual Funds	32	30	26
Total Managed Assets	$2,356	$2,707	$2,686

The $351 million net decrease in managed assets during 2001 is comprised of increases of $196 million from new client accounts, reduced by (i) $146 million in closed client accounts; (ii) $159 million in net withdrawals from existing accounts and; (iii) $242 million in negative performance results.

In the two years ended December 31, 2001, managed assets decreased by $330 million, comprised of increases of $443 million in new client accounts, reduced by (i) $210 million in closed client accounts; (ii) $336 million in net withdrawals from existing accounts; and (iii) $227 million in negative performance results.

EARNINGS

Operating revenues decreased 27% in 2001 to $15.5 million, compared with $21.2 million in 2000 and $18.3 million in 1999. Average assets under management decreased 17% in 2001 compared with 2000, and 9% compared with 1999. The decrease in operating revenues in 2001 is due in part to the decrease in average assets. In addition, performance based fees earned on one of the investment partnerships managed by the Company totaled $2.4 million in 2000 and $539,000 in 1999, compared with none in 2001.

In 2001 operating revenues were .70% of average managed assets, compared with .80% in 2000 and .76% in 1999. This reflects the absence of performance based fees in 2001, and a significant decline in average assets under management in 2001 compared with 2000 and 1999.

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Advisory fees, which are earned based on the value of assets under management, are the Company's primary source of operating revenues. Advisory fees decreased 29% to $13.8 million in 2001, compared with $19.4 million in 2000 and $16.3 million in 1999. Advisory fees were approximately 90% of operating revenues in each of the three years ended December 31, 2001.

Transaction fees (commissions) earned by Management are the primary source of the Company's other operating revenues. Commissions are derived from some of Management's individual and small institutional accounts, investment partnerships and specific institutional accounts that have given Management the authority to execute trades. Commissions decreased 14% to $1.25 million in 2001, compared with $1.45 million in 2000 and $1.44 million in 1999.

The following table depicts operating expenses, as adjusted, for the years ended December 31:

OPERATING EXPENSES	($000)		
	2001	2000	1999
Cost and expenses, reported	$ 14,627	$ 20,635	$ 20,057
Adjustments:			
MIP investment performance bonuses	--	(2,626)	(3,446)
Non-cash compensation charges	(1,688)	(2,250)	(2,250)
SVP account charges	--	(1,125)	(1,500)
Operating expenses, adjusted	$ 12,939	$ 14,634	$ 12,861

Reported costs and expenses totaled $14.6 million in 2001, compared with $20.6 million in 2000 and $20.1 million in 1999. The 2001 amount reflects $1.7 million in non-operating charges detailed above. Before this item, operating expenses totaled $12.9 million in 2001. The 2000 amount reflects $6.0 million in non-operating charges. Before these items, operating expenses totaled $14.6 million in 2000. The 1999 amount reflects $7.2 million in non-operating charges. Before these charges, operating expenses totaled $12.9 million in 1999.

After these non-operating adjustments, 2001 operating expenses decreased 12% compared with 2000, after a 14% increase in 2000 compared with 1999. Adjusted operating expenses were 84% of operating revenues and .59% of average managed assets in 2001, compared with 69% and .55% in 2000, and 70% and .53% in 1999.

The following table depicts compensation expenses, as adjusted, for the years ended December 31:

COMPENSATION EXPENSES	($000)

	2001	2000	1999
Compensation expenses, reported	$ 10,300	$ 16,017	$ 15,318
Adjustments:			
MIP investment performance bonuses	--	(2,626)	(3,446)
Non-cash compensation charges	(1,688)	(2,250)	(2,250)
SVP account charges	--	(1,125)	(1,500)
Compensation expenses, adjusted	$ 8,612	$ 10,016	$ 8,122

Reported compensation expenses decreased 36% to $10.3 million in 2001, compared with $16.0 million in 2000 and $15.3 million in 1999. Compensation expenses adjusted for the non-operating charges noted above decreased 14% in 2001 to total $8.6 million, compared with $10.0 million in 2000 and $8.1 million in 1999. The 2001 decrease is primarily due to decreases in bonuses to employees, a decrease in sales payouts related to the decrease in advisory fee revenue and a decrease in the Company's discretionary contribution to the employee Profit Sharing Plan. Adjusted compensation expenses were 44% of operating revenues and .39% of average managed assets in 2001, compared with 47% and .38% in 2000, and 44% and .34% in 1999.

The Company has a Management Incentive Plan ("MIP") (see Note 7 to the audited financial statements) which covers bonus payments to certain executives. Under the MIP, the payment of operating bonuses to these executives is based on the annual growth in operating income, after adjusting for certain charges. A MIP operating bonus of $541,000 was earned in 2000, compared with none in 2001 and 1999.

Under a second component of the MIP, an annual investment performance bonus is earned by the Chief Executive Officer ("CEO") based upon the performance of proprietary accounts of the Company in excess of a base index return, as defined. Included in compensation expense related to this component of the MIP is an investment performance bonus to the CEO of none in 2001, $2,216,000 in 2000 and $3,446,000 in 1999.

In addition, under a third component of the MIP, the President earns an operating bonus based upon the pretax operating profits earned by the Company as General Partner of the partnership managed by the President. Included in compensation expense are operating bonuses earned under the MIP by the President of $64,000, $1,273,000 and $532,000 in 2001, 2000 and 1999, respectively. The President also earns an annual investment bonus under this component of the MIP based upon the performance of the Company's investment

in the partnership managed by the President in excess of a base index return. Included in compensation expense are investment bonuses earned by the President of $410,000 in 2000, and none in 2001 and 1999.

The Company recorded $1.69 million, $2.25 million and $2.25 million in 2001, 2000 and 1999, respectively, for non-cash compensation charges ("NCCC") related to awards of restricted stock in 1997 (see Note 8 to the audited financial statements). In 2000 and 1999, the Company also recorded $1,125,000 and $1,500,000, respectively, of compensation expense related to a Senior Vice

President's relinquishment of the exclusive right to receive the net operating earnings attributable to certain managed accounts to the Company (the "SVP Accounts" - see Note 4 to the audited financial statements).

NON-COMPENSATION EXPENSES		($000)	
	2001	2000	1999
Non-compensation expenses, reported	$4,327	$4,618	$4,739

Non-compensation expenses decreased by 6% to $4.3 million in 2001, compared with $4.6 million in 2000 and $4.7 million in 1999. The 2001 decrease is due to a decrease in brokerage execution costs, and in selling and promotional expenses. Non-compensation expenses totaled 28% of operating revenues and .20% of average managed assets in 2001, compared with 22% and .18% in 2000, and 26% and .20% in 1999.

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Net investment income (loss), which comprises interest, dividends, and net realized and unrealized gains/losses from principal securities transactions (primarily large-cap equities), totaled ($368,000) in 2001, compared with $19.4 million in 2000 and $32.8 million in 1999. Net interest and dividend income was $1.0 million in 2001, compared with $1.2 million in 2000 and $0.7 million in 1999. Net losses on investments totaled $1.4 million ($1.7 million realized gains) in 2001, compared with a net gain of $18.2 million ($12.5 million realized gains) in 2000 and $32.1 million ($19.8 million realized gains) in 1999, reflecting the strengths and weaknesses of the domestic equity markets in those years.

LIQUIDITY AND CAPITAL RESOURCES

Net investments in marketable securities aggregated $73.4 million at December 31, 2001, compared with $82.7 million at the end of 2000. During 2001, the Company made a contribution and reinvested dividends of $2.1 million in the Company sponsored mutual funds (the "Funds"). During 2000, the Company reinvested dividends of $3.1 million in the Funds and invested an additional $2.4 million in one of the Partnerships. Shareholders' equity totaled $102.4 million at December 31, 2001, compared with $107.1 million at the end of 2000. This decrease is primarily from net realized losses of $3.5 million on the investment portfolio, partially offset by net income of $283,000 recorded in 2001. The Company has adopted SFAS No. 115, requiring it to reflect a net unrealized gain of $1.3 million after taxes in shareholders' equity at December 31, 2001, compared with $4.8 million at the end of 2000.

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At December 31, 2001, the Company's net investment portfolio at market totaled $99.6 million (cost basis $83.1 million), comprised of cash and cash equivalents, corporate debt, large-cap equity securities, investments in limited partnerships and the Funds (see Note 3 to the audited financial statements). On the equity side, at year-end, the Company was invested in 20 separate large-cap securities, in a more concentrated fashion of what it does for its managed client accounts.

If the equity market (defined as the S&P 500 index) were to decline by 10%, the Company might experience unrealized losses of approximately $10 million; if the market were to decline by 20%, the Company might experience unrealized losses of $20 million. However, incurring unrealized losses of this magnitude is unlikely with active management of the portfolio. Since the equity positions are all large-cap holdings, they can be sold easily on short notice with little market impact. Ultimately, the Company will raise and hold cash to reduce market risk.

At December 31, 2001 the Company had cash and cash equivalents totaling $1.9 million, compared with $989,000 at the end of 2000. Net cash used in operating activities was $2.5 million in 2001, compared with $8.6 million in 2000. This reflects the changing levels of operating income and changes in operating assets and liabilities over those periods. Net cash provided by investing activities totaled $8.8 million in 2001, compared with $7.7 million provided in 2000. Net cash used in financing activities was $5.4 million in 2001, compared with $0.7 million in 2000. As a result, there was a net increase in cash and cash equivalents of $952,000 in 2001, compared to a decrease of $1.6 million in 2000.

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In 2001, the Company declared a special dividend of $.20 per share, compared with $.25 per share in 2000.

During 2000, the Company purchased 69,900 shares of its common stock at an average price of $9.82 per share. During 2001, the Company purchased 119,520 shares of its Common stock at an average price of $11.21 per share. On December 12, 2001, the Company retired 189,420 shares of treasury stock and restored the common stock to authorized and unissued status. In February and March, 2002, the Company repurchased a total of 10,000 shares of its common stock at an average market price of $10.41 per share.

At December 31, 2001 and 2000, the Company had no liabilities for borrowed money.

In September 1997, the Company awarded 775,000 shares of restricted stock at the issue price of $.01 per share to two senior executives under the terms of the Long Term Incentive Plan ("LTIP"). Craig B. Steinberg, President, received 600,000 shares and Anthony G. Miller, Executive Vice President and Chief Operating Officer, received 175,000 shares. Such awards vested over four years. The difference of $9.0 million between the market value ($11.625 per share) of the shares awarded on the date of grant and the purchase price of $.01 per share was recorded as unearned compensation in shareholders' equity and was amortized over a four-year

period commencing with the fourth quarter of 1997 (approximately $563,000 per quarter and $2.25 million annually) and ending with the third quarter of 2001.

The Company believes that the foreseeable capital and liquidity requirements of its existing businesses will continue to be met with funds generated from operations.

PROSPECTIVE CHANGE OF ACCOUNTANTS

The Board of Directors of the Company, upon recommendation of the Audit Committee, has appointed the firm of Rothstein, Kass & Company, P.C. independent auditors for the Company for 2002, subject to ratification by the stockholders. Arthur Andersen LLP had served as independent auditors of the Company since

1989. The Audit Committee determined not to recommend the reappointment of Arthur Andersen LLP based upon the Committee's concern about Arthur Andersen LLP's exposure to civil and criminal liabilities. Arthur Andersen LLP's reports on the Company's financial statements during this period have not contained any adverse opinion or disclaimer of opinion or any qualification or modification of any kind, nor have there been any disagreements with Arthur Andersen LLP on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure.

The engagement of Rothstein, Kass & Company is expected to commence as of the beginning of the Company's 2002 fiscal year.

Item 8. Financial Statements and Supplementary Data

See Index to Consolidated Financial Statements, and Consolidated Financial Statement Schedules on page F-1 in Item 14.

Item 9. Changes in or Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

(a) Directors -

Information concerning directors of the Company is contained under the caption "Election of Directors" in the Proxy Statement for the 2002 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission and is incorporated herein by reference.

(b) Executive Officers of the Registrant -

MARTIN T. SOSNOFF*, 70, was a founder of the Company and has been Chairman of the Board, Chief Executive Officer and Chief Investment Officer of the Company, Capital and ASCC Corp. since their inceptions. He was a co-founder of Atalanta Capital Corporation (investment management) and served as its Chairman and Chief Executive Officer until 1983.

CRAIG B. STEINBERG**, 40, has been President, Director of Research, and held other offices, with the Company, Capital and ASCC Corp. since 1985. Mr. Steinberg is a Portfolio Manager, and he was a securities analyst at Prudential Equity Management from 1983 to 1985.

ANTHONY G. MILLER, 43, has been Executive Vice President, Chief Operating Officer, and Secretary, and held other offices, with the Company and its subsidiaries since 1986. Mr. Miller is the President and Chief Executive Officer of Management. From 1983 to 1986 he was Manager, Foreign Exchange and Money Market Operations, and held other positions, with the Royal Bank of Canada and, from 1980 to 1983 was a Senior Accountant, and held other positions, with Arthur Andersen & Co.

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* Also a director and member of the Executive, Compensation and Stock Option Committees.

** Also a director and member of the Executive Committee.

WILLIAM M. KNOBLER, 68, has been Senior Vice President of Management since 1985. Mr. Knobler is a Portfolio Manager, and he was a securities analyst and voting shareholder of Sanford C. Bernstein & Co. from 1979 to 1985.

JAMES D. STAUB, 69, has been Senior Vice President, and held other offices, with Capital and Management since 1984. Mr. Staub is responsible for West Coast Marketing, and he was a corporate officer of Alexander & Baldwin, Inc. from 1961 to 1984.

KEVIN S. KELLY, 37, has been Senior Vice President, Finance, Chief Financial Officer, and held other offices with the Company and its subsidiaries since joining the Company in 1999. Mr. Kelly is a CPA and was a Senior Manager for Grant Thornton prior to joining the Company.

Officers of the Registrant are elected at the meeting of the Board of Directors held each year immediately after the Annual Meeting of Stockholders and serve for the ensuing year and until their successors are elected and qualified.

Item 11. Executive Compensation.

Information concerning executive compensation is contained under the captions "Election of Directors", "Executive Compensation", "Stock Option and Long Term Incentive Plans", "Profit-Sharing Plan" and "Management Incentive Plan" in the Proxy Statement for the 2002 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission and is incorporated herein by reference.

Item 12. Beneficial Ownership of the Company's Securities.

Information concerning security ownership of certain beneficial owners and management is contained under the caption "Beneficial Ownership of Securities of the Company" in the Proxy Statement for the 2002 Annual Meeting of Stockholders to be filed with Securities and Exchange Commission and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions.

Information concerning certain relationships and related transactions is contained under the caption "Agreements and Transactions with Directors and Executive Officers" in the Proxy Statement for the 2002 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission and is incorporated herein by reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a) 1. FINANCIAL STATEMENTS
See Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules on Page F-1 of Item 14.

2. FINANCIAL STATEMENT SCHEDULES
See Index to Consolidated Financial Statements and Consolidated Financial Statement Schedules on Page F-1 of Item 14.

(b) Current Report on Form 8-K filed March 28, 2002.

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Financial statement schedules not included in this report have been omitted because they are not applicable or the required information is given in the consolidated financial statements or the notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders of
Atalanta/Sosnoff Capital Corporation and Subsidiaries:

We have audited the accompanying consolidated statements of financial condition of Atalanta/Sosnoff Capital Corporation (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of income and comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atalanta/Sosnoff Capital Corporation and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

ARTHUR ANDERSEN LLP

New York, New York
March 15, 2002

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2001 AND 2000

ASSETS	2001
ASSETS:	
Cash and cash equivalents	$ 1,940,653
Accounts receivable	3,071,180
Due from broker	748,263
Investments, at market	73,583,683
Investments in limited partnerships	24,320,671
Fixed assets, net of accumulated depreciation and amortization of $1,697,800 and $1,168,016, respectively	1,272,504
Exchange memberships, at cost (market value $2,570,000 and $2,060,000, respectively)	402,000
Other assets	4,155,943
Total assets	$ 109,494,897
LIABILITIES AND SHAREHOLDERS' EQUITY	
LIABILITIES:	
Income taxes payable	$ 4,951,233
Due to broker	1,015,533
Accrued compensation payable	450,540
Dividends payable	-
Securities sold but not yet purchased, at market	203,000
Accounts payable and other liabilities	471,761
Total liabilities	7,092,067
COMMITMENTS AND CONTINGENCIES (Note 8)	
SHAREHOLDERS' EQUITY:	
Preferred stock, par value $1.00 per share; 5,000,000 shares authorized; none issued	-
Common stock, par value $.01 per share; 30,000,000 shares authorized; 8,885,707 and 9,075,127 shares issued at December 31, 2001 and 2000, respectively	88,857
Additional paid-in capital	17,336,028
Retained earnings	83,716,965
Accumulated other comprehensive income - unrealized gains from investments, net of deferred tax liabilities of $846,277 and $3,190,021, at December 31, 2001 and 2000, respectively	1,260,980
Unearned compensation	-
Treasury stock, at cost, 0 and 69,900 shares at December 31, 2001 and 2000, respectively	-
Total shareholders' equity	102,402,830

Total liabilities and shareholders' equity	$ 109,494,897

The accompanying notes are an integral part of these statements.

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS) FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000	
REVENUES:			
Advisory fees	$ 13,786,068	$ 19,373,430	$
Commissions and other operating revenues	1,671,942	1,805,238	
Realized and unrealized gains (losses) from principal securities transactions, net	(1,415,127)	18,175,984	
Interest and dividend income, net	1,047,124	1,233,640	
Total revenues	15,090,007	40,588,292	
COSTS AND EXPENSES:			
Employees' compensation and benefits	10,299,598	16,016,813	
Clearing and execution costs	726,728	919,083	
Selling expenses	432,085	601,563	
General and administrative expenses	3,168,342	3,096,993	
Total costs and expenses	14,626,753	20,634,452	
Income before provision for income taxes	463,254	19,953,840	
PROVISION FOR INCOME TAXES	180,000	8,451,000	
Net income	$ 283,254	$ 11,502,840	$
EARNINGS PER COMMON SHARE - BASIC	$ 0.03	$ 1.27	$
EARNINGS PER COMMON SHARE - DILUTED	$ 0.03	$ 1.27	$

NET INCOME, as presented above	$ 283,254	$ 11,502,840	$
COMPREHENSIVE INCOME (LOSS):			
Net unrealized gains (losses) from investments, net of deferred income taxes (credit) of ($2,343,744), ($3,608,815), and $1,826,368, respectively	(3,516,840)	(5,413,222)	
Comprehensive income (loss)	$ (3,233,586)	$ 6,089,618	$

The accompanying notes are an integral part of these statements.

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 and 1999

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income - Unrealized Gains (Losses) From Investments, Net	Unear Compens
BALANCE, December 31, 1998	$ 95,874	$24,389,499	$58,412,561	$7,494,341	$(6,188
Purchases of treasury stock					
Retirement of treasury stock	(5,123)	(4,787,236)			
Amortization of unearned compensation		(147,004)			2,250
Unrealized gains from investments, net of deferred taxes				2,696,701	
Net income			17,564,232		
BALANCE, December 31, 1999	90,751	19,455,259	75,976,793	10,191,042	(3,938
Purchases of treasury stock					
Amortization of unearned compensation		(95,000)			2,250
Unrealized losses from investments, net of deferred tax credits				(5,413,222)	
Net income			11,502,840		

Dividend, ($.25 per share)			(2,268,781)		
BALANCE, December 31, 2000		19,360,259	85,210,852	4,777,820	(1,687
Purchases of treasury stock					
Retirement of treasury stock	(1,894)	(2,024,231)			
Amortization of unearned compensation					1,687
Unrealized losses from investments, net of deferred tax credits				(3,516,840)	
Net income			283,254		
Dividend, ($.20 per share)			(1,777,141)		
BALANCE, December 31, 2001	$88,857	$ 17,336,028	$83,716,965	$1,260,980	$

The accompanying notes are an integral part of these statements.

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 283,254	$ 11,502,84
Adjustments to reconcile net income to net cash (used in) operating activities-		
Depreciation and amortization	529,784	467,89
Amortization of unearned compensation	1,687,799	2,250,40
Realized and unrealized gains (losses) from		

investments, net	1,415,127	(18,175,98
Deferred taxes	(818,000)	(4,430,00
(Increase) decrease in operating assets-		
Accounts receivable	3,199,666	(1,956,58
Other assets	(1,077,697)	(1,074,02
Increase (decrease) in operating liabilities-		
Income taxes payable	(2,511,796)	2,520,37
Accrued compensation payable	(4,964,879)	602,63
Accounts payable and other liabilities	(202,574)	(314,01
Separation costs payable	-	-
Net cash (used in) operating activities	(2,459,316)	(8,606,44
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from clearing broker, net	5,853,823	(3,815,93
Purchases of fixed assets	(107,935)	(732,67
Purchases of investments	(175,719,652)	(351,760,28
Proceeds from sales of investments	178,770,829	363,972,87
Net cash provided by investing activities	8,797,065	7,663,97
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchases of treasury stock	(1,339,863)	(686,26
Dividends paid	(4,045,922)	-
Net cash used in financing activities	(5,385,785)	(686,26
Net increase (decrease) in cash and cash equivalents	951,964	(1,628,73
CASH AND CASH EQUIVALENTS, beginning of year	988,689	2,617,42
CASH AND CASH EQUIVALENTS, end of year	$ 1,940,653	$ 988,68
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for-		
Interest	$ 178,304	$ 140,92
Income taxes	$ 3,509,796	$ 10,360,42
Noncash financing activity-		
Decrease in additional paid-in capital related to restricted shares	$ -	$ (95,00
Retirement of treasury stock	$ (2,026,125)	$
Accrued dividends payable	$ -	$ (2,268,7

The accompanying notes are an integral part of these statements.

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2001, 2000 AND 1999

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Atalanta/Sosnoff Capital Corporation (the "Holding Company") and its direct and indirect wholly owned subsidiaries, Atalanta/Sosnoff Capital Corporation (Delaware) ("Capital"), Atalanta/Sosnoff Management Corporation ("Management") and ASCC Corp. ("ASCC"). Capital is a registered investment advisor that provides investment advisory and management services to institutional clients and is the general partner and investment advisor of certain investment partnerships and mutual funds (see note 4). Management is a registered investment advisor and a broker-dealer in securities and owns a seat on the New York Stock Exchange, Inc. and owns a seat and is a member of the Chicago Board Options Exchange, Inc. Management provides investment advisory and management services to individual and smaller institutional clients and brokerage services to its clients and some of the clients of Capital. ASCC was formed in December 1998 for proprietary investment-related activities which were previously performed by the Holding Company.

Certain prior year balances have been reclassified in the accompanying consolidated financial statements to conform to the 2001 presentation.

The Holding Company and its subsidiaries are referred to collectively herein as the "Company." All intercompany accounts and transactions have been eliminated in consolidation.

Reportable Operating Segments
The Company considers its operations to be one reportable segment for purposes of presenting financial information and for evaluating its performance. As such, the financial information presented in the accompanying financial statements is consistent with the financial information prepared for internal use by management.

Revenue Recognition

Advisory fee revenue is recognized in the period in which services are performed based on a percentage of assets under management. Commission revenue and related clearing and execution costs arising from customers' securities transactions are recognized on a settlement date basis. The effect of using the settlement date instead of the trade date for revenue recognition is immaterial.

Investments, at Market

The Company records its investments in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 115. The Company has designated certain investments held by the Holding Company, Capital and ASCC in equity and debt securities as "available for sale," and, accordingly, recorded at market value with the related unrealized gains and losses net of deferred taxes reported as a separate component of shareholders' equity. ASCC holds certain equity and debt securities designated as "trading" securities which are recorded at market value, with the related unrealized gains and losses reflected in the consolidated statements of income and comprehensive income (loss). Investments held by Management are recorded at market value, with the related unrealized gains and losses reflected in the consolidated statements of income and comprehensive income (loss).

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001, 2000 AND 1999

Investment transactions are recorded on trade date. The cost of investments sold is determined on the high-cost method. Securities listed on a securities exchange for which market quotations are available are valued at the last quoted sales price as of the last business day of the year. Investments in mutual funds are valued based upon the net asset value of the shares held as reported by the fund. Securities with no reported sales on such date are valued at their last closing bid price. Dividends and interest are accrued as earned.

Investments in Limited Partnerships

Capital serves as a general partner for three Company-sponsored investment partnerships (the "Partnerships") and as the investment advisor for a Company-sponsored offshore investment fund (the "Offshore Fund"). Investments in limited partnerships are carried in the accompanying consolidated financial statements at the Company's share of the net asset values as reported by the respective Partnerships with the unrealized gain or loss recorded in the consolidated statements of income and comprehensive income (loss). Limited partners whose capital accounts in the aggregate are two-thirds of the total capital accounts of all limited partners in each Partnership may, at any time, require Capital to withdraw as the general partner of such Partnership. Therefore, the Company is not deemed to have control of the Partnerships and, accordingly, the accounts of the Partnerships are accounted for as an investment in partnership in the accompanying consolidated statement of financial condition.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with a maturity of three months or less and money market accounts to be cash equivalents.

Depreciation and Amortization

Furniture, equipment, computer software and leasehold improvements are stated at cost, net of accumulated depreciation and amortization computed using the straight-line method. Depreciation of furniture, equipment and computer software is provided over estimated useful lives ranging from five to seven years. Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the term of the related lease. Accumulated depreciation for fully depreciated fixed assets is removed from the related accounts for those assets which have been retired.

Income Taxes

The Company records income taxes in accordance with the provisions of SFAS No. 109. Accordingly, deferred taxes are provided to reflect temporary differences between the recognition of income and expense for financial reporting and tax purposes.

Estimates by Management

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

2. EARNINGS PER COMMON SHARE

Basic earnings per common share amounts were computed based on 8,939,105; 9,045,819 and 9,192,066 weighted average common shares outstanding in 2001, 2000 and 1999, respectively. For purposes of determining weighted average common shares outstanding, the Company considers all shares legally issued and outstanding in determining basic and diluted net income per share.

In accordance with the provisions of SFAS No. 128, dilutive earnings per share for the three years ended December 31, 2001 were computed based on the weighted average common shares outstanding provided in the table below. Antidilutive options were not included in the computation of dilutive earnings per share as the options' exercise prices were greater than the average market price of the common shares for each of those respective years.

	2001	2000	1999
Weighted average common shares outstanding	8,939,105	9,045,819	9,192,066
Common stock equivalents-options	25,133	15,683	8,406
Dilutive weighted average common shares outstanding	8,964,238	9,061,502	9,200,472
Antidilutive options	-	-	200,000

3. INVESTMENTS

Investments at December 31, 2001 and 2000, consisted of the following:

	Cost	Market Value	Unrealized Gain (Loss)
2001:			
Available for sale:			
Common stocks	$ 46,628,442	$ 49,194,891	$ 2,566,449
Corporate bonds	3,530,550	2,479,971	(1,050,579)
Atalanta/Sosnoff Mutual Funds	8,928,494	9,416,525	488,031
	59,087,486	61,091,387	2,003,901
Trading:			
Atalanta/Sosnoff Mutual Funds	11,334,357	12,492,296	1,157,939
Common stocks, short	(314,789)	(203,000)	111,789
	11,019,568	12,289,296	1,269,728
Other:			
Investments in limited partnerships	11,100,848	24,320,671	13,219,823
	$ 81,207,902	$ 97,701,354	$ 16,493,452

	Cost	Market Value	Unrealized Gain (Loss)
2000:			
Available for sale:			
Common stocks	$ 47,551,100	$ 54,519,262	$ 6,968,162
Corporate and government bonds	2,736,903	2,447,237	(289,666)
Atalanta/Sosnoff Mutual Funds	6,877,405	8,173,960	1,296,555
	57,165,408	65,140,459	7,975,051
Trading:			
Common Stocks, long	4,151,668	4,281,822	130,154
Common Stocks, short	(885,055)	(866,469)	18,586
Atalanta/Sosnoff Mutual Funds	11,334,357	14,175,580	2,841,223
	14,600,970	17,590,933	2,989,963
Other:			
Investments in Partnerships	10,743,609	25,295,627	14,552,018
	$ 82,509,987	$108,027,019	$ 25,517,032

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001, 2000 AND 1999

4. RELATED PARTY TRANSACTIONS

As the General Partner for the Partnerships and the investment advisor of the Offshore Fund, Capital earned approximately, $2,442,000, $5,029,000 and $2,876,000 in 2001, 2000 and 1999, respectively, for advisory and management services (charged at 1% - 3% of net assets) and incentive fees charged at 20% of performance, as defined, in the case of one partnership. Balances receivable from the Partnerships were approximately $615,000, $2,033,000 and $1,524,000 at December 31, 2001, 2000 and 1999 respectively, including approximately $747,000 and $1,239,000 of incentive fees which are included in advisory fee revenue in 2000 and 1999, respectively. There were no incentive fees receivable at December 31, 2001.

Investments include shares held of the Atalanta/Sosnoff Fund, Atalanta/Sosnoff Value Fund, Atalanta/Sosnoff Focus Fund, Atalanta/Sosnoff Balanced Fund and the Atalanta/Sosnoff Mid Cap Fund (the "Funds"). Management acts as Distributor to the Funds and Capital acts as Investment Advisor. Management has agreed to reimburse each mutual fund's expenses to the extent necessary to limit each mutual fund's total operating expenses to 1.5% per annum (as defined) until at least October 1, 2006. General and administrative expenses include approximately $201,000, $140,000 and $91,000 of operating expenses which were reimbursed by Management in 2001, 2000 and 1999, respectively. Capital earned an advisory fee of approximately $134,000, $103,000, and $37,000 in 2001, 2000 and 1999, respectively.

The Company has loaned approximately $3,900,000 to two senior officers of the Company for taxes attributable to the compensation element of the restricted stock award (see Note 8). The loans accrue interest at the applicable federal rate, are recourse and are due in future principal payments as follows: $767,000 in 2002, $1,100,000 in 2003, $998,000 in 2004 and $996,000 in 2005. Interest earned and received by the Company on these loans was $165,000, $108,000 and $59,000 for the years ended December 31, 2001, 2000 and 1999, respectively.

Employment Agreement

In May 1985, Management entered into an employment agreement with an individual portfolio manager to provide investment related services to both Management and Capital. Under the terms of the agreement, the employee was paid the net profits relating to the accounts he managed (the "Net Profits") which represent advisory fees and commissions for all trades executed for his managed accounts, net of clearance and floor brokerage charges, allocated payroll, overhead and out-of-pocket expenses incurred on his behalf by Management. Effective October 1, 1998, Management entered into a new agreement with the employee for the period ended December 31, 2000, under which the employee relinquished the revenue from investment management and brokerage services provided to the managed accounts to Management.

Pursuant to this agreement, Management has made payments to the employee in three annual installments in January 1999, 2000 and 2001, based upon a multiple of annualized revenues from the employee's managed accounts. Based upon the managed accounts asset value over the period, the Company recognized approximately $2.9 million ratably as compensation expense over the term of the arrangement. In addition, Management and the employee agreed to change the split of Net Profits paid to the employee from 100% during the twelve-month period ended September 30, 1998 to 50% for the twelve-month period ended September 30, 1999, 25% for the twelve-month period ending September 30, 2000, and 0%

thereafter. The employee has continued his employment with the Company.

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001, 2000 AND 1999

5. PROVISION FOR INCOME TAXES

The provision for income taxes consists of:

	2001	2000
Current income taxes:		
Federal	$ 800,000	$ 8,373,000
State and local	198,000	4,508,000
Total current	998,000	12,881,000
Deferred income taxes (credit) provision:		
Federal	(656,000)	(2,885,000)
State and local	(162,000)	(1,545,000)
Total deferred	(818,000)	(4,430,000)
Total provision	$ 180,000	$ 8,451,000

A reconciliation of the statutory federal income tax rate and the effective rate based on consolidated income before income taxes in 2001, 2000 and 1999, is set forth below:

	2001	2000	1999
Statutory federal income tax rate	34.9%	34.9%	34.9%
Increase resulting from:			
State and local income taxes, net of federal tax benefit	4.0	7.5	7.5
Other	-	-	0.1
Effective rate	38.9%	42.4%	42.5%

Deferred taxes payable are comprised of the following components as of December 31, 2001 and 2000:

	2001	2000
Unrealized gain on investments	$3,656,000	$6,850,000

6. NET CAPITAL REQUIREMENTS

Management is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1, which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, not exceed 15 to 1. At December 31, 2001, Management had net capital of approximately $10,722,000 which was $10,472,000 in excess of its required net capital of $250,000, and had a ratio of aggregate indebtedness to net capital of 0.20 to 1.

7. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases certain office space and equipment under noncancelable operating leases expiring in 2002. In October, 1999, the Company entered into a new 15-year lease on its existing office space in New

York that commences on September 1, 2002, resulting in approximate future minimum annual rent under this lease of $919,000, $1,011,000 and $1,103,000 per annum for each of the five-year periods ending August 2007, 2012, and 2017, respectively. Rent expense pursuant to these lease arrangements was approximately $672,000, $653,000 and $671,000 in 2001, 2000 and 1999, respectively.

Clearance of Securities

Management has an agreement with a broker-dealer to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform certain record-keeping functions. The agreement can be cancelled by either party upon 90 days' written notice. The agreement states that Management will assume customer obligations should a customer of Management default. The clearing broker-dealer controls credit risk of customers by requiring maintenance margin collateral in compliance with various regulatory and internal guidelines. At December 31, 2001, there were no significant customer receivables.

Compensation Agreements

Effective January 1, 1993, the Company adopted the Management Incentive Plan (the "MIP") for senior executives. Under the MIP, each participant is entitled to receive their assigned share of the annual award pool, which is computed based on operating income performance goals, as defined in the MIP. An operating bonus of $541,000 was earned and accrued in 2000. No operating bonuses were earned under the operating MIP for 2001 and 1999.

The Company adopted an amendment to the MIP in 1999 whereby an annual investment performance bonus is earned by the Chief Executive Officer (CEO) based upon pre-tax earnings of certain managed assets of the Company in excess of a base index return, as defined. Included in compensation expense is an accrued investment performance bonus to the CEO of $2,216,000 and $3,446,000 in 2000 and 1999, respectively. No investment performance bonus was earned by the CEO in 2001.

In addition, under the amended MIP agreement, the President of the Company earns a bonus based upon the pre-tax operating profits earned by the Company as general partner of the Partnership managed by the President and an annual bonus based upon the pre-tax earnings of the Company's investment in the Partnership managed by the President. Included in compensation expense related to this bonus is approximately $64,000, $1,683,000 and $532,000 for 2001, 2000 and 1999, respectively.

8. STOCK OPTION, STOCK PURCHASE, INCENTIVE AND PROFIT-SHARING PLANS

In 1996, the Company adopted the Long-Term Incentive Plan ("LTIP") under which awards of stock, restricted stock, options and other stock-based awards totaling 880,000 shares of common stock may be granted to all full-time employees, officers and directors of the Company and its subsidiaries.

In 1997, the Company awarded 775,000 shares of restricted stock at the issue price of $.01 per share to two officers of the Company under the terms of the LTIP. Such awards vested over the four years ended September 2001. The difference of $9,001,625 between market value ($11.625 per share) on the date of grant and the purchase price was recorded as unearned compensation in shareholders' equity and was amortized over the four-year period commencing with the fourth quarter of 1997 and ended with the third quarter of 2001.

Options may be granted as either "Qualified Options," "Nonqualified Options" or "Incentive Options." Generally, Qualified Options and Incentive Options may not be granted at a per share price that is less than 100% of fair market value on the date of grant. Nonqualified Options may be granted at prices determined by a committee comprised of certain members of the Board of Directors.

The Company's previous stock option plan, as amended (the "SOP") was terminated by the Company in connection with the approval by stockholders of the LTIP. The SOP provided for options to purchase 900,000 shares of common stock. The termination of the SOP did not affect options then outstanding.

A summary of option transactions for the three years ended December 31, 2001, is presented below. Each option becomes exercisable as to 20% of the total number of shares subject to the option six months after the date of grant, and as to an additional 20% each year thereafter. Generally, options may not be exercised more than ten years from the date of grant. Incentive Stock Options were granted at an exercise price of $9.00 in 1998. Nonqualified options were granted at exercise prices equal to the market price per share at the date of grant. Only the LTIP has options available for grant at the end of 2001.

	Incentive Stock Options	Qualified Stock Options	Nonqualified Stock Options
Outstanding, end of 1999, 2000 and 2001	100,000	-	150,000
Exercisable, end of 1999			
Exercisable, end of 2000			
Exercisable, end of 2001			
Available for grant, end of 2001			

The Company accounts for these options under Accounting Procedures Board Opinion No. 25, under which no compensation cost has been recognized in the accompanying consolidated statements of income and comprehensive income. Had compensation cost for these options been determined consistent with the fair value method required by Financial Accounting Standards Board Statement No. 123 ("FASB No. 123"), the Company's net income and earnings per share would have been the following pro forma amounts in each of the three years ended December 31, 2001:

	2001	2000	1999
Net income:			
As reported	$283,254	$11,502,840	$17,564,232
Pro forma	$261,054	11,393,489	17,454,834
Basic EPS:			
As reported	0.03	1.27	1.91
Pro forma	0.03	1.26	1.90
Dilutive EPS:			
As reported	0.03	1.27	1.91
Pro forma	0.03	1.26	1.90

In January 1998, the Company granted 50,000 Incentive Options at an exercise price of $9.00 per share under the LTIP to an executive officer of the Company. For the purposes of FASB No. 123 calculations, the fair value of these options was $3.27 per share, and was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 5.5%; expected dividend yield of 2.9%; expected option life of

10 years and expected volatility of 33%. The fair value of the options to purchase 800,000 shares granted in 1995 with an exercise price of $9.50 per share (of which 650,000 were canceled in 1997) was $4.71 per share, and was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used: risk-free interest rate of 5.7%, expected dividend yield of 1.6%, expected option life of 10 years and expected volatility of 40%.

Because the Statement 123 method of accounting has not been applied to options granted prior to January 1, 1995, the resulting pro forma compensation cost and related impact on net income and earnings per share may not be representative of that to be expected in future years.

The Company also has a profit-sharing plan covering substantially all full-time employees. Contributions to this plan, which in any fiscal year are at the discretion of the Board of Directors, were approximately $209,000, $366,000 and $265,000 in 2001, 2000 and 1999, respectively.

9. TREASURY STOCK TRANSACTIONS

In January and February 2000, the Company purchased 6,500 and 5,000 shares of its common stock, respectively, at an average price of $8.98 per share. In August and September 2000, the Company purchased 19,000 and 39,400 shares of its common stock, respectively, at an average price of $9.98 per share. In May and September 2001, the Company purchased 94,920 and 24,600 shares of its common stock, respectively, at an average price of $11.21 per share. On December 12, 2001, the Company retired 189,420 shares of treasury stock and restored the common stock to authorized and unissued status.

10. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company enters into various security transactions as principal. The execution, settlement and financing of these transactions may result in off-balance sheet risk or concentration of credit risk.

From time to time, the Company sells securities that it does not currently own and is therefore obligated to purchase such securities at a future date. The Company will incur a loss if the market price of the securities increases before such time that the Company purchases the securities.

The Company is engaged in trading activities with various counterparties. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

Cash and securities positions owned or sold by the Company are carried by its prime broker. To the extent the Company purchases or sells securities on margin, a specified level of collateral in the form of securities or cash is held by the prime broker to satisfy its margin requirements. This subjects the Company to counterparty credit risk with respect to the prime broker, to the extent cash and securities held by the prime broker on behalf exceed the margin balance.

ATALANTA/SOSNOFF CAPITAL CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY FINANCIAL INFORMATION
SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

	Quarter			
	First	Second	Third	Fourth
	(000's omitted, except per share amounts)			
2001:				
Operating revenues*	$ 4,169	$ 3,880	$ 3,871	$ 3,538
Operating expenses**	4,117	4,155	3,553	2,803
Income before income taxes	(2,968)	2,784	(4,971)	5,618
Net income	(1,622)	1,554	(2,796)	3,147
Per common share-				
Basic	(.18)	.17	(.31)	.36
Diluted	(.18)	.17	(.31)	.35
2000:				
Operating revenues*	$ 6,070	$ 5,103	$ 6,524	$ 3,482
Operating expenses**	4,627	4,714	5,336	3,331
Income (loss) before income taxes	12,818	707	11,249	(4,820)
Net income (loss)	7,407	397	6,501	(2,802)
Per common share-				
Basic	.82	.04	.72	(.31)
Diluted	.82	.04	.72	(.31)
1999:				
Operating revenues*	$ 4,223	$ 4,497	$ 4,197	$ 5,353

Operating expenses**	3,793	3,795	3,710	4,780
Income before income taxes	5,119	9,143	2,447	14,309
Net income	2,897	5,186	1,383	8,098
Per common share–				
Basic	.31	.56	.15	.89
Diluted				

* Operating revenue includes advisory fees, commissions and other operating revenue.

** Operating expenses include total costs and expenses less an accrued investment bonuses payable to the CEO and the President pursuant to the amended MIP plan of $2,626,000 and $3,446,000 in 2000 and 1999, respectively. There were no investment bonuses in 2001. (See Note 9 to the audited financial statements.)

(c) Exhibits –

3.1 Certificate of Incorporation (Exhibit 3.1) (1)

3.2 Amendment, dated September 11, 1987 to Certificate of Incorporation (2)

3.3 By-Laws (Exhibit 3.2) (3)

4. Indenture, dated as of June 15, 1986, between Atalanta/Sosnoff Capital Corporation and Morgan Guaranty Trust Company of New York relating to $33,000,000 of 7 1/8% Convertible Senior Debentures due June 15, 2001. (4)

10.1 Termination and Purchase Agreement, dated as of December 21, 1987, among Martin T. Sosnoff, Shepard D. Osherow, the Company and its subsidiaries (Exhibit 10.1)(6).

10.2 Lease Agreement dated as of July 15, 1980 between Martin T. Sosnoff and Park Tower Associates. (Exhibit 10.2) (1)

10.3 First Lease Modification Agreement dated as of May 20, 1982 between Martin T. Sosnoff and Park Tower Associates. (Exhibit 10.3)(1)

10.4 Second Lease Modification Agreement dated as of January 1985 between Martin T. Sosnoff and Park Tower Associates. (Exhibit 10.4)(1)

10.5 Form of Sublease between Martin T. Sosnoff and the Company. (Exhibit 10.5) (3)

10.6	Assignment of Lease between the Company and North American Consortium, Inc. (Exhibit 10.7)(7)
10.7	Sublease dated October 18, 1988 between the Company and First City Capital Corporation (8)
10.8	Employment Agreement between Martin T. Sosnoff and the Company dated as of March 31, 1986 (Exhibit 10.6.) (1), (16)
10.9	Consulting Agreement between Shepard D. Osherow and the Company dated December 21, 1987. (Exhibit 10.2) (6), (16)
10.10	Form of Employment Agreement, as executed May 19, 1988 by each of Robert J. Kobel, Eric A. Stiefel and Brian P. Hull (8), (16)
10.11	Letter Agreement between Martin T. Sosnoff and L. Mark Newman dated February 14, 1985 and exhibits thereto. (Exhibit 10.20) (1)

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10.12	Agreement between Martin T. Sosnoff and Shepard D. Osherow dated February 25, 1985 regarding the Letter Agreement between Martin T. Sosnoff and L. Mark Newman. (Exhibit 10.21) (1)
10.13	1987 Stock Option Plan. (Exhibit 4.1) (5), (16)
10.14	1987 Incentive Stock Purchase Plan. (Exhibit 4.4) (5), (16)
10.15	Restricted Stock Bonus Plan (8), (54)
10.16	Form of Stock Bonus Award Agreements, as executed May 19, 1988 by each of Robert J. Kobel, Eric A. Stiefel and Brian P. Hull (8), (16)
10.17	Profit Sharing Trust Agreement and Plan dated May 21, 1985 between Atalanta/Sosnoff Capital Corporation and the plan trustees. (Exhibit 10.24) (1), (16)
10.18	Sub-sublease dated June 23, 1989 between the Company and Ehrlich Bober & Co., Inc. (9)
10.19	Management Incentive Plan as adopted by the Board of Directors of the Company on December 9, 1992 (10), (16)
10.20	Executive Employment Agreement dated as of December 9, 1992 between Robert J. Kobel and the Company (10), (16)
10.21	Employment Agreement dated January 1, 1986 between Henry E. Parker and the Company (10), (16)
10.22	Amended and Restated Management Incentive Plan as adopted by the Board of Directors of the Company on December 9, 1993 and March 8, 1994 (11), (16)
10.23	Executive Employment Agreement dated July 8, 1993 between Craig B. Steinberg and the Company (11), (16)
10.24	Executive Employment Agreement dated December 7, 1995 between Robert J. Kobel and the Company (12), (16)

10.25 Employment Agreement dated July 1, 1986 between James D. Staub and the Company (12), (16)

10.26 Modification Agreement of Sub-Lease dated February 27, 1996 between the Company and Foote, Cone & Belding Advertising, Inc. (12), (16)

10.27 1996 Long-Term Incentive Plan (13), (16)

10.28 Restricted Stock Award Agreements dated as of September 17, 1997 executed by each of Craig B. Steinberg and Anthony G. Miller (13), (16)

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10.29 Employment Agreement dated December 22, 1997 between James D. Staub and the Company (13), (16)

10.30 Agreement dated October 29, 1998 between William M. Knobler and the Company (14), (16)

10.31 Amended and Restated Management Incentive Plan as adopted by the Board of Directors of the Company on March 10, 1999 (14), (16)

10.32 Lease agreement dated October 26, 1999 between the Company and 101 Park Avenue Associates. - (15), (16)

10.33 Amended and Restated Management Incentive Plan as adopted by the Board of Directors of the Company on February 29, 2000 - (15), (16)

10.34 First Amendment to the Amended and Restated Management Incentive Plan as adopted by the Board of Directors of the Company on March 22, 2002. - FILED HEREWITH

11. Computation of Earnings per Share - FILED HEREWITH

22. Subsidiaries of the Registrant. (Exhibit 22) (1)

25. Power of Attorney (included as part of the "Signatures" page).

99.1 Letter of Registrant to the Securities and Exchange Commission dated March 22, 2002- FILED HEREWITH

99.2 Letter from Arthur Andersen LLP dated March 26, 2002 - FILED HEREWITH

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(1) Incorporated by reference to the exhibit number indicated to the Company's Registration Statement on Form S-1 filed April 21, 1986 (Registration No. 33-5028) (the "S-1")

(2) Incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.

(3) Incorporated by reference to the exhibit number indicated to Amendment No. 2 to the S-1 filed June 10, 1986.

(4) Incorporated by reference to Exhibit 4 to the Company's Form 10-Q for the

quarter ended June 30, 1986.

(5) Incorporated by reference to the exhibit number indicated to the Company's Registration Statement on Form S-8 filed March 31, 1987 (Registration No.33-13063)

(6) Incorporated by reference to the exhibit numbers indicated to the Company's Form 8-K filed December 22, 1987.

(7) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1986.

(8) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1988.

(9) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1989.

(10) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1992.

(11) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1993.

(12) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1995.

(13) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1997.

(14) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1998.

(15) Incorporated by reference to the exhibit numbers indicated to the Company's Form 10-K for the year ended December 31, 1999.

(16) Required to be filed pursuant to the instructions to Item 14(c) of Form 10-K.

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned whose signature appears below constitutes and appoints Martin T. Sosnoff, Craig B. Steinberg, and Anthony G. Miller, and each of them (with full power of each of them to act alone), his true and lawful attorneys-in-fact and agents, for him and on his behalf, and in his name, place and stead, to execute and sign all amendments or supplements to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do himself, and the registrant hereby confers like authority on its behalf.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the issuer has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York and State of New York, on this 22rd day of March, 2002.

ATALANTA/SOSNOFF CAPITAL CORPORATION

By: s/ Martin T. Sosnoff

Martin T. Sosnoff
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE

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S/ Jay Goldsmith		March 22, 2
Jay Goldsmith	Director	
s/ Kevin S. Kelly		March 22, 2
Kevin S. Kelly	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer)	
s/ Ronald H. Menaker		
Ronald H. Menaker	Director	March 22, 2
s/ Anthony G. Miller		
Anthony G. Miller	Executive Vice President, Chief Operating Officer, Secretary	March 22, 2
s/ Martin T. Sosnoff		
Martin T. Sosnoff	Chairman, Chief Executive Officer, Director (Principal Executive Officer)	March 22, 2
s/ Craig B. Steinberg		
Craig B. Steinberg	President and Director of Research, Director	March 22, 2
s/ Thurston Twigg-Smith		
Thurston Twigg-Smith	Director	March 22, 2

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE
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