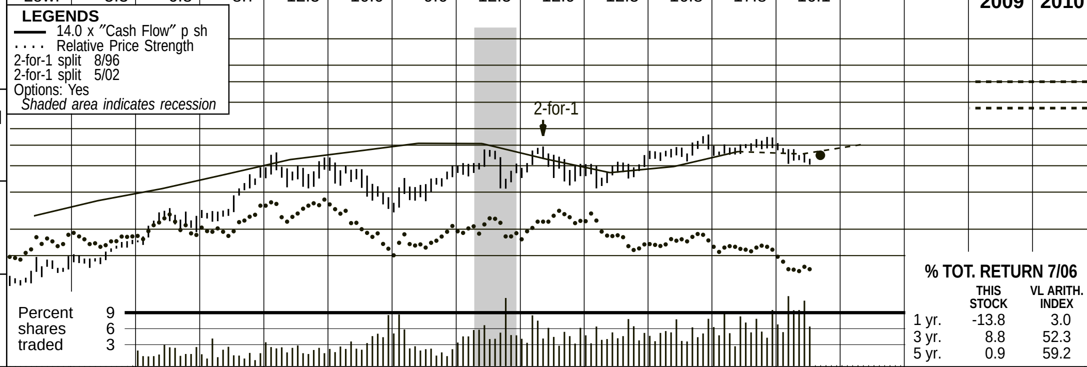
ABM INDUSTRIES NYSE-ABM

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
17.92	18.3	(Trailing: 19.7 Median: 18.0)	1.07	2.5%	VALUE LINE

TIMELINESS 4 Raised 9/1/06
SAFETY 3 Lowered 6/9/06
TECHNICAL 3 Raised 8/11/06
BETA .80 (1.00 = Market)

High:	7.1	10.1	15.8	18.5	17.5	16.1	19.1	19.8	18.0	22.5	21.9	20.5
Low:	5.3	6.8	8.7	12.5	10.0	9.6	12.5	12.9	12.5	16.8	17.8	16.1



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+125%)	24%
Low	30	(+65%)	15%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	3	0	0	0	0	0	2	0	1
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	51	63	61
to Sell	64	60	60
Hld's(000)	34429	34537	33213

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-13.8	3.0
3 yr.	8.8	52.3
5 yr.	0.9	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
21.12	22.57	22.25	22.02	24.44	25.77	27.89	30.60	34.76	36.37	39.30	39.98	43.49	46.78	49.61	52.73	55.55	58.35	Revenues per sh A	69.00
.52	.55	.51	.56	.66	.78	.89	1.04	1.22	1.33	1.46	1.46	1.23	1.06	1.13	1.33	1.30	1.50	"Cash Flow" per sh	2.50
.31	.34	.32	.36	.41	.46	.53	.61	.72	.83	.93	.90	.92	.73	.84	.91	.90	1.00	Earnings per sh A B	1.95
.12	.12	.12	.13	.13	.15	.18	.20	.24	.28	.30	.33	.36	.38	.40	.42	.44	.44	Div'ds Decl'd per sh C	.50
.19	.17	.15	.18	.24	.27	.28	.32	.27	.43	.41	.35	.15	.24	.24	.36	.30	.35	Cap'l Spending per sh	.35
2.47	2.71	2.96	3.14	3.44	3.78	4.22	4.83	5.49	6.18	6.88	7.40	7.67	9.18	9.08	9.70	10.55	11.05	Book Value per sh D	14.10
32.16	33.04	34.06	35.11	36.20	37.46	38.98	40.93	43.20	44.81	46.00	48.78	50.40	48.37	48.71	49.05	48.50	49.00	Common Shs Outst'g E	50.00
14.1	11.3	14.3	12.6	11.8	12.7	15.5	16.9	20.6	17.5	13.0	17.6	17.6	20.4	21.7	21.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	18.0
1.05	.72	.87	.74	.77	.85	.97	.97	1.07	1.00	.85	.90	.96	1.16	1.15	1.14			Relative P/E Ratio	1.20
2.7%	3.1%	2.7%	2.7%	2.6%	2.6%	2.2%	1.9%	1.6%	1.9%	2.5%	2.1%	2.2%	2.5%	2.2%	2.1%			Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 4/30/06
Total Debt None
LT Debt None

Leases, Uncapitalized Annual rentals $44.0 mill.
No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 48,751,582 shs. **as of 5/31/06**

MARKET CAP: $875 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1086.9	1252.5	1501.8	1629.7	1807.6	1950.0	2192.0	2262.5	2416.2	2595.8	2695	2860	Revenues ($mill)	3450
5.1%	5.3%	5.4%	5.5%	5.5%	5.2%	3.9%	3.1%	3.0%	3.2%	3.4%	3.6%	Operating Margin	5.4%
13.7	16.1	19.6	20.7	23.5	26.3	15.2	14.8	13.1	19.6	17.0	19.0	Depreciation ($mill)	23.0
21.7	27.2	33.9	39.7	44.3	45.0	46.7	36.4	42.1	45.9	45.0	51.0	Net Profit ($mill)	100
43.0%	42.0%	41.0%	41.0%	39.0%	38.3%	32.6%	33.6%	27.4%	28.7%	36.5%	36.5%	Income Tax Rate	36.5%
2.0%	2.2%	2.3%	2.4%	2.5%	2.3%	2.1%	1.6%	1.7%	1.8%	1.7%	1.8%	Net Profit Margin	2.9%
120.0	137.7	166.5	184.3	224.2	229.5	210.7	244.0	231.7	246.4	285	320	Working Cap'l ($mill)	495
33.7	38.4	33.7	28.9	36.8	.9	- -	- -	- -	- -	Nil	Nil	Long-Term Debt ($mill)	Nil
170.7	204.2	243.5	283.4	322.7	361.2	386.7	444.0	442.2	475.9	510	540	Shr. Equity ($mill)	700
11.3%	11.6%	12.7%	12.9%	12.7%	12.8%	12.1%	8.2%	9.5%	9.6%	9.0%	9.5%	Return on Total Cap'l	14.5%
12.7%	13.3%	13.9%	14.0%	13.7%	12.5%	12.1%	8.2%	9.5%	9.6%	9.0%	9.5%	Return on Shr. Equity	14.5%
8.8%	9.4%	9.8%	9.6%	9.4%	8.0%	7.5%	4.0%	5.1%	5.3%	5.5%	5.5%	Retained to Com Eq	10.5%
33%	32%	32%	33%	33%	36%	38%	51%	46%	45%	48%	43%	All Div'ds to Net Prof	27%

CURRENT POSITION ($MILL.)	2004	2005	4/30/06
Cash Assets	63.4	56.8	25.0
Receivables	321.4	345.1	365.1
Inventory (FIFO)	22.3	21.3	21.4
Other	79.0	98.3	99.3
Current Assets	486.1	521.5	510.8
Accts Payable	45.2	47.6	53.7
Debt Due	- -	- -	- -
Other	209.2	227.5	214.7
Current Liab.	254.4	275.1	268.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	7.5%	6.0%	4.5%
"Cash Flow"	6.0%	-2.5%	12.0%
Earnings	7.0%	- -	14.0%
Dividends	11.5%	7.5%	4.0%
Book Value	10.5%	8.5%	5.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2003	552.4	562.5	569.1	578.5	2262.5
2004	570.8	590.3	623.8	631.3	2416.2
2005	647.4	639.6	650.1	658.7	2595.8
2006	666.6	660.1	675	693.3	2695
2007	695	705	720	740	2860

Fiscal Year Ends	EARNINGS PER SHARE A B Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2003	.08	.18	.21	.26	.73
2004	.14	.14	.27	.29	.84
2005	.11	.18	.31	.31	.91
2006	.08	.21	.30	.31	.90
2007	.16	.21	.32	.31	1.00

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.09	.09	.09	.09	.36
2003	.095	.095	.095	.095	.38
2004	.10	.10	.10	.10	.40
2005	.105	.105	.105	.105	.42
2006	.11	.11	.11		

BUSINESS: ABM Industries is the largest, publicly traded facility services contractor in the United States. Company performs air-conditioning, elevator, engineering, janitorial, lighting, mechanical, parking, and security services for thousands of commercial, industrial, and institutional customers in hundreds of cities across North America. Foreign sales (mostly Canada) about 50% of total. Depreciation rate: 11.8%. Has about 70,000 employees. Officers/directors own about 13.6% of stock; Bank of America, 10.2%; T. Rosenberg Trust, 9.9% (4/06 Proxy). Chairman: Maryellen Herringer. CEO and President: Henrik Slipsager. Incorporated: DE. Address: 160 Pacific Ave., Suite 222, San Francisco, CA 94111. Telephone: 415-733-4000. Internet: www.abm.com.

A relatively favorable operating environment augurs well for ABM. We look for the economy to expand at a solid, albeit modest, pace this year. The employment picture is fairly good, personal income is on the rise, firms are lifting capital spending commitments, and manufacturing activity continues to pick up. These fundamentals suggest reasonably good growth in corporate profits over the next 12 months. Supporting this assumption is a decline in commercial real estate vacancy rates, which have clearly peaked and are now trending downward. This measure augurs well for services contractors, such as ABM Industries.

Although demand still may be somewhat mixed across business segments, we generally look for good growth in the coming quarters. The engineering business should prosper as firms increasingly look to outsource specialized functions. After experiencing some softness earlier in the year, the parking operation stands to improve modestly, thanks to growing consumer and travel demand. Some unevenness here wouldn't be a total surprise, though, due to the effects of high fuel prices. The mature janitorial business will likely remain flat. Most growth here will probably come through acquisitions. The weaker lighting unit stands to improve. The sales pipeline there is relatively strong now, thanks partly to growing interest in energy-related tax incentives.

Margins stand to gradually widen. Although some price softness is apt to persist, rising volumes and cost-cutting actions ought to more than offset this negative. Stock compensation expense, which is now handled under new accounting rules, will not likely exceed $0.06 a share next fiscal year (begins November 1st). All told, we look for share profits to rise by 11%, to $1.00, in fiscal 2007.

Good 3- to 5-year profit potential gives this issue appeal for the patient investor at the current price level. A healthy balance sheet and strong cash flow ought to be sufficient to allow further acquisitions and dividend increases. However, since ABM Industries is unlikely to outperform the broader market over the next six to 12 months, there's no rush to jump in.

Warren Thorpe *September 8, 2006*

(A) Fiscal year ends October 31st. Quarterly 2002 and 2003 figures were restated to reflect the acquisition of Lakeside and the sale of elevator operations, respectively. (B) Diluted earnings 1998 and thereafter; basic 1997 and earlier. Excludes nonrecurring gains: '92, 9¢; 2001, 50¢. Next earnings report due mid-Sept. (C) Dividends historically paid early February, May, August, and November. (D) Includes intangible assets of $246 million, or $5.02/share, at 10/31/05. (E) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	50
Earnings Predictability	85

AFLAC INC. NYSE-AFL

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
45.58	15.7 (Trailing: 17.5 Median: 19.0)	0.91	1.2%	

TIMELINESS 3 Lowered 2/10/06

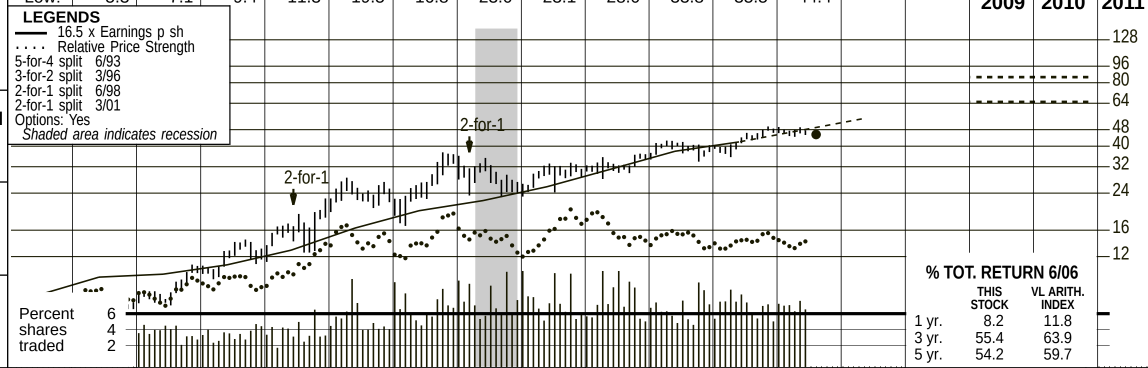
SAFETY 2 Raised 4/25/03

TECHNICAL 3 Raised 6/16/06

BETA .90 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	7.5	11.0	14.5	22.7	28.4	37.5	36.1	33.4	36.9	42.6	49.7	49.4
Low:	5.3	7.1	9.4	11.3	19.5	16.8	23.0	23.1	28.0	33.8	35.5	44.4

Target Price Range
2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+85%)	18%
Low	65	(+45%)	10%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	1	0	0
Options	1	0	1	1	0	0	2	0	1
to Sell	1	0	1	2	0	0	3	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	247	273	261
to Sell	258	242	308
Hld's(000)	292285	293868	295295

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	8.2	11.8
3 yr.	55.4	63.9
5 yr.	54.2	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
3.70	4.51	5.44	6.79	8.30	10.69	10.72	11.02	11.18	13.67	15.57	15.35	16.71	19.42	22.44	24.03	**25.25**	**27.60**	Premium Inc per sh	**33.70**
.56	.70	.86	1.11	1.34	1.80	1.85	2.02	2.14	2.58	2.93	2.95	3.14	3.50	3.89	4.15	**4.45**	**4.75**	Investment Inc per sh	**5.80**
.19	.24	.30	.39	.47	.58	.60	.67	.78	1.00	1.20	1.34	1.56	1.89	2.23	2.54	**2.90**	**3.30**	Earnings per sh A	**4.75**
.04	.05	.06	.06	.07	.08	.10	.11	.13	.15	.17	.19	.23	.30	.38	.44	**.52**	**.60**	Div'ds Decl'd per sh B■	**.88**
1.29	1.51	1.75	2.19	2.56	3.76	3.85	6.44	7.09	7.28	8.87	10.33	12.43	13.01	15.04	15.89	**17.15**	**19.40**	Book Value per sh	**27.35**
610.89	613.34	619.12	622.26	624.00	567.97	551.54	532.81	531.37	531.48	529.21	525.10	514.44	510.93	503.61	498.89	**495.00**	**489.00**	Common Shs Outst'g C	**475.00**
159%	211%	231%	225%	209%	178%	220%	187%	230%	325%	298%	279%	236%	252%	263%	269%	Bold figures are		Price to Book Value	**285%**
10.7	13.1	13.5	12.8	11.3	11.5	14.2	18.1	20.9	23.8	22.0	21.5	18.8	17.4	17.2	16.8	Value Line		Avg Ann'l P/E Ratio	**16.0**
.79	.84	.82	.76	.74	.77	.89	1.04	1.09	1.36	1.43	1.10	1.03	.99	.91	.89	estimates		Relative P/E Ratio	**1.05**
2.1%	1.6%	1.4%	1.3%	1.4%	1.3%	1.1%	.9%	.8%	.6%	.6%	.7%	.8%	.9%	1.0%	1.0%			Avg Ann'l Div'd Yield	**1.2%**

CAPITAL STRUCTURE as of 3/31/06
Total Debt $1400.0 mill **Due in 5 Yrs** $975.0 mill.
LT Debt $1400.0 mill **LT Interest** $25.0 mill.
(16% of Cap'l)
Leases, Uncapitalized: Annual rentals: $39.0 mill.
Pension Assets-12/05 $109.0 mill.
Oblig. $243.0 mill

Pfd Stock None
Common Stock 498,627,326 shs.
as of 4/28/06
MARKET CAP: $22.7 billion (Large Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
5910.0	5873.7	5943.0	7264.0	8239.0	8061.0	8595.0	9921.0	11302	11990	**12500**	**13500**	Premium Inc ($mill)	**16000**
1022.0	1077.7	1138.0	1369.0	1550.0	1550.0	1614.0	1787.0	1957.0	2071.0	**2200**	**2325**	Investment Inc ($mill)	**2750**
168.2	32.1	21.0	20.0	33.0	18.0	62.0	40.0	34.0	40.0	**35.0**	**35.0**	Other Income ($mill)	**50.0**
7100.2	6983.5	7102.0	8653.0	9822.0	9629.0	10271	11748	13293	14101	**14735**	**15860**	Total Income ($mill)	**18800**
4895.5	4833.1	4877.0	5885.0	6618.0	6303.0	6589.0	7529.0	8482.0	8890.0	**9500**	**10000**	Benefits & Reserves ($m)	**11850**
41.7%	37.4%	35.0%	35.7%	35.1%	36.4%	34.6%	35.4%	34.8%	33.4%	**35.0%**	**35.0%**	Income Tax Rate	**35.0%**
357.7	373.8	429.0	550.0	657.0	687.0	823.8	986.0	1153.0	1292.0	**1440**	**1620**	Net Profit ($mill)	**2240**
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25023	29454	31183	37041	37232	37860	45058	50964	59326	56361	**58000**	**61000**	Total Assets ($mill)	**70000**
2125.6	3430.5	3770.0	3868.0	4694.0	5425.0	6394.0	6646.0	7573.0	7927.0	**8500**	**9500**	Shr. Equity ($mill)	**13000**
16.8%	10.9%	11.4%	14.2%	14.0%	12.7%	12.9%	14.8%	15.7%	16.3%	**17.0%**	**17.0%**	Return on Shr. Equity	**17.0%**
14.3%	9.1%	9.6%	12.4%	12.2%	10.9%	11.1%	12.6%	13.3%	13.5%	**14.5%**	**14.5%**	Retained to Com Eq	**13.5%**
15%	16%	16%	13%	12%	14%	14%	15%	17%	17%	**18%**	**18%**	All Div'ds to Net Prof	**19%**

FINANCIAL POSITION ($MILL.)	2004	2005	3/31/06
Bonds	48024	47551	47591
Stocks	73	84	58
Defer'd Acq	5595	5590	5706
Other	5634	3136	2781
Total Assets	59326	56361	56136
Res'ves, Prems	41201	39825	40803
Policy Claims	2355	2504	2555
Other	8197	6105	5202
Total Liab.	51753	48434	48560

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	11.0%	10.5%	8.0%
Invest Income	12.0%	9.5%	7.0%
Earnings	17.5%	18.5%	13.5%
Dividends	16.5%	19.0%	15.5%
Book Value	20.0%	14.0%	11.0%

Cal-endar	QUARTERLY PREMIUM INC. ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	2372	2407	2478	2664	9921
2004	2773	2768	2822	2939	11302
2005	3041	3020	2997	2932	11990
2006	3005	**3080**	**3165**	**3250**	**12500**
2007	**3320**	**3350**	**3400**	**3430**	**13500**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.46	.48	.47	.48	1.89
2004	.57	.56	.58	.59	2.30
2005	.66	.64	.66	.59	2.54
2006	.72	**.71**	**.73**	**.74**	**2.90**
2007	**.81**	**.82**	**.83**	**.84**	**3.30**

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.05	.06	.06	.06	.23
2003	.07	.07	.08	.08	.30
2004	.095	.095	.095	.095	.38
2005	.11	.11	.11	.11	.44
2006	.13	.13			

BUSINESS: Aflac Incorporated is the world's largest underwriter of supplemental cancer insurance, most of which is sold through trade and employee organizations in Japan. Also sells life, Medicare supplement, accident, and long-term convalescent care policies. The company is authorized to conduct insurance business in 50 states and Japan. Japanese operations, concentrated in supplemental cancer insurance, accounted for roughly 74% of revenues and profits in 2005. Has about 7,300 employees, 78,000 stockholders. Off. & dir. own about 20.2% of common shares outstanding; (4/06 Proxy). Chrmn. & CEO: Daniel P. Amos. Pres.: Kriss Cloninger. Inc.: GA. Address: 1932 Wynnton Road, Columbus, Georgia 31999. Telephone: 706-323-3431. Internet: www.aflac.com.

Aflac's first-quarter earnings reflected a weaker yen/dollar exchange rate, which cost the company $0.04 share in the March period. The dollar strengthened to 116.9 yen from 104.5 yen in the prior-year period. (Aflac estimates that a one yen-per-dollar increase in the rate reduces its annual earnings by about 1.2 cents per share.) In Japan, insurance sales declined as a result of continuing declines in the old *Rider Max* policy and efforts to convert some policies from corporate to higher individual rates, which likely reduced the time the salesforce could spend on new sales. But a new life insurance policy, *WAYS*, which permits holders to convert benefits from life to medical or annuity benefits, accounted for 9% of first-quarter sales in Japan. In the U.S., March-period sales rose 11% as a hospital indemnity product introduced last year continued to do well and the number of producing agents increased by 2.7%.

We look for solid share-net growth again this year. Sales in Japan should pick up now that the salesforce has completed the conversion mentioned above, and the new *WAYS* product will likely continue to gain traction. If the economic recovery keeps going in Japan, investment returns there should also rise. And the value of the yen will probably be a less important factor as the year continues. Profits in the U.S. will likely rise in response to the hospital indemnity product, the larger salesforce, and agent training.

The picture will probably be similar in 2007. Sales of the new *WAYS* policy in Japan, and last year's new hospital indemnity policy (HIP) and vision care offerings in the United States, will likely continue to grow fast. Greater distribution power, with more insurance agencies in Japan and more sales agents in the U.S., should also contribute.

These high-quality shares offer good long-term, risk-adjusted return. The aging of the Japanese population and increasing doubts about the adequacy of Japan's national health program should support rapid growth in that country. And Aflac's medium- and small-business markets in the U.S. have good potential, too. And share net will likely continue to benefit from annual stock repurchases.

Sigourney B. Romaine, CFA July 21, 2006

(A) Diluted operating earnings. Excludes non-recurring items: '05, 38¢; '04, 23¢; '03, (37¢); '97, 18¢. Next earnings report due late September.
Quarterly figures may not sum to annual totals due to rounding.
(B) Dividends historically paid in early March, June, September, and December.
■ Dividend reinvestment plan available.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	95
Earnings Predictability	100

AIR PRODUCTS NYSE-APD

RECENT PRICE	P/E RATIO	(Trailing / Median)	RELATIVE P/E RATIO	DIV'D YLD
64.13	17.2	(Trailing: 18.9 / Median: 18.0)	1.01	2.1%

VALUE LINE

TIMELINESS	3	Raised 5/7/04
SAFETY	2	Raised 2/18/05
TECHNICAL	3	Lowered 8/11/06

BETA .95 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+80%)	*17%*
Low	85	(+35%)	*9%*

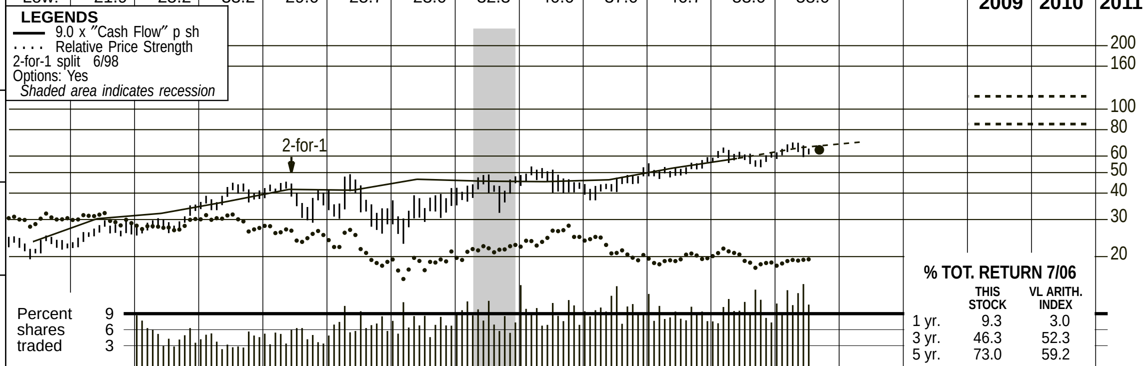
Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	5
to Sell	0	0	0	0	0	0	0	1	5

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	228	240	232
to Sell	234	223	266
Hld's(000)	191833	177370	191362

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	29.8	35.3	44.8	45.3	49.3	42.3	49.0	53.5	53.1	59.2	65.8	69.5	
Low:	21.9	25.2	33.2	29.0	25.7	23.0	32.3	40.0	37.0	46.7	53.0	58.0	



Target Price Range

2009	2010	2011

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	9.3	3.0
3 yr.	46.3	52.3
5 yr.	73.0	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
13.01	13.05	14.19	14.58	15.37	17.30	18.13	21.11	23.26	23.56	25.52	26.53	24.72	28.44	32.83	36.70	*42.10*	*43.45*	Sales per sh A	*59.55*
2.36	2.49	2.72	2.70	2.62	3.36	3.56	4.04	4.63	4.59	5.17	5.07	5.03	5.14	5.84	6.49	*7.30*	*7.80*	"Cash Flow" per sh	*11.25*
.98	1.05	1.19	1.16	1.03	1.62	1.69	1.95	2.22	2.09	2.46	2.37	2.33	2.22	2.64	3.08	*3.55*	*3.90*	Earnings per sh B	*6.60*
.35	.37	.42	.44	.48	.51	.54	.58	.64	.70	.74	.78	.82	.88	1.04	1.25	*1.34*	*1.36*	Div'ds Decl'd per sh C■	*1.54*
2.10	2.25	1.89	2.15	2.69	3.90	4.30	3.96	3.65	4.17	3.58	3.29	2.87	2.77	3.12	4.19	*5.95*	*4.30*	Cap'l Spending per sh	*5.25*
7.59	8.20	9.25	9.21	9.73	10.74	11.65	12.05	12.61	13.90	13.17	14.41	15.83	17.08	19.68	20.62	*23.50*	*24.95*	Book Value per sh D	*30.60*
222.53	224.59	226.73	228.30	226.82	223.37	221.03	219.70	211.47	213.04	214.22	215.46	218.54	221.42	225.77	221.90	*215.00*	*210.00*	Common Shs Outst'g E	*190.00*
12.6	14.5	17.2	18.9	21.8	15.4	16.4	19.0	17.7	17.8	12.8	17.2	20.0	19.3	19.0	19.1	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.94	.93	1.04	1.12	1.43	1.03	1.03	1.10	.92	1.01	.83	.88	1.09	1.10	1.00	1.01	*Value Line*		Relative P/E Ratio	*1.00*
2.8%	2.4%	2.0%	2.0%	2.1%	2.0%	1.9%	1.6%	1.6%	1.9%	2.4%	1.9%	1.8%	2.0%	2.1%	2.1%	*estimates*		Avg Ann'l Div'd Yield	*1.6%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $2979.5 mill. **Due in 5 Yrs** $1470.0 mill.
LT Debt $2406.7 mill. **LT Interest** $120.0 mill.
(LT interest earned: 15.2x; total interest coverage: 10.7x) (32% of Cap'l)

Leases, Uncapitalized Annual rentals $60.6 mill.
Pension Assets-9/05 $1.78 bill. **Oblig.** $2.76 bill.
Pfd Stock None
Common Stock 221,331,457 shs. E

MARKET CAP: $14.2 billion (Large Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
4008.0	4637.8	4919.0	5020.1	5467.1	5717.2	5401.2	6297.3	7411.4	8143.5	*9050*	*9125*	Sales ($mill) A	*11310*
24.4%	25.0%	26.8%	24.5%	25.2%	24.4%	24.9%	21.8%	21.1%	20.9%	*20.5%*	*21.5%*	Operating Margin	*23.5%*
412.0	459.1	489.4	527.2	575.7	573.0	581.0	640.2	714.9	728.3	*775*	*785*	Depreciation ($mill)	*830*
375.0	429.3	488.7	450.5	532.8	519.3	518.6	496.8	604.1	711.7	*795*	*850*	Net Profit ($mill)	*1310*
30.8%	31.9%	32.1%	30.4%	25.1%	30.7%	34.9%	28.3%	26.6%	26.4%	*26.5%*	*26.5%*	Income Tax Rate	*26.5%*
9.4%	9.3%	9.9%	9.0%	9.7%	9.1%	9.6%	7.9%	8.2%	8.7%	*8.8%*	*9.3%*	Net Profit Margin	*11.6%*
112.0	499.7	376.1	d75.4	430.2	332.4	653.1	486.7	711.3	471.5	*550*	*600*	Working Cap'l ($mill)	*625*
1739.0	2291.7	2274.3	1961.6	2615.8	2027.5	2041.0	2168.6	2113.6	2052.9	*2400*	*2500*	Long-Term Debt ($mill)	*2600*
2574.0	2648.1	2667.3	2961.6	2821.3	3105.8	3460.4	3782.5	4444.0	4575.5	*5050*	*5250*	Shr. Equity ($mill)	*5825*
10.0%	10.2%	11.4%	10.5%	11.1%	11.3%	10.2%	9.0%	9.8%	11.3%	*11.0%*	*11.5%*	Return on Total Cap'l	*16.5%*
14.6%	16.2%	18.3%	15.2%	18.9%	16.7%	15.0%	13.1%	13.6%	15.6%	*15.5%*	*16.0%*	Return on Shr. Equity	*23.0%*
10.0%	11.5%	13.3%	10.3%	13.4%	11.4%	9.9%	8.1%	8.7%	9.5%	*10.0%*	*10.5%*	Retained to Com Eq	*17.5%*
31%	29%	27%	32%	29%	32%	34%	38%	36%	39%	*38%*	*35%*	All Div'ds to Net Prof	*23%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	146.3	55.8	60.5
Receivables	1454.7	1506.6	1553.5
Inventory (FIFO)	505.9	494.8	581.1
Other	310.0	357.5	417.4
Current Assets	2416.9	2414.7	2612.5
Accts Payable	707.0	728.0	1326.2
Debt Due	244.7	447.0	572.8
Other	753.9	768.2	162.2
Current Liab.	1705.6	1943.2	2061.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	7.5%	6.5%	*10.5%*
"Cash Flow"	7.0%	4.0%	*11.5%*
Earnings	7.5%	3.0%	*16.5%*
Dividends	8.5%	9.0%	*6.5%*
Book Value	7.0%	7.5%	*8.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	1447	1578	1629	1642	6297
2004	1684	1856	1892	1977	7411
2005	1991	2003	2079	2071	8144
2006	2099	2317	2320	*2314*	*9050*
2007	*2300*	*2300*	*2275*	*2250*	*9125*

Fiscal Year Ends	EARNINGS PER SHARE AB Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.58	.51	.55	.58	2.22
2004	.58	.62	.71	.73	2.64
2005	.72	.75	.82	.79	3.08
2006	.80	.89	.92	*.94*	*3.55*
2007	*.91*	*.97*	*1.00*	*1.02*	*3.90*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.20	.20	.21	.21	.82
2003	.21	.21	.23	.23	.88
2004	.23	.23	.29	.29	1.04
2005	.29	.32	.32	.32	1.25
2006	.32	.34	.34		

BUSINESS: Air Products and Chemicals, Inc. supplies a variety of gases to the chemical, steel, electronics, oil, and food industries, as well as to hospitals, clinics, and labs. Produces chemical intermediates used in prod. of pesticides, adhesives, and coatings. Involved in the development, construction, and management of waste-to-energy, cogeneration, and flue gas desulfurization projects. FY2005: R&D: 1.6% of sales; foreign business: 43% of sales; depr. rate: 5.6%. Has about 20,200 employees, 10,300 shareholders. AXA owns 6.8% of common; State Farm Mutual, 6.4%; State St. Bank & Trust, 5.6%; off. & dir., 1.4% (12/05 Proxy). Chrmn & CEO: John P. Jones III. Inc.: DE. Addr.: 7201 Hamilton Blvd, Allentown, PA 18195. Tel.: 610-481-4911. Internet:www.airproducts.com.

Air Products is likely headed for its third consecutive year of double-digit sales and earnings growth (fiscal year ends September 30th). In large part, the gains are being driven by increased volumes in the Gases segment and higher Equipment sales. Regarding the former, increased global energy and process industries (EPI) business reflects the five hydrogen plants that the company has brought on line this year. Also, electronics gases and specialty materials continue to benefit from rising sales to the flat panel and semiconductor markets. In the Equipment segment, the company is reporting strong business in the LNG heat exchanger and large air-separation markets. Recent examples of the latter include deals signed with leading steel manufacturers in China and India to supply nitrogen, oxygen, and argon through two new air-separation facilities. All told, we look for earnings growth of about 15% in fiscal 2006, moderating to around 10% the following year.

Several initiatives are under way to restore performance in the Chemicals segment. Sales have been hurt by contract terminations and customer shutdowns in the Polyurethane Intermediates business. However, improved pricing in polymers and increased volumes in performance materials have provided support to the top line, as has the recent acquisition of a specialty surfactants producer. In the meantime, the company is looking to sell its Amines and Polymers businesses, which generated about $300 million in revenues in fiscal 2005. In addition, Air Products intends to restructure its remaining Polyurethane Intermediates business.

Stock repurchases are also providing a boost to the company's share-net results. Air Products repurchased 3.2 million shares in the recently completed quarter under a $1.5 billion buyback plan initiated in March. It plans to complete $500 million of the authorization by the end of December, and we have factored the full amount into our presentation.

This issue continues to hold modestly better-than-average price appreciation potential over the 3 to 5 year investment timeframe. The stock remains an average selection for the year ahead.

Mario Ferro *August 18, 2006*

(A) Fiscal year ends Sept. 30. **(B)** Based on primary shares through '97, diluted thereafter. Excluding net nonrecurring gains/(losses): '90, 6¢; '91, 6¢; '92, 2¢; '93, (28¢); '94, 6¢; '95, 3¢; '96, 18¢; '98, 26¢; '00, ($1.89); '01, (25¢); '02, 3¢; '03, (43¢). Incl. deriv. contr. loss: '94, 33¢. Next earnings report due late October. **(C)** Dividends historically paid in early Feb., May, Aug., and Nov. ■ Div. reinv. plan avail. **(D)** Incl. intang. In '05: $1018.7 mill., $4.59/sh. **(E)** In mill., adjusted for splits.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	90

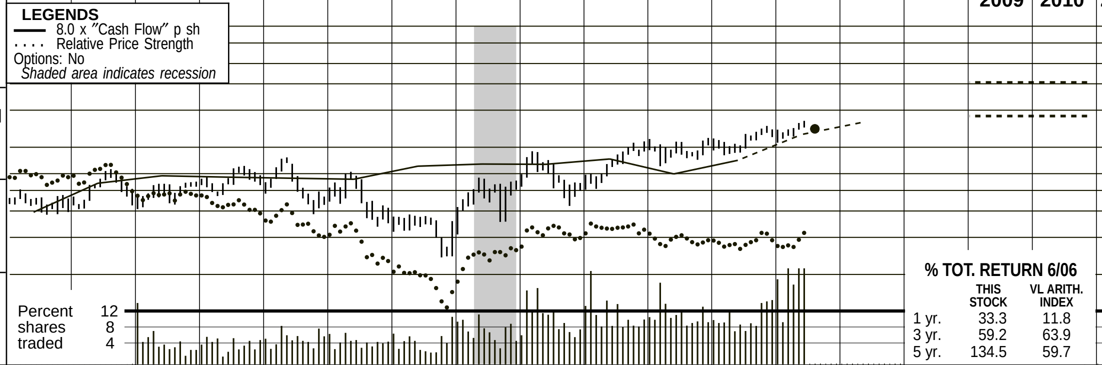
ALBANY INT'L 'A' NYSE-AIN

RECENT PRICE **39.13** | P/E RATIO **14.2** (Trailing: 16.7 / Median: 15.0) | RELATIVE P/E RATIO **0.82** | DIV'D YLD **1.0%** | VALUE LINE

TIMELINESS 4 Raised 4/28/06
SAFETY 3 New 7/27/90
TECHNICAL 3 Raised 7/7/06
BETA 1.10 (1.00 = Market)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	25.2	22.0	26.1	28.7	24.5	15.4	23.0	30.7	34.2	35.5	40.4	43.0
Low:	16.3	16.3	18.8	15.4	13.5	9.6	12.4	16.9	20.2	26.0	29.3	33.7

LEGENDS
— 8.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: No
Shaded area indicates recession



Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+65%)	14%
Low	45	(+15%)	5%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	1	0	0	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	66	76	68
to Sell	64	67	67
Hld's(000)	28369	28312	27528

Percent shares traded 12 / 8 / 4

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	33.3	11.8
3 yr.	59.2	63.9
5 yr.	134.5	59.7

Albany International, originally incorporated in 1895, went private in 1983. In 1987, each common share was exchanged for 16 shares of a new, non-trading Class 'B' stock. Prior to 2/1/88, about 13.7 mill. shares converted into tradable Class 'A' shares. In October, 1987, sold 3.2 mill. Class 'A' shares at $16 a share, with shareholders selling 3.2 mill. shares. Another 1.4 mill. Class 'A' shares sold by insiders on exercise of stock options. Class 'B' shares have 10x the voting power of the Class 'A' shares and are convertible into Class 'A' shares.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
21.63	21.80	22.23	25.55	27.68	26.66	25.19	25.47	25.26	26.16	*35.35*	*38.75*	Sales per sh	*46.15*
2.93	2.89	2.86	2.83	3.26	3.34	3.32	3.53	2.99	3.47	*4.90*	*5.70*	"Cash Flow" per sh	*7.40*
1.52	1.49	1.40	.99	1.24	1.51	1.68	1.92	1.62	2.30	*2.75*	*3.20*	Earnings per sh A	*4.30*
.38	.40	.10	--	--	--	.21	.25	.30	.34	*.38*	*.40*	Div'ds Decl'd per sh B	*.44*
1.67	1.56	1.25	1.24	1.23	.90	1.02	1.55	1.59	1.23	*1.65*	*2.40*	Cap'l Spending per sh	*1.80*
10.26	10.54	9.69	10.68	10.55	10.09	12.37	16.26	15.13	15.37	*18.60*	*21.45*	Book Value per sh C	*31.75*
32.03	32.57	32.51	30.47	30.81	31.38	32.40	34.12	32.56	31.92	*29.00*	*28.00*	Common Shs Outst'g D	*26.00*
12.9	15.0	15.3	18.6	10.7	12.5	13.9	14.2	19.1	14.9	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
.81	.86	.80	1.06	.70	.64	.76	.81	1.01	.80	*Value Line*		Relative P/E Ratio	*.85*
1.9%	1.8%	.5%	--	--	--	.9%	.9%	1.0%	1.0%	*estimates*		Avg Ann'l Div'd Yield	*.8%*
692.8	710.1	722.7	778.4	852.9	836.7	816.0	869.0	919.8	978.7	*1025*	*1085*	Sales ($mill)	*1200*
20.3%	20.4%	19.3%	19.2%	19.4%	19.5%	19.0%	18.8%	17.0%	17.5%	*18.0%*	*19.5%*	Operating Margin	*21.5%*
45.2	45.0	48.8	55.9	62.2	57.5	52.9	56.1	55.2	55.4	*57.0*	*59.0*	Depreciation ($mill)	*67.0*
48.7	49.1	44.1	30.2	38.1	47.1	54.8	64.3	53.8	74.4	*85.0*	*100.0*	Net Profit ($mill)	*125*
39.0%	39.0%	39.0%	43.0%	40.0%	37.0%	31.5%	29.8%	27.0%	32.6%	*30.0%*	*31.0%*	Income Tax Rate	*32.0%*
7.0%	6.9%	6.1%	3.9%	4.5%	5.6%	6.7%	7.4%	5.8%	7.6%	*8.2%*	*9.2%*	Net Profit Margin	*10.4%*
204.3	202.9	189.7	331.1	272.3	179.9	202.4	292.2	234.6	272.1	*390*	*425*	Working Cap'l ($mill)	*525*
187.1	173.7	181.1	521.3	398.1	248.1	221.7	214.9	213.6	162.6	*325*	*300*	Long-Term Debt ($mill)	*200*
328.8	343.1	314.9	325.4	324.9	316.6	400.6	554.7	550.8	574.9	*535*	*600*	Shr. Equity ($mill)	*825*
10.5%	10.6%	9.9%	5.0%	7.4%	10.9%	10.1%	8.7%	7.4%	10.4%	*11.0%*	*11.5%*	Return on Total Cap'l	*12.5%*
14.8%	14.3%	14.0%	9.3%	11.7%	14.9%	13.7%	11.6%	9.8%	12.9%	*16.0%*	*16.5%*	Return on Shr. Equity	*15.0%*
11.1%	10.6%	12.0%	9.3%	11.7%	14.9%	12.1%	10.2%	8.0%	11.1%	*14.0%*	*15.0%*	Retained to Com Eq	*14.0%*
25%	26%	14%	--	--	--	12%	12%	18%	14%	*13%*	*11%*	All Div'ds to Net Prof	*9%*

CAPITAL STRUCTURE as of 3/31/06

Total Debt $349.8 mill. **Due in 5 Yrs** $200 mill.
LT Debt $341.9 mill. **LT Interest** $7.0 mill.
(LT int. earned: 24.3x; tot. int.: 21.2x) (41% Cap'l)
Pension Assets-12/05 $230.4 mill. **Oblig.** $345.8 mill.
Common Stock 29,751,756 shs
(Includes 3,236,098 shs. Class B stock.)

MARKET CAP: $1.2 bill. (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	59.0	72.7	129.8
Receivables	145.0	132.2	136.5
Inventory (LIFO)	185.5	194.4	211.0
Other	54.3	47.7	50.1
Current Assets	443.8	447.0	527.4
Accts Payable	43.4	36.8	42.7
Debt Due	16.0	7.2	7.9
Other	149.8	131.1	155.8
Current Liab.	209.2	175.1	206.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	3.5%	0.5%	*10.5%*
"Cash Flow"	4.5%	2.5%	*14.0%*
Earnings	8.5%	10.0%	*14.0%*
Dividends	-1.5%	--	*7.0%*
Book Value	6.0%	8.5%	*12.5%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	210.4	223.6	208.7	226.3	869.0
2004	231.3	227.2	222.9	238.4	919.8
2005	241.1	247.4	242.3	247.9	978.7
2006	251.2	261.6	*252.2*	*260*	*1025*
2007	*265*	*275*	*270*	*275*	*1085*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.47	.51	.50	.44	1.92
2004	.39	.33	.41	.49	1.62
2005	.55	.63	.66	.46	2.30
2006	.59	.63	*.75*	*.78*	*2.75*
2007	*.67*	*.74*	*.86*	*.93*	*3.20*

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.05	.05	.05	.05	.20
2003	.055	.055	.055	.07	.24
2004	.07	.07	.07	.08	.29
2005	.08	.08	.08	.09	.33
2006	.09	.09	.10		

BUSINESS: Albany International Corp. is the world's largest maker of paper machine clothing, with about 30% of the worldwide market. Paper machine clothing consists of custom designed & engineered fabrics that carry paper stock through the forming, pressing, and drying stages of paper production. The company also manufacturers high performance doors. Foreign: 64% of '05 sales. R&D: 2.9% of sales. '05 depr. rate: 6.2%. Has roughly 5,900 employees., about 5,400 shareholders. Dir. & off. own 4.6% of 'A' shs.; J. Spencer Standish, 8.3%; LSV Asset Management., 5.7%; Mellon Financial, 5.3%; (Proxy, 3/06). Chairman: Frank Schmeler. President and CEO: Joseph Morone. Inc.: DE. Address: P.O. Box 1907, Albany, NY 12201. Tel: 518-445-2253. Internet: www.albint.com.

Albany International looks to be poised for strong earnings growth in the second half of the year . . . The company is the world's largest producer of paper-machine clothing (PMC), the fabric that carries paper stock through the paper-making process. Although it ran into some trouble in the second quarter, we believe that there are better days on the horizon. Indeed, the company has been gaining back volume at a steady pace of late, a trend that we envision continuing going forward thanks to new product innovations. It has introduced Aeopulse, a paper-making machine drying fabric in North America. The fabric, which requires less time and energy during the drying process because of better ventilation, has been successfully marketed in Europe for the past two years and should see strong domestic demand, given elevated energy costs. Meanwhile, share repurchases have been healthy. In all, we look for AIN to earn $2.75 a share this year, marking 20% year-over-year growth.

. . . and thereafter. With a solid foothold in developed markets, AIN is now focusing its efforts on expanding its breadth to Asia and Latin America. The company plans to invest roughly $150 million in the construction of new PMC facilities over the next couple of years. We believe that the endeavor is a wise move, as both regions hold wide growth potential due to less saturated markets and growing populations. Meanwhile, we also take a positive view of the company's purchase of Texas Composite Inc., a designer and manufacturer of lightweight, high-strength composite structures for aerospace applications. The deal helps diversify the company's business via increasing its materials and insulation segment. This should be accretive to earnings beginning in 2007.

However, these shares do not stand out at this time. They are untimely for the coming six to 12 months, based on our momentum-based ranking system and hold below-average 3- to 5-year appreciation potential. Although we think that the company will post strong bottom-line annual advances out to late decade, the bulk of the gains we envision already appear to be factored into the stock's current quotation.

Andre J. Costanza *July 28, 2006*

(A) Primary egs. until '94; diluted thereafter. Nonrecurring gains (losses) excluded: '96, ($0.04); '98, ($0.39); '99, ($0.32); '01, ($0.45); '03, ($0.31); '04 ($1.30). Next egs. report due late July. (B) Stock div'ds: 0.5%; 7/3/98; 10/5/98; 2.0%; 1/6/99. Stock div'ds discontinued 11/00. Cash dividend resumed Nov. 7, 2001. Dividends historically paid in early Jan., Apr., July, and Oct. (C) Incl. intangibles. In '05: $165.1 mill., $5.09/sh. (D) In millions.

Company's Financial Strength	B+
Stock's Price Stability	60
Price Growth Persistence	45
Earnings Predictability	65

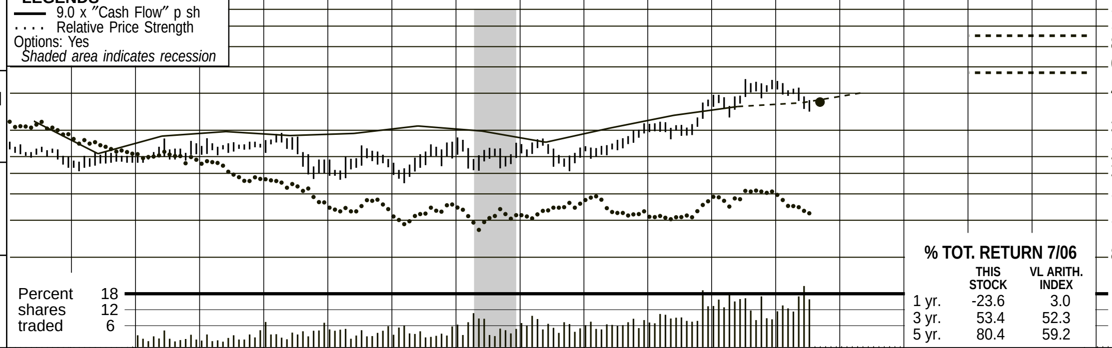
ALEXANDER & BWN. NDQ-ALEX

RECENT PRICE **43.58** | P/E RATIO **16.7** (Trailing: 17.0 Median: 17.0) | RELATIVE P/E RATIO **0.98** | DIV'D YLD **2.3%** | VALUE LINE

TIMELINESS 5 Lowered 9/8/06
SAFETY 3 New 7/27/90
TECHNICAL 3 Raised 9/1/06
BETA .95 (1.00 = Market)

High:	25.5	29.3	29.4	31.1	27.1	28.3	29.6	29.3	34.6	44.7	56.1	54.9
Low:	20.5	22.5	24.4	18.8	18.6	17.9	20.6	20.5	23.5	29.0	36.8	39.3

LEGENDS
— 9.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+105%)	*21%*
Low	60	(+40%)	*10%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	2	0	0	4	1	0	0
to Sell	0	0	3	0	1	3	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	101	102	97
to Sell	64	69	76
Hld's(000)	33015	34270	34059

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-23.6	3.0
3 yr.	53.4	52.3
5 yr.	80.4	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
16.41	16.19	16.28	21.11	26.44	22.54	27.19	28.42	29.79	22.56	26.48	26.27	26.39	29.21	34.51	36.52	*39.90*	*44.35*	Revenues per sh	*51.20*
3.88	3.66	3.49	3.72	3.93	2.76	3.34	3.51	3.36	3.43	3.73	3.53	3.12	3.65	4.19	4.61	*4.80*	*5.40*	"Cash Flow" per sh	*6.95*
2.50	2.00	1.65	1.62	1.62	.88	1.38	1.52	1.33	1.67	1.91	1.44	1.41	1.94	2.33	2.70	*2.65*	*3.10*	Earnings per sh A	*4.30*
.86	.88	.88	.88	.88	.88	.88	.88	.90	.90	.90	.90	.90	.90	.90	.90	*.98*	*1.00*	Div'ds Decl'd per sh B	*1.40*
4.25	6.05	4.39	3.29	2.09	2.20	4.14	1.08	2.54	1.85	2.09	2.45	1.08	5.07	3.49	5.25	*7.25*	*2.65*	Cap'l Spending per sh	*4.15*
14.78	15.90	12.07	12.65	13.85	14.35	15.09	16.03	15.78	15.78	17.19	17.53	17.54	19.22	20.88	23.05	*24.45*	*26.65*	Book Value per sh	*34.00*
46.20	46.23	46.33	46.40	45.69	45.28	45.34	44.88	44.03	42.53	40.35	40.53	41.27	42.20	43.30	44.00	*41.50*	*41.50*	Common Shs Outst'g C	*41.00*
11.0	12.7	14.9	15.3	15.4	26.4	18.0	17.6	19.0	13.5	12.2	17.0	17.8	14.4	14.8	17.4	*Bold figures are*		Avg Ann'l P/E Ratio	*17.0*
.82	.81	.90	.90	1.01	1.77	1.13	1.01	.99	.77	.79	.87	.97	.82	.78	.92	*Value Line*		Relative P/E Ratio	*1.15*
3.1%	3.5%	3.6%	3.6%	3.5%	3.8%	3.5%	3.3%	3.6%	4.0%	3.9%	3.7%	3.6%	3.2%	2.6%	1.9%	*estimates*		Avg Ann'l Div'd Yield	*1.9%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $407 mill. **Due in 5 Yrs** $241 mill.
LT Debt $353 mill. **LT Interest** $12.8 mill.
(LT interest earned: 13.0x; total interest coverage: 12.8x) (26% of Cap'l)

Leases, Uncapitalized Annual rentals $19 mill.

Pension Assets-12/05 $315 mill. **Oblig.** $294 mill.

Pfd Stock None

Common Stock 43,067,453 shs.
MARKET CAP: $1.9 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1232.6	1275.4	1311.6	959.3	1068.6	1064.6	1088.9	1232.5	1494.3	1606.8	*1655*	*1840*	Revenues ($mill)	*2100*
18.1%	17.6%	15.9%	21.1%	20.5%	18.7%	13.8%	15.7%	16.4%	16.5%	*14.0%*	*15.5%*	Operating Margin	*17.5%*
89.0	88.6	88.5	73.9	72.3	75.4	70.7	73.0	80.3	84.0	*85.0*	*95.0*	Depreciation ($mill)	*105*
62.4	68.9	59.5	72.2	78.3	67.6	58.2	81.0	101	119	*115*	*130*	Net Profit ($mill)	*180*
37.9%	35.7%	37.5%	35.0%	36.2%	35.8%	33.0%	36.7%	37.7%	38.4%	*37.5%*	*38.0%*	Income Tax Rate	*38.0%*
5.1%	5.4%	4.5%	7.5%	7.3%	6.3%	5.3%	6.6%	6.8%	7.4%	*6.9%*	*7.1%*	Net Profit Margin	*8.6%*
101.5	114.8	67.1	59.9	55.9	24.4	82.6	64.0	53.0	49.0	*75.0*	*100*	Working Cap'l ($mill)	*100*
357.7	292.9	255.8	277.6	330.8	207.4	247.8	330.0	214.0	296.0	*410*	*380*	Long-Term Debt ($mill)	*390*
684.3	719.6	694.6	671.0	693.7	710.7	723.6	811.0	904.0	1014.0	*1015*	*1105*	Shr. Equity ($mill)	*1395*
7.5%	8.1%	7.4%	8.5%	8.8%	8.4%	6.5%	7.6%	9.6%	9.6%	*8.5%*	*9.5%*	Return on Total Cap'l	*11.0%*
9.1%	9.6%	8.6%	10.8%	11.3%	9.5%	8.0%	10.0%	11.2%	11.7%	*11.5%*	*12.0%*	Return on Shr. Equity	*13.0%*
3.3%	4.0%	2.8%	5.0%	6.0%	4.4%	2.9%	5.4%	7.0%	7.9%	*7.0%*	*8.0%*	Retained to Com Eq	*8.5%*
64%	58%	68%	54%	47%	54%	63%	46%	38%	33%	*37%*	*32%*	All Div'ds to Net Prof	*32%*

CURRENT POSITION ($MILL.)

	2004	2005	6/30/06
Cash Assets	42	57	34
Receivables	181	177	187
Inventory (FIFO)	15	18	32
Other	50	51	43
Current Assets	288	303	296
Accts Payable	115	134	135
Debt Due	31	31	54
Other	89	89	78
Current Liab.	235	254	267

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	3.5%	5.0%	*7.5%*
"Cash Flow"	2.0%	3.5%	*9.0%*
Earnings	5.5%	7.5%	*11.0%*
Dividends	- -	- -	*7.5%*
Book Value	4.5%	5.5%	*8.5%*

QUARTERLY REVENUES ($ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	273.4	314.7	316.7	327.7	1232.5
2004	342.4	375.4	382.5	394.0	1494.3
2005	364.6	391.9	451.8	398.5	1606.8
2006	362.2	418.2	*430*	*444.6*	*1655*
2007	*420*	*460*	*490*	*470*	*1840*

EARNINGS PER SHARE A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.42	.56	.52	.44	1.94
2004	.63	.70	.58	.42	2.33
2005	.74	.69	.74	.53	2.70
2006	.84	.68	*.55*	*.58*	*2.65*
2007	*.80*	*.75*	*.80*	*.75*	*3.10*

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.225	.225	.225	.225	.90
2003	.225	.225	.225	.225	.90
2004	.225	.225	.225	.225	.90
2005	.225	.225	.225	.225	.90
2006	.225	.25	.25		

BUSINESS: Alexander & Baldwin, Inc. has three major segments: Transportation (82% '05 revs., 65% operating profit): the dominant carrier of cargo and autos between the U.S. Mainland and Hawaii and logistics services under the Matson name. Real Estate (10%, 32%): property development and mgmt. (owns 89,810 acres, 5.1 mill. sq. ft. of income properties). Food Products (8%, 3%): Hawaii's largest cane sugar plantation and coffee producer. Sold majority interest in C&H Sugar, 12/98. Has about 2,175 employees. FMR Corp. owns 14.9% of stock; officers/directors, 3.6% (3/06 proxy). Chrmn.: Charles M. Stockholm. Pres. and CEO: W. Allen Doane. Inc.: HI. Address: 822 Bishop St., P.O. Box 3440, Honolulu, HI 96801. Tel.: 808-525-6611. Internet: www.alexanderbaldwin.com.

Alexander & Baldwin's new China service is progressing nicely. Profit at the ocean transportation segment fell 37%, year to year, in the recent second quarter, to $24.4 million. The weaker results largely reflected start-up costs on a wholly owned Guam/China service. This service began early in 2006, when a Guam-only joint venture was terminated. Freight rates from Asia to the U.S. west coast have been stagnant, and we expect them to rise only modestly during the current peak season, restrained by excess vessel capacity. Volumes on the new route, however, have ramped up faster than expected. A&B's Matson subsidiary can offer superior transit times and has a dedicated terminal in Long Beach, minimizing port congestion. We estimate that Matson's earnings will be down only modestly in the second half of the year, and that profits from the new service will exceed those of the old joint venture in two or three years.

The logistics business is on a roll. The unit's June-quarter revenue and operating income rose 9% and 47%, to $116 million and $5.3 million, respectively. A shift to higher-margin highway and expedited traffic has bolstered profitability. The outlook for this business is positive.

Real estate activity remains strong. A&B's leasing portfolio on both the mainland and Hawaii is benefiting from nearly full occupancy. The company also has six owned or joint venture development projects underway and several more in the planning stages. The timing of property sales is uncertain, though. Consolidated earnings in the June quarter handily beat our expectations, thanks the sale of two shopping centers for $35.6 million. We expect third-quarter sales to be relatively light. Sales on a large residential project begin in the fourth quarter, but initial profits will be modest due to percentage-of-completion accounting.

The company has aggressively repurchased shares. Over 1.3 million common shares were bought back in June and July through an accelerated stock repurchase program.

This untimely issue is down more than 20% from its peak in 2005. We think this provides a good entry point for long-term investors.

Craig Sirois *September 8, 2006*

(A) Based on average shares outstanding through 1997, then diluted. Excl. net nonrec. gains (losses): '92, ($1.24); '93, (17¢); '95, 24¢; '96, 6¢; '97, 28¢; '98, (77¢); '99, (22¢); '00, 30¢; '01, $1.28; '05, 16¢. Excl. discontinued ops. : '95, 11¢; '01, 22¢. Due to a change in accounting rules, real estate sold is excl. from revenues, but incl. in reported EPS; '02, 28¢; '03, 28¢; '04, 5¢; '05, 23¢; '06, 44¢. Next earnings report due late October. (B) Dividends historically paid early March, June, Sept., and Dec. (C) In millions.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	70
Earnings Predictability	65

ALLIANT TECH. NYSE-ATK

RECENT PRICE **81.83** | P/E RATIO **16.4** (Trailing: 19.4 / Median: 14.0) | RELATIVE P/E RATIO **0.94** | DIV'D YLD **Nil** | **VALUE LINE**

TIMELINESS 3 Lowered 8/19/05
SAFETY 3 New 4/2/99
TECHNICAL 3 Raised 12/9/05
BETA .80 (1.00 = Market)

High:	15.7	17.0	20.4	24.6	26.1	30.3	62.3	76.9	63.5	67.8	78.3	84.9
Low:	10.3	13.0	12.0	16.3	15.1	15.8	26.9	47.1	42.8	53.1	62.9	72.4

Target Price Range
2009 | 2010 | 2011

2009-11 PROJECTIONS

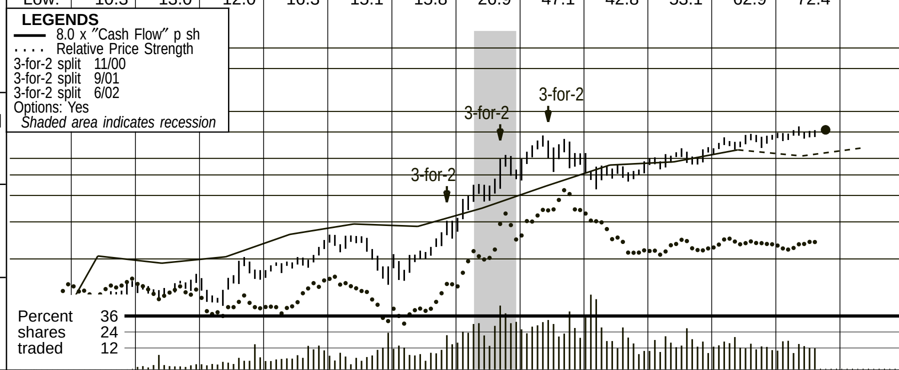
	Price	Gain	Ann'l Total Return
High	125	(+55%)	11%
Low	85	(+5%)	1%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	1	0	0	0	0
Options	0	1	1	0	0	0	0	6	0
to Sell	0	1	2	0	0	0	0	6	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	111	127	110
to Sell	100	104	120
Hld's(000)	31472	29697	34734



% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-0.6	7.1
3 yr.	50.2	49.4
5 yr.	65.4	70.4

Alliant Techsystems Inc. was incorporated as a Delaware corporation and a wholly owned subsidiary of Honeywell, Inc. on May 2, 1990 in connection with Honeywell's plan to spin off certain businesses. On September 28, 1990, Honeywell declared a distribution payable to holders of record of one share of Alliant stock for every four shares of Honeywell common stock. Honeywell transferred to Alliant all of the assets and liabilities of the relevant businesses.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
26.24	25.27	31.42	35.19	36.07	47.61	61.33	71.01	85.04	111.46	***97.70***	***102.45***	Revenues per sh A	***123.60***
2.39	2.56	3.27	3.67	3.57	4.35	5.53	6.97	7.22	8.23	***7.70***	***8.45***	"Cash Flow" per sh	***10.45***
	1.51	1.64	1.92	2.19	2.40	3.28	3.72	4.03	4.03	***5.00***	***5.50***	Earnings per sh AB	***7.00***
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	***Nil***	***Nil***	Div'ds Decl'd per sh	***Nil***
.69	.48	1.26	1.49	.78	- -	1.53	1.76	1.90	2.26	***2.05***	***1.85***	Cap'l Spending per sh	***2.20***
5.27	6.25	3.42	3.75	6.26	14.71	13.49	16.93	20.84	21.77	***33.15***	***38.60***	Book Value per sh	***54.30***
41.51	42.56	34.71	30.62	31.66	37.84	35.42	33.32	32.94	28.86	***35.00***	***35.00***	Common Shs Outst'g C	***35.00***
12.2	11.1	12.8	10.8	11.7	20.8	19.0	14.3	15.7	18.3	***Bold figures are***		Avg Ann'l P/E Ratio	***15.0***
.76	.64	.67	.62	.76	1.07	1.04	.82	.83	.98	***Value Line***		Relative P/E Ratio	***1.00***
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	***estimates***		Avg Ann'l Div'd Yield	***Nil***
1089.4	1075.5	1090.4	1077.5	1141.9	1801.6	2172.1	2366.2	2801.1	3216.8	***3425***	***3585***	Revenues ($mill) A	***4325***
12.2%	12.4%	13.7%	15.6%	15.9%	16.8%	15.8%	14.7%	13.2%	12.8%	***13.2%***	***13.5%***	Operating Margin	***14.5%***
45.1	41.0	45.9	47.8	45.0	78.7	67.1	69.9	84.3	83.6	***90.0***	***100***	Depreciation ($mill)	***120***
54.1	68.0	67.6	64.5	67.9	86.1	128.8	162.3	153.5	153.9	***180***	***195***	Net Profit ($mill)	***245***
- -	- -	15.0%	26.1%	34.3%	39.8%	39.0%	25.3%	30.2%	32.2%	***34.0%***	***34.0%***	Income Tax Rate	***38.0%***
5.0%	6.3%	6.2%	6.0%	5.9%	4.8%	5.9%	6.9%	5.5%	4.8%	***5.3%***	***5.5%***	Net Profit Margin	***5.7%***
94.0	95.6	56.6	d5.5	40.8	299.2	284.2	377.3	401.7	348.6	***465***	***525***	Working Cap'l ($mill)	***800***
237.1	180.8	306.0	277.1	207.9	867.6	820.9	1076.0	1131.4	1096.0	***1000***	***900***	Long-Term Debt ($mill)	***700***
218.8	265.8	118.7	114.9	198.3	556.8	477.9	564.2	686.4	628.4	***1160***	***1350***	Shr. Equity ($mill)	***1900***
15.7%	18.3%	18.8%	20.7%	20.7%	9.0%	12.4%	11.7%	10.2%	11.8%	***10.0%***	***10.0%***	Return on Total Cap'l	***10.0%***
24.7%	25.6%	57.0%	56.1%	34.2%	15.5%	27.0%	28.8%	22.4%	24.5%	***15.5%***	***14.5%***	Return on Shr. Equity	***13.0%***
24.7%	25.6%	57.0%	56.1%	34.2%	15.5%	27.0%	28.8%	22.4%	24.5%	***15.5%***	***14.5%***	Retained to Com Eq	***13.0%***
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	***Nil***	***Nil***	All Div'ds to Net Prof	***Nil***

CAPITAL STRUCTURE as of 6/30/06
Total Debt $1116.3 mill. **Due in 5 Yrs** $30.0 mill.
LT Debt $1089.3 mill. **LT Interest** $60.0 mill.
(Total interest earned: 4.2x; LT interest earned: 4.4x) (46% of Cap'l)

Leases, Uncapitalized Annual rentals $47.9 mill.
Pension Assets-3/06 $1.7 bill. **Oblig.** $2.1 bill.

Pfd Stock None
Common Stock 29,342,900 shs.
MARKET CAP: $2.4 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	12.8	9.1	11.5
Receivables	626.7	738.9	789.7
Inventory (FIFO)	125.2	139.9	160.0
Other	68.7	131.6	129.7
Current Assets	833.4	1019.5	1090.9
Accts Payable	147.3	166.0	146.1
Debt Due	2.7	29.6	27.0
Other	281.7	475.3	491.4
Current Liab.	431.7	670.9	664.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	15.0%	21.0%	*5.5%*
"Cash Flow"	16.5%	16.5%	*5.5%*
Earnings	17.0%	15.5%	*10.0%*
Dividends	- -	- -	*Nil*
Book Value	20.5%	34.5%	*19.0%*

Fiscal Year Begins	QUARTERLY REVENUES ($ mill.) A June.30	Sep.30	Dec.31	Mar.31	Full Fiscal Year
2003	559.1	566.6	563.8	676.7	2366.2
2004	644.3	673.1	684.5	799.2	2801.1
2005	757.0	772.1	770.0	917.7	3216.8
2006	822.4	***832.6***	***840***	***930***	***3425***
2007	***845***	***875***	***885***	***980***	***3585***

Fiscal Year Begins	EARNINGS PER SHARE A B Jun.30	Sep.30	Dec.31	Mar.31	Full Fiscal Year
2003	.84	.93	.94	1.01	3.72
2004	.81	.78	1.18	1.26	4.03
2005	.91	1.07	1.26	.79	4.03
2006	1.09	***1.21***	***1.22***	***1.48***	***5.00***
2007	***1.20***	***1.30***	***1.34***	***1.66***	***5.50***

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	NO CASH DIVIDENDS BEING PAID				
2003					
2004					
2005					
2006					

BUSINESS: Alliant Techsystems has three business groups: Conventional Munitions, Aerospace, and Defense Systems. Conventional Munitions (34% of '05 sales) develops ammunition, gun powders, warheads, and solid rocket propulsion systems. Defense (17%) supplies "smart" munitions, fuses, and electronic systems. Aerospace (43%) makes rocket propulsion components for space launch vehicles and missiles. Other (6%). Alliant Techsystems is a Honeywell spinoff, which was incorporated 5/90. Has about 15,200 employees. Officers & directors own 1.0% of common, Wellington Management Company has 10.7% (6/06 proxy). Chairman and CEO: Daniel J. Murphy. Inc.: DE. Addr.: 5050 Lincoln Drive, Edina, MN 55436-1097. Telephone: 952-351-3000. Internet: www.atk.com.

Alliant Techsystems' June-quarter earnings were in line with our estimate. (Fiscal years end March 31st). Share net came in at $1.09. Ammunition revenues grew by 16% on a sequential basis, a much quicker pace than we had expected. The anticipation of a future price increase was likely the main culprit behind this phenomenon. With that, we expect ammunition comparisons to weaken as fiscal 2006 progresses. Too, profitability in this arena continues to be squeezed by higher amounts of civil ammunition sales, whose margins are only about 8%. Therefore, we have trimmed a dime from our fiscal-year bottom-line expectation, which now sits at $5.00 per share.

Free cash flow guidance for fiscal 2006 should be about $185 million. The company has a five-million-share buyback program, which will be used primarily to offset option dilution. Too, a $90 million pension contribution has been set for this year, with a large chunk of this likely coming in the current quarter. Additionally, a sizable portion of this cash flow will be used to buy back debt.

The company closed out the summer by signing a flurry of new contracts. A five-year, $22 million pact with the Air Force to develop automated composite technologies for launch vehicle structures was announced in late August. Also in that month, a $38 million agreement with the Joint Munitions Committee to produce lightweight ammunition used on the Apache AH-64 helicopter, and a $90 million arrangement with Orbital Sciences for the construction of Orion solid rocket motors, were disclosed. The wide array of deals coming in demonstrates the across-the-board strength of ATK, and adds a level of support to our fiscal 2007 estimates of $3.6 billion in revenues with EPS of $5.50.

We currently have a neutral view on these shares. Our capital appreciation projections out to decade's end, as well as our Timeliness ranking for the year ahead, are both lackluster. However, takeover rumblings surrounding the company have gotten somewhat louder in the last few months. Still, management has made no indication that a sale is something that is currently being discussed.

Erik M. Manning *September 22, 2006*

(A) Fiscal year ends March 31st of following year.
(B) Primary earnings through '96, diluted thereafter. Excludes discontinued ops.: '96, 37¢; '97, 2¢; '99, 93¢; Excludes nonrecurring charge, '98, $1.37; '02, $0.20; '03, $0.42; '04 $0.09; '05 57¢. Next egs. report due late October.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	75
Price Growth Persistence	80
Earnings Predictability	95

ALLIED CAPITAL NYSE-ALD

RECENT PRICE **29.42** | P/E RATIO **13.1** (Trailing: 7.1 Median: NMF) | RELATIVE P/E RATIO **0.74** | DIV'D YLD **8.3%** | VALUE LINE

TIMELINESS	3	Raised 5/13/05
SAFETY	2	Raised 2/27/04
TECHNICAL	3	Raised 3/10/06

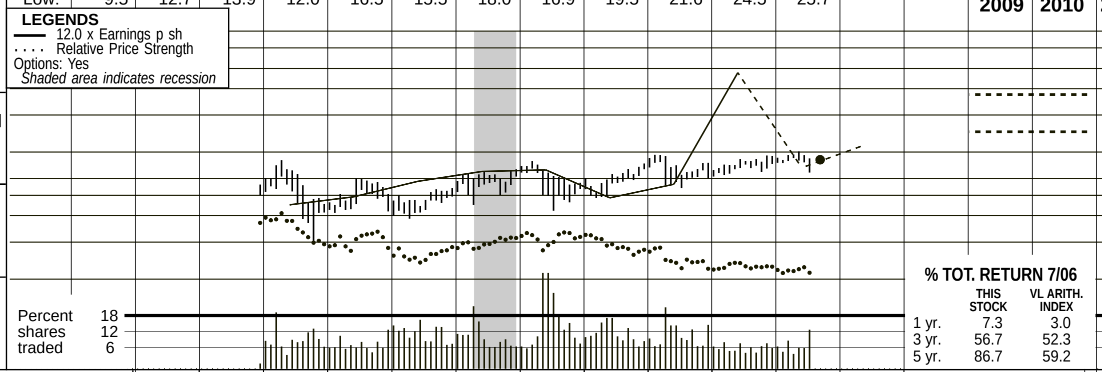
BETA .85 (1.00 = Market)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	13.3	15.9	22.5	29.3	24.0	21.6	26.5	29.0	28.2	31.1	30.8
Low:	9.5	12.7	13.9	12.0	16.5	15.5	18.0	16.9	19.5	21.6	24.5

(Final High/Low columns: 32.2 / 25.7)

Target Price Range 2009 | 2010 | 2011

LEGENDS
— 12.0 x Earnings p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+105%)	25%
Low	40	(+35%)	15%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	2	0	3	0
Options	1	1	1	1	0	3	0	0	4
to Sell	0	1	0	0	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	111	127	122
to Sell	67	73	91
Hld's(000)	42905	43013	44147

Percent shares traded 18 12 6

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	7.3	3.0
3 yr.	56.7	52.3
5 yr.	86.7	59.2

Allied Capital was formed by the December 31, 1997 merger of Allied Capital Corporation, Allied Capital Corporation II, Allied Capital Commercial Corporation, Allied Capital Advisers, and Allied Capital Lending Corporation. Immediately following the merger, the new entity, which was previously four investment funds and an investment adviser, became known as Allied Capital Corporation. Over the last five years, the company has raised about $900 million of equity capital to fuel its growth.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
--	--	1.50	1.64	1.94	2.16	2.20	1.62	1.88	6.36	*2.25*	*2.90*	Earnings per sh A	*4.25*
--	--	1.43	1.60	1.82	2.01	2.23	2.28	2.30	2.30	*2.40*	*2.50*	Div'ds Decl'd per sh B■	*4.10*
--	--	8.55	10.12	12.07	13.57	14.22	14.94	14.87	19.17	*19.55*	*19.60*	Book Value per sh	*19.75*
--	--	56.73	65.93	85.29	99.61	108.70	128.12	133.10	136.70	*140.00*	*143.00*	Common Shs Outst'g C	*150.00*
--	--	14.2	12.0	9.6	10.9	10.9	14.5	14.2	4.3	*Bold figures are*		Avg Ann'l P/E Ratio	*12.0*
--	--	.74	.68	.62	.56	.60	.83	.75	.23	*Value Line*		Relative P/E Ratio	*.85*
--	--	6.7%	8.1%	9.8%	8.6%	9.3%	9.7%	8.6%	8.3%	*estimates*		Avg Ann'l Div'd Yield	*8.0%*
--	--	856.1	1290.0	1853.8	2460.7	2794.3	3019.9	3261.0	4025.9	*4000*	*4600*	Total Assets ($mill)	*6800*
--	--	800.3	1228.5	1788.0	2329.6	2488.2	2584.6	3013.4	3606.4	*3700*	*4300*	Portfolio ($mill)	*6500*
--	--	80.0	99.2	141.0	177.9	196.4	221.7	249.5	246.6	*285*	*350*	Net Interest Inc ($mill)	*425*
--	--	3.2	6.1	13.1	--	--	--	--	--	*Nil*	*Nil*	Loan Loss Prov'n ($mill)	*Nil*
--	--	32.9	40.8	56.6	67.4	87.5	27.2	90.5	786.3	*150*	*175*	Noninterest Inc ($mill)	*185*
--	--	30.8	35.2	41.5	45.0	54.6	59.3	89.4	148.6	*155*	*180*	Noninterest Exp ($mill)	*195*
--	--	78.1	98.6	143.1	200.7	228.3	192.0	249.5	872.8	*315*	*415*	Net Profit ($mill)	*635*
--	--	1.0%	--	--	--	.4%	--	.4%	1.3%	*4%*	*Nil*	Income Tax Rate	*Nil*
--	--	9.12%	7.64%	7.72%	8.16%	8.17%	6.36%	7.65%	21.68%	*8.0%*	*9.0%*	Return on Total Assets	*9.5%*
--	--	239.4	487.4	704.6	876.1	794.2	954.2	1176.6	1284.8	*1300*	*1300*	Long-Term Debt ($mill)	*1300*
--	--	492.1	674.5	1036.7	1359.1	1553.1	1920.6	1979.8	2620.5	*2740*	*2800*	Shr. Equity ($mill)	*2960*
--	--	57.5%	52.3%	55.9%	55.2%	55.6%	63.6%	60.7%	65.1%	*69%*	*61%*	Shr. Eq. to Total Assets	*44%*
--	--	93.5%	95.2%	96.4%	94.7%	89.0%	85.6%	92.4%	89.6%	*93%*	*94%*	Portfolio to Tot Assets	*96%*
--	--	15.9%	14.6%	13.8%	14.8%	14.7%	10.0%	12.6%	33.3%	*13.0%*	*15.0%*	Return on Shr. Equity	*21.5%*
--	--	1.7%	.5%	1.2%	1.5%	.5%	NMF	NMF	21.7%	*1%*	*2%*	Retained to Com Eq	*1%*
--	--	89%	97%	92%	90%	97%	NMF	117%	35%	*96%*	*86%*	All Div'ds to Net Prof	*97%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $1208.8 mill. **Due in 5 Yrs** $1095 mill.
LT Debt $1208.8 mill. **LT Interest** $114.8 mill.
(31.0% of Cap'l)
Leases, Uncapitalized: None
No Defined Benefit Pension Plan
Pfd Stock None
Common Stock 140,312,000 shs.

MARKET CAP: $4.1 billion (Mid Cap)

ASSETS($Mill.)	2004	2005	6/30/06
Loans	3013.4	3606.4	3593.5
Funds Sold	--	--	--
Securities	--	222.3	223.8
Other Earning	--	--	--
Other	247.6	197.2	193.9
LIABILITIES($Mill.)			
Deposits	--	--	--
Funds Borrowed	--	--	--
Long-Term Debt	1176.6	1284.8	1208.8
Shr. Equity	1979.8	2620.5	2690.0
Other	104.6	120.6	112.3
Total	3261.0	4025.9	4011.2
Loan Loss Resrv.	--	--	--

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	--	5.0%	*13.0%*
Earnings	--	14.0%	*11.0%*
Dividends	--	7.0%	*10.0%*
Book Value	--	10.0%	*3.0%*
Total Assets	--	6.5%	*12.0%*

Cal-endar	PORTFOLIO ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	2377	2546	2601	2584	
2004	2400	2785	2980	3013	
2005	3195	2714	3224	3606	
2006	3691	3593	*3900*	*4000*	
2007	*4150*	*4300*	*4450*	*4600*	

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.18	.52	.28	.62	1.60
2004	.15	.72	.66	.35	1.88
2005	.89	2.29	.82	2.36	6.36
2006	.70	.29	*.60*	*.66*	*2.25*
2007	*.65*	*.70*	*.75*	*.80*	*2.90*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.53	.55	.56	.56	2.20
2003	.57	.57	.57	.57	2.28
2004	.57	.57	.57	.59	2.30
2005	.57	.57	.58	.58	2.30
2006	.59	.60			

BUSINESS: Allied Capital Corp. is the nation's largest business development company, primarily invests in middle-market private firms, offering long-term investment capital mainly through mezzanine debt (60% of its portfolio, 12/05) and equity financing (40%). It also participates in the real estate capital markets (26%) as an investor in commercial mortgage-backed securities. Allied is a regulated investment company that is not subject to corporate taxation. Non real estate holdings are concentrated in consumer, business, and financial services. Has 131 empl. (12/05). Off./dir. own 8.5% of stock (3/06 Proxy). Chrmn/CEO: William Walton. Inc.: Maryland. Address: 1919 Pennsylvania Avenue, NW Washington, D.C. 2006-3434. Tel.: 202-721-6100. Web.: www.alliedcapital.com.

Good economic fundamentals suggest continued strong results at Allied Capital this year and next. True, things are competitive in the middle market. To illustrate, the average purchase price multiple of private equity acquisitions is currently about 8.0 times EBITDA, above the historical norm of 6.0–7.0. But opportunities still seem fairly plentiful, thanks to a high number of deals coming through the pipeline. Despite leveraged buyout activity setting a record in 2005, the market has done even better this year.
Several trends should benefit the company. First, Allied has become increasingly involved in its portfolio companies. This has given management better control over exit timing, which has increased the liquidity of investments and allowed the redeployment of capital when more-lucrative opportunities present themselves. Second, the company has gained greater say over the capitalization structure of its portfolio companies. Third, Allied now uses a uni-tranche structure that allows it to direct more capital on single senior subordinated debt for middle-market firms when attractive pricing opportunities come along. Finally, Allied's reach in the private equity marketplace continues to extend further afield into faster-growth areas.
Decent yields on the interest-bearing portion of the private finance portfolio should be possible. We look for about 12.5% for the next several quarters, versus 13.0% last year.
Allied should be able to maintain its dividend at least at the current level. The company has an undistributed earnings surplus of roughly $570 million, which gives management about a seven-quarter buffer on funding future dividends.
Relatively safe Allied shares have 3- to 5-year appeal. The recent valuation does not appear to fully reflect the good earnings growth that we project for the company over the pull to 2009–2011. The high yield should be of special interest to those investors seeking income. All told, the issue has above-average long-term total return potential. *Quarterly share earnings are subject to significant volatility due to the timing of asset sales.*
Warren Thorpe *August 25, 2006*

(A) Diluted earnings per share. Includes net realized and unrealized gains (losses): '98, 45¢; '99, 46¢; '00, 41¢; '01, 23¢; '02, 42¢; '03, (3¢); '04, (18¢). Quarters may not sum to total due to rounding. Next earnings report due mid-Oct. (B) Dividend historically paid late March, June, Sept., Dec. A portion (est'd '06: 50%) of dividends are usually taxed at the capital gains rate. Declared special dividends: $0.02, paid 1/28/05; $0.03, 1/27/06. ■Dividend reinvestment plan available. (C) In millions.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	55
Earnings Predictability	50

AMER. GREETINGS NYSE-AM

RECENT PRICE **25.04** | P/E RATIO **33.4** (Trailing: 22.4; Median: 15.0) | RELATIVE P/E RATIO **1.89** | DIV'D YLD **1.3%** | **VALUE LINE**

TIMELINESS **4** Lowered 10/6/06
SAFETY **3** New 7/27/90
TECHNICAL **2** Raised 10/6/06
BETA .85 (1.00 = Market)

High:	33.0	30.5	40.1	53.8	44.3	24.1	15.4	23.8	22.6	28.2	28.0	25.1
Low:	25.5	23.5	27.4	35.0	22.0	8.2	9.5	12.0	12.4	19.1	21.2	20.3

Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

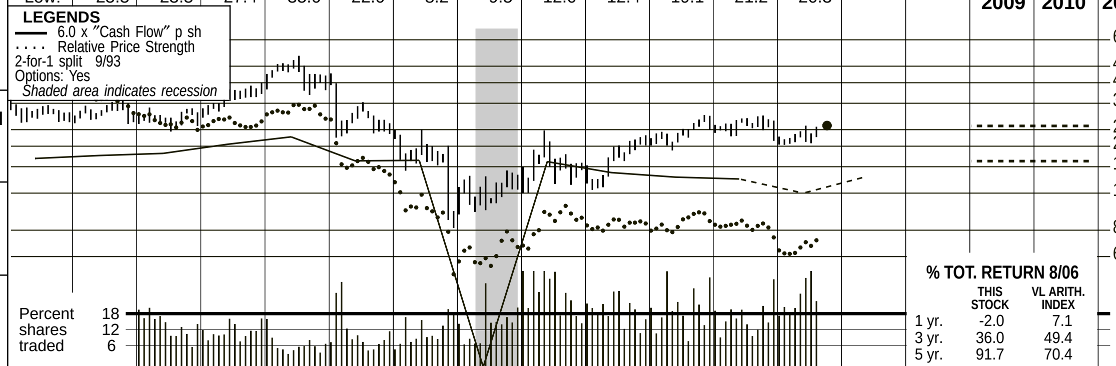
	Price	Gain	Ann'l Total Return
High	25	(Nil)	*2%*
Low	17	(-30%)	*-7%*

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	96	79	85
to Sell	80	85	89
Hld's(000)	79045	67539	74979



% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-2.0	7.1
3 yr.	36.0	49.4
5 yr.	91.7	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
22.35	21.65	22.93	23.88	25.15	26.81	28.82	30.89	31.92	33.71	39.67	36.95	30.29	29.78	27.57	30.52	*31.10*	*34.55*	Sales per sh A	*45.90*
1.97	1.99	2.20	2.57	2.92	3.02	3.09	3.41	3.70	2.84	2.86	d.60	2.82	2.50	2.39	2.34	*1.85*	*2.40*	"Cash Flow" per sh	*3.55*
1.31	1.40	1.55	1.77	2.00	2.01	2.23	2.37	2.62	1.81	1.31	d1.92	1.63	1.40	1.40	1.23	*.75*	*1.15*	Earnings per sh A B	*1.95*
.35	.38	.42	.48	.55	.62	.67	.71	.74	.78	.82	.40	- -	- -	.12	.32	*.32*	*.44*	Div'ds Decl'd per sh C	*.55*
.72	.94	1.06	1.39	1.31	1.23	1.24	.95	.88	.79	1.17	.45	.48	.53	.69	.75	*1.40*	*1.10*	Cap'l Spending per sh	*1.00*
10.39	12.05	13.07	14.21	15.61	16.53	18.16	18.90	19.49	19.41	16.49	14.15	16.35	18.79	20.09	19.75	*20.50*	*22.60*	Book Value per sh D	*30.15*
63.22	71.77	72.90	74.12	74.30	74.71	74.98	71.18	69.09	64.52	63.49	63.76	65.90	67.47	69.03	61.79	*58.00*	*55.00*	Common Shs Outst'g F	*49.00*
12.7	13.2	14.3	16.4	14.2	14.4	12.4	15.1	16.6	14.2	12.4	- -	10.0	13.3	17.1	19.9	*Bold figures are*		Avg Ann'l P/E Ratio	*11.0*
.94	.84	.87	.97	.93	.96	.78	.87	.86	.81	.81	- -	.55	.76	.90	1.06	*Value Line*		Relative P/E Ratio	*.75*
2.1%	2.1%	1.9%	1.7%	1.9%	2.1%	2.4%	2.0%	1.7%	3.0%	5.1%	3.1%	- -	- -	.5%	1.3%	*estimates*		Avg Ann'l Div'd Yield	*1.6%*

CAPITAL STRUCTURE as of 5/26/06
Total Debt $399.1 mill. **Due in 5 Yrs** $175.0 mill.
LT Debt $240.0 mill. **LT Interest** $50.0 mill.
Includes $175 mill. 7.0% conv. sub. notes (due 7/06), each conv. into 12.60 common shares at $13.90.
(Total interest coverage: 5.1x) (20% of Cap'l)
Leases, Uncapitalized Annual rentals $34.0 mill.
Pension Assets-5/06 $105.0 mill. **Oblig.** $102.0 mill.
Pfd Stock None
Common Stock 52,962,609 shs.
Includes 4,227,153. Class B shs.E
MARKET CAP: $1.2 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
2161.1	2198.8	2205.7	2175.2	2518.8	2355.7	1995.9	2008.9	1902.7	1885.7	*1805*	*1900*	Sales ($mill) A	*2250*
15.7%	15.7%	17.8%	13.0%	10.7%	3.2%	15.9%	13.0%	7.8%	11.0%	*9.5%*	*11.0%*	Operating Margin	*12.0%*
64.6	65.9	67.0	64.3	98.1	84.3	64.8	64.1	57.0	54.2	*55.0*	*55.0*	Depreciation ($mill)	*55.0*
167.1	176.9	188.6	119.1	83.5	d122.3	121.1	104.7	107.6	90.1	*55.0*	*75.0*	Net Profit ($mill)	*120*
34.3%	34.8%	36.2%	33.6%	15.3%	- -	39.7%	38.7%	15.4%	35.1%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
7.7%	8.0%	8.5%	5.5%	3.3%	NMF	6.1%	5.2%	5.7%	4.8%	*3.0%*	*4.0%*	Net Profit Margin	*5.5%*
562.2	506.1	728.1	518.2	94.4	350.2	535.1	754.0	793.9	578.1	*505*	*490*	Working Cap'l ($mill)	*600*
219.6	148.8	463.2	442.1	380.1	853.1	726.5	665.9	486.1	300.5	*240*	*220*	Long-Term Debt ($mill)	*150*
1361.7	1345.2	1346.6	1252.4	1047.2	902.4	1077.5	1267.5	1386.8	1220.0	*1190*	*1245*	Shr. Equity ($mill)	*1475*
11.1%	12.2%	11.2%	8.0%	6.3%	NMF	8.6%	7.6%	8.1%	7.0%	*5.5%*	*7.0%*	Return on Total Cap'l	*9.0%*
12.3%	13.1%	14.0%	9.5%	8.0%	NMF	11.2%	8.3%	7.8%	7.4%	*4.5%*	*6.0%*	Return on Shr. Equity	*8.0%*
8.6%	9.3%	10.1%	5.4%	2.9%	NMF	11.2%	8.3%	7.2%	5.7%	*3.0%*	*4.5%*	Retained to Com Eq	*6.5%*
30%	29%	28%	43%	63%	NMF	- -	- -	8%	24%	*35%*	*31%*	All Div'ds to Net Prof	*22%*

CURRENT POSITION ($MILL.)	2004	2005	5/26/06
Cash Assets	459.0	422.4	288.6
Receivables	200.4	142.1	122.8
Inventory (LIFO)	222.9	217.3	237.7
Other	399.3	380.3	386.6
Current Assets	1281.6	1162.1	1035.7
Accts Payable	143.0	126.1	123.5
Debt Due	- -	174.8	159.1
Other	344.7	283.1	242.3
Current Liab.	487.7	584.0	524.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	1.5%	-3.5%	*4.0%*
"Cash Flow"	-1.5%	-5.0%	*4.5%*
Earnings	-3.5%	-7.0%	*5.5%*
Dividends	-12.5%	-28.5%	*NMF*
Book Value	2.5%	1.0%	*6.0%*

Fiscal Year Begins	QUARTERLY SALES ($ mill.) A May 31	Aug.31	Nov.30	Feb.Per.	Full Fiscal Year
2003	454.3	403.6	616.0	535.0	2008.9
2004	433.5	392.1	586.2	490.9	1902.7
2005	439.5	384.9	552.0	509.3	1885.7
2006	406.6	360.1	*535*	*503.3*	*1805*
2007	*450*	*395*	*555*	*500*	*1900*

Fiscal Year Begins	EARNINGS PER SHARE A B May 31	Aug.31	Nov.30	Feb.Per.	Full Fiscal Year
2003	.27	d.15	.70	.62	1.40
2004	.35	.10	.55	.40	1.40
2005	.35	.05	.14	.69	1.23
2006	.24	d.23	*.35*	*.40*	*.75*
2007	*.30*	*Nil*	*.40*	*.45*	*1.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	- -	- -	- -	- -	- -
2003	- -	- -	- -	- -	- -
2004	- -	- -	- -	.06	.06
2005	.06	.08	.08	.08	.30
2006	.08	.08	.08		

BUSINESS: American Greetings Corporation is the second-largest U.S. producer of greeting cards (59% of 2005 sales). Also markets giftwraps and accessories (16%), and other items (25%–including candles, giftware items, party goods, calendars). Licensing characters (Strawberry Shortcake, Care Bears). Acquired: Gibson Greetings, 3/00; Collage Designs, 2/05. Sold Acme Frame, 8/97; Willhold, 8/97; M & D Balloons, 2/02.; Magnivision, 9/04. Fgn sales 24.7% of '04 total; adv. costs, 2.7%. Has 19,200 employees. Officers & Directors own 2.2% of common; Three funds own 42.5% of class A shrs. (5/06 proxy). CEO Zev Weiss. Pres. Jeffrey Weiss. Inc.: OH. Address: 1 American Rd., Cleveland, OH 44144. Tel.: 216-252-7300. Internet: www.americangreetings.com.

A top-line decline at American Greetings is likely to lead to a 33% share-net contraction in fiscal 2006 (year ends next February). We expect revenue to be hurt by a reduced product count stemming from the corporation's restructuring program (see below). Greeting card receipts are in a downward trend owing to competition from the Internet and Hallmark Cards, Inc. Also, licensing revenue, after a surge beginning a few years ago, has declined. The company's *Care Bear* and *Strawberry Shortcake* brands experienced a revival with children until last year.

Implementation of the $100 million "Win at Cards" restructuring plan has been initiated. Approximately two-thirds of the expenditure is allocated towards acquiring 30% of its retail partner's inventory, replacing all remaining backlog with "improved" products, and creative development. The remainder is aimed at converting all retail partners to its scan-based trading system (to improve operating efficiency). The initiative's purpose is to boost weak revenue trends through better card assortments and displays at stores and to streamline its supply chain.

However, we are skeptical about the impact of the plan. The initiative requires a high single-digit price hike on most of its "improved" products to generate more meaningful share-net advances. We are not sure if this is likely since the company operates in a highly competitive industry. Consumers may refuse to pay higher prices.

Management is seeking to reverse the negative licensing revenue trend. Last December, American Greetings made a major investment in Hatchery, an entertainment business that produces and distributes family and children's entertainment. Earlier this year, the company added new members to its sales team that have considerable experience in digital media. The recent appointments reflect the division's commitment to increase licensing through mobile devices and the Internet.

This equity has little if any appeal out to 2009-2011. In fact, these shares are already trading well within the 3- to 5-year Target Price Range we think probable.

Dominic B. Silva *October 6, 2006*

(A) Fiscal yr. ends last day in Feb. of following cal. yr. (B) Primary egs. through '96, dil. thereafter. Excludes nonrecurring gains (losses): '04, (28¢); '03, (13¢); '01, ($2.89); '00, (15¢); '99, (44¢); '98, (14¢); '97, 18¢; '93, (24¢); SFAS 121 charge: '95, 47¢. Next egs. rpt. due early Jan. (C) Dividends suspended 2/02, resumed 10/04. (D) Incl. intangibles. In '05: $203.6 mill., $3.08/sh. (E) Class B: 10 votes per share. (F) In mill., adj. for stock split.

Company's Financial Strength	B+
Stock's Price Stability	60
Price Growth Persistence	20
Earnings Predictability	10

AMER. INT'L GRP NYSE-AIG

RECENT PRICE **63.01** | P/E RATIO **11.0** (Trailing: 17.1; Median: 22.0) | RELATIVE P/E RATIO **0.62** | DIV'D YLD **1.0%** | **VALUE LINE**

TIMELINESS 3 New 2/24/06
SAFETY 2 Raised 2/24/06
TECHNICAL 4 Lowered 8/11/06
BETA 1.20 (1.00 = Market)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	22.6	27.6	40.0	54.7	75.3	103.8	98.3	80.0	66.4	77.4	73.5	71.1	
Low:	15.2	20.9	25.2	34.6	49.4	52.4	66.0	47.6	42.9	54.3	49.9	57.5	

2009-11 PROJECTIONS

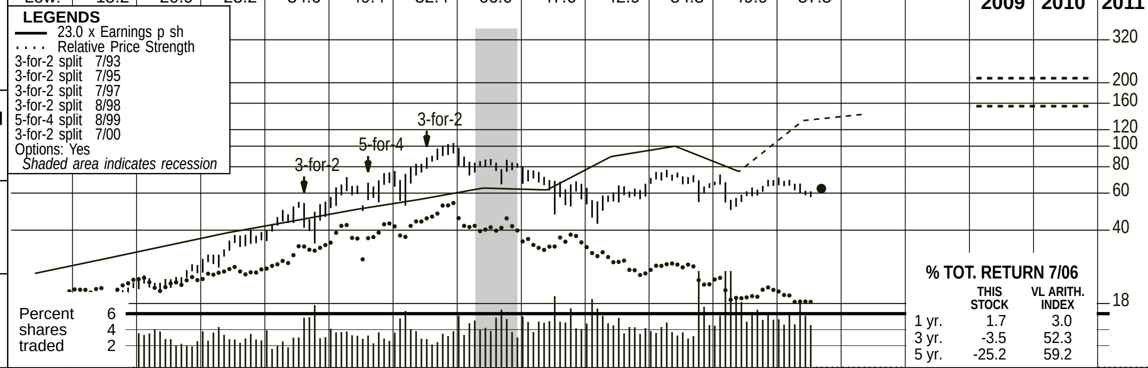
	Price	Gain	Ann'l Total Return
High	210	(+235%)	36%
Low	155	(+145%)	26%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	1	3	1
Options	2	7	8	6	1	0	9	2	0
to Sell	0	3	0	0	2	2	5	3	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	580	591	560
to Sell	549	569	606
Hld's(000)	1551816	1601843	1659535



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	1.7	3.0
3 yr.	-3.5	52.3
5 yr.	-25.2	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
4.54	4.52	4.58	4.76	5.10	5.70	5.99	6.45	7.37	6.69	7.46	7.40	8.95	12.17	14.85	15.71	**16.55**	**18.10**	P/C Prem Earned p sh	**22.00**
1.01	1.14	1.28	1.41	1.58	1.90	2.20	2.41	2.76	3.75	4.21	5.59	5.76	6.39	7.10	8.53	**8.90**	**9.35**	Investment Inc p sh F	**10.00**
.04	.00	d.10	.01	.01	.12	.10	.27	.41	.29	1.08	.03	.08	13.50	15.65	16.12	**16.75**	**17.25**	Underwriting Inc p sh A	**1.10**
.70	.75	.81	.95	1.09	1.26	1.46	1.69	1.91	2.18	2.43	2.76	2.70	3.89	4.36	3.30	**5.75**	**6.20**	Earnings per sh B	**8.00**
.04	.05	.06	.06	.07	.08	.09	.10	.12	.13	.15	.15	.18	.23	.28	.55	**.63**	**.68**	Div'ds Decl'd per sh C	**.96**
4.84	5.61	6.41	7.47	8.04	9.91	11.13	12.20	13.78	14.42	16.98	19.94	22.65	27.32	31.06	33.24	**36.55**	**42.05**	Book Value per sh DG	**60.60**
2013.7	2014.9	2008.8	2010.0	2017.7	2000.5	1980.5	1967.4	1968.2	2323.7	2332.7	2615.4	2609.6	2608.4	2594.9	2597.0	**2600.0**	**2575.0**	Common Shs Outst'g E	**2500.0**
159%	163%	158%	185%	178%	184%	210%	274%	333%	435%	478%	409%	293%	211%	223%	185%	**Bold figures are Value Line estimates**		Price to Book Value	**295%**
10.9	12.1	12.6	14.5	13.2	14.5	16.0	19.8	24.0	28.8	33.4	29.5	24.6	14.8	15.9	18.6			Avg Ann'l P/E Ratio	**23.0**
.81	.77	.76	.86	.87	.97	1.00	1.14	1.25	1.64	2.17	1.51	1.34	.84	.84	.99			Relative P/E Ratio	**1.55**
.6%	.5%	.6%	.4%	.5%	.4%	.4%	.3%	.3%	.2%	.2%	.2%	.3%	.4%	.4%	.9%			Avg Ann'l Div'd Yield	**.5%**

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
11855	12692	14498	15544	17407	19365	23348	31734	38511	40809	**43050**	**46600**	P/C Premiums Earned	**56300**
75.9%	73.7%	73.5%	75.5%	65.4%	79.6%	79.0%	73.3%	73.3%	75.2%	**75.5%**	**75.0%**	Loss to Prem Earned A	**72.5%**
21.0%	20.9%	20.8%	19.3%	20.1%	19.3%	17.1%	19.1%	19.1%	19.8%	**23.2%**	**23.0%**	Expense to Prem Writ A	**20.0%**
3.1%	5.4%	5.7%	5.1%	14.6%	1.2%	3.9%	4.0%	4.0%	5.0%	**6.0%**	**6.5%**	Underwriting Margin A	**8.0%**
27.8%	29.1%	28.8%	29.6%	29.4%	25.7%	31.8%	30.7%	27.9%	28.1%	**30.0%**	**30.0%**	Income Tax Rate	**31.5%**
2897.3	3332.3	3766.0	5055.0	5636.0	7248.0	7099.0	9265.0	11495	8657.0	**14800**	**15810**	Net Profit ($mill)	**20000**
4.2%	4.1%	4.0%	4.9%	4.7%	4.2%	3.6%	3.3%	3.0%	3.3%	**4.0%**	**4.5%**	Inv Inc/Total Inv	**5.5%**
148431	163971	194398	268238	306577	492982	561229	678346	798660	853370	**924000**	**975000**	Total Assets ($mill)	**1150000**
22444	24401	27531	34401	40964	54352	61256	71253	80607	86317	**95000**	**108250**	Shr. Equity ($mill) GI	**151500**
12.9%	13.7%	13.7%	14.7%	13.8%	13.3%	11.6%	13.0%	14.3%	10.0%	**15.5%**	**14.5%**	Return on Shr. Equity	**13.0%**
12.4%	13.1%	13.1%	14.2%	13.4%	12.5%	11.2%	12.2%	13.4%	8.4%	**14.0%**	**14.0%**	Retained to Com Eq	**11.5%**
6%	6%	6%	6%	6%	10%	7%	6%	6%	16%	**11%**	**11%**	All Div'ds to Net Prof	**12%**

CAPITAL STRUCTURE as of 6/30/06 HI
Total Debt $12851 mill. (10% of Cap'l)
Leases, Uncapitalized Annual rentals $2734.0 mill. (2% of Cap'l)
Pension Assets-12/05 $3.3 billion **Oblig.** $4.5 billion
Com. Stock 2,598,193,000 shs.
MARKET CAP: $164 billion (Large Cap)

FINANCIAL POSITION ($MILL.)	2004	2005	6/30/06
Bonds	365677	385680	390180
Stocks	17851	23588	27133
Mortgages	22463	24909	23546
Other	392669	419193	459811
Total Assets	798660	853370	900670
Unearned Prems	23094	24243	26113
Reserves	62371	77169	78966
Other	632389	665455	707689
Total Liab'ties	717854	766867	812768

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	11.5%	16.0%	10.0%
Invest Income	16.0%	15.5%	15.0%
Earnings	13.5%	12.0%	13.0%
Dividends	17.5%	22.0%	18.0%
Book Value	13.5%	15.0%	12.0%

Cal-endar	NET PREM.WRITTEN ($ mill.) A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	8243	8844	8966	9159	35212
2004	9898	10059	10398	10252	40607
2005	10793	10640	10307	10132	41872
2006	11255	11634	*11125*	*10936*	*44950*
2007	*12270*	*12660*	*11770*	*11550*	*48250*

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.90	.96	.98	1.05	3.89
2004	1.08	1.14	.97	1.17	4.36
2005	1.21	1.27	.68	.14	3.30
2006	1.29	1.58	*1.38*	*1.50*	*5.75*
2007	*1.45*	*1.50*	*1.55*	*1.70*	*6.20*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.042	.042	.047	.047	.18
2003	.047	.052	.065	.065	.23
2004	.065	.065	.075	.075	.28
2005	.125	.125	.15	.15	.55
2006	.15	.15	.165		

BUSINESS: American International Group, Incorporated is a holding company. Domestic property and casualty insurance operations are the largest in the U.S. Also sells indiv. and group life and health ins. products and provides risk management and agency services. '05 operating income: Life Ins. and Ret. Services 50.0%, Gen. Insurance 13.0%, Fin. Services 24.0%, Asset Management 13.0% (excl. other oper. loss of $2.7 bill). Has about 97,000 employees; approximately 56,000 shareholders. Insiders own 2.1% of common shares outstanding. The Starr Group (Greenberg Family Foundation) has 15.2%; FMR Corp. has 6.8% (4/06 proxy). CEO: Martin Sullivan. Incorporated: DE. Address: 70 Pine Street, New York, New York 10270. Telephone: 212-770-7000. Web: www.aig.com.

American International's June-quarter earnings were well above consensus. The bottom line came in at $1.58, which was $0.20 ahead of our call. Much of the difference stems from a $0.14-per-share gain from an accounting change that will include unit trust gains in net investment income going forward. Still, property/casualty operations are on the rise. Net premiums written climbed 9% year over year, a much quicker pace than we anticipated. Results here were aided modestly by favorable reserve developments of about $0.04. Due to the second-quarter surprise, we have raised our share-net estimate for 2006 by $0.30, to $5.75.

But not everything is coming up roses for the insurance titan. Foreign life insurance operations face some fundamental pressures. The troubles look to be centered in two markets. In Taiwan, lower interest rates are gradually trimming spreads in traditional life insurance products. AIG is shifting its focus to investment-linked products, but the declining profitability of the in-force business is slowing growth overall. In Japan, the company's ability to reduce crediting rates created a very profitable in-force book of business, but as this book runs off and is replaced with lower-margin business, earnings growth is hurt. The downshift should be completed next year, however, and comparisons will likely become easier at that time.

The company is hoping the recent failed terror attempt will not dent air travel demand. ILFC, the leading aircraft-leasing business could see a dip in earnings if fewer people fly. If the number of flights decreases on a global scale, plane leases will likely decline in tandem.

AIG shares look undervalued at this juncture. They are currently trading at about 10.5 times our 2006 EPS estimate, a price-to-earnings multiple that is less than half of where we envision this metric may be out to 2009-2011. The average P/E ratio for a life insurance stock in our coverage is closer to 12. We think these good-quality shares should trade at a premium versus their brethren, given the leading position AIG holds in several lines. Our projections for superior appreciation potential 3 to 5 years hence assume the stock will trade at a notably higher multiple.

Erik M. Manning *August 25, 2006*

(A) Prop./Cas. div. only. (B) Primary egs through '96. Basic through '01. Diluted thereafter. Excl. real. cap. gains/(losses), accounting changes and n/r charges, '06 (1Q) ($0.07); '05 ($0.70); '04 ($0.67); '03, ($0.36); '02, ($0.60); '01, ($0.78); '00, ($0.02); '99, $0.08; '98, $0.06; 97, $0.05; '96, $0.03; '95, $0.03. Next egs. rpt. late October. (C) Dividends are hist. paid in the mid-March, June, September, and December. (D) Incl. intang. (E) In mills., adj. for stk. splits & div'ds. (F) Incl. P/C and Life. (G) With FASB 115. (H) Excl. finan. serv. (I) Incl. pref. of sub.

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	45
Earnings Predictability	75

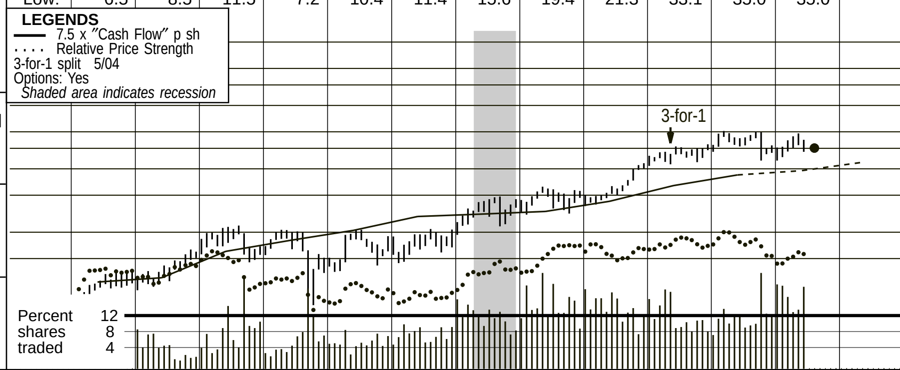
AMER. STANDARD COS. NYSE-ASD

RECENT PRICE **40.17** | P/E RATIO **14.6** (Trailing: 15.9, Median: 14.0) | RELATIVE P/E RATIO **0.84** | DIV'D YLD **1.8%** | VALUE LINE

TIMELINESS 3 Raised 4/28/06
SAFETY 3 New 2/7/97
TECHNICAL 4 Lowered 7/14/06
BETA .95 (1.00 = Market)

High:	10.7	13.3	17.2	16.4	16.5	16.6	23.6	26.3	34.0	41.8	48.4	47.1
Low:	6.5	8.5	11.5	7.2	10.4	11.4	15.6	19.4	21.3	33.1	35.0	35.0

Target Price Range
2009 | 2010 | 2011



128
96
80
64
48
40
32
24
16
12

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+85%)	18%
Low	50	(+25%)	8%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	1	0	1	0	1	3
to Sell	0	0	0	0	0	1	0	1	3

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	173	162	140
to Sell	139	156	177
Hld's(000)	168755	168201	164548

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	4.9	11.8
3 yr.	79.6	63.9
5 yr.	121.0	59.7

American Standard Companies was formed in 1988 through a leveraged buyout by Kelso & Company, L.P. of American Standard Inc. to fend off a hostile takeover bid by Black & Decker. The name was changed from ASI Holding Corp. in 11/94. An IPO of 45,336,900 shares at $6.67 (both figures split adjusted) was completed on 2/3/95.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
24.63	27.83	31.72	33.88	36.43	34.53	35.78	39.32	44.24	49.65	***55.75***	***60.10***	Sales per sh	***78.95***
1.30	1.73	1.95	2.18	2.54	2.61	2.68	2.99	3.55	3.99	***4.05***	***4.60***	"Cash Flow" per sh	***6.85***
.81	.92	.99	1.20	1.45	1.51	1.68	1.83	2.27	2.56	***2.75***	***3.15***	Earnings per sh A	***5.10***
- -	- -	- -	- -	- -	- -	- -	- -	- -	.60	***.72***	***.76***	Div'ds Decl'd per sh B	***1.00***
.90	1.14	1.22	1.29	1.36	1.04	.97	.99	1.00	1.42	***1.45***	***1.25***	Cap'l Spending per sh	***2.10***
d1.61	d2.82	d3.34	d2.34	d1.88	d.42	1.05	3.28	4.33	4.46	***4.55***	***5.30***	Book Value per sh D	***12.10***
235.72	215.89	209.77	212.23	208.60	216.22	217.84	217.92	214.95	206.74	***200.00***	***198.00***	Common Shs Outst'g C	***190.00***
13.3	15.8	13.4	11.2	9.8	13.4	13.9	14.3	16.5	16.8	*Bold figures are*	*Value Line estimates*	Avg Ann'l P/E Ratio	***12.0***
.83	.91	.70	.64	.64	.69	.76	.82	.87	.90			Relative P/E Ratio	***.80***
- -	- -	- -	- -	- -	- -	- -	- -	- -	1.4%			Avg Ann'l Div'd Yield	***1.7%***
5804.6	6007.5	6653.9	7189.5	7598.4	7465.3	7795.4	8567.6	9508.8	10264	***11150***	***11900***	Sales ($mill)	***15000***
11.0%	11.8%	11.2%	11.5%	12.1%	12.6%	11.6%	10.8%	11.7%	11.6%	***10.5%***	***11.0%***	Operating Margin	***12.0%***
118.0	164.0	190.0	202.1	213.4	232.3	212.7	246.8	261.9	267.7	***250***	***270***	Depreciation ($mill)	***300***
188.5	210.2	219.4	260.4	316.0	331.0	371.0	405.2	501.4	556.6	***565***	***640***	Net Profit ($mill)	***995***
35.6%	35.7%	40.0%	40.3%	39.4%	37.5%	33.3%	26.2%	25.2%	28.0%	***28.0%***	***30.0%***	Income Tax Rate	***30.0%***
3.2%	3.5%	3.3%	3.6%	4.2%	4.4%	4.8%	4.7%	5.3%	5.4%	***5.1%***	***5.4%***	Net Profit Margin	***6.6%***
149.5	d447.2	d759.3	d561.0	71.9	208.1	348.8	457.2	543.1	837.3	***1045***	***1065***	Working Cap'l ($mill)	***2050***
1741.8	1550.8	1527.5	1886.7	2375.6	2142.0	1918.4	1626.8	1429.1	1676.1	***1755***	***1465***	Long-Term Debt ($mill)	***945***
d380.4	d609.8	d701.0	d496.5	d392.9	d90.1	229.8	713.8	930.3	922.5	***910***	***1050***	Shr. Equity ($mill) D	***2215***
20.4%	29.5%	36.0%	24.1%	20.9%	20.5%	20.3%	19.8%	23.5%	23.7%	***21.5%***	***25.5%***	Return on Total Cap'l	***31.5%***
- -	- -	- -	- -	- -	- -	NMF	NMF	NMF	NMF	***NMF***	***NMF***	Return on Shr. Equity	***45.0%***
- -	- -	- -	- -	- -	- -	NMF	NMF	NMF	46.6%	***45.5%***	***46.5%***	Retained to Com Eq	***36.0%***
- -	- -	- -	- -	- -	- -	- -	- -	- -	23%	***27%***	***23%***	All Div'ds to Net Prof	***20%***

CAPITAL STRUCTURE as of 6/30/06
Total Debt $1,759.8 mill. **Due in 5 Yrs** $813.1 mill.
LT Debt $1,756.3 mill. **LT Interest** $125.0 mill.
(66% of Capital)
Leases, Uncapitalized $181.4 mill.

Pension Assets-12/05 $1.0 bill. **Oblig.** $1.6 bill.

Pfd Stock None

Common Stock 200,461,408 shares

MARKET CAP: $8.1 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	229.4	390.7	233.1
Receivables	1154.5	1161.3	1472.6
Inventory (LIFO)	1087.2	1078.2	1243.6
Other	418.7	436.0	515.6
Current Assets	2889.8	3066.2	3464.9
Accts Payable	887.2	844.5	1016.8
Debt Due	78.8	2.6	3.5
Product Warranties	155.1	181.9	198.7
Other	1225.6	1199.9	1442.4
Current Liab.	2346.7	2228.9	2661.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	7.0%	5.5%	10.0%
"Cash Flow"	11.0%	9.5%	12.0%
Earnings	13.5%	13.0%	15.0%
Dividends	- -	- -	31.0%
Book Value	- -	- -	20.0%

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1950	2265	2234	2117	8567.6
2004	2185	2575	2396	2352	9508.8
2005	2340	2755	2624	2545	10264
2006	2552	2990	***2875***	***2733***	***11150***
2007	***2750***	***3225***	***3000***	***2925***	***11900***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.29	.61	.55	.38	1.83
2004	.38	.73	.71	.45	2.27
2005	.47	.89	.74	.46	2.56
2006	.40	.93	***.77***	***.65***	***2.75***
2007	***.45***	***1.05***	***.95***	***.70***	***3.15***

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	- -	- -	- -	- -	- -
2003	- -	- -	- -	- -	- -
2004	- -	- -	- -	- -	- -
2005	.15	.15	.15	.15	.60
2006	.18	.18			

BUSINESS: American Standard is composed of three lines of business: Air Conditioning Systems (59% of 2005 sales), Bath & Kitchen (24%), and Vehicle Control Systems (17%). Brands include *Standard*, *Trane*, *Porcher*, *Wabco*, *LARA*, and *Copalis*. In 11/95, acquired remaining 67% of Porcher. Foreign sales accounted for 47% of total in 2005. Depreciation rate in 2005: 9.8%. Has manufacturing operations in 29 countries; 61,200 employees. Officers and directors own 4.2% of stock; employee plan, 6.9%; Capital Group International, 12.0% (3/06 proxy). Chairman and CEO: Frederic M. Poses. Incorporated: DE. Address: One Centennial Ave., P.O. Box 6820, Piscataway, NJ 08855-6820. Telephone: (888) ASD-NEWS. Internet: www.americanstandard.com.

American Standard had a decent second quarter. Sales were just shy of $3 billion, which was the company's highest quarterly result ever, and 9% higher than the year-ago quarter. However, earnings per share advanced less than 5%, largely because of weakness in the Bath & Kitchen segment. This division suffered from low sales, low production volume, and high commodity costs. Too, a poor product mix, escalating commodity costs, and high consumer warranty concessions hurt the Vehicle Control Systems division. Earnings before interest and taxes (EBIT) in this segment decreased 10% year over year. The Air Conditioning Systems division, however, remained a bright spot, registering 14% higher sales than in the year-ago quarter. EBIT for this segment rose 27%, mainly because of pricing adjustments and a favorable product mix. Also, the company reduced its share count by about 2.5 million shares, giving per-share figures a push up. Since the June quarter is typically American Standard's strongest, as air conditioning sales rise dramatically, sales and earnings will likely come down a bit the rest of the year. We expect 9% sales growth and 7% share-net growth for 2006. Next year, we are projecting a 15% earnings-per-share advance, driven by 7% sales growth, share repurchases, and slightly wider margins.

Efforts are being made to restore profitability at Bath & Kitchen. The company announced that it will consolidate its ceramics manufacturing operations in the the United Kingdom. Thus, 235 employees at a plant in Hull will lose their jobs, as operations are shifted to more cost-effective locations. This move will cost about $15 million to implement, but will save about $10 million annually, beginning in 2007. Although this is a step in the right direction, still much more needs to be done before this segment will see black ink on its bottom line.

Investors may wish to consider American Standard. The share price has fallen 11% since our April review, and this stock now possesses average long-term capital appreciation potential. These shares also garner excellent ratings for Price Stability, Price Growth Persistence, and Earnings Predictability.

Tom Nikic *July 28, 2006*

(A) Diluted earnings. Excl. nonrecurring items: '95, d14¢; '96, d$1.01; '97, d50¢; '98, d$1.07; '01, d16¢; '04, d85¢. Next earnings report due late Oct.
(B) Quarterly dividend initiated on 1/31/05. Dividends paid in late March, June, September, and December.
(C) In millions, adjusted for stock split.
(D) Includes intangibles. 2005: $1,152.9 million, $5.31 a share.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	85
Earnings Predictability	95

AMERISOURCE NYSE-ABC

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
44.08	19.3	(Trailing: 21.2) (Median: 19.0)	1.15	0.2%	VALUE LINE

TIMELINESS 3 Lowered 9/2/05
SAFETY 3 New 6/12/98
TECHNICAL 3 Lowered 2/17/06
BETA .75 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+80%)	16%
Low	55	(+25%)	6%

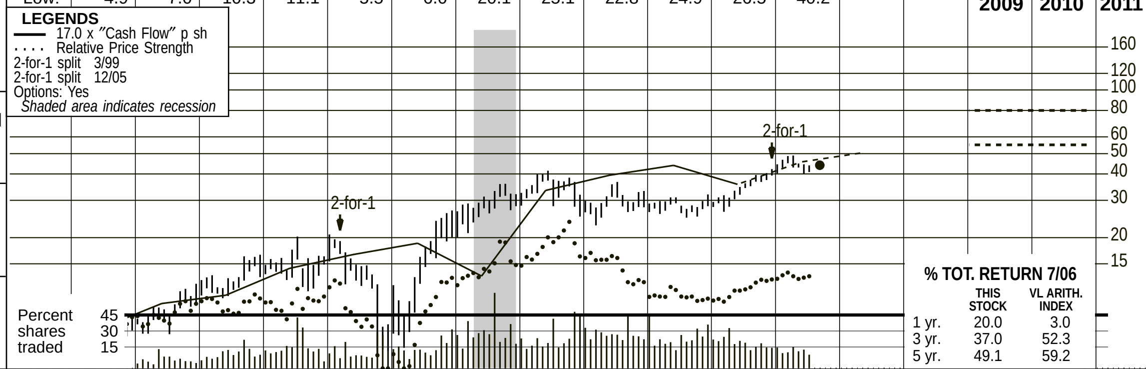
Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	2	1	6	1	0	0	2	0
to Sell	0	2	1	6	1	0	0	2	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	162	175	164
to Sell	142	144	167
Hld's(000)	210458	192610	178320

High:	8.6	12.1	16.6	20.2	20.7	26.8	36.0	41.4	36.7	32.0	42.2	49.0
Low:	4.9	7.0	10.3	11.1	5.5	6.0	20.1	25.1	22.8	24.9	26.5	40.2



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	20.0	3.0
3 yr.	37.0	52.3
5 yr.	49.1	59.2

AmerisourceBergen was formed in 2001 by the merger of AmeriSource and Bergen Brunswig. Prior to that, AmeriSource was formed to acquire Alco Health Services Corp. in a $545 million leveraged buyout of that company in 1988. In April of 1995 the company issued 6.6 million shares at an offering price of $5.25 a share. That offering was led by Donaldson, Lufkin & Jenrette. A subsequent offering of 4.8 million shares was made in May of '96 at $8.75 a share.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
58.63	81.88	88.48	95.03	111.40	76.41	188.14	203.04	232.46	239.85	*275.95*	*306.55*	Sales per sh A	*411.15*
.57	.63	.84	.98	1.10	.77	2.00	2.32	2.59	2.10	*2.70*	*3.00*	"Cash Flow" per sh	*4.05*
.46	.49	.69	.81	.95	1.16	1.65	2.00	2.03	1.69	*2.12*	*2.40*	Earnings per sh A B	*3.40*
- -	- -	- -	- -	- -	- -	.05	.05	.05	.05	*.10*	*.10*	Div'ds Decl'd per sh C	*.10*
.17	.17	.11	.15	.16	.11	.30	.40	.90	.98	*.90*	*.95*	Cap'l Spending per sh	*1.00*
d.39	.15	.78	1.62	2.71	13.71	15.51	17.86	20.64	20.53	*20.15*	*22.05*	Book Value per sh	*31.55*
94.69	95.46	96.92	102.70	104.22	207.07	213.89	224.28	210.23	208.52	*204.00*	*202.00*	Common Shs Outst'g D	*200.00*
17.5	23.8	21.3	18.9	11.6	22.8	20.5	15.2	14.1	18.7	*Bold figures are*		Avg Ann'l P/E Ratio	*19.5*
1.10	1.37	1.11	1.08	.75	1.17	1.12	.87	.74	.99	*Value Line*		Relative P/E Ratio	*1.30*
- -	- -	- -	- -	- -	- -	.1%	.2%	.2%	.2%	*estimates*		Avg Ann'l Div'd Yield	*.1%*
5551.7	7815.9	8575.4	9760.1	11610	15823	40241	45536	48870	50013	*56295*	*61925*	Sales ($mill) A	*82225*
2.0%	1.7%	1.9%	2.0%	1.9%	1.8%	2.0%	2.1%	2.0%	1.5%	*1.6%*	*1.6%*	Operating Margin	*1.6%*
11.6	12.4	14.8	17.4	16.1	21.6	61.2	71.0	75.8	81.2	*93.0*	*95.0*	Depreciation ($mill)	*95.0*
42.7	47.4	66.8	83.1	99.0	138.2	359.6	449.2	468.4	356.7	*455*	*510*	Net Profit ($mill)	*715*
31.1%	39.2%	39.0%	38.1%	38.0%	38.3%	39.7%	39.2%	38.4%	37.8%	*38.5%*	*40.0%*	Income Tax Rate	*40.0%*
.8%	.6%	.8%	.9%	.9%	.9%	.9%	1.0%	1.0%	.7%	*.8%*	*.8%*	Net Profit Margin	*.9%*
329.3	494.6	403.1	592.7	569.1	1980.0	2250.1	2602.4	2191.5	1935.6	*1725*	*2120*	Working Cap'l ($mill)	*3380*
433.7	589.8	453.8	558.7	413.2	1597.3	1756.5	1722.7	1157.1	951.5	*1000*	*1150*	Long-Term Debt ($mill)	*850*
d36.8	14.3	75.3	166.3	282.3	2838.6	3316.3	4005.3	4339.0	4280.4	*4115*	*4450*	Shr. Equity ($mill)	*6310*
15.3%	11.3%	16.6%	14.2%	17.2%	3.6%	8.5%	9.1%	9.5%	7.4%	*9.5%*	*9.5%*	Return on Total Cap'l	*10.5%*
- -	NMF	NMF	50.0%	35.1%	4.9%	10.8%	11.2%	10.8%	8.3%	*11.0%*	*11.5%*	Return on Shr. Equity	*11.5%*
- -	NMF	NMF	50.0%	35.1%	4.9%	10.5%	10.9%	10.5%	8.1%	*10.5%*	*11.0%*	Retained to Com Eq	*11.0%*
- -	- -	- -	- -	- -	- -	3%	2%	2%	3%	*5%*	*4%*	All Div'ds to Net Prof	*3%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $1084.7 mill. **Due in 5 Yrs** $458.4 mill.
LT Debt $1082.2 mill. **LT Interest** $48.0 mill.

(Total interest coverage: 11.0x) (20% of Cap'l)

Leases, Uncapitalized $64.3 mill.

Pension Assets-9/05 $73.2 mill. **Oblig.** $117.0 mill.
Pfd Stock None
Common Stock 201,564,381 shs.

MARKET CAP: $8.9 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	871.3	1315.7	1658.3
Receivables	2261.0	2640.6	3146.6
Inventory (LIFO)	5135.8	4003.7	4471.2
Other	27.3	27.7	28.5
Current Assets	8295.4	7987.7	9304.6
Accts Payable	4947.0	5292.3	6529.9
Other	1156.9	759.8	910.1
Current Liab.	6103.9	6052.1	7440.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	15.5%	18.0%	*11.0%*
"Cash Flow"	18.5%	19.0%	*9.5%*
Earnings	17.5%	18.5%	*11.0%*
Dividends	- -	- -	*12.0%*
Book Value	- -	63.0%	*8.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	11107	11214	11482	11733	45536
2004	12266	12344	12115	12145	48870
2005	12204	12240	12604	12965	50013
2006	13536	14049	14446	*14264*	*56295*
2007	*14890*	*15460*	*15890*	*15685*	*61925*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.42	.53	.52	.53	2.00
2004	.47	.61	.54	.41	2.03
2005	.30	.45	.46	.48	1.69
2006	.44	.55	.57	*.56*	*2.12*
2007	*.52*	*.63*	*.62*	*.63*	*2.40*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.013	.013	.013	.013	.05
2003	.013	.013	.013	.013	.05
2004	.013	.013	.013	.013	.05
2005	.013	.013	.013	.013	.05
2006	.025	.025	.025		

BUSINESS: AmerisourceBergen was created by the merger of AmeriSource Health and Bergen Brunswig. The company is a full-service wholesale distributor of pharmaceutical products and related health-care services in the U.S. It operates in two segments: Pharmaceutical Distribution and PharMerica, its international pharmacy. Acquired Gulf Dist. Inc. and Diabetic Shoppe, Inc., in '96; Walker Drug in '97; C.D. Smith in July '99. 2005 depreciation rate: 10.2%. Capital Research owns 7.5% of common; Officers and directors, 2.5% (1/06 Proxy). Has about 14,100 employees. Incorporated: DE. CEO: R. David Yost; Pres.: Kurt J Hilzinger. Address: 1300 Morris Drive, Suite 100, Chesterbrook, PA 19087. Telephone: 610-727-7000. Internet: www.amerisourcebergen.net.

AmerisourceBergen is putting the finishing touches on what should be a record year. During the June interim (fiscal year ends September 30th), the company posted a nifty 24% year-over-year earnings advance, on record sales of $14.4 billion. As throughout much of the year, ABC's fortunes benefited from solid results in pharmaceutical distribution, driven, in part, by vibrant growth in its speciality pharmaceutical business. What's more, the PharMerica segment is rebounding nicely, as its long-term care pharmacy business continues to transition due to the implementation of Medicare Part D. Separately, $11.3 million in net interest expense in the prior-year third quarter was changed into $600,000 of net interest income, thanks to an increase in cash invested at higher interest rates and reduced rates on ABC's long-term debt. As a result, we now look for the company to post fiscal 2006 earnings of about $2.12 a share, with roughly a 13% share-net advance the following year.

The company's balance sheet is in great shape. The company finished off the June quarter with $1.7 billion in cash, leaving it well positioned to make additional acquisitions, pare its long-term debt, or improve shareholder value through the repurchase of its common stock. Notably, ABC repurchased $374 million of its stock in the second quarter, and through the first nine months, it has bought back $506 million of its stock, handily exceeding its target of $400 to $450 million for the fiscal year. $244 million remains available under the current authorization.

AmerisourceBergen's long-term prospects are quite appealing. Over the next few years, we expect that ABC's fortunes will benefit from selective price increases, the accelerated development of new drugs, and the graying of the baby-boomer generation, What's more, the consolidation of AmeriSource and Bergen Brunswig's facilities has resulted in about $150 million in annual cost savings, auguring well for earnings growth through 2009-2011.

Although ranked only to mirror the year-ahead market, this stock offers solid appreciation potential through the latter years of this decade.

Kenneth A. Nugent *September 1, 2006*

(A) Fiscal year ends Sept. 30th. (B) Primary earnings through fiscal 1997, diluted thereafter. Excludes n/r losses: '96, $0.60; '97, $0.28; '98, $0.34; '99, $0.07; '01, $0.21; '02, $0.13; '03, $0.07; '04, $0.07; '05, $0.33; '06, Q3, $0.01. Next egs. report due late Oct. (C) Dividend historically paid in early March, June, Sept. and Dec. (D) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	30
Earnings Predictability	75

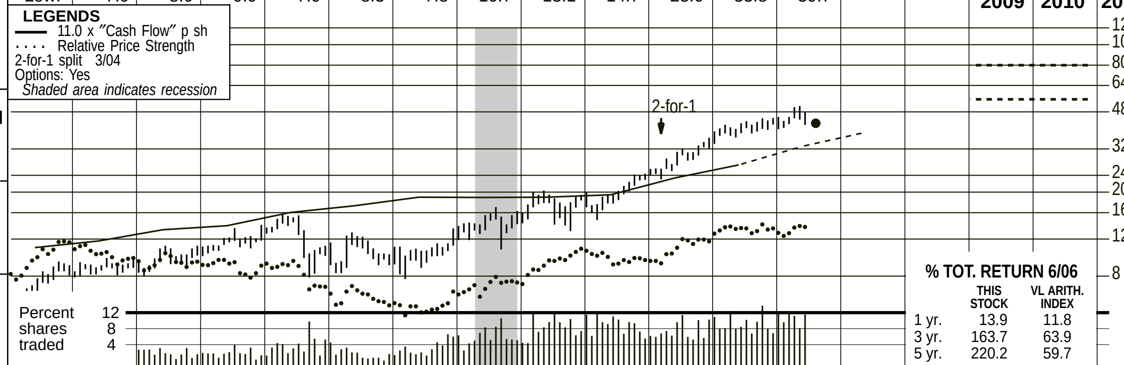
AMETEK, INC. NYSE-AME

RECENT PRICE	42.37	P/E RATIO	17.3 (Trailing: 20.2) (Median: 15.0)	RELATIVE P/E RATIO	.99	DIV'D YLD	0.6%	VALUE LINE

TIMELINESS 2 Raised 5/26/06
SAFETY 3 Lowered 1/27/06
TECHNICAL 4 Lowered 7/28/06
BETA 1.15 (1.00 = Market)

High:	9.8	11.1	14.0	15.7	12.9	13.5	17.0	20.4	24.4	36.2	44.9	51.1
Low:	7.9	8.0	9.9	7.9	8.3	7.8	10.7	13.1	14.7	23.0	33.8	39.7

Target Price Range
2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+90%)	*18%*
Low	55	(+30%)	*7%*

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	3	4	1	0	1	0	2	2
to Sell	0	3	5	2	1	1	0	2	2

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	129	106	124
to Sell	89	108	115
Hld's(000)	57893	58546	58081

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	13.9	11.8
3 yr.	163.7	63.9
5 yr.	220.2	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
7.55	8.13	8.70	8.39	11.64	12.74	13.28	12.84	14.45	14.45	15.79	15.53	15.35	15.80	17.50	20.01	*24.85*	*28.70*	Sales per sh	*40.00*
.81	.85	.92	.71	.99	1.07	1.21	1.26	1.46	1.57	1.72	1.72	1.72	1.77	2.12	2.45	*3.00*	*3.50*	"Cash Flow" per sh	*5.00*
.43	.44	.51	.30	.53	.66	.79	.75	.82	.93	1.06	.99	1.25	1.30	1.63	1.99	*2.45*	*2.80*	Earnings per sh A	*3.90*
.32	.33	.34	.29	.12	.12	.12	.12	.12	.12	.12	.12	.12	.12	.24	.24	*.24*	*.24*	Div'ds Decl'd per sh B	*.28*
.41	.21	.27	.44	.33	.48	.63	.62	.78	2.30	.46	.45	.26	.31	.30	.32	*.40*	*.50*	Cap'l Spending per sh	*.70*
2.28	2.41	2.38	1.89	1.05	1.32	1.98	2.41	2.71	3.38	4.33	5.11	6.20	7.66	9.37	11.24	*13.70*	*16.35*	Book Value per sh C	*26.40*
87.46	87.92	88.43	87.28	69.41	65.72	65.41	66.00	64.18	64.00	64.89	65.63	67.77	69.09	70.42	71.70	*70.00*	*70.00*	Common Shs Outst'g D	*70.00*
13.6	13.9	15.7	24.0	14.2	13.3	12.2	16.0	15.3	11.1	9.7	14.4	13.9	15.4	17.7	20.1	*Bold figures are*		Avg Ann'l P/E Ratio	*17.0*
1.01	.89	.95	1.42	.93	.89	.76	.92	.80	.63	.63	.74	.76	.88	.94	1.07	*Value Line*		Relative P/E Ratio	*1.15*
5.5%	5.5%	4.3%	4.0%	1.6%	1.4%	1.2%	1.0%	1.0%	1.2%	1.2%	.8%	.7%	.6%	.8%	.6%	*estimates*		Avg Ann'l Div'd Yield	*.4%*

CAPITAL STRUCTURE as of 3/31/06
Total Debt $617.6 mill. **Due in 5 Yrs** $502.0 mill.
LT Debt $478.4 mill. **LT Interest** $30.2 mill.

(LT interest earned: 7.5x; total interest coverage: 6.9x) (26% of Cap'l)
Leases, Uncapitalized Annual rentals $11.3 mill.
Pension Assets-12/05 $407.7 mill. **Oblig.** $440.1 mill.

Pfd Stock None

Common Stock 70,884,174 shares

MARKET CAP: $3.0 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
868.7	847.8	927.5	924.8	1024.7	1019.3	1040.5	1091.6	1232.3	1434.5	*1740*	*2010*	Sales ($mill)	*2800*
14.1%	14.7%	15.4%	17.1%	17.5%	15.3%	17.5%	17.5%	18.9%	19.1%	*19.2%*	*19.4%*	Operating Margin	*19.5%*
27.8	32.9	38.4	39.6	43.3	46.5	33.0	34.2	36.8	35.0	*38.0*	*44.0*	Depreciation ($mill)	*56.0*
51.2	50.3	55.2	60.8	68.5	66.1	83.7	87.8	112.7	140.6	*175*	*200*	Net Profit ($mill)	*280*
34.9%	35.7%	35.3%	35.7%	35.4%	21.6%	31.9%	32.5%	32.0%	31.1%	*32.5%*	*33.0%*	Income Tax Rate	*35.0%*
5.9%	5.9%	6.0%	6.6%	6.7%	6.5%	8.0%	8.0%	9.1%	9.8%	*10.1%*	*10.0%*	Net Profit Margin	*10.0%*
61.0	69.8	33.9	d6.6	5.4	43.2	89.2	92.9	189.1	150.5	*180*	*240*	Working Cap'l ($mill)	*380*
150.3	152.3	227.0	231.8	233.6	303.4	279.6	317.7	400.2	475.3	*500*	*500*	Long-Term Debt ($mill)	*500*
129.5	159.0	174.0	216.2	280.8	335.1	420.2	529.1	659.6	805.6	*960*	*1145*	Shr. Equity ($mill)	*1850*
20.8%	18.6%	16.0%	15.6%	15.2%	11.8%	13.4%	11.6%	11.8%	12.1%	*13.0%*	*13.0%*	Return on Total Cap'l	*12.5%*
39.5%	31.6%	31.7%	28.1%	24.4%	19.7%	19.9%	16.6%	17.1%	17.5%	*18.0%*	*17.5%*	Return on Shr. Equity	*15.0%*
33.5%	26.6%	27.2%	24.5%	21.7%	17.4%	18.0%	15.1%	14.6%	15.4%	*16.5%*	*16.0%*	Retained to Com Eq	*14.0%*
15%	16%	14%	13%	11%	12%	9%	9%	14%	12%	*10%*	*8%*	All Div'ds to Net Prof	*7%*

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	49.0	43.8	48.1
Receivables	217.3	269.4	290.0
Inventory (LIFO)	168.5	193.1	207.8
Other	27.1	50.0	53.8
Current Assets	461.9	556.3	599.7
Accts Payable	109.0	132.5	145.5
Debt Due	49.9	156.1	139.2
Other	113.9	117.2	136.0
Current Liab.	272.8	405.8	420.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	5.0%	3.5%	*10.0%*
"Cash Flow"	8.5%	6.0%	*11.5%*
Earnings	13.0%	12.0%	*12.0%*
Dividends	1.5%	11.0%	*10.0%*
Book Value	21.0%	22.0%	*17.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	267.5	276.9	267.8	279.4	1091.6
2004	291.4	303.9	310.7	326.3	1232.3
2005	334.1	352.1	344.5	403.8	1434.5
2006	423.9	450.6	*430.5*	*435*	*1740*
2007	*460*	*510*	*515*	*525*	*2010*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.30	.33	.33	.36	1.32
2004	.36	.40	.42	.45	1.63
2005	.46	.50	.50	.53	1.99
2006	.57	.65	*.60*	*.63*	*2.45*
2007	*.64*	*.70*	*.72*	*.74*	*2.80*

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.03	.03	.03	.03	.12
2003	.03	.03	.03	.03	.12
2004	.06	.06	.06	.06	.24
2005	.06	.06	.06	.06	.24
2006	.06	.06			

BUSINESS: Ametek, Inc. is a manufacturer of electrical and electro-mechanical products and materials. Has operations in the United States, Europe, Asia, and Mexico. About 45% of the company's sales are from markets outside the U.S. Two operating groups: Electro-mechanical, 44% of 2005 sales, 46% of operating income; Electronic Instruments, 56%, 54%. Sold water filtration business in July, 1997. 2005 depreciation rate: 5.1%. Estimated plant age: 6 years. Has about 9,800 employees, 2,240 stockholders. Officers and directors own 4.4% of stock; GAMCO, 5.6%; T. Rowe Price, 6.4%; (4/06 proxy). Chairman, Pres. & CEO: Frank S. Hermance. Incorporated: Delaware. Address: 37 North Valley Road, Paoli, PA 19301. Telephone: 610-647-2121. Internet: www.ametek.com.

Ametek's performance is exceeding our expectations. During the second quarter, share earnings jumped 30% year over year, to $0.65. Demand from the company's end markets steadily improved over the last few quarters. This, in addition to ongoing strategic acquisitions, helped lift sales by 28% in the period. Specifically, the Electronic Instruments Group's revenues climbed 28% from a year earlier, aided by strength in the process and analytical instruments markets, and contributions from the takeovers of SPECTRO, Solartron, and Pulsar. Meanwhile, the Electromechanical Group's sales rose 29%, as the unit benefited from the contributions of HCC Industries and Penn Engineering Motion Technologies. Due to these solid gains, we have raised our 2006 share-net estimate by $0.15, to $2.45.

We project further improvement in Ametek's operating environment over the next year. Management continues to focus on developing new products with higher margins of profitability. Also, the company is penetrating further into the analytical instruments, laboratory, and industrial markets, among others. We think these initiatives, along with increased consumer and commercial spending, will drive top-line growth in 2007. These factors, along with benefits from cost-cutting efforts, should help the company's bottom-line to advance almost 15% in 2007.

Earnings will likely increase annually at a low double-digit pace out to the end of the decade. A brighter economic landscape over this period should improve results in the aerospace, electric motors, and power businesses. Moreover, we believe that Ametek will continue to use acquisitions to add a significant amount to its annual sales growth. Nonetheless, we will exclude the effects of potential deals in our projections until their completion.

This stock is ranked to outperform the broader market averages over the coming year. Stronger demand from Ametek's end markets along with its ability to make beneficial acquisitions will probably be the main catalysts behind earnings growth in the years ahead. Furthermore, these shares offer decent capital appreciation potential over the 3- to 5-year horizon.

Randy Shrikishun *July 28, 2006*

(A) Diluted earnings (primary through 1996). Excl. nonrecurring losses: '93, 77¢; '98, 40¢. Excl. net extraordinary charge: '94, 21¢. Excl. disc. ops.: '95, 33¢. Next earnings report due late October.
(B) Dividends historically paid in late March, June, September, and December.
(C) Includes intangibles. In 2005: $903.2 million, $12.60/sh.
(D) In millions.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	85
Earnings Predictability	90

ANADARKO PETRO. NYSE-APC

RECENT PRICE 47.49 | P/E RATIO 9.2 (Trailing: 9.3 Median: 19.0) | RELATIVE P/E RATIO 0.54 | DIV'D YLD 0.8% | VALUE LINE

TIMELINESS 3 Lowered 7/28/06
SAFETY 3 New 7/27/90
TECHNICAL 4 Lowered 7/21/06
BETA .95 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	13.5	17.2	19.2	22.4	21.4	38.0	37.0	29.3	25.9	35.8	50.7	57.0
Low:	8.9	11.7	12.7	12.4	13.1	13.8	21.5	18.4	20.1	24.0	30.0	41.5

2009-11 PROJECTIONS

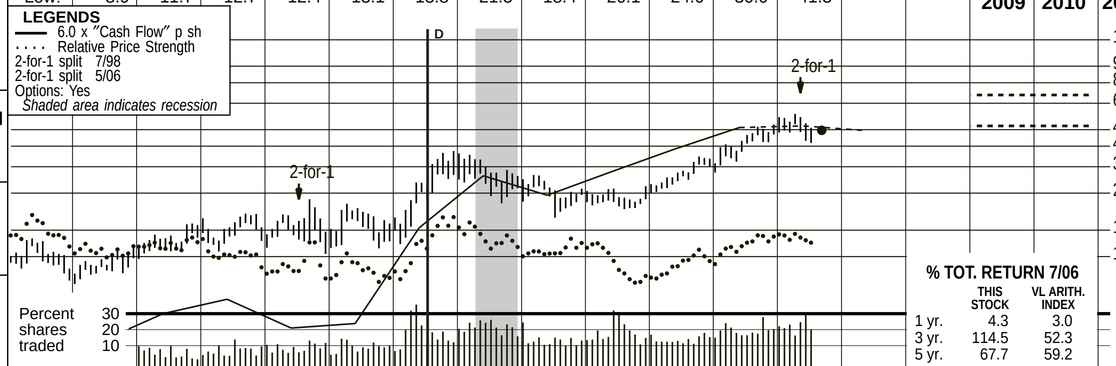
	Price	Gain	Ann'l Total Return
High	70	(+45%)	11%
Low	50	(+5%)	3%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	1	0	5	3	1	0	2	2
to Sell	0	0	0	5	3	1	1	4	2

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	257	300	295
to Sell	322	310	325
Hld's(000)	372812	382664	376557



Target Price Range
2009 | 2010 | 2011

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	4.3	3.0
3 yr.	114.5	52.3
5 yr.	67.7	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.77	1.53	1.70	2.03	2.05	1.84	2.39	2.76	2.29	2.70	11.22	16.47	7.75	10.19	12.92	15.25	*17.45*	*17.30*	Sales per sh	*18.25*
.85	.70	.79	.93	.94	.79	1.07	1.26	.92	.96	2.74	4.84	3.91	5.05	6.49	8.18	*8.30*	*7.90*	"Cash Flow" per sh	*8.50*
.26	.15	.19	.23	.20	.09	.37	.45	.08	.13	2.08	2.61	1.61	2.46	3.38	5.20	*5.15*	*4.50*	Earnings per sh A	*4.00*
.08	.08	.08	.08	.08	.08	.08	.08	.10	.10	.10	.12	.17	.22	.28	.36	*.36*	*.40*	Div'ds Decl'd per sh B	*.54*
.97	.77	1.64	1.11	1.80	1.40	1.79	2.82	3.74	2.62	3.37	6.52	4.80	5.51	6.53	7.32	*6.85*	*6.50*	Cap'l Spending per sh	*6.95*
2.81	2.90	2.97	3.68	3.82	3.85	4.26	4.59	5.14	5.92	13.40	12.52	14.00	17.10	19.78	23.73	*28.20*	*30.55*	Book Value per sh	*35.95*
219.71	220.56	221.25	234.67	235.43	236.06	238.10	243.54	244.87	259.24	506.61	508.21	497.85	502.80	469.410	465.66	*460.00*	*455.00*	Common Shs Outst'g C	*430.00*
32.7	45.9	34.5	44.4	59.0	NMF	38.1	36.2	NMF	NMF	12.1	11.1	15.1	9.2	9.2	7.9	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
2.43	2.93	2.09	2.62	3.87	NMF	2.39	2.09	NMF	NMF	.79	.57	.82	.52	.49	.42	*Value Line*		Relative P/E Ratio	*1.00*
.9%	1.1%	1.2%	.8%	.6%	.7%	.5%	.5%	.6%	.6%	.4%	.4%	.7%	1.0%	1.0%	.9%	*estimates*		Avg Ann'l Div'd Yield	*.8%*

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
569.0	673.2	560.3	701.1	5686.0	8369.0	3860.0	5122.0	6067.0	7100.0	*8020*	*7870*	Sales ($mill)	*7850*
61.3%	59.7%	47.7%	54.6%	37.5%	38.0%	72.5%	77.0%	72.5%	77.4%	*76.0%*	*73.0%*	Operating Margin	*58.0%*
167.2	198.8	204.5	218.1	593.0	1154.0	1121.0	1297.0	1447.0	1343.0	*1455*	*1535*	Depreciation ($mill)	*1930*
88.4	107.3	20.7	42.6	796.0	1305.0	825.0	1240.0	1601.0	2466.0	*2370*	*2050*	Net Profit ($mill)	*1720*
36.1%	34.7%	- -	59.4%	44.2%	30.3%	31.6%	37.2%	35.4%	36.7%	*36.0%*	*36.0%*	Income Tax Rate	*36 0%*
15.5%	15.9%	3.7%	6.1%	14.0%	15.6%	21.4%	24.2%	26.4%	34.7%	*29.5%*	*26.0%*	Net Profit Margin	*21.9%*
d15.5	d33.3	d58.8	d31.3	218.0	d600.0	d581.0	d391.0	410.1	512.6	*490*	*460*	Working Cap'l ($mill)	*400*
731.0	955.7	1425.4	1443.3	3984.0	4638.0	5171.0	5058.0	3671.0	3555.0	*3300*	*3300*	Long-Term Debt ($mill)	*3500*
1014.1	1116.8	1259.5	1534.6	6786.0	6365.0	6972.0	8599.0	9285.0	11051	*12960*	*13900*	Shr. Equity ($mill)	*15450*
6.7%	6.7%	2.3%	2.8%	8.9%	13.5%	8.3%	10.3%	13.7%	17.6%	*14.5%*	*12.0%*	Return on Total Cap'l	*8.0%*
8.7%	9.6%	1.6%	2.8%	11.7%	20.5%	11.8%	14.4%	17.2%	22.3%	*18.5%*	*15.0%*	Return on Shr. Equity	*11.0%*
7.0%	8.0%	NMF	.4%	11.0%	19.5%	10.7%	13.1%	15.7%	20.7%	*16.5%*	*13.5%*	Retained to Com Eq	*9.5%*
20%	17%	NMF	85%	6%	5%	10%	9%	9%	7%	*7%*	*9%*	All Div'ds to Net Prof	*13%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $3614 mill. **Due in 5 Yrs** $227 mill.
LT Debt $3387 mill. **LT Interest** $209 mill.
(Total interest coverage: 5.7x) (22% of Cap'l)

Leases, Uncapitalized Annual rentals $78.2 mill.
Pension Assets-12/05 $334 mill. **Oblig.** $526 mill.
Preferred Stock None.
Common Stock 463,108,285 shs.
as of 7/23/06

MARKET CAP: $22 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	898.0	739.1	824
Receivables	912.3	1306.2	1214
Inventory (Avg Cst)	313.2	346.9	366
Other	279.7	523.8	326
Current Assets	2403.2	2916.0	2730
Accts Payable	1512.2	1894.3	1717
Debt Due	169.0	212.1	227
Other	311.9	297.0	290
Current Liab.	1993.1	2403.4	2234

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	20.5%	19.0%	*6.0%*
"Cash Flow"	22.0%	33.5%	*4.5%*
Earnings	35.5%	36.5%	*1.5%*
Dividends	14.5%	24.0%	*11.0%*
Book Value	18.0%	20.0%	*10.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1227	1277	1340	1278	5122.0
2004	1460	1443	1562	1602	6067.0
2005	1530	1590	1756	2245	7100.0
2006	1954	1826	*1890*	*2350*	*8020*
2007	*1960*	*1780*	*1880*	*2250*	*7870*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.72	.60	.55	.59	2.46
2004	.78	.80	.79	1.02	3.38
2005	1.02	1.06	1.26	1.86	5.20
2006	1.42	1.26	*1.20*	*1.27*	*5.15*
2007	*1.20*	*1.10*	*1.15*	*1.05*	*4.50*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.03	.04	.04	.05	.16
2003	.05	.05	.05	.07	.22
2004	.07	.07	.07	.07	.28
2005	.09	.09	.09	.09	.36
2006	.09	.09			

BUSINESS: Anadarko Petroleum Corp. explores for and produces oil & natural gas in the U.S. Also has an active int'l exploration & development program. Operations include gas gathering and processing. Proved reserves 12/31/05: liquids, 1.21 billion bls.; gas, 9.12 Tcf. 5-year avg. worldwide finding cost: $8.11/bbl. versus industry average: $7.67/bbl. 5-year average reserve replacement ratio: 617%. '05 daily production: liquids, 116.2 mbbls.; gas, 1.312 bcf. Employs about 2,245. Stock owners: Officers & Directors, 1.2%; Barclays Fin'l., 6.3%; CAM N. America, 5.9%; Neuberger, 5.8% (3/06 proxy). Chairman: R.J. Allison Jr. Pres. & CEO: Jim Hackett. Inc.: DE. Address: 1201 Lake Robbins Drive, The Woodlands, TX 77380. Telephone: 832-636-1000. Web: anadarko.com.

Anadarko stock has fallen over 15% since our May report. There are a few reasons for this. First, at the time of our previous report, many investors felt it was time to take some money off the table as most of the good news had been factored in, and it appeared energy stocks had reached a cyclical high. Second, investors were skeptical as to APC's ability to digest two major acquisitions (Kerr McGee and Western Resources) and were concerned about the premium prices it was paying for them. Third, the company seemed vague regarding its intent to pay off the additional $2.2 billion in debt it borrowed to help pay for these acquisitions. Indeed, the stock had been as low as $40. However, pursuant to good second-quarter profits (see below), and the announcement that the company intends to sell off its Canadian operations to help pay off debt, the stock has partially recovered.

We look for the company to generate share net of $5.15 this year. This is slightly below the 2005 figure. Anadarko reported second-quarter share earnings of $1.26, 19% above the year-ago tally, due to higher production in Algeria, greater NGL production, and strong oil and gas prices. Despite this, our second-half estimate is lower owing to higher operating costs and the exclusion of the Canadian assets (now classified as discontinued). Furthermore, transportation costs will likely increase due to high fuel costs. Too, delays at the Genghis Khan site (due to hurricanes) are a setback, and reserve development expenses are liable to remain elevated. (APC's cost inflation index is one of the highest among its peer group.)

Gas profits should remain strong in 2007. This is thanks to higher natural gas prices (about $7.80 per mmbtu), and more-favorable trends at the K2 operation. We also look for an additional $0.75 a share to be generated by the Kerr-McGee and Western Gas Resources acquisitions.

Although the recent pullback has made the stock's long-term appeal a little more attractive, it is still below average. We don't expect oil and gas prices to drop appreciably anytime soon, but costs will likely remain on the high side and production increases are liable to become more hard-won.

Jeremy J. Butler *August 18, 2006*

(A) Primary egs. thru 1996, diluted thereafter. Excl. nonrec. items: '93, d4¢; '94, d3¢; '96, 5¢. Excl. extra. item: '97, 34¢ (FAS 106 & 109); '01, d$3.13. Incl. extra. item: '00, d5¢. Next earnings report due mid-October.
(B) Dividends historically paid late March, June, September, and December. ■ Dividend reinvestment plan available.
(C) In millions, adjusted for stock splits.
(D) Acquired Union Pacific Resources in July 2000.

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	70
Earnings Predictability	35

ANALOGIC CORP. NDQ-ALOG

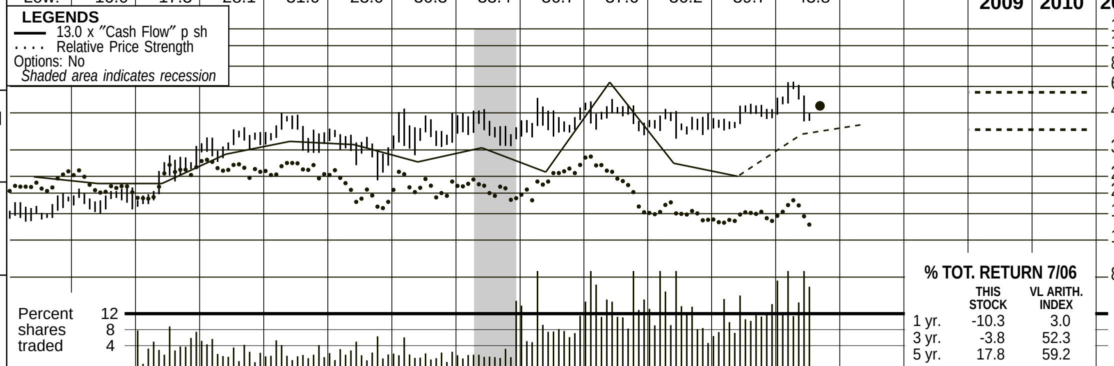
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
51.81	39.0	(Trailing: 42.1) (Median: 26.0)	2.32	0.8%	VALUE LINE

TIMELINESS 5 Lowered 6/30/06
SAFETY 3 New 9/12/97
TECHNICAL 3 Raised 9/1/06
BETA .75 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	21.8	33.5	41.0	48.0	40.5	50.3	50.0	56.5	55.8	50.2	53.0	67.5
Low:	16.0	17.3	28.1	31.0	23.0	30.3	33.4	36.7	37.6	36.2	39.7	43.8

Target Price Range

2009	2010	2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+15%)	*5%*
Low	40	(-25%)	*-5%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	3	0	1	1	0	0
to Sell	1	1	2	5	0	2	1	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	72	62	93
to Sell	43	49	56
Hld's(000)	11406	12196	13197

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.3	3.0
3 yr.	-3.8	52.3
5 yr.	17.8	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
8.97	10.12	12.37	14.39	15.69	16.81	18.44	20.37	23.28	22.00	23.11	27.27	23.62	34.94	25.97	26.40	*26.35*	*28.25*	Sales per sh (A)	*38.15*
1.17	1.42	1.43	1.63	1.84	1.71	1.71	2.35	2.70	2.61	2.17	2.52	1.93	5.16	2.13	1.85	*2.95*	*3.25*	"Cash Flow" per sh	*4.15*
.85	.91	.69	1.01	1.18	1.02	1.04	1.66	1.89	1.54	1.10	1.35	.80	3.70	.62	.42	*1.15*	*1.45*	Earnings per sh (B)	*2.30*
- -	- -	- -	- -	- -	.08	.18	.20	.23	.27	.28	.28	.28	.32	.32	.32	.40	*.40*	Div'ds Decl'd per sh (C)	*.40*
.36	.55	.38	.36	.59	.66	.50	.50	1.15	1.62	1.01	1.41	1.76	1.21	1.60	.80	*1.30*	*1.45*	Cap'l Spending per sh	*1.60*
9.59	11.17	12.92	13.67	14.93	16.17	16.95	18.11	19.86	21.03	21.71	22.70	22.99	26.42	26.84	28.93	*31.45*	*32.65*	Book Value per sh	*37.95*
16.01	14.09	12.07	12.36	12.35	12.42	12.49	12.60	12.65	12.71	12.88	13.22	13.27	13.50	13.69	13.81	*13.10*	*13.10*	Common Shs Outst'g (D)	*13.10*
11.3	11.2	16.0	13.1	13.2	17.5	19.9	18.5	21.0	22.7	32.1	30.1	NMF	12.5	NMF	NMF	*45.9*		Avg Ann'l P/E Ratio	*21.0*
.84	.72	.97	.77	.87	1.17	1.25	1.07	1.09	1.29	2.09	1.54	NMF	.71	NMF	NMF	*2.42*		Relative P/E Ratio	*1.40*
- -	- -	- -	- -	- -	.4%	.9%	.7%	.6%	.8%	.8%	.7%	.7%	.7%	.7%	.7%	.8%		Avg Ann'l Div'd Yield	*.8%*

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
230.5	256.7	294.5	279.7	297.6	360.6	313.6	471.5	355.6	364.6	*345*	*370*	Sales ($mill) (A)	*500*
11.0%	15.5%	17.3%	15.7%	12.3%	9.7%	7.7%	19.1%	7.7%	5.8%	*11.5%*	*13.5%*	Operating Margin	*13.5%*
8.3	8.5	10.3	13.7	13.8	15.9	15.1	20.2	20.8	20.5	*23.5*	*24.0*	Depreciation ($mill)	*25.0*
13.1	21.1	23.9	19.5	14.1	17.5	10.6	49.5	8.4	5.0	*15.0*	*19.0*	Net Profit ($mill)	*30.0*
26.2%	24.7%	32.4%	20.0%	31.0%	30.1%	19.4%	36.3%	17.3%	16.5%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
5.7%	8.2%	8.1%	7.0%	4.7%	4.8%	3.4%	10.5%	2.3%	1.4%	*4.5%*	*5.0%*	Net Profit Margin	*6.0%*
168.5	186.1	200.7	205.9	213.0	224.5	213.5	246.5	245.9	287.5	*305*	*325*	Working Cap'l ($mill)	*395*
9.5	8.6	7.7	6.7	5.6	6.7	5.2	4.2	2.4	2.1	*1.0*	*1.0*	Long-Term Debt ($mill)	*Nil*
211.8	228.2	251.3	267.4	279.6	300.1	305.1	356.5	367.4	399.6	*410*	*430*	Shr. Equity ($mill)	*495*
6.0%	9.0%	9.3%	7.2%	5.0%	5.8%	3.5%	13.8%	2.3%	1.3%	*3.5%*	*4.5%*	Return on Total Cap'l	*6.0%*
6.2%	9.3%	9.5%	7.3%	5.0%	5.8%	3.5%	13.9%	2.3%	1.3%	*3.5%*	*4.5%*	Return on Shr. Equity	*6.0%*
5.1%	8.2%	8.4%	6.0%	3.8%	4.6%	2.2%	12.7%	1.1%	.2%	*2.5%*	*3.5%*	Retained to Com Eq	*5.0%*
17%	12%	12%	18%	25%	21%	35%	9%	52%	87%	*31%*	*25%*	All Div'ds to Net Prof	*16%*

CAPITAL STRUCTURE as of 4/30/06
Total Debt $1.4 mill. **Due in 5 Yrs** $.3 mill.
LT Debt $1.4 mill. **LT Interest** $.3 mill.
Incl. $.1 mill. capitalized leases.
(less than 1% of Cap'l)

Leases, Uncapitalized Annual rentals $1.7 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 13,948,302 shs.
MARKET CAP: $725 million (Small Cap)

CURRENT POSITION ($MILL.)	2004	2005	4/30/06
Cash Assets	176.6	220.5	257.7
Receivables	55.5	55.9	51.6
Inventory (FIFO)	66.0	70.0	69.6
Other	30.0	36.1	20.8
Current Assets	328.1	382.5	399.7
Accts Payable	21.7	22.5	18.1
Debt Due	1.0	.1	- -
Other	59.5	72.4	41.6
Current Liab.	82.2	95.0	59.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	6.5%	5.0%	*4.5%*
"Cash Flow"	6.0%	4.0%	*5.5%*
Earnings	4.0%	1.0%	*6.5%*
Dividends	- -	4.0%	*4.0%*
Book Value	6.5%	5.5%	*5.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Oct.31	Jan.31	Apr.30	Jul.31	Full Fiscal Year
2003	132.3	157.1	100.1	82.0	471.5
2004	71.7	92.7	89.0	102.2	355.6
2005	84.1	84.3	94.2	102.0	364.6
2006	86.4	100.0	81.3	*77.3*	*345*
2007	*90.0*	*106*	*92.0*	*82.0*	*370*

Fiscal Year Ends	EARNINGS PER SHARE A B Oct.31	Jan.31	Apr.30	Jul.31	Full Fiscal Year
2003	1.52	1.59	.48	.11	3.70
2004	d.12	.37	.08	.29	.62
2005	.01	d.27	.37	.31	.42
2006	.08	.66	.18	*.23*	*1.15*
2007	*.11*	*.55*	*.44*	*.35*	*1.45*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.07	.07	.07	.08	.29
2003	.08	.08	.08	.08	.32
2004	.08	.08	.08	.08	.32
2005	.08	.08	.08	.08	.32
2006	.10	.10	.10		

BUSINESS: Analogic Corp. designs and produces advanced data conversion and computer-based signal processing instruments and equipment. It also designs and manufactures test and measurement instruments, industrial process control equipment, array processors and imaging systems, and is a major supplier of medical electronics systems. Acquired SKY Computers, Inc. 4/92 & B&K Medical A/S 7/96. Foreign revenue accounted for 45.0% of 2005's total. '05 depr. rate: 8.0%. Has 1,725 employees., 1,189 shareholders. T. Row Price owns 8.3% of common; Oppenheimer Funds, 5.3%; Off. & dir., 4.5%. (7/31/05 10-K) President & CEO: John W. Wood. Inc.: MA. Addr.: Eight Centennial Dr., Peabody, MA 01960. Telephone: 978-977-3000. Internet: www.analogic.com.

We have pared our fiscal 2006 and 2007 (year ends July 31st) earnings estimates for Analogic Corp. ALOG reported rather disappointing third-quarter sales and earnings comparisons, the result of a sequential decrease in the shipment of EXplosive Assessment Computed Tomography (EXACT) systems. During the second quarter, the company shipped 44 units, stepping up shipments so as to meet customer requirements. However, only 17 units were sent to customers in the April interim, leaving a backlog of 11 units for the remainder of the fiscal year. However, during fiscal 2007, we expect that the company's performance will benefit from new orders for the upgraded EXACT system, which is known as AN6400, once field trials are completed later this calendar year. Separately, sales of medical technology products remain strong, thanks to increased shipments of clinical ultrasound systems, ultrasound subsystems, digital radiography subsystems, and patient monitors. All told, the company likely finished off fiscal 2006 with earnings of about $1.15 a share.

The company's R&D pipeline is rather full. Development continues in the COBRA advanced checkpoint security system, which should be ready for testing by the U.S. Transportation Security Administration early this fiscal year. ALOG is also developing a new generation of Explosive Detection Systems (EDS), which offer a larger bore and higher throughput. The new system is likely to be ready for TSA testing by the middle of fiscal 2007.

Analogic stock now carries a Timeliness rank of 5 (Lowest). As such, investors with a short-term investment philosophy should stay away from these shares. And although we envision solid sales and earnings growth through 2009-2011, the issue's current quotation seems to already take into account much of the good news we envision over that period.

Investors should note that the company's top- and bottom-line performances are rather ill-defined, as they are currently heavily dependent on the timing of EXACT shipments. Indeed, Analogic scores low marks for Earnings Predictability.

Kenneth A. Nugent *September 1, 2006*

(A) Fiscal year ends July 31st of calendar year. **(B)** Primary earnings through fiscal 1997, diluted thereafter. Excludes non-recurring gains/(losses): '92, $0.10; '97, $0.08; '01, ($0.17); '02, ($0.55); '05, ($1.70). Next earnings report due mid-Sept. **(C)** Dividend historically paid in mid-January, April, July, and October. **(D)** In millions.

Company's Financial Strength	B+
Stock's Price Stability	60
Price Growth Persistence	65
Earnings Predictability	30

APACHE CORP. NYSE-APA

RECENT PRICE **71.09** | P/E RATIO **8.6** (Trailing: 8.3, Median: 13.0) | RELATIVE P/E RATIO **0.51** | DIV'D YLD **0.6%** | **VALUE LINE**

TIMELINESS **3** Lowered 2/10/06
SAFETY **3** Raised 9/7/90
TECHNICAL **3** Raised 8/18/06
BETA .90 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+60%)	13%
Low	75	(+5%)	2%

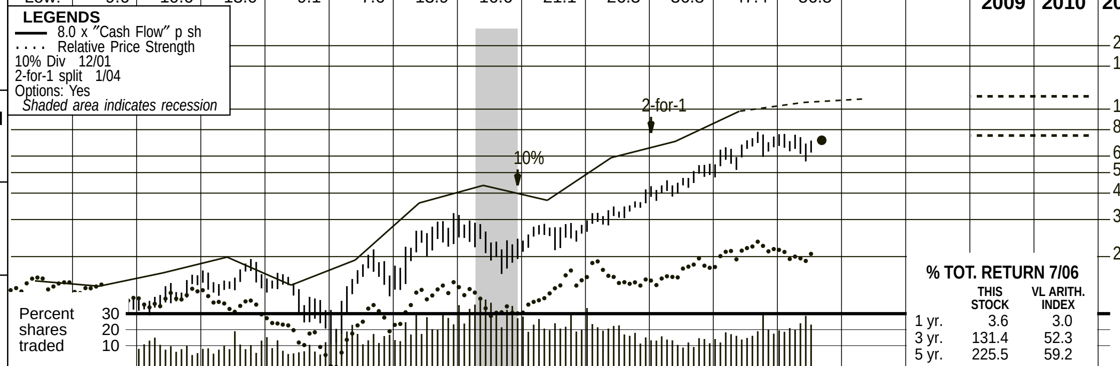
Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	1	0	0	1
Options	3	0	0	1	0	6	1	0	0
to Sell	4	0	1	1	0	7	1	0	1

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	336	379	384
to Sell	353	347	339
Hld's(000)	260618	260550	254981

High:	13.4	16.4	19.5	16.8	21.6	32.1	31.5	28.9	41.7	55.2	78.1	76.2
Low:	9.6	10.6	13.0	9.1	7.6	13.9	16.6	21.1	26.3	36.8	47.4	56.5



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	3.6	3.0
3 yr.	131.4	52.3
5 yr.	225.5	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
2.53	3.16	3.79	3.28	3.79	4.20	4.70	5.40	3.88	4.94	8.02	9.69	8.46	13.32	16.25	22.96	25.75	26.75	Revenues per sh	27.45
1.52	1.64	1.78	1.54	1.92	1.81	2.10	2.49	1.83	2.41	4.50	5.44	4.63	7.36	8.80	12.21	13.45	14.00	"Cash Flow" per sh	13.95
.39	.39	.27	.33	.28	.17	.61	.71	.12	.74	2.48	2.50	1.84	3.74	5.03	7.84	8.30	8.45	Earnings per sh A	7.85
.12	.12	.12	.12	.12	.12	.12	.12	.12	.12	.09	.17	.19	.22	.26	.36	.40	.40	Div'ds Decl'd per sh B ■	.40
1.41	6.28	1.79	1.55	2.21	6.34	2.37	3.14	2.93	2.25	3.54	5.30	3.43	5.07	7.49	11.25	11.65	12.15	Cap'l Spending per sh	11.45
3.75	4.06	4.26	5.57	5.75	6.11	7.30	7.92	7.54	8.96	12.07	14.28	15.95	20.46	24.71	31.62	42.10	50.35	Book Value per sh	73.55
103.24	108.23	111.58	141.10	141.92	178.74	208.03	218.24	225.84	263.33	285.59	287.92	302.51	314.50	328.10	330.31	330.00	329.00	Common Shs Outst'g C	328.00
17.9	17.5	27.0	33.4	39.8	66.5	21.4	21.9	NMF	19.8	9.2	9.4	14.0	8.7	9.0	8.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	12.0
1.33	1.12	1.64	1.97	2.61	4.45	1.34	1.26	NMF	1.13	.60	.48	.76	.50	.48	.43			Relative P/E Ratio	.80
1.7%	1.8%	1.6%	1.1%	1.1%	1.1%	.9%	.8%	.9%	.8%	.4%	.7%	.7%	.7%	.6%	.6%			Avg Ann'l Div'd Yield	.4%
						977.4	1178.0	877.3	1300.4	2290.8	2790.7	2559.7	4190.3	5332.6	7584.2	8500	8800	Revenues ($mill)	9000
						58.5%	60.6%	58.2%	66.9%	82.5%	82.2%	76.4%	78.6%	79.0%	82.3%	75.0%	75.0%	Operating Margin	71.0%
						315.1	387.9	387.3	447.7	583.5	820.8	843.9	1073.3	1222.2	1415.7	1675	1800	Depreciation ($mill)	1975
						121.4	154.9	28.6	200.9	720.6	764.4	566.3	1246.2	1670.1	2623.7	2770	2810	Net Profit ($mill)	2600
						39.3%	40.1%	48.6%	41.7%	40.1%	39.5%	38.3%	39.9%	37.3%	37.6%	40.0%	40.0%	Income Tax Rate	40.0%
						12.4%	13.1%	3.3%	15.4%	31.5%	27.4%	22.1%	29.7%	31.3%	34.6%	32.6%	31.9%	Net Profit Margin	28.9%
						d41.5	4.5	d78.8	6.3	96.6	175.3	234.6	78.7	65.9	d24.5	d30.0	d45.0	Working Cap'l ($mill)	720
						1235.7	1501.4	1343.3	1879.7	2193.3	2244.4	2158.8	2327.0	2588.4	2192.0	2990	2590	Long-Term Debt ($mill)	2000
						1518.5	1729.2	1801.8	2669.4	3754.6	4418.5	4924.3	6532.8	8204.4	10541	13985	16660	Shr. Equity ($mill)	24225
						6.0%	6.4%	2.7%	5.8%	12.6%	12.8%	9.1%	14.9%	16.0%	21.1%	16.5%	15.0%	Return on Total Cap'l	10.0%
						8.0%	9.0%	1.6%	7.5%	19.2%	17.3%	11.5%	19.1%	20.4%	24.9%	20.0%	17.0%	Return on Shr. Equity	10.5%
						6.5%	7.5%	NMF	6.7%	19.4%	17.3%	10.3%	18.2%	19.5%	23.9%	19.0%	16.0%	Retained to Com Eq	10.0%
						19%	16%	99%	21%	7%	7%	12%	6%	5%	5%	5%	5%	All Div'ds to Net Prof	5%

CAPITAL STRUCTURE as of 6/30/06

Total Debt $3476.3 mill. **Due in 5 Yrs** $2000 mill.
LT Debt $2189.3 mill. **LT Interest** $95.0 mill.
(Total interest coverage: over 25x) (16% of Cap'l)

No Defined Pension Benefit Plan

Pfd Stock $98.4 mill. **Pfd Div'd** $5.7 mill.

Common Stock 329,240,307 shs.

MARKET CAP: $23.4 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	111.1	228.9	41.9
Receivables	939.7	1444.5	1506.3
Inventory (LIFO)	157.3	209.7	258.0
Other	140.7	279.0	296.9
Current Assets	1348.8	2162.1	2103.1
Accts Payable	542.1	714.6	616.9
Debt Due	- -	.3	1287.0
Other	740.8	1471.7	1405.3
Current Liab.	1282.9	2186.6	3309.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	16.5%	25.5%	8.0%
"Cash Flow"	18.5%	26.5%	6.5%
Earnings	35.5%	38.0%	6.0%
Dividends	8.5%	20.5%	6.0%
Book Value	16.0%	22.0%	17.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	966.6	1054.5	1104.6	1064.6	4190.3
2004	1149.9	1240.7	1407.0	1534.9	5332.6
2005	1662.3	1759.2	2061.1	2101.7	7584.2D
2006	1999.1	2061.5	2250	2189.4	8500
2007	2200	2200	2200	2200	8800

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.05	.88	.91	.87	3.74E
2004	1.05	1.16	1.30	1.52	5.03
2005	1.67	1.76	2.05	2.35	7.84E
2006	1.97	2.17	2.10	2.06	8.30
2007	2.00	2.20	2.15	2.10	8.45

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.048	.048	.048	.048	.19
2003	.048	.05	.06	.06	.22
2004	.06	.06	.06	.08	.26
2005	.08	.08	.10	.10	.36
2006	.10	.10			

BUSINESS: Apache Corp. explores and produces natural gas, crude oil, and natural gas liquids in the United States, Canada, Australia, and Egypt. 2005 production: 89.0 million barrels of oil and natural gas liquids; natural gas, 461,297 Mmcf. Revenues by commodity in 2005: natural gas, 39%; oil, 59%; natural gas liquids, 2%. Proved reserves at 12/31/2005: oil and NGL, 976 million barrels; natural gas, 6.8 Tcf. Has about 2,800 employees; 11,000 shareholders. FMR Corporation owns 5.2% of common stock; officers. & directors., 1.3% (3/06 proxy). Pres., CEO & COO: G. Steven Farris. Chairman: Raymond Plank. Inc.: DE. Address: 2000 Post Oak Blvd., Suite 100, Houston, TX 77056-4400. Telephone: 713-296-6000. Internet: http://www.apachecorp.com.

Apache Corporation posted solid second-quarter results. Earnings exceeded our estimates, advancing nearly 25%, year over year, to $2.17 a share, thanks to higher-than-expected oil and gas revenues. The company also benefited from a reduced tax rate of 28% (versus 38% in the first quarter) that resulted from a one-time change in Canadian taxes. However, the tax rate should swing toward the other direction, as a 10% hike by the British government takes effect in the third quarter. (Note: The increase will be retroactive to January.) All told, we expect the bottom line for the full year to inch up 6%, to $8.30 a share.

The company is restructuring its asset portfolio. In late June, Apache completed the acquisition of BP's holdings in the shallowwater region of the Gulf of Mexico. The sales price was originally set at $1.3 billion for net proved reserves of 44 million barrels of oil equivalent, but was trimmed to $845 million as third parties exercised their preferential rights. The 13 fields will enhance the company's domestic holdings, and sustain growth over the coming years. In addition, we believe production, and hence cash flow, will increase by yearend as fields damaged by last season's hurricanes begin to resume operations. Apache also gained a foothold in Argentina, thanks to its purchase in late April of oil and gas properties in Neuquen Basin and Tierra Del Fuego from Pioneer Natural Resources. To help fund these acquisitions, the company is divesting its Zhao Dong assets in China, expected to occur during the September period.

Despite the aforementioned growth strategy, Apache continues to maintain a solid balance sheet. In the first half of 2006, the company spent $1.7 billion on acquisitions, funded mostly through commercial paper financing. Even so, the debt-to-total capital ratio, including short-term debt, was about 23% at the end of the second quarter, versus 17% at the beginning of 2006. By yearend, we believe this ratio will drop below 20%, thanks to the company's strong free cash flow. Apache stock is ranked to perform in line with the year-ahead market. But its appreciation potential over the 2009–2011 horizon is below average.

William W. Lee *August 18, 2006*

(A) Diluted earnings. Primary egs until '96. Excl. nonrec. gains/(losses): '91, (13¢); '92, 34¢; '93, (6¢); '94, 4¢; '95, (10¢); '98, ($1.40); '00, (5¢); '01, (27¢); '02 (8¢); '03, 39¢; '04 Q2, (8¢). Next earnings report due early November.
(B) Div'd historically paid in late Feb., late May, late Aug., and late Nov. 5% stock dividend paid Mar. '03. ■ Dividend reinvestment plan avail.
(C) In mill., adjusted for stock div'd. and split.
(D) 2005 quarterly rev. do not sum to total due to rounding. (E) Quarterly EPS do not sum to total due to rounding.

Company's Financial Strength	A
Stock's Price Stability	65
Price Growth Persistence	85
Earnings Predictability	40

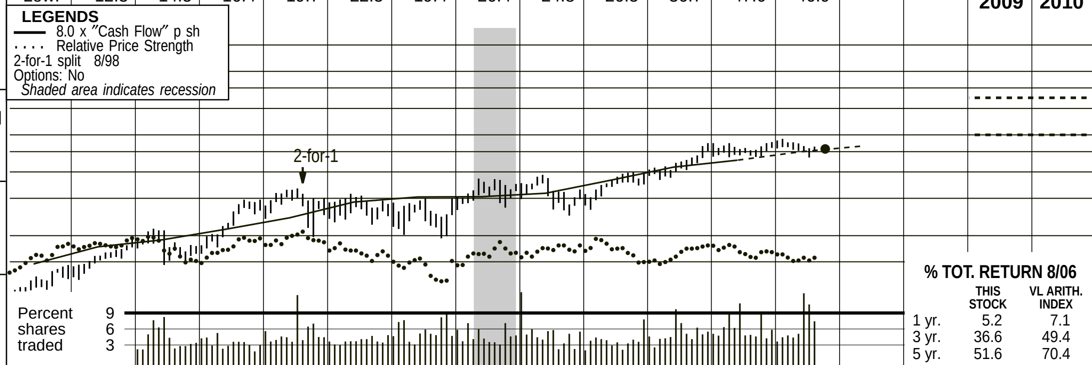
APTARGROUP INC. NYSE-ATR

RECENT PRICE 51.49 | P/E RATIO 18.1 (Trailing: 18.8 Median: 17.0) | RELATIVE P/E RATIO 1.02 | DIV'D YLD 1.7% | VALUE LINE

TIMELINESS 4 Lowered 10/28/05
SAFETY 3 New 7/19/96
TECHNICAL 3 Raised 9/8/06
BETA .95 (1.00 = Market)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	19.1	21.6	29.6	33.4	31.5	30.1	37.2	38.7	39.8	54.9	55.5	57.4
Low:	12.3	14.5	16.4	19.7	22.5	19.4	26.4	24.8	26.5	36.7	47.0	46.9

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+75%)	17%
Low	60	(+15%)	6%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	1
Options	2	3	0	4	2	2	0	1	0
to Sell	2	2	0	4	2	1	0	2	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	91	92	101
to Sell	79	76	80
Hld's(000)	30197	30318	30928

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	5.2	7.1
3 yr.	36.6	49.4
5 yr.	51.6	70.4

On April 22, 1993, AptarGroup became an independent, publicly-owned corporation with the distribution of its common stock to holders of Pittway Corp. common and class A stock. At that time, ATR purchased two German pump manufacturers for 1.3 million shares and the interest of a minority holder in ATR's European operations in exchange for 852,000 shares of common stock.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
17.20	18.21	19.82	23.01	24.82	24.92	25.81	30.71	36.42	39.54	**43.55**	**47.00**	Sales per sh	**60.70**
2.39	2.68	3.03	3.60	3.81	3.82	3.97	4.56	5.27	5.70	**6.25**	**6.65**	"Cash Flow" per sh	**8.65**
1.05	1.28	1.49	1.68	1.78	1.78	1.92	2.16	2.51	2.75	**2.80**	**3.00**	Earnings per sh A	**4.15**
.14	.15	.16	.18	.20	.22	.24	.26	.44	.70	**.84**	**.88**	Div'ds Decl'd per sh B	**1.10**
1.75	1.98	2.22	2.44	2.64	2.58	2.50	2.13	3.36	2.99	**3.20**	**3.30**	Cap'l Spending per sh	**3.50**
9.38	9.50	11.54	11.59	12.37	13.11	16.56	21.57	24.53	23.19	**24.30**	**26.55**	Book Value per sh C	**35.60**
35.80	36.00	36.00	36.26	35.60	35.80	35.90	36.30	35.60	34.90	**35.00**	**35.00**	Common Shs Outst'g D	**34.60**
17.1	18.4	19.3	16.2	14.1	18.1	16.6	16.1	17.4	18.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	**18.0**
1.07	1.06	1.00	.92	.92	.93	.91	.92	.92	.98			Relative P/E Ratio	**1.20**
.8%	.6%	.6%	.7%	.8%	.7%	.8%	.7%	1.0%	1.4%			Avg Ann'l Div'd Yield	**1.5%**
615.8	655.4	713.5	834.3	883.5	892.0	926.7	1114.7	1296.6	1380.0	**1525**	**1645**	Sales ($mill)	**2100**
18.2%	19.7%	21.0%	21.2%	20.9%	20.5%	20.0%	18.9%	18.2%	18.1%	**18.0%**	**18.0%**	Operating Margin	**18.0%**
47.9	49.9	54.4	68.7	70.9	71.7	72.0	85.9	94.5	99.2	**108**	**116**	Depreciation ($mill)	**150**
37.5	46.5	54.7	62.0	64.7	64.9	70.4	79.7	93.3	99.6	**103**	**110**	Net Profit ($mill)	**150**
37.6%	40.8%	36.9%	36.0%	34.0%	33.7%	32.4%	32.1%	32.0%	29.8%	**32.0%**	**32.0%**	Income Tax Rate	**32.0%**
6.1%	7.1%	7.7%	7.4%	7.3%	7.3%	7.6%	7.1%	7.2%	7.2%	**6.8%**	**6.8%**	Net Profit Margin	**7.1%**
120.9	130.8	149.3	191.3	204.5	220.7	284.5	319.3	384.3	284.5	**375**	**435**	Working Cap'l ($mill)	**545**
76.6	70.7	80.9	235.6	252.8	239.4	219.2	125.2	142.6	144.5	**140**	**130**	Long-Term Debt ($mill)	**20.0**
335.7	342.1	415.5	420.3	440.5	469.2	594.5	783.1	873.2	809.4	**850**	**930**	Shr. Equity ($mill)	**1215**
9.8%	11.9%	11.6%	10.5%	10.5%	10.1%	9.2%	9.2%	9.6%	10.9%	**11.0%**	**11.0%**	Return on Total Cap'l	**12.0%**
11.2%	13.6%	13.2%	14.8%	14.7%	13.8%	11.8%	10.2%	10.7%	12.3%	**12.0%**	**12.0%**	Return on Shr. Equity	**12.5%**
9.7%	12.0%	11.8%	13.2%	13.1%	12.2%	10.4%	9.0%	8.9%	9.3%	**8.5%**	**8.0%**	Retained to Com Eq	**9.0%**
13%	12%	11%	11%	11%	12%	12%	12%	17%	25%	**30%**	**29%**	All Div'ds to Net Prof	**27%**

CAPITAL STRUCTURE as of 6/30/06
Total Debt $264.6 **Due in 5 Yrs** $210.6 mill.
LT Debt $142.3 mill. **LT Interest** $9.2 mill.
Incl. $7.5 mill. capitalized leases.
(LT interest earned: 17.2x;
(Total interest coverage: 12.7x) (14% of Cap'l)

Leases, Uncapitalized Annual rentals $10.3 mill.

Pension Assets 12/05 $45.6 mill. **Oblig.** $81.5 mill.

Pfd Stock None

Common Stock 35,039,140 shs.

MARKET CAP: $1.8 bill. (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	170.4	117.6	121.9
Receivables	266.9	260.2	318.3
Inventory (LIFO)	189.3	184.2	208.5
Other	34.6	43.3	51.9
Current Assets	661.2	605.3	700.6
Accts Payable	213.6	218.7	255.9
Debt Due	63.3	102.1	122.3
Other	- -	- -	- -
Current Liab.	276.9	320.8	378.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	10.0%	9.5%	9.5%
"Cash Flow"	10.5%	8.5%	9.0%
Earnings	11.5%	8.5%	9.0%
Dividends	17.0%	21.0%	15.5%
Book Value	12.0%	14.5%	8.0%

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	265.1	288.1	281.4	280.1	1114.7
2004	315.6	311.8	325.9	343.3	1296.6
2005	344.0	356.1	341.1	338.8	1380.0
2006	375.5	398.6	**377.9**	**373**	**1525**
2007	**405**	**425**	**410**	**405**	**1645**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.53	.58	.51	.54	2.16
2004	.57	.61	.68	.65	2.51
2005	.60	.73	.75	.67	2.75
2006	.55	.77	**.78**	**.70**	**2.80**
2007	**.59**	**.81**	**.83**	**.77**	**3.00**

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.06	.06	.06	.06	.24
2003	.06	.06	.07	.07	.26
2004	.07	.07	.15	.15	.44
2005	.15	.15	.20	.20	.70
2006	.20	.20	.22		

BUSINESS: AptarGroup, Inc. makes product dispensing systems for the fragrance/cosmetics, personal care, pharmaceutical, household products, and food industries. The company is the largest supplier of closures, aerosol valves, personal care and pharmaceutical pumps in the U.S. and the largest supplier of fragrance and pharmaceutical pumps worldwide. '05 sales: pumps, 55%; closures, 25%; aerosol valves, 15%; other, 5%. Foreign sales: 70% in '05. '05 depr. rate, 7.8%. Has 7,200 employees.. Officers & Directors own 7.7% of common; Neuberger & Berman, 13.3%; 2 other institutions together, 13.2% (3/06 proxy). Pres. & CEO: C. A. Siebel. Inc.: DE. Add.: 475 West Terra Cotta Ave., Suite E, Crystal Lake, IL 60014. Tel.: (815) 477-0424. Internet: www.aptargroup.com.

Acquisitions have been instrumental in AptarGroup's top-line growth this year. The company completed four strategic takeovers in the past year and a half, all designed to add further competence to Aptar's highly selective niche markets. The purchase of EP Spray System brought in advanced bag-on-valve technology that allows spraying of a product in any position, while preventing expulsion of the propellant into the atmosphere. MBF supplied a designer of decorative packaging components used in the high, and most profitable, end of the fragrance/cosmetic market. Airles Systems makes unique dispensing systems that protect product integrity while increasing shelf life. CCL Dispensing allows Aptar to gain the cost advantage of integrated manufacturing.

Together, the acquisitions added $51 million to sales in the first six months of 2006, thus accounting for 7%, almost two-thirds, of the company's 11% revenue increase in the first half of this year. That was the key enabling Aptar to far overcome the 2% negative impact of the strong dollar vs. the euro in the first quarter. (Exchange rates had little effect in the second period.) We expect this pattern to hold sway through the balance of 2006.

Strong demand for Aptar's dispensing systems in all the markets it serves seems likely to carry sales to a year-to-year increase of over 10% in the second half. But despite the company's aggressive moves to control costs, the rising prices of raw materials, transportation, energy, and quality compliance (the last particularly in the pharmaceutical segment) will, we think, hold the earnings increase in the last six months to about 4%. All added up . . .

AptarGroup appears to be on its way to records in both sales and earnings this year. But that's no surprise. It's been an annual achievement in every year (except a flat performance during the recession of 2001) since this company was formed as a spinoff from the Pittway Corporation in 1993. In 2007, and in the years through 2009-2011, we believe that earnings of this well-managed company will grow at its historical rate of about 9% a year. But these shares are not currently timely.

Raymond S. Cowen *October 6, 2006*

(A) Primary earnings through 1996, diluted thereafter. Excl. nonrec. gains (loss): '98, 16¢; '99, (9¢); '01, (17¢); '02, (10¢); '05, 2¢. Next earnings report due mid-Oct. (B) Dividends historically paid in late February, mid-May, late August, and late November.
(C) Incl. intangibles. In '05: $201.7 mill., $5.78/sh.
(D) In millions., adj. for stk. split.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	85
Earnings Predictability	95

ARBITRON INC. NYSE-ARB

RECENT PRICE **37.25** | P/E RATIO **22.0** (Trailing: 20.2 Median: NMF) | RELATIVE P/E RATIO **1.29** | DIV'D YLD **1.1%** | VALUE LINE

TIMELINESS **3** Raised 8/4/06
SAFETY **3** New 9/12/03
TECHNICAL **4** Lowered 8/25/06
BETA .75 (1.00 = Market)

2009-11 PROJECTIONS

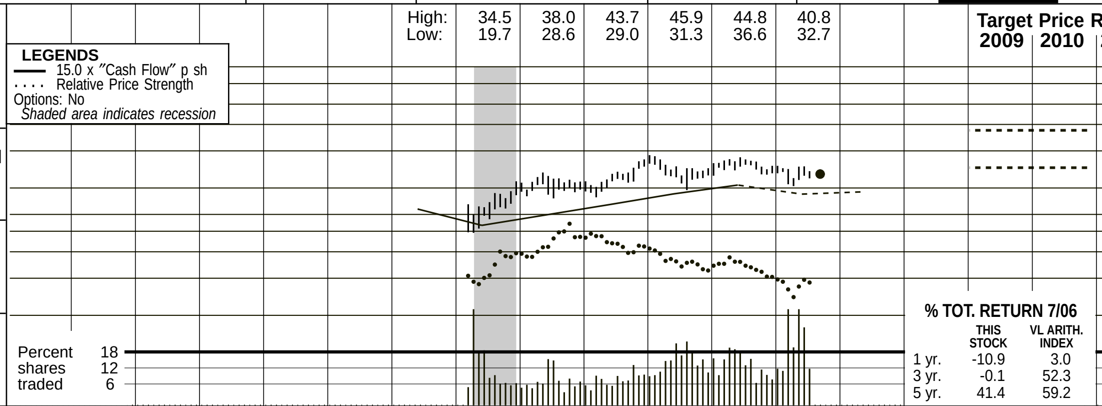
	Price	Gain	Ann'l Total Return
High	60	(+60%)	*14%*
Low	40	(+5%)	*3%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	2	0	0	0
Options	2	4	4	2	2	3	2	3	1
to Sell	2	4	4	2	3	3	2	5	1

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	80	74	55
to Sell	54	60	85
Hld's(000)	31475	31013	33225



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.9	3.0
3 yr.	-0.1	52.3
5 yr.	41.4	59.2

The company was formed in 1957 under the name Ceridian Corporation. Previously, it was a publicly traded company with two core businesses: the Comdata business, which was a human resource service business, and the radio audience measurement business. On March 2001, Ceridian completed a spin-off of the Comdata business. Ceridian became a separately traded company and changed its name to Arbitron Inc. (Comdata eventually changed its name back to Ceridian, and trades as CEN.)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
- -	- -	- -	- -	7.09	7.79	8.43	8.91	9.58	9.98	**11.20**	**12.05**	Revenues per sh	**14.20**
- -	- -	- -	- -	1.70	1.42	1.59	1.78	2.01	2.20	**2.05**	**2.00**	"Cash Flow" per sh	**2.90**
- -	- -	- -	- -	1.54	1.24	1.42	1.63	1.79	1.99	**1.72**	**1.65**	Earnings per sh A	**2.50**
- -	- -	- -	- -	- -	- -	- -	- -	- -	.30	**.40**	**.40**	Div'ds Decl'd per sh D	**.60**
- -	- -	- -	- -	.07	.22	.23	.17	.33	.50	**.50**	**.85**	Cap'l Spending per sh	**.30**
- -	- -	- -	- -	1.14	d5.79	d3.40	d.59	1.47	2.98	**2.80**	**3.75**	Book Value per sh C	**7.75**
- -	- -	- -	- -	29.16	29.20	29.61	30.71	30.96	31.04	**29.50**	**29.50**	Common Shs Outst'g B	**31.00**
- -	- -	- -	- -	- -	21.4	23.1	21.9	21.7	20.4	*Bold figures are*	*Value Line estimates*	Avg Ann'l P/E Ratio	**20.0**
- -	- -	- -	- -	- -	1.10	1.26	1.25	1.15	1.09			Relative P/E Ratio	**1.35**
- -	- -	- -	- -	- -	- -	- -	- -	- -	.7%			Avg Ann'l Div'd Yield	**1.2%**
- -	- -	- -	- -	206.8	227.5	249.8	273.6	296.6	310.0	**330**	**355**	Revenues ($mill)	**440**
- -	- -	- -	- -	36.6%	33.5%	33.8%	33.2%	32.6%	32.1%	**26.0%**	**26.5%**	Operating Margin	**30.5%**
- -	- -	- -	- -	4.3	5.0	4.4	4.8	5.7	5.8	**9.0**	**11.0**	Depreciation ($mill)	**12.0**
- -	- -	- -	- -	45.3	36.5	42.8	49.9	56.4	62.6	**50.0**	**50.0**	Net Profit ($mill)	**80.0**
- -	- -	- -	- -	39.5%		38.5%	38.5%	38.5%	37.7%	**38.0%**	**37.5%**	Income Tax Rate	**39.0%**
- -	- -	- -	- -	21.9%	16.0%	17.1%	18.2%	19.0%	20.2%	**15.2%**	**14.1%**	Net Profit Margin	**18.2%**
- -	- -	- -	- -	d11.8	d16.8	2.5	25.1	24.2	58.7	**55.0**	**45.0**	Working Cap'l ($mill)	**75.0**
- -	- -	- -	- -	- -	205.0	165.0	105.0	50.0	50.0	**50.0**	**50.0**	Long-Term Debt ($mill)	**25.0**
- -	- -	- -	- -	33.2	d169.1	d100.6	d18.1	45.4	92.4	**80.0**	**110**	Shr. Equity ($mill)	**240**
- -	- -	- -	- -	NMF	NMF	NMF	64.5%	63.2%	45.4%	**40.5%**	**32.0%**	Return on Total Cap'l	**30.0%**
- -	- -	- -	- -	NMF	- -	- -	- -	NMF	67.8%	**63.0%**	**45.0%**	Return on Shr. Equity	**33.0%**
- -	- -	- -	- -		- -	- -	- -	NMF	57.7%	**48.5%**	**34.0%**	Retained to Com Eq	**25.0%**
- -	- -	- -	- -	- -	- -	- -	- -	- -	15%	**23%**	**24%**	All Div'ds to Net Prof	**24%**

CAPITAL STRUCTURE as of 6/30/06
Total Debt $50.0 mill. **Due in 5 Yrs** $50.0 mill.
LT Debt $50.0 mill. **LT Interest** $4.0 mill.
(Total interest coverage: 24.0x) (49% of Cap'l)

Leases, Uncapitalized: Annual rentals $8.34 mill.
Pension Assets-12/05 $25.1 mill. **Oblig.** $30.3 mill.
Pfd Stock None
Common Stock 29,255,427 shs. as of 7/31/06

MARKET CAP: $1.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	86.9	123.4	71.3
Receivables	23.4	27.7	28.4
Inventory	- -	- -	4.5
Other	9.9	9.8	8.7
Current Assets	120.2	160.9	112.9
Accts Payable	5.4	8.6	7.3
Debt Due	- -	- -	- -
Other	90.6	93.6	89.6
Current Liab.	96.0	102.2	96.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	- -	6.0%	*7.0%*
"Cash Flow"	- -	3.5%	*6.5%*
Earnings	- -	3.0%	*6.0%*
Dividends	- -	- -	*NMF*
Book Value	- -	2.5%	*NMF*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	71.4	61.5	75.3	65.4	273.6
2004	76.6	65.1	82.0	72.9	296.6
2005	79.3	69.8	85.6	75.3	310.0
2006	85.1	74.2	**90.0**	**80.7**	**330**
2007	**90.0**	**80.0**	**95.0**	**90.0**	**355**

Cal-endar	EARNINGS PER SHARE A Mar. 31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.53	.26	.55	.29	1.63
2004	.57	.27	.63	.32	1.79
2005	.63	.34	.66	.36	1.99
2006	.58	.24	**.60**	**.30**	**1.72**
2007	**.55**	**.25**	**.55**	**.30**	**1.65**

Cal-endar	QUARTERLY DIVIDENDS PAID D Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	- -	- -	- -	- -	- -
2003	- -	- -	- -	- -	- -
2004	- -	- -	- -	- -	- -
2005	- -	.10	.10	.10	.30
2006	.10	.10	.10		

BUSINESS: Arbitron, Inc. is a media and marketing research firm that serves radio, broadcast television, cable companies, advertising agencies, and advertisers in the US, Mexico, and Europe. Arbitron's core businesses are measuring network and local market radio audiences; surveying the retail, media and product patterns; and providing application software used for analyzing media audience and marketing information data. Has 1,742 employees. '05 depreciation rate: 10.8%. Neuberger Berman, Inc. owns 11.1% of common stock; Barclays Global Investors, 9.2%; off. and dir., 3.1% (4/06 proxy). CEO and Pres.: Stephen B. Morris. Inc.: DE. Address: 142 W. 57th St., New York, NY 10019-3300. Telephone: 212-887-1300. Internet: www.arbitron.com.

We have adjusted our near-term earnings estimates for Arbitron. Capital spending in connection with ongoing initiatives, which are discussed below, and the inclusion of stock based compensation expense under new accounting rules should result in a bottom-line figure of $1.72 per share this year. Our 2007 target in now at $1.65 per share.

The company continues working on the introduction of the Portable People Meter (PPM). The PPM is a device that is worn by survey participants and is designed to detect embedded audio codes in radio and television programming. Because Nielsen Media Research decided not to enter into a joint venture for the commercial deployment of this system, the cost burden (about $25 million) is now solely on Arbitron. However, we still view PPM as a worthwhile investment. The rollout will begin with the rating service for radio in the top 50 markets in the United States. ARB expects to enter the top 10 markets by fall of 2008. Management had already signed several contracts for the use of the People Meter. For instance, CBS RADIO entered into a seven year agreement.

"Project Apollo" also holds some promise. This is a national marketing research service that would use PPM and AC Neilson Homescan technology to collect multimedia and purchase information. This project is a joint venture with VNU, Inc., a global information and media company. Six advertisers, including Procter and Gamble, are helping Arbitron and VNU assess whether this service meets the needs of marketers.

The company has been active on the share-repurchase front. During the second quarter, Arbitron completed the $70 million stock repurchase program that the board of directors authorized earlier in this year. We think that more such programs will be put in place to partially offset the dilutive effect of stock options.

These shares do not hold much investment interest at the present time. This issue is ranked to mirror the broader market in the year ahead. It also lacks long-term appeal. At the current quotation, this stock's appreciation potential to 2009-2011 is below the *Value Line* average.

Marina Livson *September 8, 2006*

(A) Diluted earnings. Excludes nonrecurring gain: '04, 13¢; '05, 12¢. Next earnings report due in late Oct.
(B) In millions.
(C) Includes intangibles. At 12/31/05, $44.1 million, $1.42/share.
(D) Initial quarterly dividend declared 2/28/05.

Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	20
Earnings Predictability	85

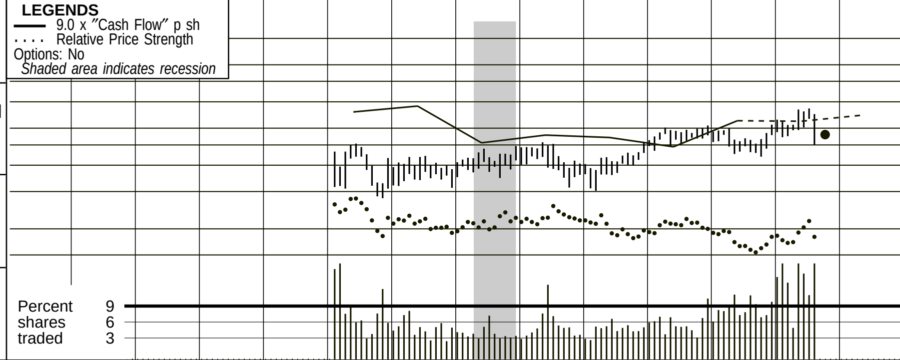
ARCH CHEMICALS NYSE-ARJ

RECENT PRICE **28.00** | P/E RATIO **15.8** (Trailing: 14.3 Median: NMF) | RELATIVE P/E RATIO **0.93** | DIV'D YLD **2.9%** | VALUE LINE

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:				25.3	22.2	24.7	25.7	25.8	30.9	31.1	37.2
Low:				13.9	15.6	17.4	15.7	15.1	23.4	22.0	24.9

TIMELINESS 3 Lowered 8/25/06
SAFETY 3 New 6/23/00
TECHNICAL 3 Lowered 6/23/06
BETA 1.00 (1.00 = Market)

Target Price Range: 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+95%)	20%
Low	35	(+25%)	8%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	2	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	60	58	71
to Sell	45	45	51
Hld's(000)	19468	19459	20088

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	15.2	7.1
3 yr.	41.6	49.4
5 yr.	58.4	70.4

Arch Chemicals, Incorporated was formed on February 8, 1999 via a spin-off of Olin's specialty chemicals business. Holders of Olin common stock as of February 1, 1999 received one Arch Chemicals common share for every two shares of Olin common stock held in a tax-free transaction. Approximately 22,960,000 shares were distributed as a result of the spin-off. Chase Manhattan Bank served as the underwriter for the transaction.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
--	--	37.54	38.93	42.59	41.48	41.94	44.85	47.51	54.56	**57.90**	**60.00**	Revenues per sh	**71.45**
--	--	3.62	3.98	4.24	2.84	3.09	3.01	2.72	3.62	**3.60**	**3.85**	"Cash Flow" per sh	**4.50**
--	--	1.55	1.76	1.70	.08	.55	.67	.74	1.67	**1.70**	**1.95**	Earnings per sh A	**2.75**
--	--	--	.60	.80	.80	.80	.80	.80	.80	**.80**	**.80**	Div'ds Decl'd per sh B	**.80**
--	--	3.67	2.61	2.81	2.02	1.55	.90	.78	.77	**.85**	**.80**	Cap'l Spending per sh	**.80**
--	--	21.95	19.99	19.00	17.46	14.73	15.01	15.25	15.26	**17.70**	**18.95**	Book Value per sh	**24.10**
--	--	22.98	22.60	22.10	22.20	22.40	22.50	23.59	23.92	**24.00**	**24.25**	Common Shs Outst'g C	**24.50**
--	--	--	11.1	11.0	NMF	38.6	30.3	37.3	15.5	*Bold figures are*		Avg Ann'l P/E Ratio	**16.0**
--	--	--	.63	.72	NMF	2.11	1.73	1.97	.83	*Value Line*		Relative P/E Ratio	**1.05**
--	--	--	3.1%	4.3%	3.9%	3.8%	3.9%	2.9%	3.1%	*estimates*		Avg Ann'l Div'd Yield	**1.8%**
--	--	862.8	879.8	941.2	920.8	939.4	1009.1	1120.9	1305.1	**1390**	**1455**	Revenues ($mill)	**1750**
--	--	11.6%	12.5%	11.7%	8.9%	9.1%	7.6%	8.2%	8.4%	**8.7%**	**9.5%**	Operating Margin	**9.5%**
--	--	43.1	49.3	55.7	61.3	56.7	52.7	46.9	46.7	**45.0**	**45.0**	Depreciation ($mill)	**43.0**
--	--	40.0	40.7	38.0	1.8	12.5	15.1	17.3	39.8	**41.5**	**48.0**	Net Profit ($mill)	**68.0**
--	--	34.2%	33.8%	34.0%	55.0%	33.9%	33.2%	34.5%	34.9%	**33.5%**	**33.5%**	Income Tax Rate	**33.5%**
--	--	4.6%	4.6%	4.0%	.2%	1.3%	1.5%	1.5%	3.0%	**3.0%**	**3.3%**	Net Profit Margin	**3.9%**
--	--	147.1	168.5	172.3	141.7	101.9	173.4	168.8	180.1	**115**	**140**	Working Cap'l ($mill)	**235**
--	--	--	76.8	247.6	265.1	220.8	218.5	215.2	217.8	**65.0**	**200**	Long-Term Debt ($mill)	**185**
--	--	504.5	451.8	419.8	387.5	330.0	337.7	359.8	365.0	**425**	**460**	Shr. Equity ($mill)	**590**
--	--	7.9%	8.2%	6.7%	1.7%	3.7%	4.2%	4.7%	8.6%	**10.0%**	**11.0%**	Return on Total Cap'l	**12.0%**
--	--	7.9%	9.0%	9.0%	.5%	3.8%	4.5%	4.8%	10.9%	**10.0%**	**10.5%**	Return on Shr. Equity	**11.5%**
--	--	7.9%	6.0%	4.8%	NMF	NMF	NMF	NMF	5.7%	**5.0%**	**6.0%**	Retained to Com Eq	**8.0%**
--	--	--	34%	47%	NMF	NMF	119%	107%	47%	**46%**	**41%**	All Div'ds to Net Prof	**29%**

CAPITAL STRUCTURE as of 6/30/06
Total Debt $221.9 mill. **Due in 5 Yrs** $120.0 mill.
LT Debt $65.4 mill. **LT Interest** $4.0 mill.
(LT interest earned: 12.0x; total int. covered: 4.2x)
(14% of Cap'l)

Leases, Uncapitalized: Annual rentals $36.9 mill.

Pension Assets-12/05 $169 mill. **Oblig.** $261 mill.

Common Stock 24,131,014 shs.
as of 7/31/06
MARKET CAP: $675 million (Small Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	74.6	43.1	49.0
Receivables	125.6	133.1	160.3
Inventory (Avg Cst)	151.1	172.0	207.0
Other	107.1	116.5	124.7
Current Assets	458.4	464.7	541.0
Accts Payable	160.2	174.6	197.2
Debt Due	9.1	12.0	156.5
Other	120.3	98.0	91.1
Current Liab.	289.6	284.6	444.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	--	4.5%	6.5%
"Cash Flow"	--	-4.5%	6.5%
Earnings	--	-9.5%	18.0%
Dividends	--	11.5%	Nil
Book Value	--	-5.5%	8.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	224.3	308.5	256.2	220.1	1009.1
2004	240.3	362.0	276.8	241.8	1120.9
2005	301.3	411.3	314.2	278.3	1305.1
2006	317.8	446.1	**335**	**291.1**	**1390**
2007	**335**	**460**	**350**	**310**	**1455**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.12	.55	.09	d.09	.67
2004	.10	.93	.07	d.36	.74
2005	.15	1.03	.28	.21	1.67
2006	.25	1.22	**.28**	**d.05**	**1.70**
2007	**.32**	**1.30**	**.35**	**d.02**	**1.95**

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.20	.20	.20	.20	.80
2003	.20	.20	.20	.20	.80
2004	.20	.20	.20	.20	.80
2005	.20	.20	.20	.20	.80
2006	.20	.20			

BUSINESS: Arch Chemicals is a specialty chemicals manufacturer. The company's principal businesses are in water treatment chemicals and performance products chemicals. In addition to the range of products offered, the company also provides semiconductor manufacturers with chemical management services, including inventory management and distribution. Research & Development equals 1.6% of 2005 revenues. Has about 2,725 employees. Officers & directors own 3.1% of common stock; T. Rowe Price Associates, 11.6%; FMR Corporation, 11.6%; Synder Capital, 6.8%; Dimension Fund Advisors, 5.5% (3/06 Proxy). Chairman & CEO: Michael Campbell. Inc.: DE. Address: 501 Merritt 7, Norwalk, CT 06851. Tel.: 203-229-2900. Internet: www.archchemicals.com.

We expect Arch Chemicals' revenue base to climb 5%–7% annually in the coming two years. Within the HTH Water Products unit, the addition of the remaining 50% stake in Nordesclor should help to alleviate some lost volumes from the North American region. Meanwhile, biocides (used in anti-dandruff shampoos and antifouling paint), the chief product for the Personal Care unit, is experiencing record demand that may continue well into 2007. Strong demand for polyols and glycols in Latin America should benefit the Performance Products unit.

Arch is on track for double-digit earnings advancement next year. Management's goal of achieving 10% operating margins by 2007 still seems out of reach. Copper prices continue to rise, and although most of the company's contracts expire in 2006, we believe Arch may face some difficulty installing higher pricing across the board on new contracts. In addition, costs for many of the company's polyurethane-based materials are elevated. However, more-favorable pricing is likely, especially for branded and non-branded North American pool products. That said, cost reduction initiatives should also support some operating margin expansion to about 9.5%. In addition, the company's hydrazine unit will likely continue to benefit from an amendment in its government contract. The addendum should yield higher facility fees and lower costs, resulting in an added $0.05–$0.06 a share to profit.

Look for Arch to refinance its debt. About $150 million in debt comes due in March, 2007, thus it was recently reclassified as debt due. We believe that the company will look to roll over the debt to long term, pushing interest expense a bit higher, but giving the company more balance sheet flexibility and cash on hand.

These shares are a worthwhile selection to the 2009–2011 period. The stock price has dipped over 15% since our June report, likely due to concerns over higher raw material costs. This presents a good entry point for an investment in our opinion. But for the next six to 12 months, the shares are ranked to mirror the broader market. Income-oriented investors may find the 3% dividend yield appealing.

Eric M. Gottlieb *September 15, 2006*

(A) Diluted earnings. Next earnings report due in mid-October. Excludes nonrecurring gains/(losses) & discont. items: '01, ($0.14); '02, ($0.37); '03: $0.58; '04, $0.10; '05, $0.03; '06 ($0.02).
(B) Dividends historically paid early March, June, September, and December.
(C) In millions.

Company's Financial Strength	B+
Stock's Price Stability	60
Price Growth Persistence	65
Earnings Predictability	20

ARROW INT'L NDQ-ARRO

RECENT PRICE **30.52** | P/E RATIO **22.3** (Trailing: 31.8 Median: 19.0) | RELATIVE P/E RATIO **1.33** | DIV'D YLD **2.4%** | VALUE LINE

TIMELINESS	4	Raised 3/24/06	
SAFETY	2	Raised 6/4/04	
TECHNICAL	3	Lowered 8/25/06	
BETA	.70	(1.00 = Market)	

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	24.4	23.4	19.9	20.9	15.8	20.6	20.2	24.3	28.8	35.0	37.6	34.9	
Low:	14.9	10.5	13.4	10.4	9.3	14.0	16.5	15.6	19.3	23.6	27.2	28.4	

2009-11 PROJECTIONS

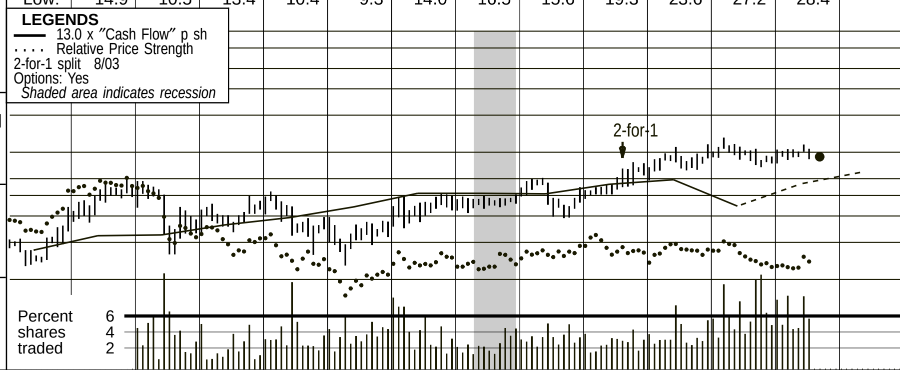
	Price	Gain	Ann'l Total Return
High	45	(+45%)	12%
Low	35	(+15%)	6%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	1	0	0	0	0	0	0	0	0
Options	0	1	0	0	0	0	1	1	0
to Sell	1	4	1	3	1	1	5	1	1

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	43	44	65
to Sell	46	47	30
Hld's(000)	20898	21456	22681



Target Price Range

2009 | 2010 | 2011

120 / 100 / 80 / 64 / 48 / 32 / 24 / 20 / 16 / 12 / 8

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	3.0	3.0
3 yr.	42.0	52.3
5 yr.	82.9	59.2

Arrow International was incorporated in 1975 to develop, manufacture, and market clinically advanced, disposable catheters and related products for use in critical care situations. In 1992, the company helf its initial public offering, selling 10 million shares at $4.50 each through Morgan Stanley and Alex. Brown & Sons. In 1995, Arrow held a secondary public offering, selling 12 million shares (10 million of which were sold by shareholders) at $8.25 each through Morgan Stanley and Alex. Brown & Sons.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
4.95	5.29	5.62	6.42	7.28	7.59	7.75	8.79	9.93	10.18	*10.65*	*11.65*	Sales per sh A	*14.35*
1.00	1.12	1.21	1.36	1.58	1.57	1.57	1.74	1.83	1.37	*1.75*	*2.00*	"Cash Flow" per sh	*2.60*
.71	.79	.88	.95	1.08	1.05	1.07	1.19	1.26	.88	*1.25*	*1.45*	Earnings per sh AB	*1.95*
.08	.09	.10	.11	.12	.13	.14	.20	.35	.54	*.66*	*.72*	Div'ds Decl'd per sh C	*.90*
.49	.32	.26	.42	.48	.47	.48	.38	.62	.76	*.90*	*1.00*	Cap'l Spending per sh	*1.05*
4.73	5.29	5.34	6.03	6.48	7.41	8.20	9.02	10.24	10.72	*11.45*	*12.20*	Book Value per sh D	*15.20*
46.46	46.45	46.45	46.12	44.00	44.00	43.94	43.29	43.60	44.62	*45.00*	*45.50*	Common Shs Outst'g E	*47.00*
26.5	19.1	19.4	13.9	14.7	17.7	19.0	17.2	21.9	35.7	*Bold figures are*		Avg Ann'l P/E Ratio	*20.0*
1.66	1.10	1.01	.79	.96	.91	1.04	.98	1.16	1.87	*Value Line*		Relative P/E Ratio	*1.35*
.4%	.6%	.6%	.8%	.8%	.7%	.7%	1.0%	1.3%	1.7%	*estimates*		Avg Ann'l Div'd Yield	*2.3%*
229.9	245.9	260.9	295.9	320.3	334.0	340.8	380.4	433.1	454.3	*480*	*530*	Sales ($mill)	*675*
29.6%	31.3%	31.1%	28.2%	29.9%	28.3%	25.9%	26.1%	24.9%	17.0%	*21.8%*	*22.6%*	Operating Margin	*24.0%*
13.6	15.2	15.6	18.6	20.9	22.7	21.7	23.2	23.8	21.5	*22.5*	*24.0*	Depreciation ($mill)	*28.0*
32.8	36.7	40.5	44.0	48.4	46.5	47.2	51.9	55.9	39.5	*57.0*	*66.0*	Net Profit ($mill)	*95.0*
37.0%	38.5%	36.6%	35.5%	33.5%	33.0%	32.5%	32.6%	32.5%	27.9%	*32.5%*	*32.5%*	Income Tax Rate	*32.5%*
14.3%	14.9%	15.5%	14.9%	15.1%	13.9%	13.8%	13.7%	12.9%	8.7%	*11.9%*	*12.5%*	Net Profit Margin	*14.1%*
55.1	81.5	100.2	107.9	90.1	125.6	174.5	163.9	209.6	238.6	*250*	*270*	Working Cap'l ($mill)	*370*
16.0	12.0	11.7	11.1	.9	.6	.3	3.7	- -	- -	*Nil*	*Nil*	Long-Term Debt ($mill)	*Nil*
219.8	245.9	247.9	278.2	285.2	326.1	360.4	390.6	446.3	478.5	*515*	*555*	Shr. Equity ($mill)	*715*
14.2%	14.4%	15.7%	15.3%	17.0%	14.3%	13.2%	13.2%	12.7%	8.3%	*11.0%*	*12.0%*	Return on Total Cap'l	*13.0%*
14.9%	14.9%	16.3%	15.8%	17.0%	14.3%	13.1%	13.3%	12.5%	8.3%	*11.0%*	*12.0%*	Return on Shr. Equity	*13.0%*
13.3%	13.3%	14.5%	14.0%	15.1%	12.6%	11.4%	11.6%	9.2%	3.8%	*6.0%*	*6.5%*	Retained to Com Eq	*7.0%*
11%	11%	11%	11%	11%	12%	13%	13%	26%	54%	*49%*	*49%*	All Div'ds to Net Prof	*46%*

CAPITAL STRUCTURE as of 5/31/06
Total Debt $53.2 mill. **Due in 5 Yrs** $53.2 mill.
LT Debt None **LT Interest** None

Leases, Uncapitalized Annual rentals $3.7 mill.
Pension Assets-8/05 $94.1 mill.
Oblig. $110.2 mill.

Preferred Stock None
Common Stock 44,857,048 shares as of 7/3/06
MARKET CAP: $1.4 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	5/31/06
Cash Assets	94.2	119.3	133.3
Receivables	83.9	91.0	91.8
Inventory (FIFO)	96.1	95.4	101.8
Other	15.9	24.8	24.5
Current Assets	290.1	330.5	351.4
Accts Payable	14.8	17.4	19.9
Debt Due	29.1	27.9	53.2
Other	36.6	46.6	40.1
Current Liab.	80.5	91.9	113.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	9.5%	8.5%	*7.0%*
"Cash Flow"	7.0%	3.5%	*8.0%*
Earnings	5.5%	3.0%	*10.0%*
Dividends	20.0%	27.0%	*17.0%*
Book Value	12.5%	11.0%	*7.0%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
2003	88.8	92.8	96.9	101.9	380.4
2004	103.1	108.3	108.8	113.0	433.1
2005	112.7	109.2	118.1	114.3	454.3
2006	113.6	116.5	122.3	*127.6*	*480*
2007	*123*	*130*	*135*	*142*	*530*

Fiscal Year Ends	EARNINGS PER SHARE AB Nov.30	Feb.28	May 31	Aug.31	Full Fiscal Year
2003	.26	.27	.33	.33	1.19
2004	.33	.35	.26	.32	1.26
2005	.30	.12	.35	.11	.88
2006	.26	.28	.31	*.40*	*1.25*
2007	*.32*	*.34*	*.37*	*.42*	*1.45*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.035	.035	.035	.035	.14
2003	.04	.04	.08	.08	.24
2004	.08	.09	.09	.09	.35
2005	.15	.15	.15	.15	.60
2006	.17	.17			

BUSINESS: Arrow International, Inc. develops, manufactures, and markets a broad range of clinically advanced, disposable catheters, heart assist devices, and related products for critical and cardiac care. Critical Care Products: (85% of 2005 sales) the majority of these products are vascular access catheters and related devices. Cardiac Care Products: (15%) products include cardiac assist products (such as intra-aortic balloon), pumps, and catheters. Has about 3,700 employees. Officers & directors own 37.5% of common stock; Robert L. McNeil Intervivos Trust, 10.4%; Robert L. McNeil, Jr., 10.2% (12/05 proxy). Chairman & CEO: Carl G. Anderson, Jr. Inc.: Pennsylvania. Address: 2400 Bernville Road, Reading, PA 19605. Telephone: 610-378-0131. Internet: www.arrowintl.com.

We think fiscal 2006 (ended August 31st) was a turnaround year for Arrow International. Indeed, although the company got off to a rough start, share earnings probably grew steadily as the year wore on. Arrow increased and upgraded its manufacturing capacity, which helped to lower costs and alleviate some the back order issues that recently plagued the company. It also introduced some new products that have been well-received by physicians. Notably, Arrow launched a new central venous access kit that addresses physicians' safety needs and better manages the risk of infection.

We think the company will keep making strides in fiscal 2007. In fact, we bumped up our previous share-net estimate by a nickel, to $1.45. Arrow is expanding its marketing efforts associated with the new kit and other products that are gaining traction in the marketplace.

The company's strong balance sheet and healthy cash flow provide plenty of ammunition for growth. Arrow has no long-term debt and lots of cash on hand. It plans on increasing its marketing efforts, further expanding its manufacturing capacity, and bolstering R&D spending. In addition, we think the company could use its available cash to make an acquisition, which could buoy our long-term projections. Finally, we expect the board of directors to increase the quarterly payout again later this fiscal year.

Arrow stock does not hold much investment appeal at its recent price. The share-price momentum experienced over the past two years has been weak, and the earnings comparisons over that span have been lackluster. As a result, we think this equity's relative price performance will be below average in the coming six to 12 months (Timeliness: 4). Momentum-oriented investors should probably wait on the sidelines until the company posts a few more quarterly earnings gains. Looking out to late decade, the share-earnings growth we project appears to be largely discounted in the current price of the stock. Thus, these shares offer limited 3- to 5-year capital gains potential. Moreover, the above-average dividend yield does little to add to this equity's long-term total return potential.

Erik A. Antonson *September 1, 2006*

(A) Fiscal years end August 31st.
(B) Diluted earnings. Excludes nonrecurring losses: '92, 8¢; '98, 69¢; '99, 18¢; '00, 5¢; '02, 19¢; '03, 15¢. Includes options expense from '06. Next earnings report due early September.
(C) Dividends historically paid March, June, September, and December.
(D) Includes intangibles: In '05: $86.5 million or $1.94 a share.
(E) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	80
Earnings Predictability	80

ASSOC. BANC-CORP. NDQ-ASBC

RECENT PRICE **32.03** | P/E RATIO **12.3** (Trailing: 12.8; Median: 13.0) | RELATIVE P/E RATIO **0.70** | DIV'D YLD **3.6%** | VALUE LINE

TIMELINESS **4** Lowered 3/25/05

SAFETY **2** New 12/31/99

TECHNICAL **3** Raised 3/24/06

BETA .90 (1.00 = Market)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	15.1	16.1	26.1	24.4	24.8	18.9	22.4	25.6	29.0	35.2	35.3	34.9
Low:	10.1	12.9	15.2	14.0	16.6	12.2	17.4	18.0	21.3	27.0	28.9	30.1

2009-11 PROJECTIONS

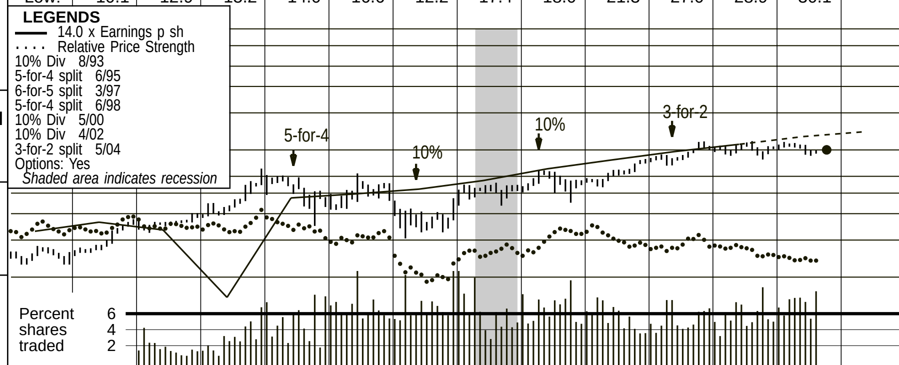
	Price	Gain	Ann'l Total Return
High	60	(+85%)	*20%*
Low	45	(+40%)	*12%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	1	0	0	0	0
Options	0	4	3	3	4	2	3	0	0
to Sell	0	4	5	3	6	2	2	0	1

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	120	109	98
to Sell	94	78	107
Hld's(000)	58523	60045	58700



Target Price Range

2009	2010	2011
120	100	80	64	48	32	24	20	16	12	8

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	0.3	7.1
3 yr.	35.7	49.4
5 yr.	80.5	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
.62	.68	.73	.85	.94	1.04	.96	.46	1.36	1.42	1.49	1.64	1.86	2.05	2.25	2.43	***2.55***	***2.75***	Earnings per sh A	***3.65***
.18	.21	.22	.27	.31	.36	.42	.49	.57	.64	.67	.74	.81	.89	.98	1.06	***1.15***	***1.20***	Div'ds Decl'd per sh B	***1.60***
4.47	4.97	5.28	6.00	6.40	7.15	6.55	7.12	7.64	7.91	8.88	9.93	11.42	12.24	15.51	17.62	***18.50***	***20.00***	Book Value per sh	***24.00***
31.01	31.77	42.02	42.85	42.90	45.54	59.98	114.33	115.05	115.05	109.09	107.80	111.43	110.16	130.04	131.9	***134.00***	***133.00***	Common Shs Outst'g C	***130.00***
8.4	9.5	11.4	11.9	10.8	11.6	15.0	40.4	15.5	13.9	10.1	12.6	12.2	12.2	13.5	13.3	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	***14.0***
.62	.61	.69	.70	.71	.78	.94	2.33	.81	.79	.66	.65	.67	.70	.71	.70			Relative P/E Ratio	***.95***
3.5%	3.2%	2.7%	2.7%	3.1%	3.0%	2.9%	2.6%	2.7%	3.3%	4.4%	3.6%	3.6%	3.6%	3.2%	3.3%			Avg Ann'l Div'd Yield	***3.0%***

CAPITAL STRUCTURE as of 6/30/06

Total Debt $2472.9 mill.

Leases, Uncapitalized: Annual rentals $11.2 mill.

Pension Assets-12/05 $100.1 mill. **Oblig.** $101.5 mill.

Pfd Stock None

Common Stock 132,207,623 shares as of 7/31/06

MARKET CAP: $4.2 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
4419.1	10691	11251	12520	13128	13604	15043	15248	20520	22100	***23800***	***25300***	Total Assets ($mill)	***29500***
3112.4	6969.8	7173.0	8221.5	8778.3	8880.0	10102	10114	13641	15207	***16350***	***17400***	Loans ($mill)	***20500***
169.3	375.6	374.8	395.7	383.6	422.0	501.3	510.8	552.6	672.3	***725***	***800***	Net Interest Inc ($mill)	***1050***
4.7	31.7	14.7	19.2	20.2	28.2	50.7	46.8	14.7	13.0	***30.0***	***55.0***	Loan Loss Prov'n ($mill)	***80.0***
65.1	96.0	168.0	165.9	184.2	195.6	220.3	246.4	210.2	291.1	***300***	***315***	Noninterest Inc ($mill)	***350***
140.4	323.6	295.0	305.1	317.7	338.4	374.5	388.7	377.9	480.5	***515***	***540***	Noninterest Exp ($mill)	***650***
57.2	52.4	157.0	164.9	168.0	179.5	210.7	228.7	258.3	320.2	***340***	***365***	Net Profit ($mill)	***475***
35.9%	55.0%	32.6%	30.5%	26.9%	28.5%	28.9%	28.9%	30.3%	31.9%	***29.0%***	***29.0%***	Income Tax Rate	***29.0%***
1.30%	.49%	1.40%	1.32%	1.28%	1.32%	1.40%	1.50%	1.26%	1.45%	***1.4%***	***1.4%***	Return on Total Assets	***1.5%***
21.1	15.3	26.0	24.3	122.4	1103.4	2097.0	1852.2	2604.5	3348.5	***3400***	***3400***	Long-Term Debt ($mill)	***4000***
393.1	813.7	878.7	909.8	968.7	1070.4	1272.2	1348.4	2017.4	2325.0	***2500***	***2650***	Shr. Equity ($mill)	***3000***
8.9%	7.6%	7.8%	7.3%	7.4%	7.9%	8.5%	8.8%	9.8%	10.5%	***10.5%***	***10.5%***	Shr. Eq. to Total Assets	***10.5%***
70.4%	65.2%	63.8%	65.7%	66.9%	65.3%	67.2%	66.3%	66.5%	68.8%	***70%***	***70%***	Loans to Tot Assets	***70%***
14.6%	6.4%	17.9%	18.1%	17.3%	16.8%	16.6%	17.0%	12.8%	13.8%	***14.0%***	***14.0%***	Return on Shr. Equity	***15.5%***
9.3%	.4%	10.4%	10.0%	9.5%	9.2%	9.5%	9.7%	7.2%	7.8%	***8.0%***	***8.0%***	Retained to Com Eq	***9.0%***
36%	94%	42%	45%	45%	45%	43%	43%	44%	44%	***45%***	***45%***	All Div'ds to Net Prof	***45%***

ASSETS($Mill.)	2004	2005	6/30/06
Loans	13641.0	15206.5	15405.6
Funds Sold	55.4	17.8	14.3
Securities	4815.3	4711.6	3505.5
Other Earning	13.3	14.3	21.6
Other	1995.1	2149.9	2181.4
LIABILITIES($Mill.)			
Deposits	12786.2	13573.1	13646.4
Funds Borrowed	2926.7	2666.3	2561.1
Long-Term Debt	2604.5	3348.5	2472.9
Net Worth	2017.4	2325.0	2274.9
Other	185.3	187.2	173.1
Total	20520.1	22100.1	21128.4
Loan Loss Resrv.	189.8	203.4	203.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '09-'11
Loans	7.0%	8.0%	*7.0%*
Earnings	9.5%	14.0%	*8.5%*
Dividends	12.5%	9.5%	*8.5%*
Book Value	8.5%	11.5%	*8.0%*
Total Assets	7.0%	7.5%	*7.0%*

Cal-endar	LOANS ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31
2003	10105	10214	10114	10114
2004	10309	10379	10656	13641
2005	13733	14084	14163	15207
2006	15539	15406	***16000***	***16350***
2007	***16500***	***16800***	***17000***	***17400***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.51	.51	.53	.50	2.05
2004	.53	.58	.57	.57	2.25
2005	.59	.57	.63	.64	2.43
2006	.60	.63	***.65***	***.67***	***2.55***
2007	***.65***	***.70***	***.70***	***.70***	***2.75***

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.188	.207	.207	.207	.81
2003	.207	.227	.227	.227	.89
2004	.227	.25	.25	.25	.98
2005	.25	.27	.27	.27	1.06
2006	.27	.29	.29		

BUSINESS: Associated Banc-Corp is a multibank holding company that has over 200 banking locations in Wisconsin, Illinois, and Minnesota. It focuses on commercial and trust services, while providing a wide range of other financial services. Acquired First Federal (10/04). Chargeoffs, 0.10% of avg. loans at 12/05. Loss reserve, 1.35% of gross loans; nonperforming assets, 0.56% of loans. Loan portfolio at 12/05: commercial, 61%, res. mortgage, 19%, consumer, 20%. Has about 4,100 employees. Officers and directors own 4.3% of stock; Associated Trust, 6.0% (4/06 proxy). Chrmn.: Robert C. Gallagher. Chief Executive Officer and President: Paul Beideman. Inc.: WI. Address: 1200 Hansen Road, Green Bay, WI 54307. Telephone: (920) 491-7000. Internet: www.assocbank.com.

There were a number of positives in Associated Banc-Corp.'s second-quarter earnings report. Earnings of $0.63 a share represented a six-cent advance versus the same period last year. This is notable because first-quarter share net was virtually flat year over year. The second-quarter gain was largely driven by an increase in fee income and a slight widening in the bank's net interest margin (the difference between what it charges customers to borrow money and what Associated has to pay to borrow money).

The interest-rate environment continues to present problems. Despite the widening in the net interest margin in the second quarter, management stated that the tide has not turned and margin pressures may resurface in the second half of the year. Indeed, although the Federal Reserve may possibly be through increasing short-term rates, the yield curve is still fairly flat. Thus, the difference between short-term rates, which is, essentially, a bank's cost of money, is very close to longer-term rates, which is the rate at which banks earn money. The narrower the spread, the less money is made. There is nothing on the horizon that suggests that this issue is going away any time soon.

Other areas are picking up the slack. Although margin spreads are important, Associated is working to increase its other sources of income. One of the main ways it can do this is through fee income, such as the fees paid for trust services. In fact, a better balance between fee income and more volatile spread income is a long-term goal for the bank. We believe this is a solid move and that management has made great strides here.

Associated has a bright future. The bank is a solid performer that has, historically, grown at a steady rate by following a solid business plan. We believe this trend will continue through the end of the decade, if not longer.

These shares are ranked to lag the market over the next six to 12 months. Slow, but reliable, earnings growth is the norm here. Add a solid dividend payout that has been increased for over 30 years and you have a fine choice for conservative investors with an income bent.

Reuben Gregg Brewer September 22, 2006

(A) Primary earnings through '96, diluted thereafter. Earnings may not sum to total because of changes in shares outstanding or rounding. Next earnings report due in October.

(B) Dividends historically paid in mid-February, May, August, and November.

(C) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	100

ASTORIA FIN'L CORP. NYSE-AF

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD
30.10	15.1 (Trailing: 13.8 / Median: 12.0)	0.87	3.2%

VALUE LINE

TIMELINESS	4 Lowered 10/21/05
SAFETY	2 Raised 10/21/05
TECHNICAL	3 Raised 7/14/06
BETA	.95 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+50%)	13%
Low	35	(+15%)	7%

Insider Decisions

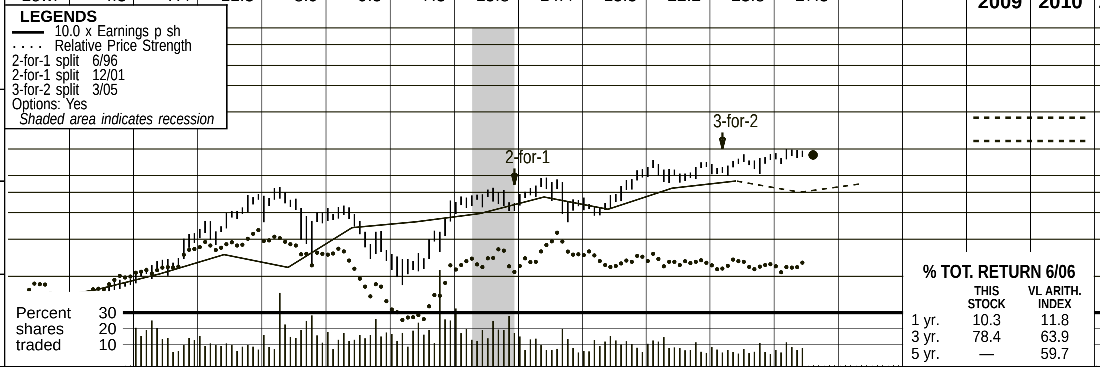
	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	1	1	2	2	0	5	2	0	3
to Sell	4	0	3	4	0	7	5	1	1

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	83	99	96
to Sell	103	95	101
Hld's(000)	67879	66693	66915

High:	7.8	12.8	19.6	21.1	17.3	18.3	21.0	23.4	25.7	28.4	30.3	32.0
Low:	4.3	7.4	11.3	8.9	9.5	7.3	15.8	14.4	15.5	22.2	23.8	27.3

LEGENDS
— 10.0 x Earnings p sh
.... Relative Price Strength
2-for-1 split 6/96
2-for-1 split 12/01
3-for-2 split 3/05
Options: Yes
Shaded area indicates recession



Target Price Range
2009 | 2010 | 2011

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	10.3	11.8
3 yr.	78.4	63.9
5 yr.	—	59.7

Astoria Financial Corporation is a thrift holding company created in connection with the conversion of Astoria Federal Savings & Loan Association (federally chartered as a mutual savings & loan association in 1937) from mutual to stock ownership. The company sold 26.4 million shares at the split-adjusted price of $12.50 each on November 18, 1993, to depositors, employees, and community members, in an offering managed by Adams Cohen Securities.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
	94.06	106.46	107.40	125.28	128.76	114.81	151.37	159.67	196.64	199.95	**225.00**	**240.00**	Mortgage Loans per sh	**300.00**
	70.06	79.15	58.97	61.57	67.63	80.09	87.00	94.80	111.72	122.04	**140.00**	**150.00**	Savings Deposits per sh	**185.00**
	.82	1.01	.88	1.36	1.45	1.59	1.90	1.66	2.09	2.26	**2.00**	**2.20**	Earnings per sh A	**4.00**
	.14	.19	.27	.32	.34	.41	.51	.57	.67	.80	**.96**	**1.02**	Div'ds Decl'd per sh B	**1.20**
	9.14	10.81	8.61	8.20	10.66	11.88	11.82	11.83	12.42	12.86	**13.25**	**14.35**	Book Value per sh	**20.30**
	64.42	78.59	163.97	155.19	148.93	136.15	127.21	118.01	110.30	104.97	**98.00**	**94.00**	Common Shs Outst'g C	**80.00**
	11.5	15.1	19.1	10.0	7.3	11.6	10.4	11.7	11.9	12.0	*Bold figures are*		Avg Ann'l P/E Ratio	**10.0**
	.72	.87	.99	.57	.47	.59	.57	.67	.63	.64	*Value Line*		Relative P/E Ratio	**.65**
	1.5%	1.2%	1.6%	2.4%	3.2%	2.2%	2.6%	3.0%	2.7%	3.0%	*estimates*		Avg Ann'l Div'd Yield	**3.0%**
	504.9	601.7	1288.9	1582.0	1587.2	1539.5	1373.7	1176.9	1142.5	1185.1	**1200**	**1275**	Gross Income ($mill)	**1525**
	60.3%	60.6%	60.2%	60.4%	63.7%	63.0%	58.4%	57.6%	50.4%	51.0%	**55.0%**	**56.0%**	Int Cost to Gross Inc	**50.0%**
	53.8	68.5	145.4	220.8	216.5	227.4	248.4	196.8	229.1	233.8	**210**	**215**	Net Profit ($mill)	**335**
	44.0%	42.0%	42.1%	42.6%	38.3%	34.1%	33.1%	32.9%	33.0%	33.6%	**33.5%**	**33.5%**	Income Tax Rate	**33.5%**
	10.6%	11.4%	11.3%	14.0%	13.6%	14.8%	18.1%	16.7%	20.1%	19.7%	**17.5%**	**17.0%**	Net Profit Margin	**21.8%**
	7272.8	10528	20588	22697	22337	22668	21698	22458	23416	22380	**21500**	**22000**	Total Assets ($mill)	**30000**
	266.5	390.0	1210.2	1610.1	1910.0	1914.0	2064.0	1924.0	1934.0	1724.0	**1500**	**1250**	FHLB Advances ($mill)	**1000**
	588.8	899.4	1462.4	1321.9	1638.2	1667.6	1554.0	1396.5	1369.8	1350.2	**1300**	**1350**	Shr. Equity ($mill)	**1625**
	930	1480	5130	3761	2730	4560	5590	7290	7290	4253	**3900**	**3800**	New Loan Volume ($mill)	**4000**
	.6%	.7%	.7%	1.0%	1.0%	.2%	.2%	.5%	.5%	.3%	**.5%**	**1.0%**	Problem Assets to Lns	**1.0%**
	8.1%	8.5%	7.1%	5.8%	7.3%	7.4%	7.2%	6.2%	5.8%	6.0%	**6.0%**	**6.0%**	Shr. Eq. to Total Assets	**5.5%**
	19.0%	17.3%	18.2%	13.3%	11.4%	11.5%	14.3%	17.5%	19.7%	19.3%	**19.0%**	**18.5%**	G&A Exp to Gross Inc	**16.5%**
	.74%	.65%	.71%	.97%	.97%	1.00%	1.15%	.88%	.98%	1.04%	**.95%**	**1.00%**	Return on Total Assets	**1.10%**
	9.1%	7.6%	9.9%	16.7%	13.2%	13.6%	16.0%	14.1%	16.7%	17.3%	**16.0%**	**16.0%**	Return on Shr. Equity	**21.0%**

CAPITAL STRUCTURE as of 3/31/06

FHLB Advances $1679.0 mill. (20% Debt + Equity)
Other ST Debt $5480.0 mill. (65% Debt + Equity)

Leases, Uncapitalized Annual rentals $7.3 mill.
Pension Assets-12/05 $156.4 mill. **Oblig.** $190.0 mill.

Common Stock 102,872,427 shs.
MARKET CAP: $3.1 billion (Mid Cap)

EARNINGS FACTORS

MARGIN (%)	2004	2005	3/31/06
Earning Asset Yield	4.83	4.96	5.12
Cost of Funds	2.74	2.85	3.11
Yield-Cost Margin	2.09	2.11	2.01

NET CHANGES ($mill)	2004	2005	3 Mos. 3/31/06
Loans & MBS	830.8	-902.0	-147.4
Savings Deposits	1136.7	487.0	178.5
FHLB Advances	10.0	-210.0	-45.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Mortgage Lns	13.5%	8.5%	*17.0%*
Savings Dep	9.0%	8.0%	*8.0%*
Earnings	18.5%	11.5%	*13.0%*
Dividends	- -	18.0%	*10.0%*
Book Value	5.0%	5.5%	*6.0%*

Cal-endar	SAVINGS DEPOSITS ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31
2003	11258	11309	11213	11186
2004	11509	11896	12170	12323
2005	12569	12585	12806	12810
2006	12989	***13250***	***13500***	***13700***
2007	***13900***	***14000***	***14150***	***14200***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.46	.43	.35	.42	1.66
2004	.47	.52	.53	.57	2.09
2005	.57	.55	.57	.57	2.26
2006	.49	***.51***	***.50***	***.50***	***2.00***
2007	***.52***	***.54***	***.56***	***.58***	***2.20***

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.113	.133	.133	.133	.51
2003	.133	.147	.147	.147	.57
2004	.167	.167	.167	.167	.67
2005	.200	.200	.200	.200	.80
2006	.240	.240			

BUSINESS: Astoria Financial Corp. is the holding company for Astoria Federal Savings & Loan Assoc. It was established in 1888 and has 86 branches in and around New York City. Provides retail banking, mortgage, and consumer lending services. Acquired Fidelity New York FSB, 1/95; Greater N.Y. Savings Bank, 10/97; LISB, 10/98. Loans as of 12/31/05: 1-4 family mtgs, 68%; multi-family, 20%; commercial real estate, 8%; consumer and other, 4%. Has about 1,770 employees, 3,700 shareholders. Co. ESOP owns 10.6% of common; EARNEST Partners, LLC, 8.0%; Off. and Dir., 9.2% (4/06 proxy). Chrmn., Pres., and CEO: George Engelke, Jr. Inc.: DE. Address: One Astoria Federal Plaza, Lake Success, New York 11042. Tel.: 516-327-3000. Internet: www.asfc.com.

Astoria Financial continues to labor under a difficult interest-rate environment. As the Fed has remained steadfast in its tightening of monetary policy, the thrift's cost of liabilities, which are based on short-term rates, are rising faster than what the company earns on its assets. As a result, the net interest margin (the difference between the two) in the first quarter contracted 14 basis points from a year ago, to 2.10%, which led to a 14% decline in year-over-year earnings. To combat this margin compression, the company has been cutting back on its noncore business. Namely, it has been letting its securities portfolio thin out while reducing higher-cost borrowings. On an annualized basis, these two categories were down 21% and 17% in the period, to $6.2 billion and $7.6 billion, respectively. At the same time, it has continued to bolster its loan portfolio and deposits. Evidence of the positive impact of these actions was seen in that the quarter's net interest margin only declined two basis points sequentially.

This year's earnings will likely fall short of 2005's tally. Astoria plans to further reduce security holdings and borrowings by some $750 million and $1.0 billion each as the year progresses. However, with the likelihood of further margin compression in the second half of the year, we've lowered our 2006 share-net estimate by $0.20. For next year, we look for margin pressure to ease, and earnings growth to resume, but we've trimmed our bottom-line estimate by a dime to $2.20 a share.

The company continues to buy back its shares at a fast clip. Since 2000, Astoria has reduced its outstanding share count by nearly a third. It currently has 7.5 million shares remaining under its 11th repurchase program. Our projections incorporate the full amount, as well as the likelihood of additional programs.

Recent price and earnings momentum suggests the stock may be a laggard over the six to 12 months ahead. Meanwhile, our profit projections out to 2009–2011 indicate below-average appreciation potential. However, speculative interest in the stock, based on increased merger and acquisition activity within the industry, could provide some upside to our 3- to 5-year Target Price Range.

Mario Ferro *July 21, 2006*

(A) Primary earnings through 1996, diluted thereafter. Excludes nonrecurring gain/(losses): '96, (46¢); '99, 19¢; '04, (6¢). Next earnings report due mid-October.
(B) Dividends historically paid early March, June, September, and December.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	80
Earnings Predictability	85

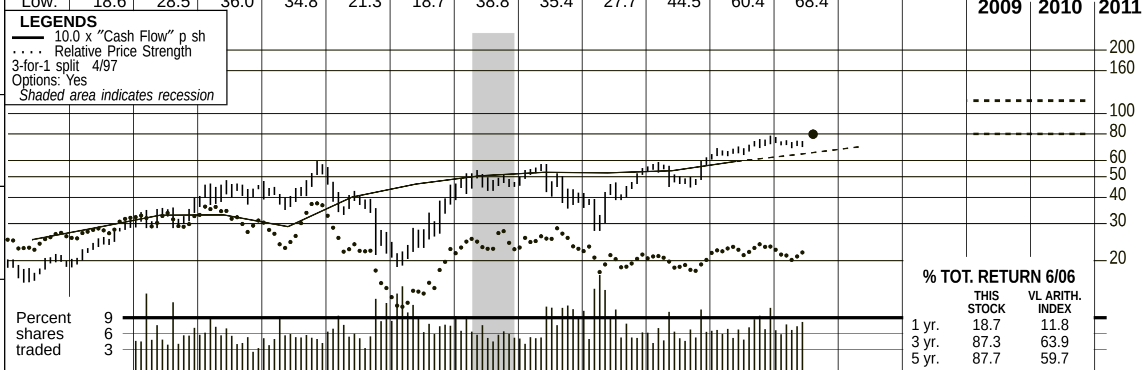
ALTRIA GROUP, INC. NYSE-MO

RECENT PRICE 79.79 | P/E RATIO 14.5 (Trailing: 14.7 / Median: 12.0) | RELATIVE P/E RATIO 0.84 | DIV'D YLD 4.0% | VALUE LINE

TIMELINESS 4 Lowered 2/10/06
SAFETY 3 Raised 5/9/03
TECHNICAL 3 Raised 7/7/06
BETA .80 (1.00 = Market)

High:	31.5	39.7	48.1	59.5	55.6	45.9	53.9	57.8	55.0	61.9	78.7	81.0
Low:	18.6	28.5	36.0	34.8	21.3	18.7	38.8	35.4	27.7	44.5	60.4	68.4

LEGENDS
— 10.0 x "Cash Flow" p sh
.... Relative Price Strength
3-for-1 split 4/97
Options: Yes
Shaded area indicates recession



Target Price Range
2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	115	(+45%)	*13%*
Low	80	(Nil)	*4%*

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	2	1	2	1	0	2	0	1	4
to Sell	0	1	3	0	0	3	1	1	3

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	518	529	484
to Sell	382	422	478
Hld's(000)	1484730	1501542	1521340

Percent shares traded 9 6 3

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	18.7	11.8
3 yr.	87.3	63.9
5 yr.	87.7	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
18.42	20.46	21.07	23.15	25.45	26.50	28.46	29.71	30.61	33.61	36.38	41.78	39.43	40.17	43.51	46.93	***50.70***	***55.50***	Sales per sh	***69.75***
1.77	2.07	2.31	1.97	2.52	2.87	3.29	3.30	2.91	4.01	4.63	5.06	5.26	5.22	5.35	5.92	***6.40***	***7.00***	"Cash Flow" per sh	***9.40***
1.28	1.51	1.82	1.35	1.82	2.17	2.56	2.58	2.20	3.19	3.75	3.87	4.49	4.52	4.57	5.15	***5.50***	***6.00***	Earnings per sh A	***8.15***
.52	.64	.78	.87	1.01	1.22	1.47	1.60	1.68	1.84	2.02	2.22	2.44	2.64	2.82	3.06	***3.20***	***3.30***	Div'ds Decl'd per sh B ■	***3.60***
.49	.57	.56	.61	.67	.65	.73	.77	.74	.75	.76	.89	.99	.97	.93	1.06	***.60***	***.60***	Cap'l Spending per sh	***.60***
4.30	4.53	4.48	4.42	5.00	5.61	5.85	6.15	6.66	6.54	6.79	9.12	9.55	12.31	14.91	17.13	***19.25***	***21.95***	Book Value per sh C	***33.65***
2778.7	2759.6	2806.0	2631.3	2558.6	2493.5	2431.3	2425.5	2430.5	2338.5	2208.9	2152.5	2039.3	2037.3	2059.5	2085.0	***2100.0***	***2100.0***	Common Shs Outst'g D	***2100.0***
11.6	14.8	14.4	13.5	10.3	11.4	12.6	16.5	20.2	11.4	7.4	12.2	10.6	9.2	11.4	13.2	*Bold figures are*		Avg Ann'l P/E Ratio	***12.0***
.86	.95	.87	.80	.68	.76	.79	.95	1.05	.65	.48	.63	.58	.52	.60	.71	*Value Line*		Relative P/E Ratio	***.80***
3.5%	2.8%	3.0%	4.7%	5.4%	4.9%	4.5%	3.8%	3.8%	5.1%	7.3%	4.7%	5.1%	6.3%	5.4%	4.5%	*estimates*		Avg Ann'l Div'd Yield	***4.7%***
						69204	72055	74391	78596	80356	89924	80408	81832	89610	97854	***106500***	***116500***	Sales ($mill)	***146500***
						20.3%	21.4%	21.0%	20.1%	21.1%	21.2%	23.0%	21.6%	20.0%	19.4%	***20.0%***	***20.0%***	Operating Margin	***21.0%***
						1691.0	1700.0	1690.0	1702.0	1717.0	2337.0	1331.0	1440.0	1607.0	1675.0	***1800***	***2000***	Depreciation ($mill)	***2600***
						6303.0	6310.0	5372.0	7675.0	8510.0	8560.0	9402.0	9204.0	9420.0	10668	***11605***	***12660***	Net Profit ($mill)	***17180***
						41.0%	40.5%	40.9%	39.5%	39.0%	37.9%	35.2%	34.9%	32.4%	29.9%	***35.0%***	***35.0%***	Income Tax Rate	***35.0%***
						9.1%	8.8%	7.2%	9.8%	10.6%	9.5%	11.7%	11.2%	10.5%	10.9%	***10.9%***	***10.9%***	Net Profit Margin	***11.7%***
						323.0	2369.0	3851.0	2878.0	d8711	d2866	d1641	d11.0	2327.0	d377.0	***3675***	***8040***	Working Cap'l ($mill)	***29500***
						11827	11585	11906	11280	18255	17159	19189	18953	16462	17868	***18000***	***18000***	Long-Term Debt ($mill)	***18000***
						14218	14920	16197	15305	15005	19620	19478	25077	30714	35707	***40400***	***46060***	Shr. Equity ($mill)	***70700***
						26.0%	25.8%	20.9%	30.8%	27.2%	25.4%	26.0%	22.4%	21.5%	20.9%	***21.0%***	***21.0%***	Return on Total Cap'l	***20.0%***
						44.3%	42.3%	33.2%	50.1%	56.7%	43.6%	48.3%	36.7%	30.7%	29.9%	***29.0%***	***28.0%***	Return on Shr. Equity	***24.0%***
						20.0%	16.3%	8.6%	21.8%	26.7%	19.3%	22.3%	15.6%	12.2%	12.5%	***29.0%***	***28.0%***	Retained to Com Eq	***24.0%***
						55%	62%	74%	57%	53%	56%	54%	57%	60%	58%	***58%***	***55%***	All Div'ds to Net Prof	***44%***

CAPITAL STRUCTURE as of 3/31/06E
Total Debt $24,134 mill. **Due in 5 Yrs** $12,000 mill.
LT Debt $16,748 mill. **LT Interest** $1500 mill.

(LT interest earned: 15.0x; total interest coverage: 14.5x)
(33% of Cap'l)

Pension Assets-12/05 $16.5 bill. **Oblig.** $18.2 bill.
Pfd Stock None

Common Stock 2,085,000,000 shs.
MARKET CAP: $166 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06E
Cash Assets	5744	6258	2491
Receivables	5754	5361	5324
Inventory (LIFO)	10041	10584	11580
Other	4362	3578	2729
Current Assets	25901	25781	22124
Accts Payable	3466	3645	3098
Debt Due	4297	6266	7386
Other	15811	16247	12910
Current Liab.	23574	26158	23394

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	5.5%	5.5%	*-22.5%*
"Cash Flow"	8.5%	7.5%	*52.5%*
Earnings	10.5%	9.5%	*9.5%*
Dividends	10.5%	9.0%	*4.0%*
Book Value	11.5%	17.5%	*1.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	19371	20831	20939	20691	81832
2004	21721	22894	22615	22380	89610
2005	23618	24784	24962	24490	97854
2006	24355	25769	***29076***	***27300***	***106500***
2007	***28000***	***29000***	***30000***	***29500***	***116500***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.07	1.20	1.22	1.03	4.52
2004	1.07	1.26	1.28	.96	4.57
2005	1.25	1.41	1.39	1.10	5.15
2006	1.65	1.29	***1.33***	***1.23***	***5.50***
2007	***1.45***	***1.60***	***1.60***	***1.35***	***6.00***

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.58	.58	.58	.64	2.38
2003	.64	.64	.64	.68	2.60
2004	.68	.68	.68	.73	2.77
2005	.73	.73	.73	.80	2.99
2006	.80	.80			

BUSINESS: Altria Group, Inc. is a leading consumer products company with four major segments: domestic tobacco (18% of '05 revs. 28% of op. prof.) incl. *Marlboro, Benson & Hedges, Merit, Virginia Slims*; international tobacco (46%, 47%), food (35%, 30%), incl. coffee, *Post* cereals, and packaged foods (*Jell-O, Kool-Aid, Oscar Mayer, Kraft, Velveeta, Miracle Whip*) and financial svcs./real est. (1%, 1%). Sold *Miller*, 6/02. Has a 50% share of U.S. industry shipments of cigarettes. Acquired Nabisco, 12/00; Kraft, 12/88; Jacobs Suchard AG, 8/90. Has 199,000 employees, 110,000 stockholders. Capital Research owns 7.8% of stock; off./dir., less than 1.0% (3/06 proxy). Chrmn. & CEO: Louis C. Camilleri. Inc.: VA. Addr.: 120 Park Ave., NY, NY 10017. Tel.: 212-880-5000. Int.: www.altria.com.

Altria Group scored a major victory in a ruling by the Florida Supreme Court, which refused to reinstate punitive damages awarded in a $145 billion class action lawsuit against numerous companies in the tobacco industry. The ruling was crucial to cigarette makers since the enormous sum would probably have bankrupted the companies being sued. Outside the court decision, which propelled MO over 7%, the stock has been a flat performer in past months. Altria posted a moderate sales gain in the second quarter, yet share earnings declined to $1.29 from $1.65 in the first quarter of 2006. Since our May review, these shares have performed very well, driven by this crucial decision.

Altria may look to spin off its Kraft Foods division, now that the burden of the Florida lawsuit is behind it. This would be a major change for the company. MO has long considered a breakup of its three core segments, and the Kraft Foods segment would be the logical first step. The spinoff is not guaranteed to happen but if it does, it would likely occur between now and 2007.

We anticipate both top- and bottom-line growth for Altria in the remainder of the decade. The company's stock has been climbing of late, and its financial outlook has improved. Altria has shifted its focus abroad through acquisitions to capture the available sales. Now, with the most pressing legal issue resolved, we see positive signs for sales and earnings, driven by growth overseas. Also, the stock offers a generous yield that should add appeal for investors.

However, Altria remains a risky investment. The domestic tobacco industry is in decline, and Altria remains the market leader. Pending legal battles and new lawsuits will continue to weigh on cigarette makers. Although the industry has won more cases than it has lost, costs incurred from proceedings, along with charges from cases lost, represent a significant sum of money. Increased legislation restricting the ability of consumers to smoke should also drive volume down over the long term. Despite the encouraging news and strong finances for Altria, this stock is not for cautious investors.

Richard Gallagher *August 4, 2006*

(A) Diluted earnings. Excl. nonrecur. gains (losses): '91, ($1.29); '93, (54¢); '95, (3¢); '99, (11¢); '02, 72¢; '05, (12¢). Next earnings report due late October. (B) Dividends historically paid in mid-January, mid-April, mid-July, and mid-October. ■ Div'd reinvestment plan available. (C) Incl. intangibles. '05: $43.4 bill., $20.82/sh. (D) In millions, adjusted for stock split. (E) Excl. fin'l services and real estate subsidiary.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	65
Earnings Predictability	90

AUTOLIV, INC. NYSE-ALV

RECENT PRICE **54.17** | P/E RATIO **13.5** (Trailing: 14.9; Median: NMF) | RELATIVE P/E RATIO **0.77** | DIV'D YLD **2.7%** | VALUE LINE

TIMELINESS	3	Raised 3/31/06
SAFETY	3	New 4/4/03
TECHNICAL	3	Lowered 8/25/06

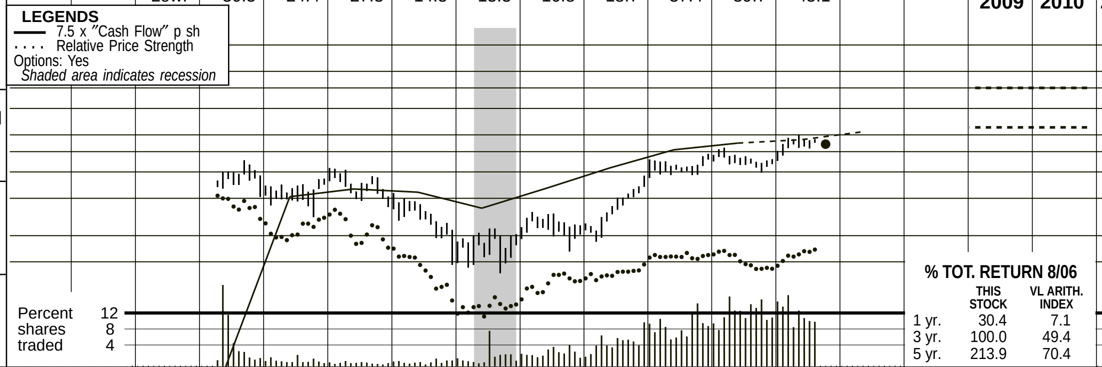
BETA 1.15 (1.00 = Market)

		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:		45.5	37.3	41.9	31.8	21.6	25.9	38.4	48.8	52.1	60.2
Low:		30.5	24.4	27.3	14.5	13.3	16.8	18.7	37.4	39.7	45.1

Target Price Range

2009 | 2010 | 2011

LEGENDS
— 7.5 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	100	(+85%)	18%
Low	65	(+20%)	7%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	10	0	0	0	1	0	0
to Sell	0	0	5	1	0	0	1	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	120	102	114
to Sell	110	138	129
Hld's(000)	65832	58625	60003

Percent shares traded 12 8 4

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	30.4	7.1
3 yr.	100.0	49.4
5 yr.	213.9	70.4

Autoliv was formed in April '97, through the merger of Morton International's airbag unit and Sweden's Autoliv AB. Under terms of the deal, Morton (MII) shareholders recieved .341 new company shares for each MII share owned; Autoliv AB investors were subject to a one-for-one share exchange.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
--	26.81	34.10	37.27	40.24	40.77	46.14	55.86	66.78	74.13	*76.05*	*83.20*	Sales per sh	*97.70*
--	.58	4.07	4.43	4.28	3.60	4.45	5.58	6.79	7.32	*7.70*	*8.60*	"Cash Flow" per sh	*10.35*
--	d1.20	1.84	1.95	1.67	.49	1.84	2.64	3.40	3.39	*3.90*	*4.50*	Earnings per sh A	*5.55*
--	.22	.44	.44	.44	.44	.46	.54	.77	1.17	*1.36*	*1.42*	Div'ds Decl'd per sh B	*1.50*
--	1.79	2.78	2.55	2.39	2.54	2.37	2.72	3.52	3.76	*4.55*	*4.70*	Cap'l Spending per sh	*5.20*
--	16.67	18.05	18.88	18.67	19.16	21.25	25.31	28.66	27.67	*28.45*	*30.70*	Book Value per sh D	*37.25*
--	102.20	102.30	102.30	102.30	97.90	96.30	94.90	92.00	83.70	*81.00*	*79.00*	Common Shs Outst'g C	*77.00*
--	--	17.3	17.8	14.7	36.4	11.9	10.4	12.3	13.5	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
--	--	.90	1.01	.96	1.87	.65	.59	.65	.72	*Value Line*		Relative P/E Ratio	*1.00*
--	.6%	1.4%	1.3%	1.8%	2.5%	2.1%	2.0%	1.8%	2.6%	*estimates*		Avg Ann'l Div'd Yield	*1.2%*
--	2739.6	3488.7	3812.2	4116.1	3991.0	4443.4	5300.8	6143.9	6204.9	*6160*	*6570*	Sales ($mill)	*7525*
--	16.0%	16.6%	11.4%	14.6%	12.2%	13.3%	13.0%	13.4%	13.6%	*13.6%*	*14.0%*	Operating Margin	*14.2%*
--	162.6	228.0	253.4	269.1	304.2	248.5	278.8	298.3	308.9	*305*	*325*	Depreciation ($mill)	*370*
--	d103.6	188.3	199.9	168.7	47.9	180.5	251.2	326.3	303.6	*320*	*360*	Net Profit ($mill)	*430*
--	NMF	39.6%	40.0%	40.3%	51.2%	33.0%	31.5%	30.8%	33.2%	*32.0%*	*32.0%*	Income Tax Rate	*32.0%*
--	NMF	5.4%	5.2%	4.1%	1.2%	4.1%	4.7%	5.3%	4.9%	*5.2%*	*5.4%*	Net Profit Margin	*5.7%*
--	d25.3	69.1	76.9	93.1	451.2	364.0	472.5	394.3	398.2	*460*	*535*	Working Cap'l ($mill)	*895*
--	611.8	628.6	470.4	737.4	1037.1	842.7	846.2	667.1	757.1	*900*	*900*	Long-Term Debt ($mill)	*900*
--	1704.0	1846.0	1931.0	1910.1	1875.3	2046.7	2402.0	2636.4	2316.1	*2305*	*2425*	Shr. Equity ($mill)	*2865*
--	NMF	8.7%	9.5%	7.6%	2.7%	7.2%	8.4%	10.3%	10.6%	*10.5%*	*11.5%*	Return on Total Cap'l	*12.0%*
--	NMF	10.2%	10.4%	8.8%	2.6%	8.8%	10.5%	12.4%	13.1%	*14.0%*	*14.5%*	Return on Shr. Equity	*15.0%*
--	NMF	7.8%	8.0%	6.5%	.3%	6.7%	8.3%	9.7%	8.4%	*9.0%*	*10.0%*	Retained to Com Eq	*11.0%*
--	NMF	24%	23%	26%	90%	24%	20%	22%	36%	*34%*	*31%*	All Div'ds to Net Prof	*27%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $1041.2 mill. **Due in 5 Yrs** $781.6 mill.
LT Debt $959.2 mill. **LT Interest** $45.0 mill.
(LT interest earned: 13.1x; total interest coverage: 12.1x) (29% of Cap'l)
Leases, Uncapitalized: $17.8 million
Pension Assets-12/05 $158.8 mill. **Oblig.** $246.0 mill.

Common Stock 82,100,000 shs.

MARKET CAP: $4.4 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	229.2	295.9	125.8
Receivables	1288.8	1149.0	1278.3
Inventory (Avg Cst)	509.2	485.4	491.3
Other	85.9	232.2	163.9
Current Assets	2113.1	2162.5	2059.3
Accts Payable	798.9	682.6	743.4
Debt Due	313.8	508.4	82.0
Other	606.1	573.3	650.4
Current Liab.	1718.8	1764.3	1475.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	--	12.0%	10.0%
"Cash Flow"	--	9.0%	10.0%
Earnings	--	11.5%	20.0%
Dividends	--	13.5%	6.5%
Book Value	--	8.0%	8.0%

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	1245.7	1366.5	1212.5	1476.1	5300.8
2004	1487.8	1578.6	1382.7	1694.8	6143.9
2005	1693.6	1654.6	1391.7	1465.0	6204.9
2006	1567.9	1607.9	*1420*	*1564.2*	*6160*
2007	*1675*	*1720*	*1510*	*1665*	*6570*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.54	.77	.55	.78	2.64
2004	.80	.94	.72	.94	3.40
2005	.84	.94	.66	.94	E3.39
2006	1.03	1.00	*.74*	*1.13*	*3.90*
2007	*1.14*	*1.20*	*.86*	*1.30*	*4.50*

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.11	.11	.11	.11	.44
2003	.13	.13	.13	.15	.54
2004	.17	.20	.20	.20	.77
2005	.25	.30	.30	.32	1.17
2006	.32	.32	.35		

BUSINESS: Autoliv Inc. manufactures occupant safety restraint systems for the automotive industry. Products include passenger and driver-side airbags, seat belts, steering wheels, and safety seats. Top customers include Ford (21% of 2005 sales) and Renault/Nissan (14%). Has 80 factories and 20 crash-test tracks around the world. North America accounts for 28% of sales. Has 34,100 full-time employees (as of 12/31/05). Officers & Directors own less than 1% of common stock; Barclays Global, 10.1%; Iridian Asset Management, 7.1% (3/06 Proxy). Pres. & CEO: Lars Westerberg. Chairman: S. Jay Stewart. Inc.: DE. Address: World Trade Center, Klarabergsviadukten 70, Section E, SE-107 24 Stockholm, Sweden. Telephone: 46-8-587-20-600. Web: www.autoliv.com.

We've lowered our 2006 share-earnings estimate for seatbelt and airbag maker Autoliv by a dime, to $3.90. Corresponding with surprisingly strong product sales in markets throughout the Far East, the revision reflects higher assumed income distributions to Autoliv's joint-venture partners in Korea and China. During the June quarter, overall company revenue declined 3%, but sales outside of Autoliv's three largest markets (Europe, North America, and Japan) increased 14%, due largely to strong demand from Korean and Chinese automakers.

Our $3.90 assessment implies healthy 15% earnings growth, despite the likelihood of weak overall sales. A lower share count is sure to lift results. A more competitive cost structure, meanwhile, should help offset the impact of high raw material costs and low fixed-cost absorption associated with reduced production. In particular, ongoing relocation of manufacturing to low labor-cost countries ought to bolster margins.

We look for mid-teens earnings growth in 2007. Importantly, a better sales mix and new supply deals, particularly in Western Europe, should enable Autoliv to better leverage an improved cost structure. The Big Three U.S. automakers may continue to struggle, though, which could limit gains.

Low double-digit earnings growth is sustainable, we think, out to 2009-2011. The ongoing trend toward increased safety content per vehicle should drive results and curtail the impact of future downturns in automobile production. Given Autoliv's generally high market share, though, winning new business is likely to become harder, as customers look to keep their supply bases diverse. Automakers are also likely to press harder for pricing concessions as products, such as Autoliv's Inflatable Curtain airbag, increasingly become standard equipment on most car models.

Autoliv shares are ranked 3 (Average) for year-ahead price performance. They have decent total return potential out to 2009–2011, assuming the company continues to deploy its cash flow in a shareholder-friendly manner. Recent cuts in auto production are a concern, though.

Nils C. Van Liew *September 29, 2006*

(A) Diluted earnings. Excludes nonrecurring gain: '03, 16¢. Includes nonrecurring loss: '05 1Q, 9¢. Next earnings report due late Oct.
(B) Dividends historically paid early March, June, September, and December.
(C) In millions.
(D) Includes goodwill and intangibles. At 12/31/05, $1.68 billion, or $20.06 a share.
(E) Quarterlies don't sum to total due to rounding.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	50
Earnings Predictability	45

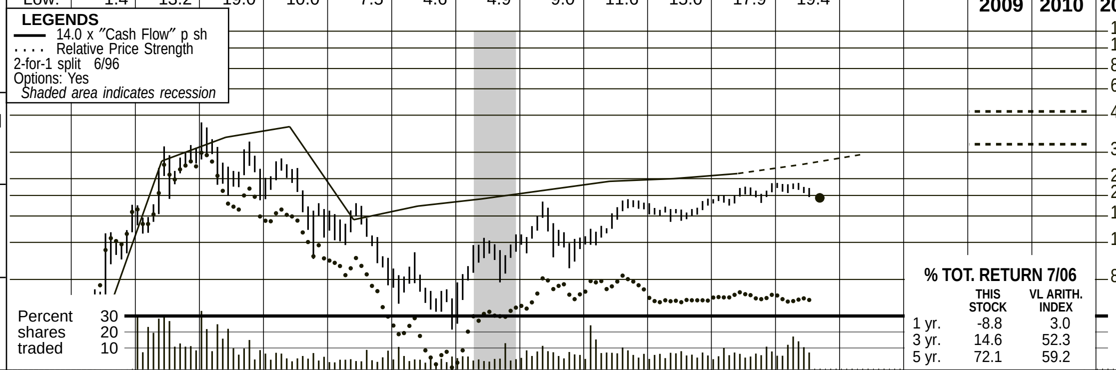
AUTONATION, INC. NYSE-AN

RECENT PRICE	19.51	P/E RATIO	12.2 (Trailing: 12.7 Median: 14.0)	RELATIVE P/E RATIO	0.71	DIV'D YLD	Nil	VALUE LINE

TIMELINESS 3 Raised 6/2/06
SAFETY 3 Raised 11/16/01
TECHNICAL 3 Lowered 6/9/06
BETA 1.10 (1.00 = Market)

High:	18.1	34.6	44.4	30.0	18.4	10.8	13.1	18.7	19.2	19.3	22.8	22.9
Low:	1.4	13.2	19.0	10.0	7.5	4.6	4.9	9.0	11.6	15.0	17.9	19.4

Target Price Range 2009 | 2010 | 2011



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-8.8	3.0
3 yr.	14.6	52.3
5 yr.	72.1	59.2

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+155%)	26%
Low	35	(+80%)	15%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	2	2	0	0	2	0	5
to Sell	0	0	2	1	0	0	1	0	7

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	100	124	128
to Sell	122	103	117
Hld's(000)	215740	227457	227125

AutoNation, Inc. first went public in 1981 as a solid waste company, Republic Waste Industries. It traded on NASDAQ as RWIN until June 1997, when it changed its name to Republic Industries and moved to the NYSE. In August 1995, H. Wayne Huizenga was elected chairman and CEO. Since that time, the scope of the business has been modified to include solely automotive operations and, in April 1999, the current name was adopted. Data prior to 1996 is for the former solid waste division alone.

1996	1997	1998[C]	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
9.14	23.05	35.18	53.58	59.21	62.13	65.36	71.86	74.26	73.42	**90.70**	**95.70**	Revenues per sh	**112.50**
2.08	2.69	3.03	1.10	1.27	1.38	1.51	1.67	1.72	1.82	**2.00**	**2.25**	"Cash Flow" per sh	**3.10**
d.01	.46	.74	.66	.86	.87	1.19	1.32	1.36	1.48	**1.60**	**1.80**	Earnings per sh [A]	**2.60**
--	--	--	--	--	--	--	--	--	--	**Nil**	**Nil**	Div'ds Decl'd per sh	**Nil**
.79	1.03	.96	.65	.43	.51	.61	.49	.50	.50	**.60**	**.65**	Cap'l Spending per sh	**.75**
4.93	7.79	11.84	12.26	11.04	11.90	13.12	14.64	16.13	17.81	**17.90**	**19.50**	Book Value per sh [D]	**26.50**
258.87	447.08	458.13	375.36	348.09	321.71	298.02	269.71	264.26	262.23	**215.00**	**210.00**	Common Shs Outst'g [B]	**200.00**
--	62.2	28.7	20.1	8.4	11.3	11.0	11.9	12.5	13.5	*Bold figures are*	*Value Line estimates*	Avg Ann'l P/E Ratio	**16.0**
--	3.59	1.49	1.15	.55	.58	.60	.68	.66	.72			Relative P/E Ratio	**1.05**
--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	**Nil**
2365.5	10306	16118	20112	20610	19989	19479	19381	19624	19253	**19500**	**20100**	Revenues ($mill)	**22500**
24.4%	13.4%	9.8%	2.9%	4.1%	3.3%	3.6%	4.2%	4.3%	4.6%	**4.5%**	**5.0%**	Operating Margin	**5.5%**
540.5	1003.6	1051.6	123.0	133.8	151.9	69.7	71.0	84.0	80.7	**80.0**	**90.0**	Depreciation ($mill)	**100**
d3.0	200.2	334.6	288.7	309.2	290.8	381.6	378.6	370.0	395.5	**345**	**380**	Net Profit ($mill)	**520**
NMF	36.5%	36.0%	36.0%	37.5%	38.9%	38.3%	35.9%	38.6%	36.5%	**38.5%**	**38.5%**	Income Tax Rate	**38.5%**
NMF	1.9%	2.1%	1.4%	1.5%	1.5%	2.0%	2.0%	1.9%	2.1%	**1.8%**	**1.9%**	Net Profit Margin	**2.3%**
356.7	2563.2	2865.9	1136.4	1034.9	574.4	648.4	180.8	266.5	468.3	**600**	**700**	Working Cap'l ($mill)	**1000**
170.6	2333.6	2315.6	836.1	850.4	647.3	642.7	808.5	797.7	484.4	**1500**	**1500**	Long-Term Debt ($mill)	**1500**
1276.2	3484.3	5424.2	4601.2	3842.5	3827.9	3910.2	3949.7	4263.1	4669.5	**3850**	**4100**	Shr. Equity ($mill)	**5300**
1.0%	3.5%	4.5%	5.4%	6.9%	6.9%	8.8%	8.6%	8.1%	8.5%	**7.5%**	**8.0%**	Return on Total Cap'l	**8.5%**
NMF	5.7%	6.2%	6.3%	8.0%	7.6%	9.8%	9.6%	8.7%	8.5%	**9.0%**	**9.5%**	Return on Shr. Equity	**10.0%**
NMF	5.7%	6.2%	6.3%	8.0%	7.6%	9.8%	9.6%	8.7%	8.5%	**9.0%**	**9.5%**	Retained to Com Eq	**10.0%**
--	--	--	--	--	--	--	--	--	--	**Nil**	**Nil**	All Div'ds to Net Prof	**Nil**

CAPITAL STRUCTURE as of 3/31/06
Total Debt $2899.9 mill. **Due in 5 Yrs** $2800.0 mill.
LT Debt $483.1 mill. **LT Interest** $90.0 mill.
(9% of Cap'l)
Leases, Uncapitalized Annual rentals $61.6 mill.

No Defined Benefit Pension Plan

Pfd Stock None
Common Stock 214,945,830 shs.
as of 4/26/06
MARKET CAP: $4.2 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	107.2	243.8	256.6
Receivables	773.2	795.7	684.4
Inventory (FIFO)	2640.5	2682.7	2673.6
Other	156.8	158.2	210.3
Current Assets	3677.7	3880.4	3824.9
Accts Payable	180.7	214.4	246.1
Debt Due	2532.2	2580.6	2416.8
Other	698.3	617.1	592.2
Current Liab.	3411.2	3412.1	3255.1

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	47.5%	8.0%	7.5%
"Cash Flow"	24.0%	-.5%	10.0%
Earnings	30.0%	13.0%	11.0%
Dividends	--	--	Nil
Book Value	23.5%	6.5%	8.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	4459	5069	5257	4596	19381
2004	4700	4989	5097	4838	19624
2005	4561	5019	5188	4485	19253
2006	4674	5011	**5215**	**4600**	**19500**
2007	**4800**	**5150**	**5400**	**4750**	**20100**

Cal-endar	EARNINGS PER SHARE [A] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.29	.37	.38	.28	1.32
2004	.32	.35	.35	.34	1.36
2005	.33	.40	.45	.30	1.48
2006	.37	.42	**.45**	**.36**	**1.60**
2007	**.41**	**.47**	**.51**	**.41**	**1.80**

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	NO CASH DIVIDENDS BEING PAID				
2003					
2004					
2005					
2006					

BUSINESS: AutoNation, Inc. is in the automotive retailing business. It previously divested its rental operations, which included Alamo Rent-A-Car, National Car Rental, and CarTemps USA, and closed its AutoNation USA used vehicle superstores. The company sells cars through roughly 338 franchised dealerships in 16 states, mostly in the Sunbelt. Spun-off hazardous waste division, 2/95; sold security services division, 10/97; sold 36% stake in its solid waste subsidiary, 7/98. Has approximately 27,000 empls. and 2,700 holders of record. ESL Investments owns 26.5% of common; all off./dir. as a group, 29.7% (4/06 proxy). Chairman & CEO: Michael J. Jackson. Inc.: DE. Addr.: 110 S.E. 6th St., Fort Lauderdale, FL 33301. Tel.: 954-769-6000. Internet: www.AutoNation.com.

AutoNation's operating environment seems to be getting chillier. As the U.S. economy continues to show signs of slowing, the new vehicle market is becoming increasingly difficult. This, coupled with the company's relatively high exposure to the out-of-favor Detroit automakers, will likely put pressure on the top line through the balance of 2006 and into next year. That said, AutoNation is now endeavoring to boost its growth prospects by reducing its Big Three inventory and stocking more imported and premium/luxury vehicles. (These models, benefiting from favorable demographic trends, remain in high demand at America's showrooms.) In the meantime, the company is placing a greater emphasis on its rejuvenated used car operations and its noncyclical, ancillary product lines, including parts & service and finance & insurance. These businesses should hold up reasonably well if the U.S. unexpectedly enters a recession.

Cost-cutting remains a priority. AutoNation, blessed with big scale advantages over its rivals, has the lowest cost structure of any public dealership group. We expect the company's profitability level to improve further in the coming periods, as it standardizes pay practices, consolidates back-office facilities, and realizes economies of scale in advertising and other expense areas. Better inventory management, made possible by upgraded IT systems, should also contribute to margin expansion over time.

The company continues to generate a lot of cash. With this in mind, its board recently authorized the repurchase of another $250 million worth of stock. Even with the additional buybacks, though, AutoNation will probably have plenty of financial flexibility to pursue accretive acquisitions in the years ahead. Notably, dealership prices have started to become attractive, as interest rates have risen and the real estate market has cooled off.

These shares have retreated since our May review, as investors have reacted to the softening new car market. We continue to like the issue for the long haul, however, and believe that stock buybacks, cost-cutting initiatives, and growth in other businesses will support 10%-plus annual share-net growth through 2009-2011.

Justin Hellman *August 11, 2006*

(A) Diluted earnings. Excludes nonrecurring gains (losses): '96, ($0.24); '99, ($0.73); '00, $0.05; '01, ($0.14); '03, $0.44. Excludes gains (loss) from discontinued operations: '97, $0.56; '98, $0.35; '99, $0.73; '01, ($0.04). Next earnings report due late October. (B) In millions, adjusted for stock split. (C) 1998 figures have been restated to include the automotive retail and rental operations only. (D) Includes intangibles: '05, $2957.1 mill. ($11.28/sh.).

Company's Financial Strength	B++
Stock's Price Stability	65
Price Growth Persistence	20
Earnings Predictability	90

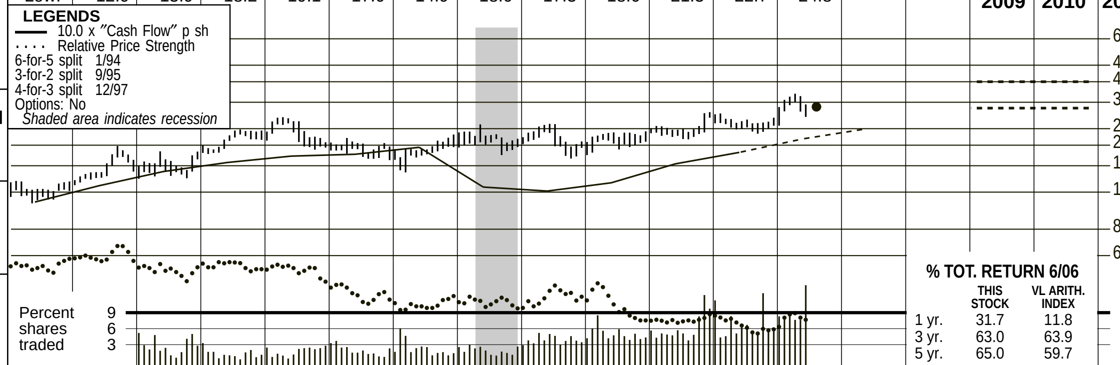
BALDOR ELECTRIC NYSE-BEZ

RECENT PRICE **30.45** | P/E RATIO **20.3** (Trailing: 22.6 Median: 20.0) | RELATIVE P/E RATIO **1.15** | DIV'D YLD **2.2%** | VALUE LINE

TIMELINESS 3 Lowered 6/30/06
SAFETY 2 Raised 4/23/99
TECHNICAL 2 Raised 5/19/06
BETA .95 (1.00 = Market)

	19.9	18.8	23.8	27.2	21.7	22.5	25.2	25.2	23.3	28.8	28.3	35.2
High:	19.9	18.8	23.8	27.2	21.7	22.5	25.2	25.2	23.3	28.8	28.3	35.2
Low:	12.9	13.9	18.2	19.1	17.0	14.9	18.0	17.3	18.0	21.3	22.7	24.8

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+30%)	10%
Low	30	(Nil)	3%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	1	8	5	7	4	1	1
to Sell	0	0	0	0	1	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	51	59	56
to Sell	44	43	53
Hld's(000)	19073	18768	18765

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	31.7	11.8
3 yr.	63.0	63.9
5 yr.	65.0	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
8.46	8.14	8.96	9.92	11.42	12.73	14.40	15.49	16.07	16.22	18.40	16.44	16.10	17.10	19.58	21.82	25.00	27.35	Sales per sh A	33.35
.74	.68	.77	.88	1.08	1.29	1.50	1.66	1.78	1.81	1.96	1.27	1.22	1.33	1.64	1.85	2.15	2.40	"Cash Flow" per sh	3.20
.40	.33	.42	.52	.70	.84	.97	1.13	1.17	1.19	1.34	.65	.69	.74	1.05	1.28	1.50	1.70	Earnings per sh AB	2.25
.13	.13	.14	.16	.21	.26	.29	.35	.40	.43	.49	.52	.52	.52	.56	.62	.67	.71	Div'ds Decl'd per sh C■	.83
.37	.28	.33	.42	.60	.62	.66	.75	1.04	.40	.67	.57	.31	.46	.55	.68	.65	.70	Cap'l Spending per sh	.95
3.57	3.80	4.08	4.47	5.03	5.69	5.73	6.76	7.21	7.48	7.72	7.74	8.04	7.97	8.57	9.05	10.20	11.20	Book Value per sh	15.85
34.75	35.21	35.58	35.94	36.62	37.16	34.93	36.03	36.68	35.59	33.77	33.92	34.14	32.83	33.11	33.07	32.00	32.00	Common Shs Outst'g D	30.00
13.1	17.5	17.9	19.1	17.5	18.6	16.4	18.8	19.8	16.1	14.1	32.5	31.3	28.9	22.7	19.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
.97	1.12	1.09	1.13	1.15	1.24	1.03	1.08	1.03	.92	.92	1.67	1.71	1.65	1.20	1.06			Relative P/E Ratio	1.00
2.5%	2.3%	1.8%	1.6%	1.7%	1.6%	1.8%	1.7%	1.7%	2.2%	2.6%	2.5%	2.4%	2.4%	2.4%	2.4%			Avg Ann'l Div'd Yield	2.5%
						502.9	557.9	589.4	577.3	621.2	557.5	549.5	561.4	648.2	721.6	800	875	Sales ($mill) A	1000
						16.4%	16.9%	17.2%	17.6%	17.0%	11.7%	11.4%	11.5%	12.3%	13.4%	13.5%	13.8%	Operating Margin	14.5%
						17.3	19.3	20.5	20.8	19.8	20.7	17.6	18.9	19.1	18.2	20.0	22.0	Depreciation ($mill)	28.0
						35.2	40.4	44.6	43.7	46.3	22.4	23.9	24.8	35.1	43.0	48.0	55.0	Net Profit ($mill)	68.0
						38.5%	38.5%	38.0%	38.0%	37.5%	37.0%	37.0%	37.0%	33.0%	36.1%	35.0%	35.0%	Income Tax Rate	35.0%
						7.0%	7.2%	7.6%	7.6%	7.4%	4.0%	4.3%	4.4%	5.4%	6.0%	6.0%	6.2%	Net Profit Margin	6.8%
						147.0	141.2	176.1	183.9	174.8	173.7	199.0	171.8	213.2	188.9	215	245	Working Cap'l ($mill)	365
						45.0	27.9	57.0	56.3	99.8	98.7	105.3	79.5	104.0	70.0	70.0	70.0	Long-Term Debt ($mill)	70.0
						200.3	243.4	264.3	266.1	260.8	262.5	274.6	261.5	283.6	299.5	325	360	Shr. Equity ($mill)	475
						14.9%	15.2%	14.2%	14.0%	13.4%	6.9%	6.7%	7.6%	9.5%	12.2%	12.5%	13.0%	Return on Total Cap'l	12.5%
						17.6%	16.6%	16.9%	16.4%	17.7%	8.5%	8.7%	9.5%	12.4%	14.4%	15.0%	15.0%	Return on Shr. Equity	14.0%
						12.3%	11.3%	11.3%	10.3%	11.3%	1.8%	2.2%	2.8%	5.6%	7.5%	8.0%	9.0%	Retained to Com Eq	9.0%
						30%	32%	33%	37%	37%	79%	75%	71%	54%	48%	45%	42%	All Div'ds to Net Prof	37%

CAPITAL STRUCTURE as of 3/31/06
Total Debt $95.0 mill. **Due in 5 Yrs** $95.0 mill.
LT Debt $70.0 mill. **LT Interest** $5.0 mill.
(18% of Cap'l)
Leases, Uncapitalized Annual rentals $2.0 million.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 32,196,494 shs.
as of 4/29/06
MARKET CAP: $975 million (Small Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	44.4	44.1	46.7
Receivables	101.1	104.5	115.9
Inventory (LIFO)	121.5	114.1	119.8
Other	30.7	31.9	33.4
Current Assets	297.7	294.6	315.8
Accts Payable	39.1	37.0	46.5
Debt Due	- -	25.0	25.0
Other	45.5	43.7	41.8
Current Liab.	84.6	105.7	113.3

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	5.5%	3.0%	9.5%
"Cash Flow"	4.0%	-3.0%	12.0%
Earnings	4.0%	-3.5%	14.0%
Dividends	10.5%	5.0%	6.5%
Book Value	5.5%	2.5%	11.0%

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Fiscal Year
2003	137.4	138.5	139.0	146.5	561.4
2004	152.8	163.7	168.8	162.9	648.2
2005	170.6	178.3	190.0	182.7	721.6
2006	192.3	198	210	199.7	800
2007	205	215	235	220	875

Fiscal Year Ends	EARNINGS PER SHARE A B Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Fiscal Year
2003	.18	.18	.18	.20	.74
2004	.23	.25	.26	.31	1.05
2005	.27	.29	.33	.39	1.28
2006	.34	.36	.41	.39	1.50
2007	.39	.41	.46	.44	1.70

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.26	.13	.13	- -	.52
2003	.26	.13	.13	- -	.52
2004	.28	.14	.14	- -	.56
2005	.30	.15	.16	- -	.61
2006	.33	.17			

BUSINESS: Baldor Electric Company gets 76% of its revenues from industrial electric motors. About half of sales are to original equipment manufacturers, the other half to distributors. AC motors range in size from 1/50 to 1,500 hp; DC motors from 1/50 to 800 hp. Also sells a range of industrial drives, including servo products, inverters, and vector drives. In 2005, 7% of sales were abroad. R&D expense: 3.4% of sales. Estimated plant age: 7 years. Has about 3,840 empls., 4,720 shareholders. Officers & directors own 5.0% of stock; employee benefit plans, 7.7% (3/06 proxy). Chrmn. and CEO: John A. McFarland. Pres. & CFO: Ron Tucker. Inc.: MO. Address: 5711 R.S. Boreham, Jr. St., Fort Smith, Arkansas 72901. Telephone: 479-646-4711. Internet: www.baldor.com.

Baldor Electric registered a 25% share-net increase during the March quarter. Results were fueled by a 13% sales gain, coupled with a 130-basis-point margin improvement compared to the year-ago period. A relatively healthy economic backdrop helped strengthen Baldor's profitability.

We look for steady earnings improvement over the next 12 to 18 months. Management maintains a close-knit relationship with its customers, and business conditions appear rather good. Orders were steady throughout the first quarter, and this trend probably continued into the June period. With that in mind, we have boosted our 2006 and 2007 share-net calls by $0.05 each, to $1.50 and $1.70, respectively. We look for demand for Baldor's *Super E* motors to remain strong, a result of their ability to markedly lower electricity costs. (Sales of this product climbed by 23% during the March quarter.) Indeed, only 2% of the lifetime cost of a motor is related to its purchase price, the remainder being running (electricity) costs. Thus, the *Super E* has a distinct competitive advantage in this realm. Overall, the Motors segment grew by 17% in the first quarter, and we look for similar gains over the next several periods. Furthermore, international sales are likely to climb at a high single-digit clip in the months ahead. On the other hand, drives and generator sales are likely to post more-subdued growth over the remainder of this year, the latter due to reduced military sales. What's more, rising copper and aluminum costs will likely pressure margins in the near term. In order to counteract this pressure, management will relocate its motor plant in Columbus, Mississippi to a new larger facility, which will increase capacity and boost manufacturing efficiencies. Baldor is also expanding its generator facility in Oshkosh, Wisconsin.

The company has put some of its excess cash to work. The board recently increased the dividend to an annual rate of $0.68 a share and also repurchased just over one million shares, the latter of which will be slightly accretive to share net.

These shares are neutrally ranked for year-ahead price action. Also, long-term gains potential appears limited.

Alan G. House *July 14, 2006*

(A) Year ends on the Sat. nearest Dec. 31st.
(B) Based on diluted shares. Next earnings report due late July.
(C) Dividends historically paid in early January, late March, late June, late September. ■ Dividend reinvestment plan available.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	70
Earnings Predictability	60

BALL CORP. NYSE-BLL

RECENT PRICE	40.95	P/E RATIO	14.0 (Trailing: 15.6 Median: 15.0)	RELATIVE P/E RATIO	0.79	DIV'D YLD	1.1%	VALUE LINE

TIMELINESS **3** Raised 8/4/06
SAFETY **3** New 7/27/90
TECHNICAL **4** Lowered 10/6/06
BETA .90 (1.00 = Market)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:							9.7	8.1	9.8	12.2	14.8	12.0	18.0	27.2	29.9	45.2	46.4	45.0
Low:							6.4	5.8	5.9	7.2	8.8	6.5	9.5	16.3	21.2	28.3	35.1	34.2

2009-11 PROJECTIONS

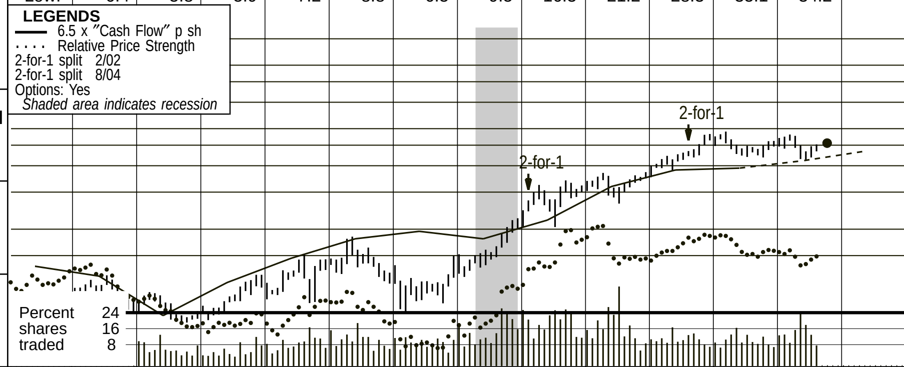
	Price	Gain	Ann'l Total Return
High	70	(+70%)	15%
Low	45	(+10%)	4%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	1	0	1	0	0
Options	0	0	0	0	4	0	5	3	0
to Sell	0	0	0	0	4	0	1	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	125	121	139
to Sell	134	140	138
Hld's(000)	72788	74614	76363



Target Price Range

2009	2010	2011

128, 96, 80, 64, 48, 40, 32, 24, 16, 12

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	8.6	7.1
3 yr.	57.4	49.4
5 yr.	221.1	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
15.36	22.00	20.60	20.72	21.72	21.52	17.89	19.76	23.96	30.05	32.66	31.88	34.00	44.13	49.51	55.15	*63.80*	*67.50*	Sales per sh	*76.90*
1.17	1.59	1.54	1.28	1.65	1.48	.96	1.38	1.79	2.22	2.41	2.22	2.72	3.93	4.70	4.80	*5.20*	*5.80*	"Cash Flow" per sh	*7.10*
.57	.61	.55	.31	.59	.55	.21	.42	.55	.79	.93	.89	1.42	2.08	2.65	2.62	*2.75*	*3.25*	Earnings per sh A	*4.20*
.29	.30	.31	.31	.15	.15	.15	.15	.15	.15	.15	.15	.18	.24	.35	.40	*.40*	*.48*	Div'ds Decl'd per sh B■	*.58*
.38	.93	1.04	1.20	.79	1.71	1.61	.81	.70	.90	.88	.59	1.40	1.22	1.78	2.80	*2.85*	*2.70*	Cap'l Spending per sh	*2.55*
3.82	5.35	5.06	4.16	4.60	4.29	4.45	4.75	4.67	5.32	5.61	4.36	4.34	7.16	9.89	8.01	*10.15*	*12.80*	Book Value per sh C	*22.20*
88.37	103.08	105.72	117.79	119.47	120.46	122.07	120.88	120.90	119.27	112.20	115.63	113.49	112.78	109.87	104.29	*103.50*	*103.00*	Common Shs Outst'g D	*97.50*
13.2	13.0	15.5	25.6	11.7	14.7	31.6	18.3	17.1	14.2	9.2	14.5	16.0	12.7	13.6	15.1	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.98	.83	.94	1.51	.77	.98	1.98	1.05	.89	.81	.60	.74	.87	.72	.72	.80	*Value Line*		Relative P/E Ratio	*.90*
3.8%	3.8%	3.6%	4.0%	2.2%	1.9%	2.2%	1.9%	1.6%	1.3%	1.8%	1.2%	.8%	.9%	1.0%	1.0%	*estimates*		Avg Ann'l Div'd Yield	*1.0%*
						2184.4	2388.5	2896.4	3584.2	3664.7	3686.1	3858.9	4977.0	5440.2	5751.2	*6605*	*6950*	Sales ($mill)	*7500*
						8.1%	10.4%	11.5%	12.3%	12.1%	10.8%	11.9%	13.5%	13.9%	11.8%	*11.5%*	*12.5%*	Operating Margin	*13.0%*
						93.5	117.5	154.6	162.9	159.1	152.5	149.2	205.5	215.1	213.5	*250*	*260*	Depreciation ($mill)	*275*
						28.5	53.3	66.5	104.2	113.5	106.0	159.3	237.5	301.3	287.5	*290*	*340*	Net Profit ($mill)	*415*
						25.3%	36.4%	47.6%	37.9%	38.8%	35.7%	35.6%	28.9%	32.0%	26.7%	*30.0%*	*29.5%*	Income Tax Rate	*29.5%*
						1.3%	2.2%	2.3%	2.9%	3.1%	2.9%	4.1%	4.8%	5.5%	5.0%	*4.4%*	*4.9%*	Net Profit Margin	*5.6%*
						255.6	d39.7	198.0	225.7	310.2	218.8	155.6	62.4	249.3	49.8	*710*	*710*	Working Cap'l ($mill)	*985*
						407.7	366.1	1229.8	1092.7	1011.6	949.1	1854.0	1579.3	1537.7	1473.3	*2750*	*2500*	Long-Term Debt ($mill)	*1900*
						604.4	634.2	622.3	690.9	682.4	504.1	492.9	807.8	1086.6	835.3	*1050*	*1320*	Shr. Equity ($mill)	*2165*
						4.2%	6.7%	5.3%	8.2%	9.1%	9.9%	8.3%	12.5%	13.2%	14.1%	*9.5%*	*10.5%*	Return on Total Cap'l	*11.5%*
						4.7%	8.4%	10.7%	15.1%	16.6%	21.0%	32.3%	29.4%	27.7%	34.4%	*27.5%*	*25.5%*	Return on Shr. Equity	*19.5%*
						1.1%	5.3%	7.8%	12.9%	14.6%	17.0%	28.2%	26.1%	24.1%	29.3%	*23.5%*	*22.0%*	Retained to Com Eq	*16.5%*
						80%	43%	34%	22%	19%	19%	13%	11%	13%	15%	*14%*	*15%*	All Div'ds to Net Prof	*14%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $2646.9 mill. **Due in 5 Yrs** $858.0 mill.
LT Debt $2513.0 mill. **LT Interest** $129.0 mill.
(LT interest earned: 6.2x; Total interest coverage: 5.0X) (71% of Cap'l)

Leases, Uncapitalized Annual rentals $45.8 mill.
Pension Assets-12/05 $784.3 mill.
Oblig. $1.4 bill.

Pfd Stock None
Common Stock 104,204,578 shares
as of 8/4/06
MARKET CAP: $4.3 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	198.7	61.0	52.5
Receivables	346.8	376.6	770.7
Inventory (FIFO)	629.5	670.3	830.3
Other	70.6	117.9	139.0
Current Assets	1245.6	1225.8	1792.5
Accts Payable	453.0	552.4	691.6
Debt Due	123.0	116.4	133.9
Other	420.3	507.2	515.0
Current Liab.	996.3	1176.0	1340.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	9.0%	11.5%	*7.5%*
"Cash Flow"	12.0%	16.0%	*8.0%*
Earnings	17.5%	26.5%	*9.5%*
Dividends	5.0%	17.0%	*10.0%*
Book Value	6.5%	10.0%	*17.5%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1070.9	1353.3	1359.3	1193.5	4977.0
2004	1231.5	1467.2	1478.7	1262.8	5440.2
2005	1324.1	1552.0	1583.9	1291.2	5751.2
2006	1364.9	1842.5	*1875*	*1522.6*	*6605*
2007	*1515*	*1910*	*1945*	*1580*	*6950*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.28	.65	.67	.48	2.08
2004	.41	.80	.86	.58	2.65
2005	.51	.76	.85	.49	2.62
2006	.44	.83	*.93*	*.55*	*2.75*
2007	*.61*	*.95*	*1.05*	*.64*	*3.25*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.045	.045	.045	.045	.18
2003	.045	.045	.075	.075	.24
2004	.075	.075	.10	.10	.35
2005	.10	.10	.10	.10	.40
2006	.10	.10	.10		

BUSINESS: Ball Corporation manufactures metal and plastic packaging (88% of 2005 sales), primarily for the beverage and food industries. The company also supplies government and commercial customers with aerospace and other high-technology products (12%). Sold Ball Glass Container, 9/95; 42% interest in Ball-Foster Glass, 10/96. Acquired Wis-Pak Plastics, 12/01; Ball Pkg. Europe, 12/02; Schmalbach-Lubeca, 12/02; Metal Pkg. Int'l., 3/03. 2005 depr. rate: 6.8%. Has about 13,100 employees. Off./dir. own 4.4% of stock; Lord Abbett, 9.3%; Iridian Asset Mgt., 6.8%; Vanguard Fid. Trust, 6.4% (3/06 proxy). Pres., Chrmn. & CEO: R. David Hoover. Inc.: Indiana. Address: 10 Longs Peak Drive, Broomfield, CO 80021. Tel.: 303-469-3131. Web: www.ball.com.

Ball Corporation should generate healthy top-line growth this year. After a strong summer start, volumes appear to have maintained momentum in the third quarter. Unrelenting warm weather conditions provided a boost in domestic sales, as did the World Cup competition in Europe. We look for volumes to hold up in the fourth quarter, though heavy prebuying ahead of 2007 price increases will likely account for some of that growth. Across the pond, Ball's European sales should receive a healthy kickstart, now that Germany has eased its strict deposit laws, which had previously limited the benefit of can use. All told, we look for the top line to increase 15% in 2006. Too, we expect sales growth to continue in 2007, though not quite at this stellar pace.

The price/cost war persists. Raw material costs, including aluminum, resin, and steel tinplate, appear to be on the rise again. Resin costs seem to have inched up in the third quarter, while metals cost increases may be on the way. Still, a stronger pricing environment should aid Ball in 2007. Further, the company's improved mix, through specialty packaging and the U.S. Can acquisition earlier in 2006, ought to help drive margin expansion next year.

The Aerospace division continues to soar. The segment boasts an impressive backlog, and with the defense budget likely climbing 5%-10% next year, we expect more of the same. Ball recently received another contract from the U.S. Air Force for its space sensor program. As the aerospace arm continues to carry its own weight, we believe a spinoff is a distinct possibility.

The stock's recent ascent has trimmed its appreciation potential out to 2009-2011. It has been an up-and-down year for Ball shares in 2006. After a nearly 20% drop in the second quarter, investors once again jumped on board, pushing the issue's price back up 14% since our July report. That said, the stock's long-term appeal has lost some of its luster, as its current valuation appears to reflect some of the profit growth we anticipate for the pull to late decade. These shares are ranked to mirror the broader market in the year ahead (Timeliness: 3).

Jason A. Smith *October 6, 2006*

(A) Primary EPS through 2001; then diluted. Excludes nonrecurring items/discontinued operations: '90, d13¢; '92, 12¢; '93, d$1.73; '95, d$1.47; '96, d8¢; '97, 8¢; '00, d$1.56; '01, d$3.63; '02, d6¢; '03, d13¢; '04, d5¢; '05, d24¢; '06 1H, 42¢. Next egs. rpt. due late October. May not sum due to rounding. (B) Divs. historically paid in the middle of March, June, September, and December. ■ Dividend reinvestment plan available. (C) Includes intangibles. At 12/31/05: $1258.6 million, $12.30 per share. (D) In millions, adjusted for splits.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	85
Earnings Predictability	80

BANDAG, INC. NYSE-BDG

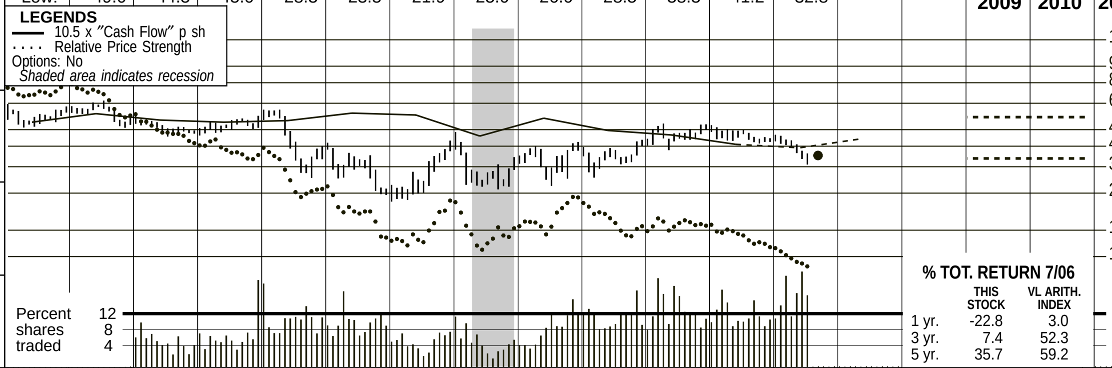
RECENT PRICE 36.13 | P/E RATIO 15.1 (Trailing: 15.1 Median: 15.0) | RELATIVE P/E RATIO 0.90 | DIV'D YLD 3.8% | VALUE LINE

TIMELINESS 4 Raised 5/19/06
SAFETY 3 Lowered 6/8/01
TECHNICAL 4 Lowered 8/4/06
BETA 1.00 (1.00 = Market)

High:	65.9	55.9	55.8	59.8	41.6	42.6	46.8	42.0	43.0	51.3	50.3	45.4
Low:	49.0	44.5	45.0	28.3	23.5	21.9	25.0	26.0	28.5	38.3	41.2	32.8

Target Price Range 2009 | 2010 | 2011

LEGENDS
— 10.5 x "Cash Flow" p sh
.... Relative Price Strength
Options: No
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+50%)	14%
Low	35	(-5%)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	1	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	33	47	46
to Sell	65	43	44
Hld's(000)	5998	6226	6516

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-22.8	3.0
3 yr.	7.4	52.3
5 yr.	35.7	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
21.14	21.02	21.67	21.74	24.90	30.62	33.02	36.05	48.26	48.75	48.26	46.74	47.02	42.37	43.90	47.04	*50.00*	*51.30*	Sales per sh	*55.65*
3.62	3.66	4.05	4.11	4.95	5.44	5.07	4.95	5.04	5.48	5.37	4.26	5.18	4.53	4.32	3.90	*3.75*	*4.15*	"Cash Flow" per sh	*5.25*
2.75	2.86	2.99	2.88	3.51	3.82	3.44	3.31	2.63	2.75	2.90	2.02	2.37	3.11	2.87	2.52	*2.35*	*2.60*	Earnings per sh A	*3.30*
.52	.57	.61	.66	.73	.83	.93	1.00	1.11	1.15	1.19	1.23	1.27	1.29	1.30	1.32	*1.34*	*1.36*	Div'ds Decl'd per sh B■	*1.42*
1.25	1.41	2.22	1.49	1.56	1.18	1.50	1.85	2.98	2.02	1.27	1.22	.94	.91	2.32	3.38	*4.40*	*3.60*	Cap'l Spending per sh	*2.85*
8.51	10.71	12.26	15.21	16.62	16.54	17.92	20.31	21.28	21.86	22.97	23.69	22.17	24.76	27.36	28.76	*29.80*	*31.05*	Book Value per sh	*36.15*
27.73	27.74	27.29	27.15	26.12	24.18	22.92	22.81	21.96	20.77	20.64	20.64	19.15	19.27	19.46	19.44	*19.40*	*19.40*	Common Shs Outst'g C	*19.40*
14.7	17.8	21.5	18.8	15.7	15.2	14.3	15.2	16.7	11.5	10.0	15.3	14.7	11.5	15.9	17.8	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*14.0*
1.09	1.14	1.30	1.11	1.03	1.02	.90	.88	.87	.66	.65	.78	.80	.66	.84	.95			Relative P/E Ratio	*.95*
1.3%	1.1%	.9%	1.2%	1.3%	1.4%	1.9%	2.0%	2.5%	3.6%	4.1%	4.0%	3.6%	3.6%	2.8%	2.9%			Avg Ann'l Div'd Yield	*3.2%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $38.0 mill. **Due in 5 Yrs** $30.5 mill.
LT Debt $24.6 mill. **LT Interest** $2.1 mill.
(4% of Cap'l)

Plan Assets-12/05 $127.4 mill. **Oblig.** $149.2 mill.

Pfd Stock None

Common Stock 19,440,826 shs.
as of 7/31/06

MARKET CAP: $700 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
756.9	822.5	1059.7	1012.7	996.1	964.9	900.5	816.4	854.2	914.6	*970*	*995*	Sales ($mill)	*1080*
20.4%	18.3%	13.8%	15.2%	14.2%	11.0%	12.9%	12.5%	11.2%	9.5%	*10.5%*	*11.0%*	Operating Margin	*12.5%*
34.6	36.9	51.4	53.8	50.5	46.2	52.1	27.2	27.2	26.3	*27.0*	*30.0*	Depreciation ($mill) D	*37.0*
81.6	76.1	59.3	60.0	60.3	41.8	47.1	60.2	56.8	49.5	*46.0*	*51.0*	Net Profit ($mill)	*65.0*
37.6%	38.8%	40.4%	43.2%	39.3%	40.2%	31.3%	28.2%	23.6%	31.3%	*35.0%*	*33.0%*	Income Tax Rate	*32.0%*
10.8%	9.3%	5.6%	5.9%	6.1%	4.3%	5.2%	7.4%	6.6%	5.4%	*4.5%*	*5.0%*	Net Profit Margin	*6.0%*
202.5	292.5	264.2	274.0	294.5	264.1	268.2	318.1	327.7	311.6	*265*	*250*	Working Cap'l ($mill)	*270*
- -	100.0	100.0	100.0	100.0	40.9	45.4	35.3	30.0	24.1	*24.0*	*22.0*	Long-Term Debt ($mill)	*20.0*
410.9	463.4	467.3	454.1	474.2	489.0	424.6	477.1	532.3	559.2	*580*	*600*	Shr. Equity ($mill)	*700*
19.9%	13.8%	11.4%	11.6%	11.2%	8.5%	10.1%	11.9%	10.2%	8.5%	*7.5%*	*8.0%*	Return on Total Cap'l	*9.0%*
19.9%	16.4%	12.7%	13.2%	12.7%	8.5%	11.1%	12.6%	10.7%	8.8%	*8.0%*	*8.5%*	Return on Shr. Equity	*9.0%*
14.6%	11.4%	7.4%	7.7%	7.6%	3.4%	5.1%	7.5%	5.9%	4.2%	*3.5%*	*4.0%*	Retained to Com Eq	*5.5%*
27%	31%	42%	42%	41%	60%	54%	41%	44%	52%	*56%*	*52%*	All Div'ds to Net Prof	*43%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	202.8	157.2	127.5
Receivables	157.8	174.0	164.5
Inventory (LIFO)	69.9	84.7	88.0
Other	55.8	60.0	55.4
Current Assets	486.3	475.9	435.4
Accts Payable	33.1	45.8	48.8
Debt Due	17.5	15.4	13.4
Other	107.6	103.1	97.2
Current Liab.	158.2	164.3	159.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	5.5%	-1.5%	*4.0%*
"Cash Flow"	-1.5%	-4.5%	*3.5%*
Earnings	-2.0%	0.5%	*2.5%*
Dividends	6.0%	2.5%	*1.5%*
Book Value	5.5%	4.0%	*5.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	175.3	204.0	211.4	225.7	816.4
2004	173.5	211.1	236.8	232.8	854.2
2005	189.8	227.3	245.3	252.3	914.6
2006	212.4	247.3	*260*	*250.3*	*970*
2007	*220*	*255*	*265*	*255*	*995*

Cal-endar	EARNINGS PER SHARE AE Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.12	.45	1.03	1.50	3.11
2004	.20	.60	1.02	1.05	2.87
2005	.30	.65	.95	.62	2.52
2006	.19	.54	*.87*	*.75*	*2.35*
2007	*.24*	*.57*	*.95*	*.84*	*2.60*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.315	.315	.315	.315	1.26
2003	.32	.32	.32	.32	1.28
2004	.325	.325	.325	.325	1.30
2005	.33	.33	.33	.33	1.32
2006	.335	.335	.335		

BUSINESS: Bandag, Inc. is the world's largest manufacturer of precured tread rubber and equip. used by franchise dealers for the retreading of tires, principally for trucks and buses. Together with licensees, Bandag serves abt. 1,150 franchises worldwide. Acq'd 13 dealerships since it formed TDS subsidiary in 11/97. Acq'd 87.5% of Speedco in 2/04. Has rubber producing plants in the U.S., Belgium, Brazil, Canada, Malaysia, Mexico, New Zealand, Venezuela, and So. Africa. '05 fgn. ops.: 39% of sls. '05 depr. rate: 4.5%. Has about 3,790 empls., 1,750 shrhldrs. Off./dir. hold 42% of stk. (64% of vot. pwr.); Third Ave. Mgt., 10.7% (5.3%) (4/06 Proxy). Chrmn., Pres., & CEO: Martin G. Carver. Inc.: Iowa. Addr.: 2905 N. Hwy. 61, Muscatine, IA 52761. Tel.: 563-262-1400. Int.: www.bandag.com.

Bandag faces a difficult operating environment. Revenues appear to be holding up well, and growth of around 6% is likely this year. Although unit volumes left much to be desired, stronger pricing should pick up much of the slack, as has been the case for much of 2006. How long this will last, however, remains to be seen. High raw material costs will probably persist, given the latest climb in oil prices. Meanwhile, competitive pressures continue to grow, with lower-priced new tires limiting the appeal of retreads, Bandag's bread and butter. Cheaper imports are also blossoming. All told, we don't believe earnings growth will return until 2007.

It may be some time before the Speedco unit lives up to its full potential. The segment continues to generate lube and tire sales growth, but has made little contribution to profits in light of its operating costs. The cost of expansion within the segment, including 13 new locations in 2006, has taken its toll. The impact will likely continue into next year, though to a lesser extent, as six to eight more locations are added. Still, we do believe the Speedco business, coupled with the recently acquired TruckLube1 arm, which provides similar light-truck maintenance, should pay off in the long run. Same store sales will likely remain strong, with retreading options soon available in the 41 current locations. Once launch costs begin to recede, the bottom line ought to feel some of the impact.

These shares continue to slide. Investors appear tired of waiting for Bandag to overcome the persistent raw material cost obstacles in its traditional business. At the same time, the Speedco division does not yet seem to be posting results up to investors' standards. Indeed, the stock has slipped to a three-year low, down nearly 10% since our June report, and 22% since the start of the year.

Although some value has returned, the issue remains a lackluster choice. The road remains bumpy for BDG, given the unexciting prospects for the tire industry. The stock is ranked to lag the broader market in the year ahead. Too, despite the recent decline, Bandag shares still offer below-average appreciation potential for the coming 3- to 5-year interval.

Jason A. Smith *September 1, 2006*

(A) Primary shares through '96, diluted after. Excl. nonrec. gains/(losses): '92, 1¢; '94, 4¢; '97, $2.01.; '99, (36¢); '01, 10¢; '02, ($2.23); '03, 15¢; '04, 51¢; '06 1H, (83¢). Next earnings report due late Oct. (B) Dividends historically paid in mid-January, April, July, October. ■ Dividend reinvestment plan available. (C) In millions, adjusted for stock split. (D) Depreciation on accelerated basis. (E) '03 EPS do not sum due to rounding.

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	30
Earnings Predictability	75

BANK OF HAWAII NYSE-BOH

RECENT PRICE **49.49** | P/E RATIO **13.6** (Trailing: 15.0 Median: 14.0) | RELATIVE P/E RATIO **0.77** | DIV'D YLD **3.0%** | **VALUE LINE**

TIMELINESS 3 Raised 2/2/01
SAFETY 3 Lowered 12/1/00
TECHNICAL 3 Lowered 4/21/06
BETA .90 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	80	(+60%)	*15%*
Low	55	(+10%)	*6%*

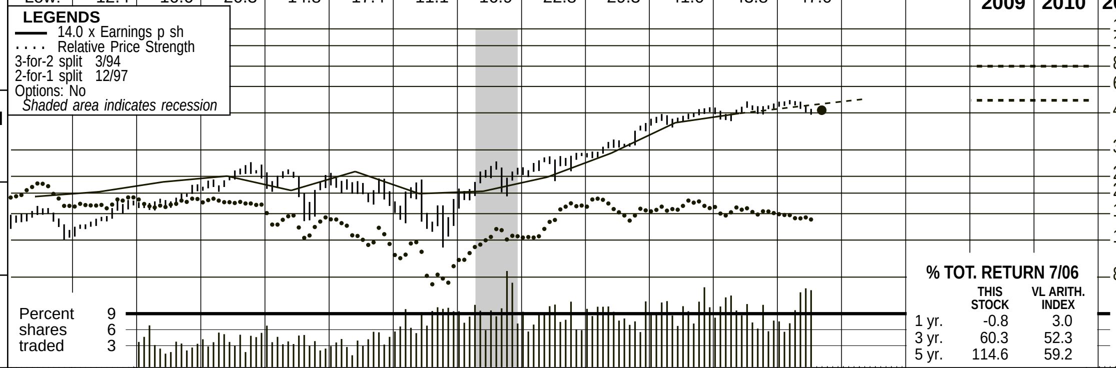
Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	2	4	1	2	3	2	5	0	0
to Sell	2	4	0	2	3	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	80	79	83
to Sell	77	73	80
Hld's(000)	33527	33214	29830

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	18.6	22.0	28.1	25.9	24.9	23.2	28.3	31.0	43.0	51.1	54.4	55.2
Low:	12.4	16.6	20.3	14.8	17.4	11.1	16.9	22.8	29.3	41.0	43.8	47.0



Target Price Range

2009	2010	2011

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-0.8	3.0
3 yr.	60.3	52.3
5 yr.	114.6	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.21	1.35	1.37	1.55	1.38	1.45	1.62	1.72	1.47	1.81	1.42	1.46	1.70	2.21	3.08	3.41	*3.65*	*4.00*	Earnings per sh A	*4.85*
.35	.39	.42	.46	.52	.54	.58	.63	.66	.68	.71	.72	.73	.87	1.23	1.36	*1.48*	*1.52*	Div'ds Decl'd per sh B■	*1.76*
7.69	8.72	9.84	11.00	11.55	12.75	13.34	14.02	14.76	15.15	16.35	17.03	16.12	14.44	14.83	13.52	*15.20*	*17.40*	Book Value per sh	*25.55*
81.94	83.01	84.17	85.28	83.70	82.68	79.92	79.68	80.33	80.04	79.61	73.22	63.02	54.93	54.96	51.28	*50.50*	*50.00*	Common Shs Outst'g C	*49.00*
8.2	9.9	11.1	9.7	11.0	10.7	11.5	13.9	14.7	11.6	11.7	15.7	16.4	15.6	14.9	14.5	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.61	.63	.67	.57	.72	.72	.72	.80	.76	.66	.76	.80	.90	.89	.79	.78	*Value Line*		Relative P/E Ratio	*.95*
3.5%	2.9%	2.8%	3.0%	3.4%	3.5%	3.1%	2.6%	3.0%	3.2%	4.3%	3.1%	2.6%	2.5%	2.7%	2.8%	*estimates*		Avg Ann'l Div'd Yield	*2.6%*

CAPITAL STRUCTURE as of 6/30/06

LT Debt $242.7 mill. **Due in 5 Yrs** $162.3 mill.
LT Interest $15.0 mill

Pension Assets-12/05 $59.9 mill. **Oblig.** $82.7 mill.

Pfd Stock None

Common Stock 50,508,152 shs.
as of 7/21/06
MARKET CAP: $2.5 bill. (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
14009	14995	15017	14440	14014	10628	9516.4	9461.6	9766.2	10187	*10640*	*11120*	Total Assets ($mill)	*12600*
8347.9	9114.3	9416.8	9280.8	9168.1	5493.5	5216.2	5628.1	5880.1	6077.4	*6640*	*7100*	Loans ($mill)	*8200*
481.3	536.3	576.6	574.7	556.2	459.7	370.2	365.9	390.6	407.1	*420*	*450*	Net Interest Inc ($mill)	*510*
22.2	30.3	84.0	60.9	142.9	74.3	11.6	- -	d10.0	4.6	*12.0*	*14.0*	Loan Loss Prov'n ($mill)	*20.0*
172.0	187.8	211.8	247.3	263.4	452.6	199.9	198.7	205.1	209.3	*215*	*225*	Noninterest Inc ($mill)	*270*
419.8	474.3	520.9	530.8	496.4	598.0	370.8	357.9	334.4	327.6	*330*	*342*	Noninterest Exp ($mill)	*380*
133.1	139.5	119.6	146.7	113.7	117.8	121.2	135.2	173.3	181.6	*190*	*205*	Net Profit ($mill)	*240*
36.6%	36.0%	34.7%	36.2%	36.9%	50.9%	35.4%	34.6%	36.1%	36.1%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
.95%	.93%	.80%	1.02%	.81%	1.11%	1.27%	1.43%	1.77%	1.78%	*1.80%*	*1.85%*	Return on Total Assets	*1.95%*
932.1	705.8	585.6	727.7	997.2	469.7	275.0	227.6	252.6	242.7	*240*	*300*	Long-Term Debt ($mill)	*350*
1066.1	1117.2	1185.6	1212.3	1301.4	1247.0	1015.8	793.1	814.8	693.4	*770*	*870*	Shr. Equity ($mill)	*1250*
7.6%	7.5%	7.9%	8.4%	9.3%	11.7%	10.7%	8.4%	8.3%	6.8%	*7.0%*	*8.0%*	Shr. Eq. to Total Assets	*10.0%*
59.6%	60.8%	62.7%	64.3%	65.4%	51.7%	54.8%	59.5%	60.2%	59.7%	*62.5%*	*64.0%*	Loans to Tot Assets	*65.0%*
12.5%	12.5%	10.1%	12.1%	8.7%	9.4%	11.9%	17.0%	21.3%	26.2%	*24.5%*	*23.5%*	Return on Shr. Equity	*19.0%*
8.0%	8.0%	5.6%	7.6%	4.4%	4.9%	6.4%	10.7%	13.1%	16.0%	*14.5%*	*14.5%*	Retained to Com Eq	*12.5%*
36%	36%	44%	37%	50%	48%	47%	37%	38%	39%	*40%*	*38%*	All Div'ds to Net Prof	*36%*

ASSETS($MILL.)	2004	2005	6/30/06
Loans	5880.1	6077.4	6350.6
Funds Sold	21.0	- -	- -
Securities	3073.6	2992.4	2939.0
Other Earning	4.6	4.9	4.1
Other	786.9	1112.3	1031.5
LIABILITIES($MILL.)			
Deposits	7564.7	7907.5	7766.0
Funds Borrowed	735.0	886.9	1201.4
Long-Term Debt	252.6	242.7	242.7
Net Worth	814.8	693.4	666.7
Other	399.1	456.5	448.4
Total	9766.2	10187.0	10325.2
Loan Loss Resrv.	106.8	91.1	91.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	2.0%	-1.0%	*8.0%*
Earnings	7.0%	13.0%	*7.5%*
Dividends	8.5%	11.0%	*10.0%*
Book Value	2.0%	-1.5%	*7.0%*
Total Assets	2.0%	- -	*6.5%*

Cal-endar	LOANS ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31
2003	5425	5334	5438	5628
2004	5588	5662	5691	5880
2005	5911	6049	6111	6077
2006	6155	6351	*6480*	*6640*
2007	*6780*	*6860*	*7000*	*7100*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.47	.48	.61	.66	2.21
2004	.69	.79	.78	.82	3.08
2005	.83	.87	.85	.86	3.41
2006	.87	.90	*.93*	*.95*	*3.65*
2007	*.97*	*.99*	*1.01*	*1.03*	*4.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.18	.18	.18	.19	.73
2003	.19	.19	.19	.30	.87
2004	.30	.30	.30	.33	1.23
2005	.33	.33	.33	.37	1.36
2006	.37	.37			

BUSINESS: Bank of Hawaii Corp., formerly Pacific Century Fin'l, is the largest bank holding co. in HI. Has 84 offices in Hawaii, the W. Pac. (Guam, Northern Marianas, Palau), American Samoa. Loans 12/31/05: business, 16%; construction, 2%; resid. mortgage, 39%; commercial mort., 10%; comm. leases, 6%; consumer, 26%; foreign, 1%. '05 net loan losses: .36% of average loans. Loan loss reserve, 1.48% of loans (12/31/05); problem assets (incl. 90-day past-due), .27%. At 12/31/05, 2,600 full-time equivalent empl.; 7,902 shrhldrs. Directors & officers own 3.1% of stock; Private Cap'l Mgt., 7.8%; Goldman Sachs Asset Mgt., 6.5% (3/06 proxy). Chairman: A. Landon. Inc.: DE. Address: 130 Merchant St., Honolulu, HI 96813. Tel.: 808-537-8037. Internet: www.boh.com.

Bank of Hawaii posted mixed second-quarter results. Share net in the June interim rose 3% from a year earlier to $0.90, as net loans increased at a similar rate. Specifically, commercial loans made a healthy 6% jump, while consumer loans edged up 4% as they benefited from greater home equity credit lines outstanding and a stronger residential mortgage business. Additionally, credit quality improved as nonperforming assets and accruing loans past 90 due days as a percentage of average loans outstanding decreased slightly. But the return on average assets deteriorated, as the net interest margin declined from 4.36%, to 4.25% because of the effects of the flattening yield curve and a shift in the funding mix.

We project a 10% earnings advance in 2007. The Hawaiian economy is relatively healthy, with the state enjoying high tourism levels and solid home price appreciation. Construction activity will probably increase further in the coming quarters, given current trends. Moreover, Hawaii's unemployment rate remains below 3%, and both job and personal income growth are good. As Hawaiian-based companies expand capacity, commercial loan demand should strengthen.

Bank of Hawaii should continue to make steady gains over the 3- to 5-year horizon. We believe that decent gains in loans and deposits will translate into higher earnings during this period. Net interest income will likely rise at a gradual pace with greater improvement in trust and asset management fees. Also, disciplined expense controls augur well for the bottom line. All told, our projections indicate that earnings will advance between 5% and 10% out to the end of the decade.

These shares are not an exciting selection for the coming year or the pull to 2009–2011. The bank's net interest income will likely remain compressed over the next couple of quarters because of the narrow spread between short- and long-term rates. That said, BOH's results should continue to benefit from strong loan growth and a low level of loan losses over the long haul. We figure it's likely that, once the stock breaks out of its long trading range, it will be to the upside.

Randy Shrikishun *August 25, 2006*

(A) Diluted. Excl. extraord. gain: '92, $0.13. Incl. unusual income: '00, $0.11. Nonrecurring gain (losses), Excl.: '98, ($0.15); '99, ($0.17); Incl.: '01, $0.06. Quarterly EPS may not sum due to change in shares outstanding. Next earnings report mid-Oct. (B) Dividends historically paid about the 15th of March, June, Sept., and Dec. ■ Dividend reinvestment plan available. (C) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	65
Earnings Predictability	75

BARNES GROUP NYSE-B

RECENT PRICE 18.69 | P/E RATIO 14.4 (Trailing: 15.7 / Median: 15.0) | RELATIVE P/E RATIO 0.83 | DIV'D YLD 2.7% | VALUE LINE

TIMELINESS 3 Raised 4/29/05
SAFETY 3 Lowered 5/8/98
TECHNICAL 2 Raised 6/30/06
BETA .90 (1.00 = Market)

High:	7.6	10.3	15.2	17.0	15.0	11.2	12.5	13.4	17.2	16.8	18.6	24.0
Low:	6.0	5.8	9.9	10.6	7.6	6.0	8.9	8.6	9.2	12.1	11.9	16.0

Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

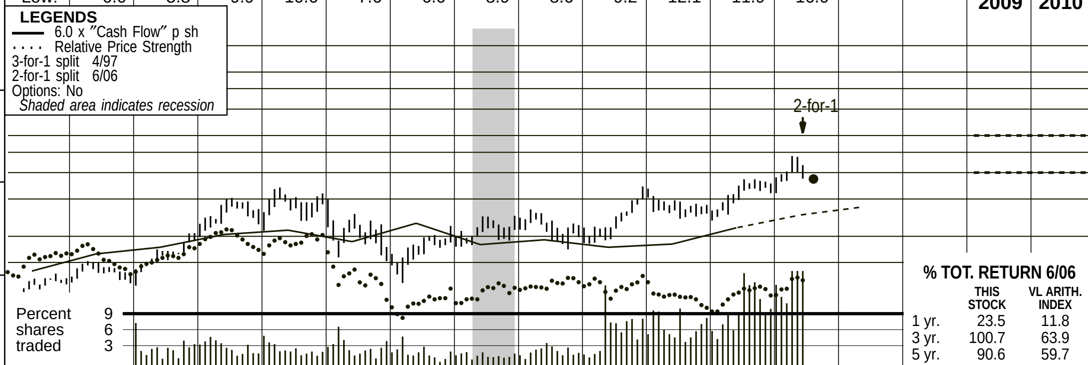
	Price	Gain	Ann'l Total Return
High	30	(+60%)	14%
Low	20	(+5%)	4%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	1	0	0	0	0	0	0
Options	0	2	13	0	0	1	0	7	9
to Sell	0	3	8	0	0	7	0	7	11

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	65	63	73
to Sell	49	50	51
Hld's(000)	31944	32566	34666



% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	23.5	11.8
3 yr.	100.7	63.9
5 yr.	90.6	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
14.92	14.45	14.17	13.30	14.76	15.03	14.87	15.94	16.41	16.51	19.89	20.82	20.68	19.48	21.41	22.81	*24.70*	*26.40*	Sales per sh	*35.00*
1.01	1.05	.78	.73	1.14	1.38	1.48	1.70	1.78	1.57	1.92	1.52	1.60	1.48	1.53	1.83	*2.10*	*2.30*	"Cash Flow" per sh	*3.35*
.46	.43	.16	.12	.53	.70	.82	.98	1.04	.73	.95	.51	.71	.75	.76	1.10	*1.30*	*1.55*	Earnings per sh A	*2.20*
.23	.23	.23	.23	.24	.27	.30	.33	.35	.38	.40	.40	.40	.40	.40	.42	*.49*	*.50*	Div'ds Decl'd per sh B■	*.56*
.59	.52	.44	.59	.83	.91	.85	.83	.87	.72	.71	.61	.51	.40	.61	.54	*.65*	*.65*	Cap'l Spending per sh	*.75*
3.46	3.74	2.51	2.43	2.78	3.27	3.93	4.49	4.76	4.79	5.41	5.39	5.49	7.03	7.36	8.18	*9.70*	*10.70*	Book Value per sh C	*16.20*
36.58	37.08	37.34	37.76	38.58	39.42	40.02	40.33	39.67	37.70	37.21	36.92	37.91	45.74	46.46	48.31	*49.00*	*50.00*	Common Shs Outst'g D	*50.00*
10.0	12.8	33.9	45.3	10.8	9.7	10.0	13.1	13.7	14.3	9.2	20.7	15.6	16.0	18.1	14.3	*Bold figures are*		Avg Ann'l P/E Ratio	*12.0*
.74	.82	2.06	2.68	.71	.65	.63	.76	.71	.82	.60	1.06	.85	.91	.96	.76	*Value Line*		Relative P/E Ratio	*.80*
5.1%	4.2%	4.4%	4.4%	4.2%	3.9%	3.7%	2.5%	2.4%	3.6%	4.5%	3.8%	3.6%	3.3%	2.9%	2.7%	*estimates*		Avg Ann'l Div'd Yield	*2.1%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $407.5 mill. **Due in 5 Yrs** $175.0 mill.
LT Debt $386.4 mill. **LT Interest** $25.0 mill.
(LT interest earned: 3.5x; total interest coverage: 3.4x) (43% of Cap'l)

Leases, Uncapitalized Annual rentals $13.5 mill.
Pension Assets-12/05 $342.4 mill **Oblig.** $391.6 mill.
Pfd Stock None
Common Stock 49,334,094 shs.
(includes 2-for-1 stock split on 5/30/06)
MARKET CAP: $925 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
595.0	642.7	651.2	622.4	740.0	768.8	784.0	890.8	994.7	1102.2	*1210*	*1320*	Sales ($mill)	*1750*
13.8%	14.6%	14.8%	12.2%	13.4%	10.1%	10.0%	9.7%	9.1%	10.6%	*11.0%*	*11.2%*	Operating Margin	*12.0%*
26.6	28.1	28.4	30.6	35.9	37.0	33.6	34.6	34.2	34.9	*37.5*	*40.0*	Depreciation ($mill)	*50.0*
32.6	40.4	42.2	28.6	35.7	19.1	27.2	33.0	37.0	53.4	*65.0*	*75.0*	Net Profit ($mill)	*110*
37.7%	37.3%	37.5%	33.0%	26.6%	18.5%	18.0%	14.0%	19.2%	26.8%	*25.0%*	*25.0%*	Income Tax Rate	*22.5%*
5.5%	6.3%	6.5%	4.6%	4.8%	2.5%	3.5%	3.7%	3.7%	4.8%	*5.4%*	*5.7%*	Net Profit Margin	*6.3%*
109.5	113.1	106.9	103.2	114.5	72.9	106.5	119.6	111.5	120.8	*140*	*180*	Working Cap'l ($mill)	*300*
70.0	60.0	51.0	140.0	230.0	178.4	214.1	224.2	258.6	241.9	*335*	*285*	Long-Term Debt ($mill)	*200*
157.2	180.9	188.7	180.6	201.3	198.8	208.2	321.7	341.9	395.2	*475*	*535*	Shr. Equity ($mill)	*810*
15.4%	17.6%	18.4%	9.8%	9.9%	7.0%	8.1%	6.1%	7.2%	9.6%	*9.0%*	*10.0%*	Return on Total Cap'l	*11.5%*
20.7%	22.4%	22.4%	15.8%	17.7%	9.6%	13.0%	10.3%	10.8%	13.5%	*13.5%*	*14.0%*	Return on Shr. Equity	*13.5%*
13.1%	15.1%	15.0%	7.8%	10.4%	2.2%	5.8%	4.8%	5.4%	8.5%	*8.5%*	*9.5%*	Retained to Com Eq	*10.0%*
37%	33%	33%	51%	41%	77%	55%	53%	50%	37%	*37%*	*33%*	All Div'ds to Net Prof	*26%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	36.3	28.1	37.6
Receivables	138.9	155.6	183.4
Inventory (FIFO)	122.9	159.2	174.5
Other	37.8	35.8	37.1
Current Assets	335.9	378.7	432.6
Accts Payable	136.0	120.2	144.4
Debt Due	9.4	40.1	21.1
Other	79.0	97.6	87.4
Current Liab.	224.4	257.9	252.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	4.0%	4.0%	*8.5%*
"Cash Flow"	4.0%	-1.5%	*12.0%*
Earnings	7.0%	-1.0%	*17.0%*
Dividends	5.0%	2.0%	*5.5%*
Book Value	10.5%	8.5%	*14.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	218.7	229.6	222.2	220.3	890.8
2004	247.2	252.0	243.9	251.6	994.7
2005	273.7	280.5	271.5	276.5	1102.2
2006	299.9	308.9	*300*	*301.2*	*1210*
2007	*320*	*335*	*335*	*330*	*1320*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.19	.23	.19	.14	.75
2004	.20	.24	.20	.12	.76
2005	.27	.31	.28	.24	1.10
2006	.37	.34	*.32*	*.27*	*1.30*
2007	*.38*	*.41*	*.39*	*.37*	*1.55*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.10	.10	.10	.10	.40
2003	.10	.10	.10	.10	.40
2004	.10	.10	.10	.10	.40
2005	.10	.10	.11	.11	.42
2006	.11	.125			

BUSINESS: Barnes Group Inc. consists of three businesses: Associated Spring manufactures precision springs and metal parts used in durable goods (38% of 2005 sales); Barnes Distribution, a leader in the area of industrial maintenance, repair, and operating supplies (MRO) (41%); Barnes Aerospace produces aircraft components and provides overhaul and repair services for commercial airlines (21%). Foreign ops.: 30% of '05 sales. Has 6,205 empl., 6,609 shrhldrs. '05 depr. rate: 14.0%. Offs., Dirs. & Barnes family owns 19.9%; Company 401k, 10.8%; Bank of America, 12.6%; Wachovia, 8.1% (3/06 Proxy). Chrmn.: Thomas O. Barnes; Pres. & CEO: Edmund M. Carpenter. Inc.: DE. Addr.: 123 Main St., Bristol, CT 06010. Tel.: 860-583-7070. Web: www.barnesgroupinc.com.

Barnes Group stock split 2-for-1 on May 30th. A spring surge in the shares provided a lofty quotation making the maneuver a well-timed decision. Coincidentally, along with the stock split management announced that the quarterly dividend would increase by 14%, bringing it to $0.50 a share annually on a post-split basis. Although we continue to rank this equity only an average play for year-ahead relative performance, B's situation is undoubtedly improving. Still, its quotation currently sits on the doorstep of our 3- to 5-year Target Price Range, meaning appreciation over that span is subpar. However, at a more favorable entry point we might well be singing another tune.

Profitability should be on the rise in each of the next two years. Revenue-sharing programs have been a big hit for the company. Teaming with the likes of GE, and more recently Goodrich, not only brings in aftermarket parts contracts but also heightens B's name recognition within the industry. Further, OEM build rates are improving, and aftermarket opportunities are plentiful. With that, we anticipate larger contributions from the aerospace segment going forward. Elsewhere, revenues generated from the Big Three automakers continue to shrink (7% of revenues). Automotive sales help boost top-line growth, but have lower margins.

The company is now on more solid financial footing. In late June, Barnes entered into an amended credit agreement that will more than double its borrowing capabilities, from $175 million to $400 million. This funding, coupled with the increased cash flow generation we envision over the coming quarters, should allow management to pay down debt and make whatever other moves it deems worthy.

Acquisition activity is picking up In late May, the company finalized the purchase of Heinz Haggi AG, a developer and manufacturer of high-precision punched and fine-blanked components for use in the transportation supply, power tool, and consumer electronic markets of Europe. And, in mid-July, B signed an agreement to acquire the KENT division of Premier Farnell, a distribution entity for the European transportation aftermarket and industrial maintenance field.

Erik M. Manning *July 28, 2006*

(A) Primary egs. through 1996, then diluted. Excludes nonrecur. gain (losses): '92, ($1.10); '93, 2¢; '98, (19¢); '04, (6¢); '05 2¢. Next egs. report due late October.
(B) Dividends are historically paid on the 10th day of March, June, September, and December. ■ Dividend reinvestment plan available.
(C) Includes intangibles: In '05, $399.1 mill., $8.26/sh.
(D) In millions, adjusted for stock split.

Company's Financial Strength	B+
Stock's Price Stability	75
Price Growth Persistence	70
Earnings Predictability	65

BARR PHARM.,INC. NYSE-BRL

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
46.80	14.9	(Trailing: 17.1 Median: 24.0)	0.86	Nil	VALUE LINE

TIMELINESS **3** Lowered 5/12/06
SAFETY **3** Raised 10/30/98
TECHNICAL **4** Lowered 7/21/06
BETA .90 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	4.0	6.2	14.8	14.7	14.4	35.6	40.3	35.6	56.9	54.0	63.6	70.3
Low:	2.2	3.4	4.9	7.3	8.4	8.9	19.8	22.0	28.9	32.0	43.7	46.1

Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

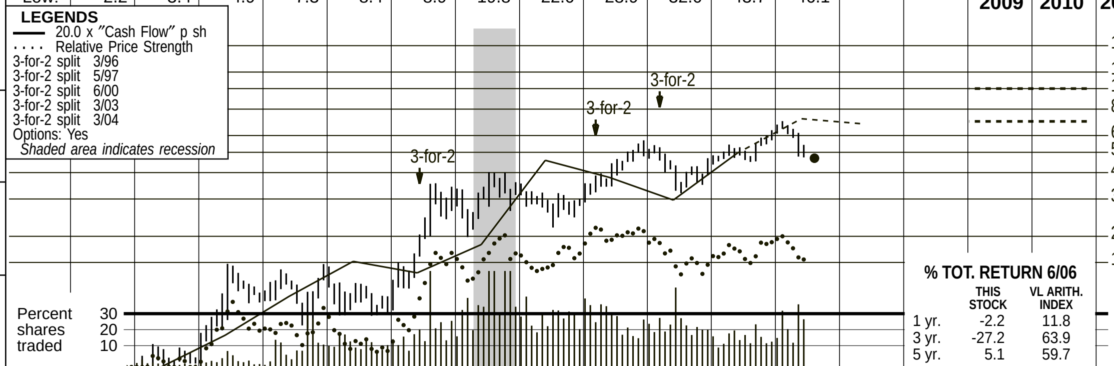
	Price	Gain	Ann'l Total Return
High	100	(+115%)	21%
Low	70	(+50%)	10%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	3	12	7	4	5	7	5	3	0
to Sell	2	12	9	6	4	7	6	3	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	184	188	210
to Sell	121	128	164
Hld's(000)	83043	84266	84458



% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-2.2	11.8
3 yr.	-27.2	63.9
5 yr.	5.1	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.22	1.50	1.54	.89	1.65	2.83	3.27	3.58	5.01	5.77	6.13	6.34	12.07	9.01	12.53	10.13	***12.10***	***13.50***	Sales per sh A	***16.35***
.06	.11	.02	d.04	.09	.15	.17	.34	.52	.76	.67	.91	2.29	1.90	1.48	2.47	***3.55***	***3.85***	"Cash Flow" per sh	***5.65***
.02	.08	d.03	d.09	.03	.09	.10	.26	.43	.62	.53	.74	2.05	1.62	1.15	2.03	***3.10***	***3.40***	Earnings per sh B	***5.00***
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	***Nil***	***Nil***	Div'ds Decl'd per sh	***Nil***
.04	.09	.14	.07	.07	.09	.23	.49	.27	.16	.15	.22	.48	.80	.45	.53	***..55***	***.55***	Cap'l Spending per sh	***.75***
.54	.67	.66	.79	.83	1.02	1.13	1.42	2.07	2.78	3.58	4.54	6.76	8.66	9.97	11.94	***14.90***	***18.10***	Book Value per sh	***28.65***
57.72	62.70	65.38	65.59	66.30	70.49	71.06	71.98	75.29	76.97	78.72	80.46	98.53	100.18	104.50	103.37	***106.00***	***107.60***	Common Shs Outst'g C	***110.00***
44.3	19.1	--	--	75.1	31.2	41.3	24.9	27.0	17.2	22.1	38.1	15.9	19.6	40.9	21.7	*Bold figures are*		Avg Ann'l P/E Ratio	***17.0***
3.29	1.22	--	--	4.93	2.09	2.59	1.44	1.40	.98	1.44	1.95	.87	1.12	2.16	1.14	*Value Line*		Relative P/E Ratio	***1.15***
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	*estimates*		Avg Ann'l Div'd Yield	***Nil***

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
232.2	257.4	377.3	444.0	482.3	509.7	1189.0	902.9	1309.1	1047.4	***1285***	***1450***	Sales ($mill) A	***1800***
6.4%	3.2%	15.6%	20.0%	19.5%	14.2%	28.6%	27.6%	17.2%	34.1%	***41.0%***	***41.0%***	Operating Margin	***40.0%***
4.9	5.0	5.5	9.3	10.4	10.8	15.3	22.7	32.1	40.8	***45.0***	***50.0***	Depreciation ($mill)	***65.0***
7.1	19.5	33.5	49.3	42.3	62.5	210.3	167.6	123.1	215.0	***340***	***365***	Net Profit ($mill)	***550***
38.0%	39.3%	38.7%	38.5%	37.5%	38.2%	37.1%	36.2%	36.7%	34.8%	***36.0%***	***36.5%***	Income Tax Rate	***37.5%***
3.1%	7.6%	8.9%	11.1%	8.8%	12.3%	17.7%	18.6%	9.4%	20.5%	***26.4%***	***25.8%***	Net Profit Margin	***30.5%***
53.0	41.8	95.3	146.8	202.9	285.2	460.2	572.7	670.6	780.4	***850***	***945***	Working Cap'l ($mill)	***1385***
17.7	14.9	32.2	30.0	28.1	24.9	37.7	30.6	32.4	15.5	***25.0***	***15.0***	Long-Term Debt ($mill)	***Nil***
80.2	102.1	155.9	213.7	282.2	365.6	666.5	868.0	1042.0	1234.0	***1580***	***1945***	Shr. Equity ($mill)	***3150***
8.2%	17.0%	18.0%	20.8%	14.0%	16.2%	30.1%	18.7%	11.6%	17.3%	***21.5%***	***19.0%***	Return on Total Cap'l	***17.5%***
8.9%	19.0%	21.5%	23.0%	15.0%	17.1%	31.6%	19.3%	11.8%	17.4%	***21.5%***	***19.0%***	Return on Shr. Equity	***17.5%***
8.9%	19.0%	21.5%	23.0%	15.0%	17.1%	31.5%	19.3%	11.8%	17.4%	***21.5%***	***19.0%***	Retained to Com Eq	***17.5%***
--	--	--	--	--	--	0%	--	--	--	***Nil***	***Nil***	All Div'ds to Net Prof	***Nil***

CAPITAL STRUCTURE as of 12/31/05
Total Debt $20.6 mill. **Due in 5 Yrs** $20.5 mill.
LT Debt $15.1 mill. **LT Interest** $1.4 mill.

Leases, Uncapitalized Annual rentals $4.4 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 105,367,967 Shs.

MARKET CAP: $4.9 bill. (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	12/31/05
Cash Assets	452.3	643.3	421.7
Receivables	214.7	152.6	192.7
Inventory (FIFO)	150.3	137.6	144.1
Other	60.9	59.9	100.8
Current Assets	878.2	993.4	859.3
Accts Payable	61.1	49.7	28.7
Debt Due	8.4	5.4	5.5
Other	138.1	157.9	113.3
Current Liab.	207.6	213.0	147.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	19.5%	13.5%	8.0%
"Cash Flow"	40.0%	24.5%	19.0%
Earnings	61.5%	25.0%	20.5%
Dividends	--	--	NMF
Book Value	28.0%	29.5%	18.5%

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A C Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year
2003	220.5	209.0	171.9	301.5	902.9
2004	310.7	374.1	321.1	303.2	1309.1
2005	244.5	257.4	265.0	280.5	1047.4
2006	310.4	325.5	326.8	***322.3***	***1285***
2007	***350***	***370***	***375***	***355***	***1450***

Fiscal Year Ends	EARNINGS PER SHARE A B C Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year
2003	.41	.42	.45	.34	1.62
2004	.37	.33	.33	.12	1.15
2005	.49	.56	.58	.40	2.03
2006	.78	.88	.70	***.74***	***3.10***
2007	***.80***	***.90***	***.85***	***.85***	***3.40***

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	NO CASH DIVIDENDS BEING PAID				
2003					
2004					
2005					
2006					

BUSINESS: Barr Pharmaceuticals, Inc. (formerly Barr Laboratories, Inc.) develops and manufactures generic and proprietary pharmaceuticals for treatment of cancer, hypertension, heart disease, depression, and hormone replacement. Also produces oral contraceptives and manufactures under contract for private-label market. Products are distributed nationwide by wholesalers, distributors, chain drug stores, and HMOs. McKesson Drug Co. accounted for 23% of fiscal '05 generic sales. Has 1,900 employees. Off./dir. own 4.2% of stock; former Chrmn. B.C. Sherman, 8.3%; Barclays, 9.8%; FMR Corp., 7.0% (11/05 Proxy). Chrmn. & CEO: B. Downey. Inc.: NY. Address: Two Quaker Road, P.O. Box 2900, Pomona, NY 10970. Tel.: 845-362-1100.Web:www.barrlabs.com.

Barr Pharmaceuticals boasts an impressive record in an intensely competitive business. For fiscal 2006 (ended June 30th), we expect share profits of $3.10. That figure compares to $0.10 in fiscal 1996. While there have been earnings setbacks, the long-term trend has been strongly positive. Not many companies in this Survey have done that well.

The stock has been volatile. The chart above shows much wider price swings than we would expect, given Barr's good record. In 2004, for example, Barr lagged the market averages by a wide margin. The opposite occurred in 2005.

The price swings reflect the inherent risks of Barr's principal line. Like most businesses, Barr's prosperity depends on new products. This is especially true for Barr. The bulk of its sales comes from generic pharmaceuticals. This is an especially risky business since success depends on Barr's ability to pick the most likely candidates for generic production, And it must be prepared to fight the legal moves and other tactics that competitors might use to keep Barr's products off the market. Approval by the FDA is perhaps the greatest uncertainty. All these efforts require substantial expense, which might be totally lost if introduction is delayed or denied. Moreover, even if Barr is permitted to market the new generic, the product's market life is often short, as competitors bring out their own, often lower-priced, generics. These factors are largely responsible for the wide swings in Barr's earnings and stock price. To prosper, Barr must develop new products at a much higher rate and ones that produce higher profits than is the case in most fields. The stock price swings show Barr's success and failure in these efforts.

Barr has shown its ability to prosper despite these difficulties. The company is seeking approval for several major generic drugs. It is expanding its stable of proprietary products. And its size and finances, reflecting years of prosperity, give it additional advantages. A pending acquisition in Europe might help, too

The price may always be volatile, but venturesome investors should note the stock's good appreciation potential at its recent quotes.

Milton Schlein *July 21, 2006*

(A) Fiscal year ends June 30th.
(B) Primary earnings per share through 1997, fully diluted thereafter. Excl. nonrecurring gains: '93, 16¢; '94, 1¢; '95, 1¢; '96, 1¢; '97, 1¢; '98, 2¢; '00, 7¢; '02, 17¢. Next earnings report due early early September.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	55
Price Growth Persistence	90
Earnings Predictability	50

BASSETT FURN. NDQ-BSET

RECENT PRICE **16.22** | P/E RATIO **22.8** (Trailing: 22.5 Median: 22.0) | RELATIVE P/E RATIO **1.30** | DIV'D YLD **4.9%** | **VALUE LINE**

High:	30.3	28.3	31.5	34.0	25.0	17.2	15.8	22.0	17.5	23.8	21.2	20.0
Low:	20.1	21.6	21.9	15.3	15.4	9.8	10.6	12.3	9.9	16.3	17.5	16.1

TIMELINESS 4 Lowered 10/6/06
SAFETY 3 Lowered 4/22/94
TECHNICAL 3 Raised 9/8/06
BETA .95 (1.00 = Market)

2009-11 PROJECTIONS

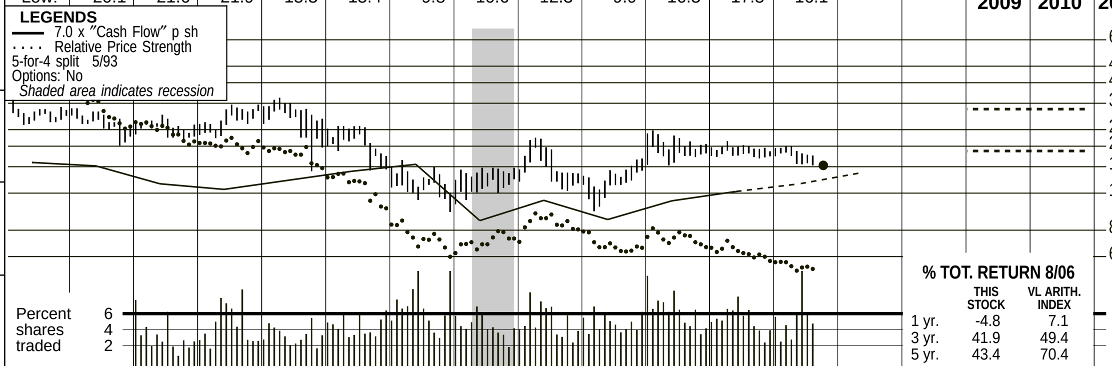
	Price	Gain	Ann'l Total Return
High	30	(+85%)	*20%*
Low	20	(+25%)	*10%*

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	1	0	0	0	0	0	0
to Sell	1	0	1	0	0	0	0	0	2

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	35	34	26
to Sell	19	30	34
Hld's(000)	7822	7677	7711



Target Price Range
2009 | 2010 | 2011

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-4.8	7.1
3 yr.	41.9	49.4
5 yr.	43.4	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
30.12	27.90	32.83	34.87	36.24	35.93	34.47	34.24	30.85	32.61	31.24	26.07	27.74	27.32	26.90	28.40	*30.90*	*34.10*	Sales per sh A	*40.00*
1.92	1.83	2.44	2.41	2.40	2.31	1.90	1.78	1.97	2.18	2.35	1.27	1.58	1.29	1.58	1.75	*1.90*	*2.15*	"Cash Flow" per sh	*3.00*
1.33	1.27	1.85	1.79	1.75	1.63	1.39	1.31	1.42	1.49	1.49	.30	.65	.38	.70	.92	*.70*	*1.15*	Earnings per sh B	*1.85*
.67	.53	.64	.78	.80	.80	.80	1.00	.80	.80	.80	.80	.80	.80	.80	.80	*.80*	*.80*	Div'ds Decl'd per sh C	*.84*
.63	.55	.69	.43	.71	.53	.74	.83	1.75	3.94	1.56	1.05	.83	.54	.36	.94	*1.00*	*1.00*	Cap'l Spending per sh	*1.10*
16.89	17.72	18.99	19.99	20.96	21.88	22.29	20.01	20.56	21.15	21.18	19.99	19.69	18.97	18.85	18.66	*19.55*	*19.15*	Book Value per sh	*20.85*
14.46	14.40	14.42	14.45	14.09	13.66	13.08	13.05	12.89	12.09	11.76	11.73	11.66	11.60	11.74	11.80	*11.00*	*11.00*	Common Shs Outst'g D	*11.00*
13.8	14.9	14.2	19.7	16.8	16.3	17.5	20.1	20.2	14.5	9.1	45.1	25.0	35.7	27.3	20.7	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
1.02	.95	.86	1.16	1.10	1.09	1.10	1.16	1.05	.83	.59	2.31	1.37	2.04	1.44	1.10	*Value Line*		Relative P/E Ratio	*.95*
3.6%	2.8%	2.4%	2.2%	2.7%	3.0%	3.3%	3.8%	2.8%	3.7%	5.9%	5.9%	4.9%	5.9%	4.2%	4.2%	*estimates*		Avg Ann'l Div'd Yield	*3.7%*

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
450.7	446.9	397.6	394.4	367.4	305.7	323.5	316.9	315.7	335.2	*340*	*375*	Sales ($mill) A	*440*
3.0%	2.3%	5.3%	5.3%	3.6%	3.0%	5.7%	3.9%	4.5%	4.9%	*4.0%*	*5.0%*	Operating Margin	*7.0%*
6.3	6.2	6.9	8.4	10.0	11.3	10.8	10.5	10.2	9.7	*9.5*	*10.0*	Depreciation ($mill)	*13.0*
18.5	17.1	18.6	18.0	17.6	3.6	7.7	4.4	8.3	10.9	*8.0*	*13.0*	Net Profit ($mill)	*20.0*
17.0%	3.1%	27.9%	31.5%	18.9%	17.5%	25.9%	45.4%	24.3%	26.7%	*28.0%*	*28.0%*	Income Tax Rate	*32.0%*
4.1%	3.8%	4.7%	4.6%	4.8%	1.2%	2.4%	1.4%	2.6%	3.3%	*2.4%*	*3.5%*	Net Profit Margin	*4.5%*
164.3	152.6	99.0	79.4	95.0	65.3	68.9	63.2	64.2	54.7	*65.0*	*80.0*	Working Cap'l ($mill)	*110*
- -	- -	- -	18.0	45.0	7.5	3.0	- -	3.0	3.9	*9.0*	*10.0*	Long-Term Debt ($mill)	*Nil*
291.5	261.2	264.9	255.8	249.1	234.5	229.6	220.0	221.2	220.2	*215*	*225*	Shr. Equity ($mill)	*240*
6.3%	6.5%	7.0%	6.6%	6.5%	1.8%	3.6%	2.0%	3.8%	5.6%	*3.5%*	*6.0%*	Return on Total Cap'l	*8.5%*
6.3%	6.5%	7.0%	7.0%	7.1%	1.5%	3.3%	2.0%	3.8%	5.0%	*3.5%*	*6.0%*	Return on Shr. Equity	*8.5%*
2.7%	1.6%	3.1%	3.1%	3.3%	NMF	NMF	NMF	NMF	.7%	*NMF*	*2.0%*	Retained to Com Eq	*4.5%*
57%	76%	56%	56%	54%	NMF	122%	NMF	112%	86%	*110%*	*68%*	All Div'ds to Net Prof	*48%*

CAPITAL STRUCTURE as of 5/27/06
Total Debt $11.7 mill. **Due in 5 Yrs** $6.3 mill.
LT Debt $11.7 mill. **LT Interest** 3.2 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 11,792,097 shs.
as of 5/27/06

MARKET CAP: $200 million (Small Cap)

CURRENT POSITION ($MILL.)	2004	2005	5/27/06
Cash Assets	4.0	7.1	5.3
Receivables	40.5	37.1	40.8
Inventory (LIFO)	47.3	48.9	52.9
Other	10.9	10.0	8.7
Current Assets	102.7	103.1	107.7
Accts Payable	19.9	19.4	21.0
Debt Due	- -	- -	- -
Other	18.6	28.9	25.6
Current Liab.	38.5	48.3	46.6

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	-2.5%	-2.5%	*4.5%*
"Cash Flow"	-4.5%	-6.5%	*10.0%*
Earnings	-9.0%	-14.5%	*18.5%*
Dividends	- -	- -	*1.0%*
Book Value	-1.0%	-2.0%	*6.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Feb.28	May 31	Aug.31	Nov.30	Full Fiscal Year
2003	77.6	76.9	79.5	82.9	316.9
2004	76.6	80.3	78.6	80.2	315.7
2005	80.8	83.1	82.7	88.6	335.2
2006	86.5	87.7	77.6	*88.2*	*340*
2007	*92.0*	*94.0*	*93.0*	*96.0*	*375*

Fiscal Year Ends	EARNINGS PER SHARE A B Feb.28	May 31	Aug.31	Nov.30	Full Fiscal Year
2003	d.13	.10	.13	.28	.38
2004	.13	.16	.17	.24	.70
2005	.20	.22	.25	.25	.92
2006	.19	.24	.04	*.23*	*.70*
2007	*.20*	*.33*	*.27*	*.35*	*1.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.20	.20	.20	.20	.80
2003	.20	.20	.20	.20	.80
2004	.20	.20	.20	.20	.80
2005	.20	.20	.20	.20	.80
2006	.20	.20	.20		

BUSINESS: Bassett Furniture Industries, Inc. manufactures, sells, and imports a wide range of bedroom, dining room, and living room furniture. Also makes various lines of occassional chairs, tables, wall units, and upholstered furniture. Sells products through a network of 97 independently owned stores, 27 company owned stores and over 1,000 furniture and dept. stores in the U.S. 2005 depreciation rate: 5.4%. Has about 2,200 employees. Officers & directors own 11.0% of common, including 4.2% held for employee retirement; Dimensional Fund, 8.8%; Grace & White, 5.5%; Barry Safrit, 4.7% (2/06 Proxy). Chairman: Paul Fulton. Pres. & CEO: Robert Spilman, Jr. Inc.: VA. Address: 245 Main St., Bassett, VA 24055. Tel.: 276-629-6000. Internet: www.bassettfurniture.com.

Bassett Furniture's performance has taken a turn for the worse. The residential furniture manufacturer recently reported a 6% year-to-year decline in fiscal third-quarter revenues (year ends November 30th). A difficult retail environment for residential furniture was largely to blame for the top-line slide. The company's wholesale segment (86% of revenues) was hit the hardest during the period. Meanwhile, the retail segment's (14%) sales were flat versus the prior year. However, promotional pricing, specifically related to clearance events, hurt the bottom line in that segment. Overall, the weaker revenues reduced margins and caused profits to decline considerably from the previous year. All told, in light of the unfavorable results in the third quarter, coupled with the ongoing softness in retail, we look for a $0.22 share-net slip to $0.70 for fiscal 2006.

Still, there are some positives emerging. The company is making efforts to improve its sales mix by increasing its import inventory. This helped to buoy the wholesale segment's gross margin in the third quarter. We believe this may well be an effective strategy for margin recovery going forward. Also, Bassett has recently initiated several marketing programs to spur top-line growth. We are especially excited about the launch of the company's first catalog targeted directly toward consumers. The book was shipped to 1.2 million households. Meanwhile, merchandising strategies should also boost revenues. A new rapid delivery system should enhance customer satisfaciton and new product introductions that are focused around mid-tier price points, augur well, as these products offer decent margins and are still considered somewhat affordable to most consumers. All of these measures should increase customer traffic and improve volumes and profits over the next several quarters.

These shares are an untimely choice for the next six to 12 months. Although this may not be the most suitable entry point, we believe the stock will rally eventually. BSET offers decent appreciation potential out to 2009–2011. Income-oriented investors should also take note of the generous dividend yield.

Simon R. Shoucair *October 6, 2006*

(A) Fiscal year ends November 30th.
(B) Based on diluted shares, average shares prior to '97. Excludes nonrecurring gains/(losses): '90, (98¢); '91, 10¢; '92, 6¢; '94, (4¢); '96, (12¢); '97, ($1.06); '98, (22¢); '00, (3¢); '01, (53¢), '02, (8¢); '03, (42¢); '04, (1¢); '05, (29¢).
Next earnings report due late December.
(C) Dividends historically paid in early March, early June, early Sept., and early Dec.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	B+
Stock's Price Stability	55
Price Growth Persistence	15
Earnings Predictability	40

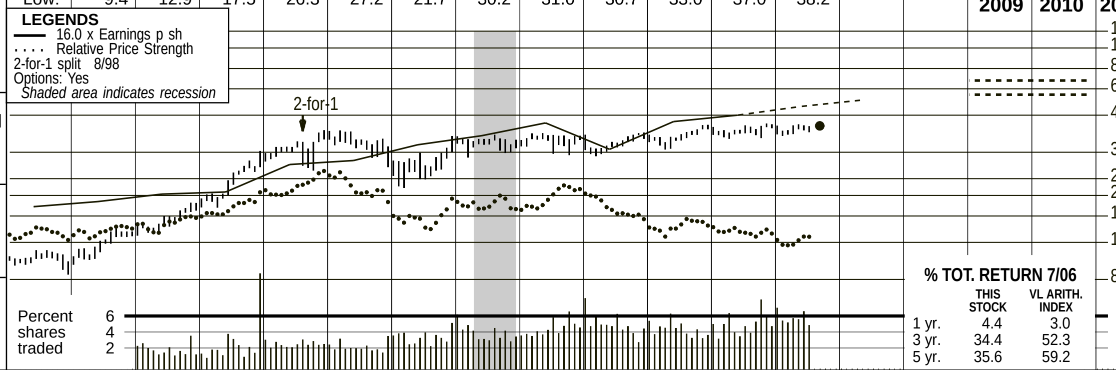
BB&T CORPORATION NYSE-BBT

RECENT PRICE	42.80	P/E RATIO	13.0 (Trailing: 13.5 / Median: 15.0)	RELATIVE P/E RATIO	0.73	DIV'D YLD	3.9%	VALUE LINE

TIMELINESS **3** Raised 4/28/06
SAFETY **1** Raised 5/30/03
TECHNICAL **3** Raised 7/14/06
BETA .95 (1.00 = Market)

High:	13.9	18.5	32.5	40.8	40.6	38.3	38.8	39.5	39.7	43.3	43.9	43.5
Low:	9.4	12.9	17.5	26.3	27.2	21.7	30.2	31.0	30.7	33.0	37.0	38.2

Target Price Range
2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+65%)	16%
Low	60	(+40%)	12%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	1	0	0	0	0	0
Options	1	1	0	1	0	4	2	3	2
to Sell	1	1	0	0	1	2	1	4	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	169	188	151
to Sell	187	183	229
Hld's(000)	160271	160888	150530

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	4.4	3.0
3 yr.	34.4	52.3
5 yr.	35.6	59.2

Begun in 1872 as a rural farmers' bank, BB&T Corporation has grown to become one of the largest regional banks in the Southeast. In February of 1995, the bank combined with Southern National (SNB) in a pooling of interest merger, more than doubling its size. In May of 1997, the bank changed its name from Southern National Corp. to reflect its enlarged operations.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.27	1.30	1.75	1.83	2.17	2.40	2.76	2.07	2.80	3.00	***3.30***	***3.55***	**Earnings per sh A**	***4.10***
.50	.58	.66	.75	.86	.98	1.10	1.22	1.34	1.46	***1.58***	***1.64***	**Div'ds Decl'd per sh B■**	***1.82***
7.91	8.22	9.51	9.66	11.91	13.50	15.70	18.33	19.76	20.49	***21.55***	***22.60***	**Book Value per sh**	***26.80***
218.60	272.10	290.21	331.17	401.68	455.68	470.45	541.94	550.41	543.10	***535.00***	***530.00***	**Common Shs Outst'g C**	***525.00***
12.1	18.2	19.1	19.4	13.0	14.9	13.3	17.0	13.7	13.5	*Bold figures are*		**Avg Ann'l P/E Ratio**	***16.0***
.76	1.05	.99	1.11	.85	.76	.73	.97	.72	.72	*Value Line*		**Relative P/E Ratio**	***.80***
3.3%	2.5%	2.0%	2.1%	3.1%	2.7%	3.0%	3.5%	3.5%	3.6%	*estimates*		**Avg Ann'l Div'd Yield**	***3.7%***
21247	29178	34427	43481	59340	70870	80217	90467	100509	109170	***118000***	***125000***	**Total Assets ($mill)**	***155000***
13764	18901	23695	28524	38932	45536	51140	61580	67549	74395	***82300***	***87000***	**Loans ($mill)**	***100000***
828.5	1099.5	1247.4	1581.7	2017.6	2436.5	2747.5	3082.0	3348.2	3524.9	***3800***	***4000***	**Net Interest Inc ($mill)**	***4300***
53.7	89.9	80.3	92.1	108.0	188.0	263.7	248.0	249.3	217.3	***240***	***270***	**Loan Loss Prov'n ($mill)**	***360***
297.4	474.9	528.0	761.4	998.5	1331.4	1692.5	1889.1	2119.3	2325.6	***2550***	***2750***	**Noninterest Inc ($mill)**	***3600***
654.1	937.2	961.4	1346.9	1621.6	2029.4	2325.4	3106.1	2895.9	3166.5	***3450***	***3650***	**Noninterest Exp ($mill)**	***4300***
283.7	359.9	512.8	612.8	875.1	1100.1	1320.9	1064.9	1558.4	1653.8	***1780***	***1900***	**Net Profit ($mill)**	***2170***
32.2%	34.2%	30.1%	32.2%	32.0%	29.0%	28.6%	34.1%	32.9%	33.0%	***33.0%***	***33.0%***	**Income Tax Rate**	***33.0%***
1.34%	1.23%	1.49%	1.41%	1.47%	1.55%	1.65%	1.18%	1.55%	1.51%	***1.50%***	***1.50%***	**Return on Total Assets**	***1.40%***
2051.8	3283.0	3354.0	5491.7	8354.7	11721	13588	10808	11420	13119	***15500***	***16500***	**Long-Term Debt ($mill)**	***20000***
1729.2	2237.6	2758.5	3199.2	4785.9	6150.2	7387.9	9934.7	10874	11129	***11535***	***11990***	**Shr. Equity ($mill)**	***14060***
8.1%	7.7%	8.0%	7.4%	8.1%	8.7%	9.2%	11.0%	10.8%	10.2%	***10.0%***	***9.6%***	**Shr. Eq. to Total Assets**	***9.0%***
64.8%	64.8%	68.8%	65.6%	65.6%	64.3%	63.8%	68.1%	67.2%	68.1%	***69.5%***	***69.5%***	**Loans to Tot Assets**	***64.5%***
16.4%	16.1%	18.6%	19.2%	18.3%	17.9%	17.9%	10.7%	14.3%	14.9%	***15.5%***	***16.0%***	**Return on Shr. Equity**	***15.5%***
10.3%	8.8%	12.6%	11.7%	11.3%	10.8%	10.8%	4.0%	7.4%	7.5%	***8.0%***	***8.5%***	**Retained to Com Eq**	***8.5%***
37%	46%	32%	39%	38%	39%	40%	63%	49%	49%	***48%***	***46%***	**All Div'ds to Net Prof**	***44%***

CAPITAL STRUCTURE as of 6/30/06
LT Debt $15195.1 mill. **Due in 5 Yrs** $6797.8 mill.
LT Interest $751.8 mill.

Leases, Uncapitalized $101.5 million
Pension Assets-12/05 $1029.0 mill.
Oblig. $850.1 mill.

Pfd Stock None

Common Stock 537,040,937 shs.

MARKET CAP: $23.0 billion (Large Cap)

ASSETS($MILL.)	2004	2005	6/30/06
Loans	67549.1	75023.5	79619.1
Funds Sold	613.6	286.2	365.3
Securities	18838.2	20489.5	20090.9
Other Earning	1003.1	410.4	493.5
Other	12504.6	12960.2	15714.9
LIABILITIES($MILL.)			
Deposits	63209.1	74281.8	78512.8
Funds Borrowed	11178.1	6561.7	6797.1
Long-Term Debt	11419.6	13118.6	15195.1
Net Worth	10874.5	11129.1	11164.1
Other	3827.3	4078.6	4614.6
Total	100508.6	109169.8	116283.7
Loan Loss Resrv.	613.5	817.8	869.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	7.5%	7.0%	*7.0%*
Earnings	9.0%	6.5%	*10.0%*
Dividends	13.5%	12.0%	*8.0%*
Book Value	9.5%	13.5%	*6.0%*
Total Assets	6.5%	6.5%	*16.0%*

Cal-endar	LOANS ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31
2003	53709	54380	61519	61579
2004	63581	66220	66793	67549
2005	69388	71040	73672	75023
2006	76279	79619	***81000***	***82300***
2007	***83400***	***84800***	***86000***	***87000***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.68	.67	.21	.51	2.07
2004	.60	.72	.74	.75	2.80
2005	.71	.70	.81	.78	3.00
2006	.79	.79	***.85***	***.87***	***3.30***
2007	***.84***	***.86***	***.90***	***.95***	***3.55***

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.26	.26	.29	.29	1.10
2003	.29	.29	.32	.32	1.22
2004	.32	.32	.35	.35	1.34
2005	.35	.35	.38	.38	1.46
2006	.38	.38	.42		

BUSINESS: BB&T Corp. is a bank holding company with consolidated assets on 12/31/05 totaling $109.1 billion. Has 1,122 banking offices. Acq'd First Virginia Banks, 8/03; Virginia Invest. Counselors, 4/02; AREA Bancshares Corp., 3/02; MidAmerica Bancorp, 3/02; F&M National, 8/01; Virginia Cpt'l, 6/01; Century South, 6/01; FirstSpartan Fin., 3/01; FCNB Corp. Net loan losses, .29% of average loans at 12/31/05. At 6/30/06: loan loss reserves, 1.08% of loans; problem assets to loans: .40%. Loan portfolio: mortgages, 19%; commercial, 50%; consumer, 31%. Has about 27,700 empls. Off./dir. own 1.1% of shares. (3/06 proxy). CEO: John A. Allison IV. Inc.: NC. Addr.: 200 West 2nd St., Winston-Salem, NC 27101. Tel.: 910-272-2273. Web: www.BBandT.com.

BB&T's bottom line ought to benefit from solid noninterest income. Fee income, which was up more than 11% in the second quarter, is benefiting from the company's recent acquisitions. In particular, commissions from its insurance business increased by close to 18%.

Net interest income will likely feel some pressure. The company's net interest margin has been hurt lately by a flat yield curve. In response, BB&T has focused on increasing retail deposits to help fund loans with cheaper money. This will likely continue to pressure the net interest margin in the coming quarters. Too, the company recently completed the acquisitions of Main Street Banks and First Citizens Bancorp. Both deals should help improve the company's deposit market share in their respective regions.

Share buybacks should give earnings a boost. The company executed an accelerated share-repurchase program of 14 million shares in the second quarter. However, that buyback basically repurchased the 14.3 million shares BB&T issued with the completion of the Main Street Banks acquisition.

We look for earnings to increase by 10% in 2006. Net interest income and fee income will both likely continue to advance at a steady pace over the next few quarters. That said, we look for a slight slowdown in 2007, as share net will likely increase by 7%–8%.

Credit quality should remain solid over the next few quarters. Net charge-offs and nonperforming assets continue to be in solid shape and below historical averages. However, provisions for loan losses have started to creep up. We look for loan loss reserves to continue to increase from their low levels, as the company will want to be certain provisions are in excess of potential net charge-offs.

This stock, ranked to track the year-ahead market, has some appeal for conservative investors, as indicated by the combination of its decent average 3- to 5-year total return prospects and its high (1) rank for Safety. The bank's efficient operations, excellent asset quality, and enhanced product offerings all point to annual share net increasing by a mid- to high-single-digit rate out to 2009–2011.

George Y. Lee *August 25, 2006*

(A) Diluted earnings. Next earnings report due mid-October. Excludes nonrecurring loss: '95, $0.70; '99, $0.14; '00, $1.17; '01, $0.28; '02, 4¢; 2Q '05, $0.05. Incl. '96 SAIF earnings charge of $0.20. 2004 EPS do not add due to splits.
(B) Dividend historically paid in early February, May, August, and November. ■Dividend reinvestment plan available.
(C) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	75

BERRY PETROL. 'A' NYSE-BRY

RECENT PRICE 34.97 | P/E RATIO 12.1 (Trailing: 12.9; Median: 13.0) | RELATIVE P/E RATIO 0.71 | DIV'D YLD 0.7% | VALUE LINE

TIMELINESS 3 Lowered 5/19/06
SAFETY 3 New 2/28/97
TECHNICAL 4 Lowered 7/28/06
BETA .80 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	5.4	7.3	10.7	8.8	7.7	10.0	8.9	9.2	10.5	25.3	34.3	40.0
Low:	4.4	4.4	6.9	5.3	4.3	5.8	5.5	6.6	7.2	9.1	20.4	27.3

Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

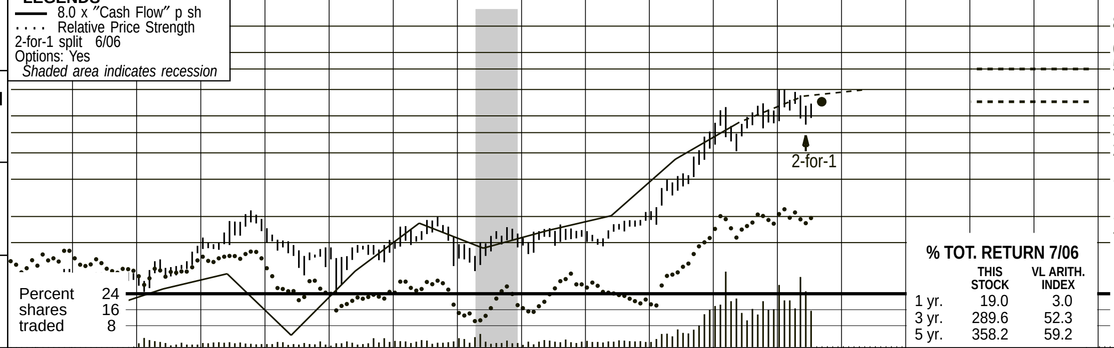
	Price	Gain	Ann'l Total Return
High	50	(+45%)	*10%*
Low	35	(Nil)	*1%*

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	1	0	0	0	0	0
Options	2	0	0	1	0	0	7	0	2
to Sell	2	0	0	1	1	0	9	0	2

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	60	66	70
to Sell	65	57	58
Hld's(000)	21286	21992	22388



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	19.0	3.0
3 yr.	289.6	52.3
5 yr.	358.2	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.59	2.11	2.42	1.53	.90	1.08	1.26	1.53	.91	1.51	3.89	3.19	3.05	4.13	6.25	9.20	***12.20***	***12.95***	Sales per sh A	***13.55***
.51	.51	.42	.23	.14	.45	.57	.67	.34	.69	1.16	.88	1.07	1.26	2.33	3.49	***4.65***	***5.00***	"Cash Flow" per sh	***4.85***
.41	.39	.23	- -	d.03	.28	.40	.44	.11	.41	.84	.50	.69	.78	1.54	2.50	***2.90***	***3.15***	Earnings per sh B	***3.00***
.28	.30	.30	.28	.20	.20	.20	.20	.20	.20	.20	.20	.20	.22	.23	.25	***.26***	***.26***	Div'ds Decl'd per sh C	***.28***
.32	.33	.27	.32	.16	.36	.36	.42	.16	.21	.57	.34	.70	.95	1.64	2.97	***4.90***	***4.75***	Cap'l Spending per sh	***4.50***
2.43	2.63	2.51	2.25	2.02	2.18	2.30	2.54	2.43	2.64	3.30	3.52	3.96	4.49	5.99	7.60	***9.45***	***12.45***	Book Value per sh	***19.20***
43.05	43.05	43.78	43.78	43.86	42.26	43.89	43.99	44.02	44.02	44.07	43.46	43.46	43.61	43.92	44.00	***42.25***	***42.50***	Common Shs Outst'g E	***43.00***
18.5	17.7	26.1	NMF	- -	17.7	14.1	19.3	62.9	15.9	9.8	14.7	11.8	11.1	10.1	11.1	*Bold figures are*		Avg Ann'l P/E Ratio	***14.0***
1.37	1.13	1.58	NMF	- -	1.18	.88	1.11	3.27	.91	.64	.75	.64	.63	.53	.59	*Value Line*		Relative P/E Ratio	***.95***
3.7%	4.4%	5.0%	4.8%	4.2%	4.0%	3.5%	2.4%	2.9%	3.1%	2.4%	2.8%	2.5%	2.7%	1.5%	.9%	*estimates*		Avg Ann'l Div'd Yield	***.7%***

CAPITAL STRUCTURE as of 6/30/06
Total Debt $272.5 mill. **Due in 5 Yrs** $86.5 mill.
LT Debt $249.0 mill. **LT interest** $18.5 mill.
(43% of Cap'l)
Leases, Uncapitalized $.5 mill.
No Defined Benefit Pension Plan
Pfd Stock None
Common Stock 42,062,030 class A shares
1,797,784 class B shares D
as of 7/21/06
Ea. "B" share is entitled to a $2.00 per share preference in the event of liquidation, and is convertible into two common shares at the option of the holder.
MARKET CAP: $1.5 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
55.3	67.2	39.9	66.6	171.6	138.5	132.5	180.0	274.5	404.9	***515***	***550***	Sales ($mill) A	***575***
59.3%	57.8%	45.3%	57.5%	39.9%	40.1%	38.8%	36.4%	45.7%	51.5%	***57.0%***	***58.0%***	Operating Margin A	***52.5%***
7.3	10.1	10.1	12.3	14.0	16.5	16.5	20.5	33.2	41.4	***65.0***	***70.0***	Depreciation ($mill)	***75.0***
17.5	19.3	5.0	18.0	37.2	21.9	30.0	34.3	69.2	112.4	***130***	***140***	Net Profit ($mill)	***135***
35.7%	31.8%	18.3%	21.4%	28.0%	19.5%	20.2%	14.7%	22.7%	31.0%	***39.0%***	***40.0%***	Income Tax Rate	***38.0%***
31.7%	28.7%	12.5%	27.0%	21.7%	15.8%	22.7%	19.1%	25.2%	27.7%	***25.2%***	***25.5%***	Net Profit Margin	***23.5%***
7.9	11.5	9.1	8.5	d1.2	5.8	d3.7	d5.4	d3.8	d54.7	***d50.0***	***d25.0***	Working Cap'l ($mill)	***d10.0***
36.0	32.0	30.0	52.0	25.0	25.0	15.0	50.0	28.0	75.0	***325***	***325***	Long-Term Debt ($mill)	***275***
101.0	111.9	106.9	116.2	145.2	153.2	172.1	195.7	263.1	334.2	***400***	***530***	Shr. Equity ($mill)	***825***
12.8%	14.2%	4.3%	11.9%	22.8%	13.4%	16.3%	14.3%	24.1%	28.2%	***19.0%***	***17.5%***	Return on Total Cap'l	***12.5%***
17.4%	17.2%	4.6%	15.5%	25.6%	14.3%	17.5%	17.5%	26.3%	33.6%	***33.0%***	***26.5%***	Return on Shr. Equity	***16.5%***
8.7%	9.4%	NMF	7.9%	19.5%	8.6%	12.4%	12.3%	22.5%	30.3%	***30.0%***	***24.5%***	Retained to Com Eq	***15.0%***
50%	46%	NMF	49%	24%	40%	29%	30%	15%	10%	***9%***	***8%***	All Div'ds to Net Prof	***9%***

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	17.3	2.7	1.3
Receivables	34.6	59.7	75.3
Other	9.1	12.5	24.2
Current Assets	61.0	74.9	100.8
Accts Payable	27.8	57.8	59.8
Debt Due	- -	11.5	23.5
Other	37.0	60.3	78.7
Current Liab.	64.8	129.6	162.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	19.0%	25.5%	*13.0%*
"Cash Flow"	24.0%	26.5%	*12.5%*
Earnings	- -	29.0%	*11.0%*
Dividends	0.5%	3.5%	*2.5%*
Book Value	11.0%	16.5%	*21.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	46.8	39.4	44.1	49.7	180.0
2004	57.1	64.1	72.9	80.4	274.5
2005	87.8	92.3	109.4	115.4	404.9
2006	117.6	123.2	***135***	***139.2***	***515***
2007	***135***	***135***	***140***	***140***	***550***

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.21	.15	.18	.24	.78
2004	.23	.34	.41	.56	1.54
2005	.50	.56	.76	.68	2.50
2006	.52	.76	***.80***	***.82***	***2.90***
2007	***.75***	***.80***	***.80***	***.80***	***3.15***

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.05	.05	.05	.05	.20
2003	.05	.055	.055	.055	.215
2004	.055	.055	.06	.06	.23
2005	.06	.06	.065	.065	.25
2006	.065	.065			

BUSINESS: Berry Petroleum Co. produces oil and gas, primarily in California from the Midway-Sunset field. Also has Rocky Mountain and Mid-Continent interests. Production in 2005 was 23,015 barrels a day. Estimated proved oil and gas reserves (82% oil) as of 12/31/05: 126.3 million barrels. Estimated pretax present value of reserves as of 12/31/05, $1.8 bill. Est. reserve life: 15 years. Has 209 employees. Officers and Directors own 11.3% of common stock; UnionBankCal Corp., 5.8%; Winberta Holdings, 4.7%. Winberta also owns 100% of Class B stock (4/06 proxy). Inc.: DE. Chairman: Martin H. Young, Jr. CEO and Pres.: Robert F. Heinemann. Addr.: 5201 Truxtun Ave., Ste. 300, Bakersfield, CA 93309. Tel.: 661-616-3900. Internet: www.bry.com.

Berry Petroleum's strategy is working well. The company has become an active acquirer and developer of properties since 2003. Corporate roots are in California's heavy-oil fields, where Berry still conducts the bulk of its operations. But modest growth prospects in the Golden State, and the willingness to put its then underleveraged balance sheet to work have resulted in a string of highly productive acquisitions. The timing has worked to perfection, given the rising oil and natural gas price environment. An earnings advance of 15% now seems possible in 2006. Profits have the potential to move ahead another 8%-10% in 2007, assuming price realizations remain favorable.

Rising production is adding fuel to the fire. Property purchases in the Rocky Mountains of Colorado and Utah have provided a nice lift to growth, with the added benefit of diversification into natural gas assets. Total production is on track to rise more than 10% in 2006, and an additional 5%-10% gain is probably within reach for 2007. There is competition for rigs, and infrastructure needs to be built, but the company looks to have secured the equipment it needs to make the most of its drill sites.

This year is shaping up as another good one for reserve growth. Recent acquisitions go a long way in that regard. Berry Petroleum's second operating front in the Rocky Mountains offers the possibility of significant new discoveries as drilling is expanded. Back in California, there is a heavy-oil project that could boost reserves, and profits, substantially, provided costs can be lowered. The company is still open to acquisitions, although the pace may slow in the near term, due to the rise in debt levels.

We've raised the neutrally ranked stock's 3- to 5-year Target Price Range. That's as a result of the company's improved drilling prospects. Appreciation potential still doesn't stand out, but the price action of the past few years suggests the stock can move sharply under favorable conditions. Nevertheless, the issue has cooled off in recent months. Two primary drivers behind the shares, price realizations and volume growth, have been favorable of late. But rising costs appear to be a hindrance.

Robert Mitkowski, Jr. *August 18, 2006*

(A) Electricity sales included beginning in 2000.
(B) Primary shares until 1996, then diluted. Excludes nonrecurring loss (2¢), 1998. Next earnings report due early Nov.
(C) Dividends historically paid at the end of March, June, Sep., and Dec. Special dividends of 2¢ a share paid in 2003; 3¢ a share in 2004; and 5¢ a share in 2005.
(D) Each share of Class A stock is entitled to one vote. Each share of Class B stock has 95% of one vote.
(E) In millions, adj. for split.

Company's Financial Strength	B+
Stock's Price Stability	65
Price Growth Persistence	70
Earnings Predictability	45

BIOMET NDQ-BMET

RECENT PRICE **31.95** | P/E RATIO **17.8** (Trailing: 18.8 Median: 26.0) | RELATIVE P/E RATIO **1.06** | DIV'D YLD **0.9%** | VALUE LINE

TIMELINESS	3	Lowered 12/31/04
SAFETY	2	Raised 6/3/05
TECHNICAL	3	Raised 7/21/06

BETA .80 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+90%)	*18%*
Low	45	(+40%)	*10%*

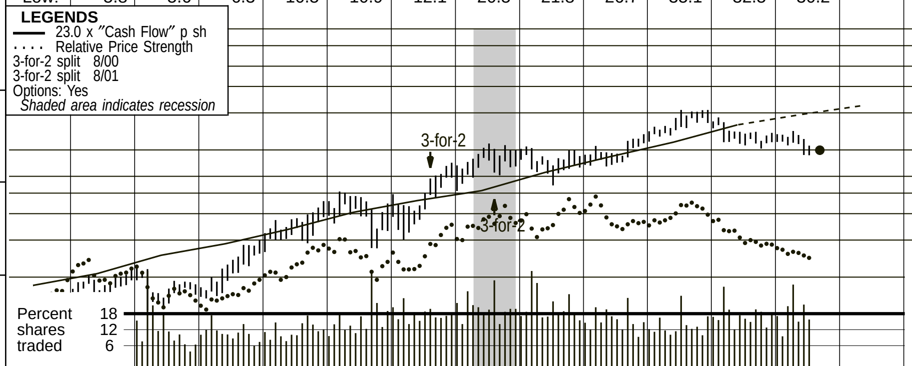
Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	1	1	0	10	0	1	2	1	2
to Sell	1	0	0	7	0	2	2	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	282	265	252
to Sell	210	234	241
Hld's(000)	158844	162418	162463

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	8.8	9.2	12.0	18.3	20.3	27.8	34.4	33.3	38.0	49.6	45.7	39.4
Low:	5.8	5.6	6.3	10.5	10.9	12.1	20.5	21.8	26.7	35.1	32.5	30.2



Target Price Range

2009 | 2010 | 2011

120 · 100 · 80 · 64 · 48 · 32 · 24 · 20 · 16 · 12 · 8

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-12.8	3.0
3 yr.	12.9	52.3
5 yr.	3.9	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
.65	.83	1.08	1.29	1.45	1.75	2.05	2.32	2.58	2.99	3.45	3.83	4.52	5.40	6.35	7.52	8.27	***9.10***	Sales per sh (A)	***12.45***
.14	.18	.24	.29	.32	.36	.44	.50	.59	.71	.80	.89	1.09	1.29	1.51	1.83	2.03	***2.25***	"Cash Flow" per sh	***3.10***
.12	.16	.20	.25	.27	.31	.36	.42	.49	.59	.65	.79	.88	1.10	1.27	1.54	1.67	***1.87***	Earnings per sh (A) (B)	***2.65***
--	--	--	--	--	--	--	.04	.05	.05	.06	.07	.09	.10	.15	.20	.25	***.30***	Div'ds Decl'd per sh (C)	***.45***
.03	.04	.06	.06	.03	.11	.05	.09	.18	.20	.16	.13	.24	.23	.24	.39	.44	***.45***	Cap'l Spending per sh	***.60***
.52	.68	.91	1.16	1.39	1.72	2.05	2.21	2.65	3.06	3.54	4.26	4.46	5.00	5.70	6.26	7.01	***8.00***	Book Value per sh	***12.20***
250.75	252.85	255.29	259.40	257.45	259.17	260.61	250.23	252.10	253.30	266.48	269.12	263.65	257.49	254.26	249.88	244.98	***242.00***	Common Shs Outst'g (D)	***235.00***
23.3	27.6	43.8	27.3	17.1	18.9	20.3	16.9	22.5	27.1	23.8	29.9	33.7	25.8	27.4	28.3	*Bold figures are*	*Value Line*	Avg Ann'l P/E Ratio	***20.0***
1.73	1.76	2.66	1.61	1.12	1.26	1.27	.97	1.17	1.54	1.55	1.53	1.84	1.47	1.45	1.49		*estimates*	Relative P/E Ratio	***1.20***
--	--	--	--	--	--	--	.6%	.4%	.3%	.4%	.3%	.3%	.4%	.4%	.5%			Avg Ann'l Div'd Yield	***.9%***

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
535.2	580.3	651.4	757.4	920.6	1030.7	1191.9	1390.3	1615.3	1880.0	2025.7	***2205***	Sales ($mill) (A)	***2925***
29.5%	30.7%	31.3%	33.8%	34.2%	34.9%	35.1%	34.4%	34.2%	34.2%	34.7%	***34.5%***	Operating Margin	***35.0%***
20.8	18.5	23.5	29.5	39.8	42.8	47.8	45.7	59.5	69.6	82.2	***85.0***	Depreciation ($mill)	***100.0***
94.1	106.5	124.7	149.1	173.8	197.5	239.7	286.7	325.6	388.6	414.0	***460***	Net Profit ($mill)	***630***
37.1%	37.1%	38.8%	35.1%	35.5%	34.1%	33.9%	34.7%	34.6%	32.4%	33.5%	***33.0%***	Income Tax Rate	***33.0%***
17.6%	18.3%	19.1%	19.7%	18.9%	19.2%	20.1%	20.6%	20.2%	20.7%	20.4%	***20.9%***	Net Profit Margin	***21.5%***
400.8	391.3	472.7	480.3	608.2	726.6	715.2	845.1	802.5	672.5	795.0	***990***	Working Cap'l ($mill)	***1800***
--	--	--	--	--	--	--	--	--	--	--	***Nil***	Long-Term Debt ($mill)	***Nil***
534.1	552.8	667.4	775.9	943.3	1146.2	1176.5	1286.1	1448.2	1563.9	1716.5	***1940***	Shr. Equity ($mill)	***2865***
17.6%	19.3%	18.7%	19.2%	18.4%	17.2%	20.4%	22.3%	22.5%	24.8%	24.1%	***23.5%***	Return on Total Cap'l	***22.0%***
17.6%	19.3%	18.7%	19.2%	18.4%	17.2%	20.4%	22.3%	22.5%	24.8%	24.1%	***23.5%***	Return on Shr. Equity	***22.0%***
17.6%	17.2%	16.9%	17.5%	16.7%	15.6%	18.3%	20.2%	19.8%	21.6%	20.5%	***20.0%***	Retained to Com Eq	***18.0%***
--	11%	10%	9%	9%	10%	10%	9%	12%	13%	15%	***16%***	All Div'ds to Net Prof	***17%***

CAPITAL STRUCTURE as of 5/31/06

Total Debt $276.6 mill. **Due in 5 Yrs.** $276.6 mill.
LT Debt None

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 244,831,097 shs.

MARKET CAP: $7.8 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	5/31/06
Cash Assets	169.3	104.7	161.0
Receivables	465.9	479.7	507.9
Inventory (FIFO)	389.4	469.8	534.5
Other	91.3	119.7	112.0
Current Assets	1115.9	1173.9	1315.4
Accts Payable	55.4	57.0	62.3
Debt Due	109.7	282.2	276.6
Other	148.3	162.2	181.5
Current Liab.	313.4	501.4	520.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	15.5%	16.5%	*15.0%*
"Cash Flow"	17.0%	17.0%	*14.5%*
Earnings	17.0%	17.5%	*16.5%*
Dividends	--	22.5%	*24.0%*
Book Value	15.0%	13.0%	*14.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) (A) Aug.31	Nov.30	Feb.28	May 31	Full Fiscal Year
2003	317.7	341.4	354.0	377.2	1390.3
2004	370.3	387.6	410.2	447.2	1615.3
2005	438.2	456.7	482.0	503.1	1880.0
2006	484.9	494.7	506.3	539.8	2025.7
2007	***525***	***535***	***555***	***590***	***2205***

Fiscal Year Ends	EARNINGS PER SHARE (A) (B) Aug.31	Nov.30	Feb.28	May 31	Full Fiscal Year
2003	.25	.27	.28	.30	1.10
2004	.30	.32	.34	.31	1.27
2005	.35	.38	.40	.41	1.54
2006	.40	.41	.43	.43	1.67
2007	***.44***	***.46***	***.47***	***.50***	***1.87***

Cal-endar	QUARTERLY DIVIDENDS PAID (C) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	--	--	.10	--	.10
2003	--	--	.15	--	.15
2004	--	--	.20	--	.20
2005	--	--	.25	--	.25
2006	--		.30		

BUSINESS: Biomet, Inc. designs, manufactures, and markets reconstructive and trauma devices, electrical bone growth stimulators, support devices, and operating room supplies. Manufacturing facilities in United States and Great Britain. Products marketed in U.S. through independent sales reps., in the United Kingdom by direct factory reps., and elsewhere by specialty medical product dealers. Foreign sales: 35% of total. R&D: 4.2% of sales. '06 depreciation rate: 11.0%. Has 4,075 employees; 5,774 shareholders of record. Officers & directors own 7.9% of stock; State Farm Insurance, 7.7% (8/06 proxy). Chairman: N. Noblitt. President: D. Hann. Inc.: Indiana. Address: 56 East Bell Drive, Warsaw, IN 46582-0587. Tel.: 574-267-6639. Internet: www.biomet.com.

Biomet's earnings growth potential is diminishing. We believe that sales of the company's core reconstructive business (read: hip and knee replacements) will grow at its current rate of about 10% with steady margins. However, the rest of the company is only growing around 3% with lower margins. The ability to grow other businesses at a strong clip seems less likely, and we are lowering our expectations to reflect this. We have reduced our earnings estimate for fiscal 2007 to $1.87 from $1.95. More importantly, we are lowering our long-term earnings multiple to 20 from 25.

EBI competes in growth markets, but has lagged its competitors. EBI is the unit that consists of fixation and spine products. Over the past year, management's attempt to improve these businesses met with only modest results. This is disappointing because the spine business is a growth niche with healthy margins. Biomet's spine division has been significantly lagging its competitors.

Earnings quality is also a concern. We believe the board of directors will steadily increase the dividend and continue aggressive share repurchases. However, the company generates more cash than the dividend and share buyback will absorb. Therefore, we believe that cash will build on the balance sheet and add to interest income. The added profits from interest are the driver behind our expectation for earnings growing faster than sales.

We believe the probability of Biomet being acquired has dropped over the past few months. Some competitors have stated that they are not interested in buying the company. Additionally, the tone of management during recent conference and earnings calls leads us to believe that it is focused on growing the business rather than selling it.

Shares of Biomet are not appealing for the coming year. The reconstruction business is solid, but the remainder of the company is sluggish. We think management will gradually improve growth rates at EBI, but we emphasize this will take time. The recent subpoenas issued by the Antitrust Division of the Department of Justice is also acting as an overhang on the stock price.

Greg McGowan *September 1, 2006*

(A) Fiscal year ends May 31st.
(B) Based on primary shares through November 1997; diluted thereafter. Next earnings report due mid-September. Excludes nonrecurring charges: '99, $0.13; '00, $0.01; '01, $0.07; '02, $0.03; '05, $0.16; '06,($0.04).
(C) Dividends historically paid in mid-July.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	75
Price Growth Persistence	80
Earnings Predictability	100

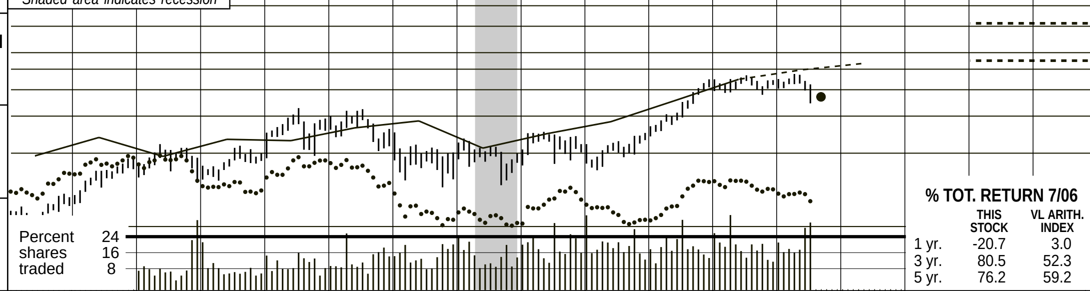
BLACK & DECKER NYSE-BDK

RECENT PRICE 74.02 | P/E RATIO 10.0 (Trailing: 11.5 / Median: 14.0) | RELATIVE P/E RATIO 0.60 | DIV'D YLD 2.1% | VALUE LINE

TIMELINESS 4 Lowered 8/4/06
SAFETY 3 Raised 3/15/96
TECHNICAL 3 Raised 3/17/06
BETA 1.00 (1.00 = Market)

High:	38.1	44.3	43.4	65.5	64.6	50.2	46.9	50.5	49.9	89.6	93.7	94.9
Low:	23.0	29.0	29.6	37.9	41.0	27.6	28.3	35.0	33.2	48.1	75.7	66.0

LEGENDS
— 10.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	165	(+125%)	23%
Low	110	(+50%)	12%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	3	0	1	0	0	1	8	0
to Sell	0	3	0	0	2	2	0	10	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	187	179	153
to Sell	171	156	193
Hld's(000)	66525	64777	63669

Percent shares traded 24 / 16 / 8

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-20.7	3.0
3 yr.	80.5	52.3
5 yr.	76.2	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
78.42	74.96	57.29	58.23	61.97	55.13	52.14	52.09	52.11	51.85	56.49	54.26	55.90	57.14	65.75	84.30	*90.55*	*96.40*	Sales per sh	*118.90*
4.68	4.13	3.04	3.39	3.89	4.76	3.87	4.65	4.59	5.28	5.70	4.23	4.95	5.64	7.11	8.98	*9.95*	*10.70*	"Cash Flow" per sh	*12.80*
.84	.81	.65	1.00	1.37	1.97	1.64	2.35	2.63	3.40	3.51	2.20	3.23	3.95	5.38	6.88	*7.25*	*7.85*	Earnings per sh A	*9.85*
.40	.40	.40	.40	.40	.40	.48	.48	.48	.48	.48	.48	.48	.57	.84	1.12	*1.52*	*1.52*	Div'ds Decl'd per sh B■	*1.52*
1.83	1.74	2.21	2.50	2.34	2.35	2.08	2.14	1.67	1.96	2.48	1.69	1.23	1.31	1.43	1.44	*1.75*	*1.85*	Cap'l Spending per sh	*2.05*
14.94	14.18	11.08	10.72	12.04	14.73	17.32	18.89	6.56	9.19	8.58	9.40	7.63	10.79	18.98	19.69	*25.35*	*31.40*	Book Value per sh C	*53.30*
61.62	61.86	83.43	83.85	84.69	86.45	94.25	94.84	87.50	87.19	80.74	79.86	78.60	78.45	82.11	77.38	*74.00*	*72.00*	Common Shs Outst'g D	*68.00*
16.9	18.0	32.6	19.7	15.3	15.7	22.7	15.5	19.9	15.5	10.7	17.7	13.8	10.5	12.2	12.6	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
1.26	1.15	1.98	1.16	1.00	1.05	1.42	.89	1.03	.88	.70	.91	.75	.60	.64	.67	*Value Line*		Relative P/E Ratio	*.95*
2.8%	2.7%	1.9%	2.0%	1.9%	1.3%	1.3%	1.3%	.9%	.9%	1.3%	1.2%	1.1%	1.4%	1.3%	1.3%	*estimates*		Avg Ann'l Div'd Yield	*1.1%*

CAPITAL STRUCTURE as of 7/2/06
Total Debt $1460.7 mill. **Due in 5 Yrs** $1027.8mill.
LT Debt $862.7 mill. **LT Interest** $58.0 mill.
(Total interest coverage: 28.5x) (37% of Cap'l)

Leases, Uncapitalized Annual rentals $63.2 mill.
Pension Assets-12/05 $1287.2 mill. **Oblig.** $1760.1 million

Pfd Stock None

Common Stock 74,047,224 shs.
MARKET CAP: $5.5 billion (Large Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
4914.4	4940.5	4559.9	4520.5	4560.8	4333.1	4394.0	4482.7	5398.4	6523.7	*6700*	*6940*	Sales ($mill)	*8085*
11.6%	14.2%	14.0%	15.4%	15.0%	11.7%	12.5%	13.2%	14.3%	14.8%	*14.3%*	*14.5%*	Operating Margin	*14.5%*
214.6	214.2	155.2	160.0	163.4	159.4	127.8	133.4	142.5	150.6	*180*	*185*	Depreciation ($mill)	*190*
159.2	227.2	246.0	300.3	296.5	178.6	261.3	309.3	441.1	544.0	*555*	*585*	Net Profit ($mill)	*680*
21.5%	35.0%	32.0%	32.0%	30.0%	30.0%	27.0%	26.8%	27.0%	33.6%	*27.0%*	*27.0%*	Income Tax Rate	*28.0%*
3.2%	4.6%	5.4%	6.6%	6.5%	4.1%	5.9%	6.9%	8.2%	8.3%	*8.3%*	*8.5%*	Net Profit Margin	*8.5%*
297.6	706.2	377.1	338.7	329.7	821.7	740.5	890.9	1134.6	1083.4	*1270*	*1515*	Working Cap'l ($mill)	*2670*
1415.8	1623.7	1148.9	847.1	798.5	1191.4	927.6	915.6	1200.6	1030.3	*880*	*830*	Long-Term Debt ($mill)	*680*
1632.4	1791.4	574.0	801.1	692.4	751.0	599.6	846.5	1558.7	1523.6	*1875*	*2260*	Shr. Equity ($mill) D	*3625*
6.9%	8.3%	16.6%	21.3%	22.6%	10.9%	18.7%	18.5%	16.3%	22.1%	*21.0%*	*19.5%*	Return on Total Cap'l	*16.5%*
9.8%	12.7%	42.9%	37.5%	42.8%	23.8%	43.6%	36.5%	28.3%	35.7%	*30.0%*	*26.0%*	Return on Shr. Equity	*19.0%*
6.4%	10.1%	35.2%	32.3%	37.1%	18.6%	37.1%	31.3%	24.0%	29.9%	*24.0%*	*21.0%*	Retained to Com Eq	*16.0%*
34%	20%	18%	14%	13%	22%	15%	14%	15%	16%	*20%*	*19%*	All Div'ds to Net Prof	*15%*

CURRENT POSITION ($MILL.)

	2004	2005	7/2/06
Cash Assets	514.4	967.6	322.3
Receivables	1046.6	1130.6	1214.2
Inventory (LIFO)	981.8	1049.1	1134.4
Other	384.4	200.1	272.8
Current Assets	2927.2	3347.4	2943.7
Accts Payable	466.9	466.8	562.1
Debt Due	1.6	722.2	598.0
Other	1324.1	1075.0	935.9
Current Liab.	1792.6	2264.0	2096.0

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	1.5%	5.0%	*9.0%*
"Cash Flow"	6.0%	7.0%	*9.0%*
Earnings	14.0%	11.0%	*10.0%*
Dividends	7.5%	12.0%	*10.0%*
Book Value	3.0%	15.5%	*22.0%*

QUARTERLY SALES ($ mill.)

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2003	939.2	1090	1115	1337	4482.7
2004	1092	1297	1282	1725	5398.4
2005	1519	1698	1575	1730	6523.7
2006	1529	1697	*1635*	*1839*	*6700*
2007	*1605*	*1775*	*1690*	*1870*	*6940*

EARNINGS PER SHARE A

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2003	.55	.96	1.12	1.32	3.95
2004	.93	1.50	1.35	1.60	5.38
2005	1.36	1.88	1.73	1.93	6.88E
2006	1.45	1.98	*1.75*	*2.07*	*7.25*
2007	*1.60*	*2.06*	*1.95*	*2.24*	*7.85*

QUARTERLY DIVIDENDS PAID B■

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.12	.12	.12	.12	.48
2003	.12	.12	.12	.21	.57
2004	.21	.21	.21	.21	.84
2005	.28	.28	.28	.28	1.12
2006	.38	.38			

BUSINESS: Black & Decker manufactures and services power tools and accessories (71% of 2005 sales) for the prof'l and do-it-yourself markets. Also sells building products (19%), fastening and assembly systems (10%). Brand names: *Black & Decker*, *DeWalt*, *Dustbuster*, *Toast-R-Oven*, *Emhart*, *Kwikset*, and *Price Pfister*. Sold PRC, 1995. Divested household appliance and recreational products divisions, 6/98. International sales: 29% of '05 total. Has approximately 26,300 employees, 11,885 shareholders. Officers & directors own 5.7% of common stock; (3/06 proxy). Chairman, President, and CEO: Nolan D. Archibald. Incorporated: Maryland. Address: 701 East Joppa Road, Towson, MD 21204. Telephone: 410-716-3900. Internet: www.blackanddecker.com.

Black & Decker's earnings growth is likely to moderate throughout much of this year and next. During the first half of 2006, BDK's performance was tempered by commodity cost pressures, rather difficult comparisons to the first half of last year, and Porter-Cable and Delta listings lost in 2005 as a result of an aging product line. During the second half of 2006, the company is set to launch a host of innovative new products, including DeWalt's next-generation cordless line and a variety of consumer tools, which should help boost the top line. Separately, in response to accelerating commodity cost pressure, BDK will implement additional price increases later this year, which should help improve the company's margins. Nevertheless, Black & Decker's top and bottom lines are still likely to feel the effects of a relatively more modest North American economic climate. As such, we now look for the company to report net income of about $7.25 a share in 2006—down from our earlier call of $7.45—on a modest 3% sales advance. An 8% year-over-year earnings advance is likely the following year.

The company remains committed to boosting shareholder value. Early in the September interim, BDK announced that its board of directors upped its stock repurchase authorization by 8.0 million shares, which represents more than 10% of the total shares outstanding. Black & Decker bought back roughly 2.3 million shares in the second quarter, and 4.1 million shares year to date, thereby completing its previous authorization. Since early 2003, the company has spent over $900 million to repurchase nearly 16% of its common stock and has more than tripled its quarterly dividend.

Based on recent price and earnings momentum, Black & Decker stock is now ranked to lag the market over the coming six to 12 months. However, once the company works it way through the aforementioned challenges, we look for BDK to post solid sales and earnings gains 3 to 5 years hence. Consequently, investors willing to commit funds over the long haul may wish to consider these shares, as they offer above-average total-return potential through 2009-2011.

Kenneth A. Nugent *September 1, 2006*

(A) Dltd egs. Excl. n/r. items: '92, ($2.06); '93, 28¢; '96, (67¢); '98, ($10.85); '00, (17¢); '01, (87¢); '02, (39¢); '03 (20¢); '04, 43¢; '05, 19¢. Excl. chg. for acctg. change: '92, $3.11; '93, 35¢; '98, $9.45. Excl. gains from disc. opers.: '95, 45¢; '96, 77¢. Next earnings report due late Oct. (B) Dividend historically paid in mid-March, June, September, and December. ■ Div'd reinvest. plan avail. (C) Incl. intang. In '05, $1115.7 mill., $14.42/sh. (D) In mill. (E) EPS does not tally due to rounding.

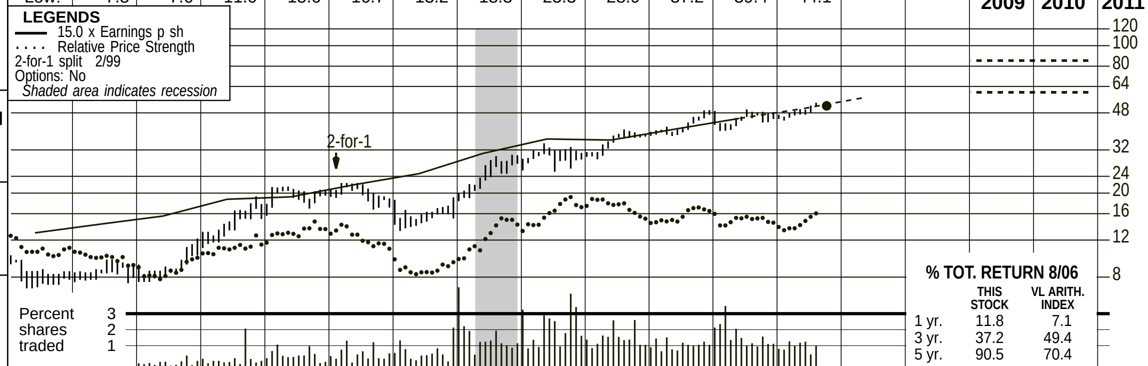
Company's Financial Strength	B+
Stock's Price Stability	75
Price Growth Persistence	80
Earnings Predictability	65

BOK FINANCIAL NDQ-BOKF

RECENT PRICE **51.79** | P/E RATIO **14.8** (Trailing: 16.7 Median: 13.0) | RELATIVE P/E RATIO **0.85** | DIV'D YLD **1.2%** | VALUE LINE

TIMELINESS 3 Raised 4/28/06
SAFETY 2 New 9/24/04
TECHNICAL 2 Raised 8/18/06
BETA .90 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	9.7	12.2	19.3	21.5	22.4	19.1	30.4	34.4	40.1	49.5	49.8	53.6
Low:	7.5	7.6	11.0	15.6	16.7	13.2	18.3	25.3	28.9	37.2	39.4	44.1



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+65%)	14%
Low	60	(+15%)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	1	1	1	0	1
Options	2	10	16	12	6	5	4	1	2
to Sell	0	9	8	0	10	4	2	2	2

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	59	55	65
to Sell	38	45	36
Hld's(000)	11462	11758	11965

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	11.8	7.1
3 yr.	37.2	49.4
5 yr.	90.5	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
- -	.41	.63	.72	.86	.95	1.04	1.25	1.28	1.46	1.65	2.06	2.41	2.38	2.68	3.01	3.35	3.80	Earnings per sh [A]	4.90
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.30	.55	.60	Div'ds Decl'd per sh [C]	.75
- -	5.03	3.31	4.16	4.44	5.71	6.84	8.12	9.51	9.93	12.80	14.98	19.02	20.60	23.25	22.99	26.05	29.50	Book Value per sh	41.60
- -	21.35	41.85	46.25	50.00	50.22	50.46	50.80	50.69	53.62	53.78	54.31	56.72	58.92	59.50	66.96	67.00	67.50	Common Shs Outst'g [B]	69.00
- -	22.8	7.5	11.6	9.6	9.0	8.6	11.6	15.3	13.6	9.5	11.9	12.5	14.7	15.6	14.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
- -	1.46	.45	.69	.63	.60	.54	.67	.80	.78	.62	.61	.68	.84	.82	.80			Relative P/E Ratio	1.00
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	.7%			Avg Ann'l Div'd Yield	1.0%

CAPITAL STRUCTURE as of 6/30/06
LT Debt $1018.2 mill. **LT Interest** $15.0 mill.
Due in 5 Yrs. $1280.0 mill.

Leases, Uncapitalized Annual rentals $15.0 mill.
No defined Benefits Pension Plan

Pfd Stock None
Common Stock 66,850,046 shares

MARKET CAP: $3.5 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
4620.7	5399.6	6809.4	8374.0	9748.3	11130	12245	13582	14395	16253	17600	19600	Total Assets ($mill)	27050
2349.4	2712.0	3487.0	4567.3	5435.2	6193.5	6784.9	7355.3	7820.3	9036.1	10200	11350	Loans ($mill)	15625
127.4	155.6	182.3	236.1	268.9	326.8	368.2	390.0	423.2	449.3	495	545	Net Interest Inc ($mill)	700
4.3	9.0	14.5	10.4	17.2	37.6	33.7	35.6	20.4	12.4	20.0	30.0	Loan Loss Prov'n ($mill)	30.0
105.3	129.7	161.9	188.5	199.1	259.3	324.0	303.0	312.6	345.6	375	435	Noninterest Inc ($mill)	570
159.0	195.2	217.8	280.5	303.0	353.2	425.6	410.1	444.9	467.8	500	545	Noninterest Exp ($mill)	700
54.1	64.6	74.7	89.2	100.1	126.2	150.4	158.4	179.0	201.5	225	260	Net Profit ($mill)	340
22.1%	20.3%	33.3%	33.3%	32.2%	35.4%	35.4%	36.0%	33.8%	36.0%	36.0%	36.0%	Income Tax Rate	36.0%
1.17%	1.20%	1.10%	1.07%	1.03%	1.13%	1.23%	1.17%	1.24%	1.24%	1.30%	1.35%	Return on Total Assets	1.25%
- -	- -	- -	- -	1031.0	1407.3	1243.4	1171.0	1166.6	1350.3	1100	1100	Long-Term Debt ($mill)	1000
360.0	435.5	505.1	557.2	703.6	828.5	1093.6	1228.6	1398.5	1539.2	1745	1990	Shr. Equity ($mill)	2870
7.8%	8.1%	7.4%	6.7%	7.2%	7.4%	8.9%	9.0%	9.7%	9.5%	10.0%	10.0%	Shr. Eq. to Total Assets	10.5%
50.8%	50.2%	51.2%	54.5%	55.8%	55.6%	55.4%	54.2%	54.3%	55.6%	58.0%	58.0%	Loans to Tot Assets	58.0%
15.0%	14.8%	14.8%	16.0%	14.2%	15.2%	13.8%	12.9%	12.8%	13.1%	13.0%	13.0%	Return on Shr. Equity	12.0%
15.3%	15.3%	15.3%	16.5%	14.5%	15.5%	13.9%	13.0%	12.9%	11.8%	11.0%	11.0%	Retained to Com Eq	10.0%
3%	2%	1%	2%	- -	- -	- -	- -	- -	10%	16%	16%	All Div'ds to Net Prof	15%

ASSETS($Mill.)	2004	2005	6/30/06
Loans	7820.3	9036.1	9689.9
Funds Sold	27.4	14.5	25.5
Securities	4814.3	5066.7	5034.8
Other Earning	31.8	33.0	30.4
Other	1701.6	2102.6	2143.5
LIABILITIES($Mill.)			
Deposits	9674.4	10399.9	11306.8
Funds Borrowed	1555.5	1337.9	2342.3
Long-Term Debt	1166.6	1350.3	1018.2
Shr. Equity	1398.5	1539.2	1583.0
Other	600.4	1626.3	673.8
Total	14395.4	16252.9	16924.1
Loan Loss Resrv.	114.8	103.9	104.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	13.5%	9.0%	11.5%
Earnings	12.5%	13.0%	10.5%
Dividends	- -	- -	NMF
Book Value	16.5%	15.5%	11.0%
Total Assets	12.5%	8.5%	10.5%

Cal-endar	LOANS ($ mill.) Mar 31	Jun 30	Sep 30	Dec 31
2003	6857	6920	7165	7355
2004	7371	7396	7784	7820
2005	7977	8406	8774	9036
2006	9098	9689	9850	10200
2007	10500	10800	11100	11350

Cal-endar	EARNINGS PER SHARE [A] Mar 31	Jun 30	Sep 30	Dec 31	Full Year
2003	.62	.69	.58	.49	2.38
2004	.58	.68	.72	.70	2.68
2005	.78	.75	.76	.72	3.01
2006	.81	.82	.85	.87	3.35
2007	.95	.95	.95	.95	3.80

Cal-endar	QUARTERLY DIVIDENDS PAID [C] Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	- -	- -	- -	- -	- -
2003	- -	- -	- -	- -	- -
2004	- -	- -	- -	- -	- -
2005	- -	.10	.10	.10	.30
2006	.10	.15	.15		

BUSINESS: BOK Financial Corporation is a bank holding company. It operates four principal lines: corporate banking, consumer banking, mortgage banking, and trust services from 150 locations. Its banking and bank-related activities are primarily performed through Bank of Oklahoma, N.A. (BOK); Bank of Texas, N.A.; Bank of Albuquerque, N.A.; Bank of Arkansas, N.A., and Colorado State Bank and Trust, N.A. Has 3,825 employees. In 2005, loan loss reserve was 1.14% of loans. Officers and directors own 67.3% of shares; Columbia Wanger Asset Management, 4.3% (3/06 proxy). Chairman: George B. Kaiser. Pres. & CEO: Stanley Lybarger. Inc.: OK. Address: Bank of Oklahoma Tower, P.O. Box 2300, Tulsa, OK 74192. Telephone: 918-588-6000. Internet: www.bokf.com.

BOK Financial had another solid quarter. The Oklahoma-based bank holding company reported share earnings growth of 9% ($0.02 higher than our estimate). The strong showing was fueled partly by a 6% sequential increase in the company's loan portfolio. After a slow start in the first quarter, loan growth seems to have returned to historical levels. In contrast, deposits decreased by almost $2 million during the quarter.

Deposit growth has been a recurring problem. Deposits have lagged lending activity for the last few quarters, and the company has been forced to finance loan expansion through borrowings. Core deposits funded 48% of loans in the June interim, down from 49% in the previous quarter. The need for increased leverage puts a damper on the earnings potential of the loan portfolio.

BOK's loan pipeline looks strong. Demand in the company's Dallas, Houston, Denver, and Phoenix regional markets remains strong. Additionally, in the core state of Oklahoma, loans in the energy industry are increasing at a steady rate. A higher loan count should help boost net interest income, but we expect continued pressure on margins due to the aforementioned debt-related interest expenses.

The company's high ratio of noninterest income should help smooth earnings volatility. BOK derives about 45% of its top line from various nonspread-based sources such as deposit fees, transaction card fees, and trust fees. The relative stability of these revenue sources increases earnings consistency and allows the bank to trade at a premium relative to its peers.

New markets offer compelling expansion potential. Although most of the company's assets are situated in Oklahoma, BOK is actively trying to expand into several new, fast-growing markets. The company's Bank of Texas subsidiary (operates in Dallas and Houston) has been expanding at a rapid pace, and now holds about $3 billion in assets.

Shares of BOK Financial have limited long-term appreciation potential, based on their current quotation. Meanwhile, the stock is ranked average for year-ahead performance.

Praneeth Satish *September 22, 2006*

(A) Diluted earnings (primary in 1995 and 1996). Next earnings report due in mid-October.

(B) In millions, adjusted for split.

(C) Dividends expected to be paid in late-Feb., May, Aug., and Nov.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	90

BRIGGS & STRATTON NYSE-BGG

RECENT PRICE	27.07	P/E RATIO	13.4 (Trailing: 10.5 / Median: 14.0)	RELATIVE P/E RATIO	0.77	DIV'D YLD	3.3%	VALUE LINE

TIMELINESS **5** Lowered 7/28/06
SAFETY **3** Lowered 11/2/01
TECHNICAL **4** Raised 7/21/06
BETA 1.05 (1.00 = Market)

High:	22.1	23.4	26.8	26.2	35.6	26.5	24.2	24.2	34.4	44.5	42.2	40.2
Low:	16.1	18.3	21.3	16.8	23.3	15.2	14.8	15.4	18.5	31.7	30.8	26.4

2009-11 PROJECTIONS

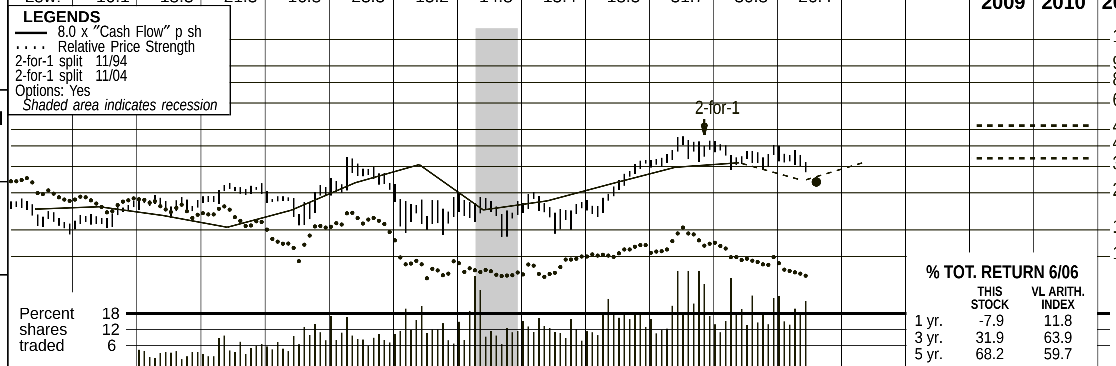
	Price	Gain	Ann'l Total Return
High	50	(+85%)	19%
Low	35	(+30%)	10%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	2	0	0	0	3	9	0	0	3
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	103	93	97
to Sell	94	88	79
Hld's(000)	43715	42803	41277



Target Price Range

2009	2010	2011

% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-7.9	11.8
3 yr.	31.9	63.9
5 yr.	68.2	59.7

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
17.33	16.43	18.01	19.70	22.22	23.16	22.25	25.90	27.86	32.36	36.57	30.38	35.34	38.05	38.12	51.21	*50.00*	*51.95*	Sales per sh A	*60.10*
1.30	1.26	1.60	2.03	2.51	2.58	2.34	2.06	2.48	3.36	4.08	2.49	2.75	3.31	3.97	4.17	*3.45*	*4.25*	"Cash Flow" per sh	*6.10*
.61	.63	.89	1.22	1.77	1.81	1.60	1.08	1.43	2.26	2.77	1.11	1.18	1.75	2.77	2.76	*1.90*	*2.60*	Earnings per sh B	*4.15*
.40	.40	.40	.43	.45	.51	.53	.55	.56	.58	.60	.62	.63	.64	.66	.68	*.88*	*.90*	Div'ds Decl'd per sh C ■	*1.02*
.65	.55	.70	.66	.71	2.27	1.34	1.40	.96	1.42	1.64	1.42	1.02	.92	1.04	1.66	*1.35*	*1.45*	Cap'l Spending per sh	*1.60*
4.69	4.92	5.40	6.22	6.98	7.60	8.65	6.91	6.64	7.89	9.41	9.79	10.39	11.82	16.00	17.15	*18.35*	*19.60*	Book Value per sh D	*24.75*
57.85	57.85	57.85	57.85	57.85	57.85	57.85	50.83	47.65	46.40	43.49	43.20	43.28	43.57	51.09	51.85	*51.00*	*51.00*	Common Shs Outst'g E	*52.50*
11.8	11.2	12.2	11.2	11.4	9.8	12.9	20.6	16.5	11.0	8.9	18.2	17.1	11.6	12.0	13.8	*Bold figures are*		Avg Ann'l P/E Ratio	*10.5*
.88	.72	.74	.66	.75	.66	.81	1.19	.86	.63	.58	.93	.93	.66	.63	.72	*Value Line*		Relative P/E Ratio	*.70*
5.5%	5.7%	3.7%	3.1%	2.2%	2.9%	2.6%	2.4%	2.4%	2.3%	2.4%	3.1%	3.1%	3.2%	2.0%	1.8%	*estimates*		Avg Ann'l Div'd Yield	*2.3%*

CAPITAL STRUCTURE as of 3/31/06
Total Debt $484.9 mill. **Due in 5 Yrs** $215.0 mill.
LT Debt $441.9 mill. **LT Interest** $34.5 mill.
(LT interest earned: 8.0x;
total interest coverage: 7.4x) (32% of Cap'l)

Leases, Uncapitalized Annual rentals $7.6 mill.
Pension Assets-7/05 $917.4 mill. **Oblig.** $1032.0 mill.
Pfd Stock None

Common Stock 51,139,960 shs **as of 4/28/06**
(51.56 mill. diluted shs.)
MARKET CAP: $1.4 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1287.0	1316.4	1327.6	1501.7	1590.6	1312.4	1529.4	1657.6	1947.4	2654.9	*2550*	*2650*	Sales ($mill) A	*3155*
15.3%	11.2%	13.0%	15.3%	16.1%	12.1%	12.1%	13.0%	15.5%	11.4%	*10.0%*	*11.5%*	Operating Margin	*14.5%*
43.0	43.4	47.7	49.6	51.4	59.7	66.0	63.5	66.9	73.5	*78.0*	*83.0*	Depreciation ($mill)	*103*
92.4	61.6	70.6	106.1	126.1	48.0	53.1	80.6	136.1	142.8	*97.0*	*133*	Net Profit ($mill)	*218*
38.0%	38.0%	37.6%	37.5%	37.0%	33.2%	34.0%	32.0%	33.6%	33.1%	*32.0%*	*33.0%*	Income Tax Rate	*35.0%*
7.2%	4.7%	5.3%	7.1%	7.9%	3.7%	3.5%	4.9%	7.0%	5.4%	*3.8%*	*5.0%*	Net Profit Margin	*6.9%*
266.2	204.4	159.1	176.7	159.2	371.2	403.9	505.8	681.4	766.5	*780*	*800*	Working Cap'l ($mill)	*950*
60.0	142.9	128.1	113.3	98.5	508.1	499.0	503.4	360.6	486.3	*400*	*390*	Long-Term Debt ($mill)	*370*
500.5	351.1	316.5	365.9	409.5	422.8	449.6	515.0	817.6	889.2	*935*	*1000*	Shr. Equity ($mill)	*1300*
17.3%	13.3%	17.6%	23.5%	25.5%	6.8%	7.9%	9.9%	13.1%	11.7%	*8.5%*	*10.5%*	Return on Total Cap'l	*14.0%*
18.5%	17.5%	22.3%	29.0%	30.8%	11.4%	11.8%	15.7%	16.6%	16.1%	*10.5%*	*13.5%*	Return on Shr. Equity	*17.0%*
12.4%	8.8%	13.6%	21.6%	24.1%	5.0%	5.8%	10.3%	12.9%	12.1%	*5.5%*	*8.5%*	Retained to Com Eq	*12.5%*
33%	50%	39%	26%	22%	56%	51%	34%	22%	25%	*46%*	*35%*	All Div'ds to Net Prof	*25%*

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	342.4	161.6	63.5
Receivables	230.5	360.8	435.8
Inventory (LIFO)	337.7	469.7	593.8
Other	71.4	127.1	121.1
Current Assets	982.0	1119.2	1214.2
Accts Payable	120.4	156.0	169.6
Debt Due	3.1	.4	43.0
Other	177.1	196.3	223.5
Current Liab.	300.6	352.7	436.1

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	7.0%	5.5%	*6.0%*
"Cash Flow"	5.0%	3.0%	*8.0%*
Earnings	4.0%	2.5%	*9.5%*
Dividends	3.5%	2.5%	*7.5%*
Book Value	8.0%	13.5%	*8.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Sep.Per.	Dec.Per.	Mar.Per.	Jun.Per.	Full Fiscal Year
2003	236.5	352.6	560.4	508.1	1657.6
2004	331.4	416.0	654.7	545.3	1947.4
2005	439.0	503.7	840.5	871.7	2654.9
2006	511.7	574.3	800.2	*663.8*	*2550*
2007	*515*	*580*	*830*	*725*	*2650*

Fiscal Year Ends	EARNINGS PER SHARE ABF Sep.Per.	Dec.Per.	Mar.Per.	Jun.Per.	Full Fiscal Year
2003	d.16	.27	.91	.70	1.75
2004	.09	.44	1.44	.80	2.77
2005	.10	.52	1.18	.98	2.76
2006	.01	.42	1.16	*.31*	*1.90*
2007	*.08*	*.47*	*1.20*	*.85*	*2.60*

Cal-endar	QUARTERLY DIVIDENDS PAID ■C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.16	.32	- -	.16	.64
2003	.16	.32	- -	.165	.65
2004	.165	.33	- -	.17	.67
2005	.17	.34	- -	.22	.73
2006	.22	.44			

BUSINESS: Briggs & Stratton Corporation is the world's largest manufacturer of air-cooled gasoline engines, which range from 3.5 to 25.0 horsepower. Engines are sold to original equipment manufacturers of lawn mowers, tractors, garden tillers, generators, pressure washers, compressors, and pumps. Also produces small outboard marine engines. Foreign sales: 18%. Acquired Generac Portable Products 5/01; Simplicity Manuf., 7/04; Murray Inc. assets, 2/05. Has about 9,075 employees; 4,060 stockholders. 2005 depreciation rate: 7.5%. Officers and directors own 4.2% of common (9/05 Proxy). Chairman, President & CEO: John S. Shiely. Inc.: Wisconsin. Addr.: 12301 West Wirth St, Wauwatosa, Wisconsin 53222. Tel.: 414-259-5333. Web: www.briggsandstratton.com.

We're cautiously optimistic that fiscal 2007 (year ends July 1st) will be a better year for Briggs & Stratton's Engine group. In fiscal 2006, the company had to deal with tough fiscal 2005 sales comparisons. Importantly, mass merchandisers, such as Home Depot and Wal-Mart, with a wary eye on consumer spending, became cautious regarding their purchases of lawn & garden equipment. The retailers endeavored to work down their inventories and changed their shelf mix in favor of lower-priced equipment. B&S implemented a price hike to reflect value-added features and cover higher materials and labor costs, before the spring selling season. That hike was not all that well received. Given the market situation, management carefully cut production. At this juncture, the retailers have not yet developed restocking plans for the 2007 season, which determines upcoming small gasoline engine orders from the OEMs. Still, we believe that the market focus will begin to shift back to better margined products. B&S is trimming staff and improving purchasing and operating efficiency to shore up profitability.

The Power Products division ought to turn in a respectable performance, as well. In recent years, stormy weather across the U.S. has lifted demand for portable generators. We expect the positive current sales trend of B&S's product offerings to stay in place, at least through the end of this fiscal year. Too, pressure washer sales should start to firm up — thanks to improving store placement — after weakness experienced in fiscal 2006.

B&S stock is not timely. There is a reasonably good chance that business at both the Engine and Power Products segments will increase this fiscal year, but this is by no means assured. And raw material and employee benefit expenses likely will pressure margins. Operating efficiency measures, product surcharges (as opposed to price hikes), the transfer of some production to more economical offshore locations, and recent common stock buybacks should all lend notable support to share net going forward. The stock's total-return potential to 2009-2011 is above average. Even so, there's no rush to begin rebuilding a stake here.

David M. Reimer *July 28, 2006*

(A) Fiscal year ending the Sunday nearest last day in June. (B) Diluted earnings. Excludes net nonrecurring gains/(losses) in '89, (50¢); '94, ($1.07); '00, 44¢; 1Q, '05, (13¢); 2Q, '05, (38¢); 3Q, '05, 38¢; 1Q, '06, 8¢. Incl. early retirement program charge in '97, 80¢; '02, 24¢. Next earnings report due in mid-Oct. (C) Div'ds hist. paid in early Jan., Apr., June, Oct. ■ Div'd reinvestment plan. (D) Incl. intang. assets in '05, $6.74/sh. (E) In mill., adj'd for splits. (F) Quarters may not add due to dilutive effects of convert. debt.

Company's Financial Strength	B+
Stock's Price Stability	70
Price Growth Persistence	50
Earnings Predictability	45

BRISTOL-MYERS SQ. NYSE-BMY

RECENT PRICE	25.08	P/E RATIO	21.8 (Trailing: 16.5) (Median: 23.0)	RELATIVE P/E RATIO	1.26	DIV'D YLD	4.5%	VALUE LINE

TIMELINESS **3** Raised 8/27/04
SAFETY **2** Raised 10/21/05
TECHNICAL **3** Lowered 6/23/06
BETA 1.05 (1.00 = Market)

High:	21.8	29.1	49.1	67.6	79.3	74.9	73.5	51.9	29.2	31.3	26.6	26.0
Low:	14.4	19.5	26.6	44.2	57.3	42.4	48.5	19.5	21.0	22.2	20.7	21.2

Target Price Range
2009 | 2010 | 2011

2009-11 PROJECTIONS

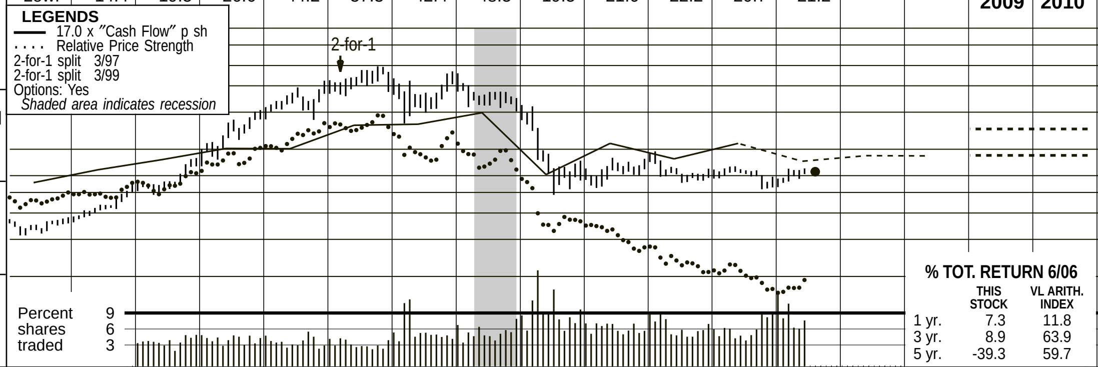
	Price	Gain	Ann'l Total Return
High	40	(+60%)	16%
Low	30	(+20%)	9%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	6	4	0
to Sell	1	0	0	0	0	0	2	1	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	410	309	318
to Sell	459	567	542
Hld's(000)	1323046	1362497	1400137



% TOT. RETURN 6/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	7.3	11.8
3 yr.	8.9	63.9
5 yr.	-39.3	59.7

Bristol-Myers Squibb was incorporated in Delaware in August 1933 as successor to a New York business started in 1887. The company was formed by a merger between Bristol-Myers Company and Squibb Corporation on October 4, 1989. The combination was effected through an exchange of 2.4 shares of Bristol-Myers for each share of Squibb.
The merger was effected utilizing the pooling-of-interests accounting method.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
7.53	8.36	9.19	10.21	9.32	9.91	9.35	10.77	9.98	9.84	*9.85*	*9.95*	Sales per sh	*11.55*
1.68	1.90	1.89	2.45	2.48	2.81	1.43	2.01	1.70	2.01	*1.65*	*1.75*	"Cash Flow" per sh	*2.15*
1.42	1.61	1.55	2.06	2.36	2.41	1.07	1.59	1.21	1.52	*1.15*	*1.25*	Earnings per sh A	*1.60*
.75	.76	.78	.86	.98	1.10	1.12	1.12	1.12	1.12	*1.12*	*1.12*	Div'ds Decl'd per sh B■	*1.14*
.30	.38	.40	.36	.30	.52	.51	.48	.35	.38	*.45*	*.50*	Cap'l Spending per sh	*.55*
3.28	3.61	3.81	4.36	4.70	5.48	4.63	5.04	5.25	5.74	*5.70*	*6.35*	Book Value per sh C	*8.55*
2001.4	1998.4	1988.8	1980.8	1953.5	1960.6	1937.4	1940.5	1942.4	1942.3	*1940.0*	*1940.0*	Common Shs Outst'g D	*1935.0*
16.2	23.8	35.2	33.1	24.6	23.8	29.1	15.9	20.8	15.9	*Bold figures are*		Avg Ann'l P/E Ratio	*22.0*
1.01	1.37	1.83	1.89	1.60	1.22	1.59	.91	1.10	.85	*Value Line*		Relative P/E Ratio	*1.45*
3.3%	2.0%	1.4%	1.3%	1.7%	1.9%	3.6%	4.4%	4.4%	4.6%	*estimates*		Avg Ann'l Div'd Yield	*3.3%*
15065	16701	18284	20222	18216	19423	18119	20894	19380	19207	*19100*	*19350*	Sales ($mill)	*22300*
29.7%	30.1%	31.4%	34.3%	37.6%	38.3%	26.2%	27.5%	29.9%	31.6%	*23.0%*	*24.5%*	Operating Margin	*27.5%*
519.0	591.0	625.0	678.0	746.0	781.0	735.0	789.0	909.0	929.0	*970*	*995*	Depreciation ($mill)	*1055*
2850.0	3205.0	3141.0	4167.0	4096.0	4723.0	2034.0	3106.0	2388.0	3000.0	*2230*	*2425*	Net Profit ($mill)	*3095*
29.0%	28.5%	26.4%	27.7%	25.2%	14.3%	16.4%	25.9%	34.2%	20.5%	*26.0%*	*26.0%*	Income Tax Rate	*26.0%*
18.9%	19.2%	17.2%	20.6%	22.5%	24.3%	11.2%	14.9%	12.3%	15.6%	*11.6%*	*12.5%*	Net Profit Margin	*13.9%*
2478.0	2704.0	2991.0	3730.0	4192.0	3523.0	1755.0	4388.0	4958.0	5393.0	*4500*	*4800*	Working Cap'l ($mill)	*5000*
966.0	1279.0	1364.0	1342.0	1336.0	6237.0	6261.0	8522.0	8463.0	8364.0	*8400*	*8400*	Long-Term Debt ($mill)	*8550*
6570.0	7219.0	7576.0	8645.0	9180.0	10736	8967.0	9786.0	10202	11208	*11100*	*12300*	Shr. Equity ($mill) C	*16530*
38.1%	38.1%	35.5%	42.1%	39.5%	28.9%	14.8%	18.8%	14.8%	17.2%	*NMF*	*13.0%*	Return on Total Cap'l	*13.0%*
43.4%	44.4%	41.5%	48.2%	44.6%	44.0%	22.7%	31.7%	23.4%	26.8%	*NMF*	*19.5%*	Return on Shr. Equity	*18.5%*
20.4%	23.4%	21.0%	28.5%	23.6%	24.1%	NMF	9.6%	2.1%	7.3%	*NMF*	*2.0%*	Retained to Com Eq	*5.5%*
53%	47%	49%	41%	47%	45%	107%	70%	91%	73%	*97%*	*90%*	All Div'ds to Net Prof	*71%*

CAPITAL STRUCTURE as of 3/31/06
Total Debt $10154.0 mill. **Due in 5 Yrs** $313 mill.
LT Debt $9841.0 mill. **LT Interest** $423.9 mill.
(45% of Cap'l)
(Total interest coverage: 5.8x)
Leases, Uncapitalized Annual rentals $91.0 mill.

Pension Assets-12/05 $4.7 bill. **Oblig.** $5.6 bill.

Pfd Stock None
Common Stock 1,942,286,927 shs.
as of 4/28/06
MARKET CAP: $48.6 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	7474	5799	6112
Receivables	4373	3378	3569
Inventory (Avg Cst)	1830	2060	2017
Other	1124	1046	1182
Current Assets	14801	12283	12880
Accts Payable	2127	1579	1754
Debt Due	1883	231	313
Other	5833	5080	4904
Current Liab.	9843	6890	6971

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	5.5%	1.5%	*2.0%*
"Cash Flow"	3.5%	-3.5%	*3.5%*
Earnings	2.0%	-6.5%	*3.0%*
Dividends	4.5%	5.0%	*0.5%*
Book Value	6.5%	4.5%	*8.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	4728	5129	5372	5665	20894
2004	4626	4819	4778	5157	19380
2005	4532	4889	4767	5019	19207
2006	4676	*4600*	*4800*	*5024*	*19100*
2007	*4600*	*4650*	*4900*	*5200*	*19350*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.41	.45	.47	.26	1.59
2004	.49	.27	.38	.07	1.21
2005	.32	.50	.44	.26	1.52
2006	.32	*.30*	*.28*	*.25*	*1.15*
2007	*.25*	*.30*	*.40*	*.30*	*1.25*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.280	.280	.280	.280	1.12
2003	.280	.280	.280	.280	1.12
2004	.280	.280	.280	.280	1.12
2005	.280	.280	.280	.280	1.12
2006	.280	.280			

BUSINESS: Bristol-Myers Squibb Company manufactures proprietary medical products, ethical pharmaceuticals, diagnostics, infant formula, orthopedic implants, health and beauty aids. Major brand names include: *Ban, Bufferin, BuSpar, Capoten, Sustiva, Cardiolite, Coumadin, Enfamil, Excedrin, Monopril, Nuprin, Paraplatin, Pravachol, Taxol, Glucophage, Videx.* Acquired DuPont Pharma. 10/01/01. International operations represent 31% of sales (27% of operating profit); R&D, 13.1%. '05 depreciation rate: 9.6%. Est. plant age: 12 years. Has about 125,560 shrhldrs., 51,230 emplys. Off. & directors own 1% of stock (11/05 proxy). Chairman: Charles A. Heimbold. CEO: Peter A. Dolan. Inc.: DE. Addr.: 345 Park Ave., NY, NY 10154. Tel.: 212-546-4000. Internet: www.bms.com.

We look for Bristol-Myers' gross margins to continue to be squeezed through at least the first half of 2007. Ongoing major patent expirations will be the main setback. This year, the top line will likely fall $100 million, to $19.1 billion, and the bottom line is expected to tumble 25%, to $1.15. *Pravachol*, once Bristol's biggest-selling drug, is the latest patent expiration casualty, with sales expected to decline 50%, to $1.1 billion, in 2006. *Pravachol*'s patent expired in 2005 in Europe and in April in the U.S. The detrimental results of a string of other patent expirations (*Taxol*, *Glucovance*, *Paraplatin*, *Metaglip*, *Cefzil*, and *Tequin*), all carrying high gross margins, are taking their toll on results. Further harming margins is the high R&D expense required to develop new products, which will hopefully replace lost sales from the aforementioned treatments. In addition, Bristol is having to spend an increasing amount on marketing and advertising to help launch its latest commercial vehicles, namely *Plavix*, *Avapro*, *Sustiva*, *Abilify*, *Reyataz*, *Baraclude*, *Orencia*, *Dasatanib*, and *Saxagliptin*.

By the second half of next year, earnings should start to turn up again. By April, 2007, the *Pravachol* patent expiration will have annualized in the U.S. Moreover, efforts to promote and market newer products should be paying off in the form of higher sales. Also, BMY is attempting to divest its low gross margin (2%) Oncology Therapeutic Network business, and its domestic and Canadian consumer operations. This should raise the overall margin and contribute proceeds from the divestitures.

At present, the stock is being influenced by FTC review-related settlement risk of *Plavix*. Although *Plavix* patent risk has been somewhat mitigated by the proposed Apotex settlement, there is still some doubt as to whether the FTC will go along with the settlement.

Still, the stock's long-term recovery potential is solid. Revenue from current offerings and near-term pipeline products should replace and exceed lost sales from recent patent expiry mainstays. In the meantime, the safe and generous dividend should provide investors with some solace.

Jeremy J. Butler *July 21, 2006*

A) Based on avg. shares outstanding thru. '97, diluted thereafter. Next earnings report due late July. Excludes nonrecurring losses: '94, 48¢; '95, 78¢; '98, 25¢. Includes extraordinary charge of $0.11 in 2Q '04.
(B) Dividends historically paid in early February, May, August and November. ■ Dividend reinvestment plan available.
(C) Includes intangibles. In '05: $1887 million, $.97/sh.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	15
Earnings Predictability	60

BRUNSWICK CORP. NYSE-BC

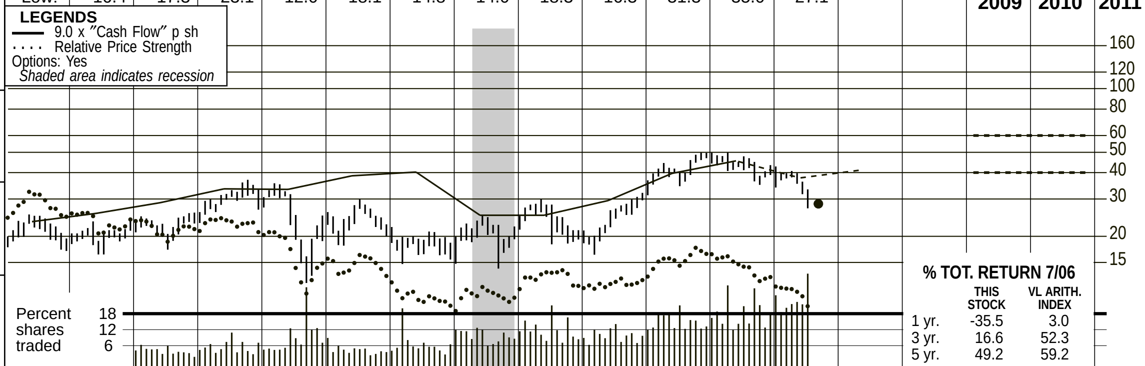
RECENT PRICE **28.52** | P/E RATIO **11.4** (Trailing: 9.4 Median: 14.0) | RELATIVE P/E RATIO **0.67** | DIV'D YLD **2.1%** | VALUE LINE

TIMELINESS **5** Lowered 2/3/06
SAFETY **3** New 7/27/90
TECHNICAL **3** Lowered 8/11/06
BETA 1.20 (1.00 = Market)

High:	24.0	25.9	37.0	35.7	30.0	22.1	25.0	30.0	32.1	49.8	49.8	42.8
Low:	16.4	17.3	23.1	12.0	18.1	14.8	14.0	18.3	16.3	31.3	35.0	27.1

Target Price Range
2009 | 2010 | 2011

LEGENDS
— 9.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+110%)	*21%*
Low	40	(+40%)	*10%*

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	2	0	0	0	0	0	0
Options	0	0	1	0	0	2	2	0	1
to Sell	0	0	1	0	0	2	1	0	5

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	144	144	135
to Sell	131	132	149
Hld's(000)	79843	79472	80814

Percent shares traded 18 12 6

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-35.5	3.0
3 yr.	16.6	52.3
5 yr.	49.2	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002[E]	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
28.06	23.57	21.65	23.17	28.29	31.07	32.10	36.76	38.48	46.66	43.64	38.39	41.17	44.81	54.01	61.93	***61.85***	***64.80***	Sales per sh	***74.15***
2.03	1.50	1.64	1.81	2.61	2.85	3.20	3.73	3.70	4.30	4.48	2.79	2.79	3.28	4.41	5.05	***4.20***	***4.60***	"Cash Flow" per sh	***6.05***
.38	.00	.43	.57	1.35	1.65	1.88	2.14	2.14	2.41	2.73	.96	1.14	1.65	2.77	3.25	***2.50***	***2.75***	Earnings per sh A	***4.00***
.44	.44	.44	.44	.44	.50	.50	.50	.50	.50	.50	.50	.50	.50	.60	.60	***.60***	***.60***	Div'ds Decl'd per sh B■	***.68***
1.00	.91	.93	1.01	1.10	1.25	1.73	1.92	1.93	2.16	1.79	1.27	1.25	1.73	1.77	2.44	***2.15***	***2.35***	Cap'l Spending per sh	***2.65***
9.33	8.79	8.65	8.44	9.54	10.65	12.16	13.22	12.79	14.16	12.22	12.65	12.22	14.36	17.68	20.69	***23.90***	***25.60***	Book Value per sh C	***34.45***
88.30	88.60	95.13	95.26	95.45	97.90	98.47	99.48	102.54	91.81	87.34	87.80	90.16	92.13	96.83	95.66	***92.50***	***90.00***	Common Shs Outst'g D	***90.00***
30.7	--	34.3	26.6	15.8	12.2	12.0	14.2	11.6	9.9	6.8	21.5	21.0	14.8	14.9	13.3	*Bold figures are*		Avg Ann'l P/E Ratio	***12.0***
2.28	--	2.08	1.57	1.04	.82	.75	.82	.60	.56	.44	1.10	1.15	.84	.79	.71	*Value Line*		Relative P/E Ratio	***.80***
3.8%	3.4%	3.0%	2.9%	2.1%	2.5%	2.2%	1.6%	2.0%	2.1%	2.7%	2.4%	2.1%	2.0%	1.5%	1.4%	*estimates*		Avg Ann'l Div'd Yield	***1.4%***

CAPITAL STRUCTURE as of 6/30/06
Total Debt $723.6 mill. **Due in 5 Yrs** $3.6 mill.
LT Debt $722.6 mill. **LT Interest** $53.2 mill.
(Total interest coverage: 9.2x) (26% of Cap'l)

Leases, Uncapitalized Annual rentals $43.5 mill.

Pension Assets 12/05-$931.8 mill. **Oblig.** $1051.0 mill.
Pfd Stock None

Common Shrs 92,728,141 shares as of 7/28/06
MARKET CAP: $2.6 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
3160.3	3657.0	3945.2	4283.8	3811.9	3370.8	3711.9	4128.7	5229.3	5923.8	***5720***	***5830***	Sales ($mill)	***6675***
13.7%	14.4%	14.2%	13.3%	15.8%	10.4%	9.3%	9.6%	10.7%	10.4%	***9.8%***	***10.0%***	Operating Margin	***11.5%***
129.7	156.9	159.7	165.6	148.8	160.4	148.4	150.6	157.5	162.2	***162***	***165***	Depreciation ($mill)	***185***
185.8	214.2	220.0	228.9	242.2	84.7	103.5	151.5	269.8	321.2	***235***	***250***	Net Profit ($mill)	***360***
36.0%	36.0%	36.0%	34.4%	36.0%	35.9%	36.0%	33.0%	28.7%	26.0%	***31.0%***	***31.0%***	Income Tax Rate	***31.0%***
5.9%	5.9%	5.6%	5.3%	6.4%	2.5%	2.8%	3.7%	5.2%	5.4%	***4.1%***	***4.2%***	Net Profit Margin	***5.4%***
410.7	417.8	418.0	489.8	583.9	498.2	654.6	613.4	844.9	929.8	***825***	***775***	Working Cap'l ($mill)	***1010***
455.4	645.5	635.4	622.5	601.8	600.2	589.5	583.8	728.4	723.7	***725***	***725***	Long-Term Debt ($mill)	***725***
1197.7	1315.0	1311.3	1300.2	1067.1	1110.9	1101.8	1323.0	1712.3	1978.8	***2210***	***2305***	Shr. Equity ($mill)	***3100***
12.1%	12.0%	12.6%	13.3%	16.5%	6.4%	7.3%	9.0%	12.0%	12.9%	***9.0%***	***9.0%***	Return on Total Cap'l	***10.0%***
15.5%	16.3%	16.8%	17.6%	22.7%	7.6%	9.4%	11.4%	15.8%	16.2%	***11.0%***	***10.5%***	Return on Shr. Equity	***11.5%***
11.4%	12.5%	13.0%	14.1%	18.5%	3.7%	5.3%	8.0%	12.4%	13.3%	***8.5%***	***8.5%***	Retained to Com Eq	***9.5%***
27%	23%	22%	20%	18%	52%	44%	30%	22%	18%	***24%***	***22%***	All Div'ds to Net Prof	***17%***

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	499.8	487.7	310.6
Receivables	463.2	522.4	542.5
Inventory (LIFO)	786.8	874.6	873.9
Other	348.9	350.3	444.3
Current Assets	2098.7	2235.0	2171.3
Accts Payable	387.9	472.2	406.5
Debt Due	10.7	1.1	1.0
Other	855.2	831.9	851.6
Current Liab.	1253.8	1305.2	1259.1

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	7.0%	4.5%	*5.5%*
"Cash Flow"	6.0%	0.5%	*6.0%*
Earnings	8.0%	1.0%	*7.5%*
Dividends	2.0%	2.5%	*3.0%*
Book Value	6.5%	6.0%	*12.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	934.5	1071	1036	1087.2	4128.7
2003	1199	1422	1273	1335.3	5229.3
2004	1400.3	1599	1435	1489.5	5923.8
2005	1413.4	1543	***1370***	***1393.6***	***5720***
2006	***1410***	***1520***	***1395***	***1505***	***5830***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.22	.59	.41	.43	1.65
2004	.50	.93	.75	.59	2.77
2005	.64	1.15	.73	.73	3.25
2006	.64	.93	***.48***	***.45***	***2.50***
2007	***.70***	***1.00***	***.55***	***.50***	***2.75***

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	--	--	--	.50	.50
2003	--	--	--	.50	.50
2004	--	--	--	.60	.60
2005	--	--	--	.60	.60
2006	--	--			

BUSINESS: Brunswick Corp. is one of the largest U.S. makers of leisure and recreational products. Lines include Brunswick bowling centers, equipment, billiards; Life Fitness, Parabody, Hammer Strength exercise equipment; Sea Ray, Bayliner, Boston Whaler boats; Mercury, Mariner, MerCruiser engines. Divested outdoor products group in 2001 and 2002. Foreign: 35% of '05 sales. '05 deprec. rate: 8.3%. Has about 27,500 employees, 14,870 shareholders. T. Rowe Price owns 6.9% of common stock; Putnam, 7.2%; Barclays Global Inv., 10.2%; Officers & directors, 2.5% (3/06 proxy). Chairman and CEO: Dustin E. McCoy. Incorporated: Delaware. Address: 1 N. Field Court, Lake Forest, Illinois 60045. Telephone: 847-735-4700. Internet: www.brunswickcorp.com.

Brunswick shares have sold off markedly since our May review. The company earned $0.93 per share during the June quarter, which was in line with its guided share-net range of $0.90–$0.97. However, the outlook for the back half of this year is more pessimistic. Retail demand for marine products has waned in recent weeks, which has resulted in increased inventories in the distribution channel. As a result, Brunswick will cut production levels in order to adapt to the decline in demand. Thus, reduced revenues, coupled with lower absorption of fixed overhead costs, will result in lower share earnings for the year. That said, we have cut our 2006 earnings outlook for Brunswick by $0.70, to $2.50 per share.

We have also scaled back our expectation for next year. It will likely take quite some time for these inventory issues to be ironed out and, therefore, we are more cautious toward our 2007 outlook. We target share net of $2.75, a $0.90 reduction from our call three months ago. On the other hand, we believe that the fitness segment will continue to post solid results, thanks to the ongoing expansion of health clubs in both domestic and international markets. What's more, management continues to emphasize cost control in that segment, which should continue to help profitability. We also look for decent growth from the stable bowling & billiard segment going forward.

Brunswick's earnings should be much higher than current levels by the 2009–2011 timeframe. The marine market is highly cyclical, and it appears likely that conditions will improve significantly in 3 to 5 years. What's more, we believe that management has done a good job of limiting Brunswick's cyclicality in this segment. The company has done this through "standardizing" all below-the-deck parts and introducing boats at lower price points. We believe that these measures will enable the company to earn more than $2.00 per share, even during a severe down market.

We do not recommend Brunswick shares at this time. Investors are advised to wait for signs of a turnaround in the marine industry before initiating a position here.

Alan G. House *August 18, 2006*

(A) Dil. egs. Excl. nonrecur. items: '90, $0.41; '91, d$0.27; '92, d$0.71; '93, d$0.33; '95, d$0.33; '97, d$0.63; '98, d$0.26; '99, d$2.00; '00, d$0.45; '03, d$0.18; '05, $0.65. Exl. disc. ops. '00, d$3.36. Excludes extraordinary losses: '01, $0.03; '02, $0.28. Next egs. rpt. early Nov. (B) Beg. in 2002, div'd. paid once a yr. (in Dec). ■ Div'd reinvest. plan avail. (C) Incl. intang. In '05: $1023.1 mill., $10.70/sh. (D) In mill. (E) '00 fig. restated to reflect Outdoor Prod. units held for sale as discontinued operations.

Company's Financial Strength	B++
Stock's Price Stability	60
Price Growth Persistence	45
Earnings Predictability	45

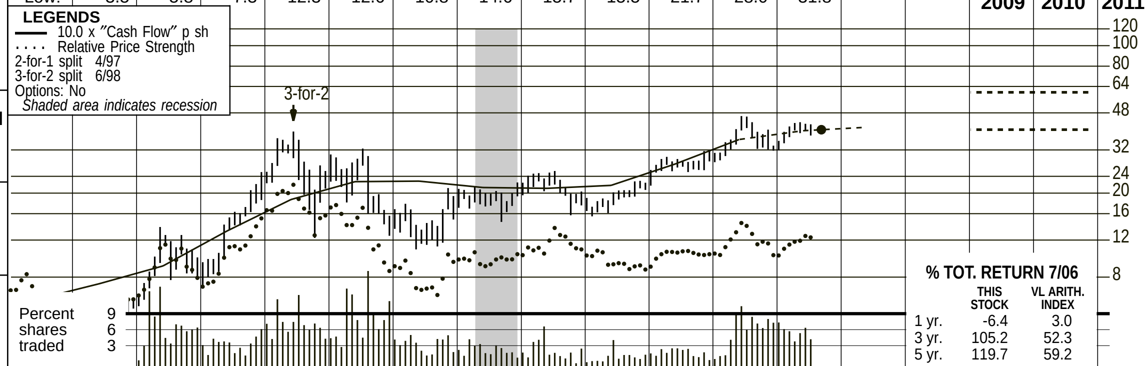
BUCKLE INC. NYSE-BKE

RECENT PRICE **39.98** | P/E RATIO **15.1** (Trailing: 15.2; Median: 14.0) | RELATIVE P/E RATIO **0.87** | DIV'D YLD **1.9%** | VALUE LINE

TIMELINESS **3** Lowered 9/9/05
SAFETY **3** New 11/20/98
TECHNICAL **1** Raised 7/14/06
BETA .90 (1.00 = Market)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
High:	6.3	13.8	25.2	39.1	32.6	21.1	22.5	25.5	22.8	32.0	46.4	43.3
Low:	3.5	5.8	7.3	12.3	12.6	10.8	14.6	15.7	15.5	21.7	28.0	31.8

Target Price Range
2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+50%)	12%
Low	40	(Nil)	2%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	1	0	4	1	1	2	2
to Sell	0	0	1	0	0	0	0	3	2

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	62	49	37
to Sell	38	40	56
Hld's(000)	7543	7471	7218

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-6.4	3.0
3 yr.	105.2	52.3
5 yr.	119.7	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
--	--	7.53	6.21	7.07	8.39	9.85	12.37	15.38	18.12	19.30	18.36	19.06	19.68	21.72	25.91	*27.20*	*29.20*	Sales per sh A	*38.90*
--	--	.72	.55	.63	.74	.91	1.32	1.87	2.27	2.28	2.13	2.11	2.17	2.75	3.59	*3.95*	*4.10*	"Cash Flow" per sh	*5.00*
--	--	.38	.34	.37	.47	.62	1.05	1.47	1.64	1.63	1.52	1.47	1.56	1.94	2.54	*2.65*	*2.85*	Earnings per sh A B	*3.60*
--	--	--	--	--	--	--	--	--	--	--	--	--	.20	.44	.61	*.72*	*.80*	Div'ds Decl'd per sh C	*1.00*
--	--	2.55	2.13	2.52	3.00	3.73	4.98	6.65	7.88	9.52	11.07	12.58	13.85	15.35	15.50	*17.10*	*19.75*	Book Value per sh	*28.35*
--	--	15.00	20.87	20.52	20.54	20.95	21.66	21.97	20.73	20.38	21.12	21.05	21.48	21.69	19.34	*19.30*	*19.00*	Common Shs Outst'g D	*18.00*
--	--	17.7	17.1	13.1	11.5	15.4	14.8	18.7	12.9	9.1	12.5	14.2	12.6	14.3	14.2	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
--	--	1.07	1.01	.86	.77	.96	.85	.97	.74	.59	.64	.78	.72	.76	.76	*Value Line*		Relative P/E Ratio	*.95*
--	--	--	--	--	--	--	--	--	--	--	--	--	1.0%	1.6%	1.7%	*estimates*		Avg Ann'l Div'd Yield	*2.0%*

CAPITAL STRUCTURE as of 4/29/06

Total Debt None

Leases, Uncapitalized Annual rentals $33.2 mill.

No Pension Plan

Pfd Stock None

Common Stock 19,595,389 shs.
as of 5/26/06
(Options exercisable: 10.4%)
MARKET CAP: $775 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
206.4	267.9	337.9	375.5	393.2	387.6	401.1	422.8	470.9	501.1	*525*	*555*	Sales ($mill) A	*700*
34.6%	36.9%	37.9%	37.7%	36.3%	36.1%	35.9%	36.9%	39.8%	42.2%	*42.0%*	*41.5%*	Gross Margin	*39.5%*
12.5%	15.3%	17.4%	17.8%	16.0%	15.3%	14.5%	14.5%	16.9%	18.8%	*18.5%*	*18.0%*	Operating Margin	*17.0%*
181	203	222	248	274	295	304	316	327	338	*351*	*365*	Number of Stores	*410*
13.6	23.3	34.0	37.4	34.8	32.9	32.1	33.7	43.2	51.9	*53.0*	*57.0*	Net Profit ($mill)	*68.0*
37.1%	37.7%	37.2%	37.2%	36.7%	36.9%	36.5%	36.2%	36.3%	37.0%	*36.5%*	*36.5%*	Income Tax Rate	*37.0%*
6.6%	8.7%	10.1%	10.0%	8.8%	8.5%	8.0%	8.0%	9.2%	10.4%	*10.1%*	*10.3%*	Net Profit Margin	*9.7%*
54.9	77.9	104.0	107.6	135.9	176.9	143.9	180.2	229.6	200.9	*230*	*255*	Working Cap'l ($mill)	*330*
--	--	--	--	--	--	--	--	--	--	*Nil*	*Nil*	Long-Term Debt ($mill)	*Nil*
78.0	107.9	146.1	163.3	194.1	233.7	264.7	297.6	332.9	299.8	*330*	*375*	Shr. Equity ($mill)	*510*
17.5%	21.6%	23.3%	22.9%	17.9%	14.1%	12.1%	11.3%	13.0%	17.3%	*16.0%*	*15.0%*	Return on Total Cap'l	*13.5%*
17.5%	21.6%	23.3%	22.9%	17.9%	14.1%	12.1%	11.3%	13.0%	17.3%	*16.0%*	*15.0%*	Return on Shr. Equity	*9.5%*
17.5%	21.6%	23.3%	22.9%	17.9%	14.1%	12.1%	9.9%	10.1%	13.4%	*11.5%*	*11.0%*	Retained to Com Eq	*10.0%*
--	--	--	--	--	--	--	13%	22%	23%	*27%*	*28%*	All Div'ds to Net Prof	*28%*

CURRENT POSITION ($MILL.)

	2004	2005	4/29/06
Cash Assets	199.4	165.6	157.6
Receivables	1.9	4.8	3.3
Inventory (FIFO)	68.3	68.7	67.4
Other	5.7	6.9	7.3
Current Assets	275.3	246.0	235.6
Accts Payable	12.7	11.1	16.7
Debt Due	--	--	--
Other	33.0	34.0	19.1
Current Liab.	45.7	45.1	35.8

ANNUAL RATES

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	12.0%	505%	9.5%
"Cash Flow"	16.0%	6.0%	10.0%
Earnings	18.0%	5.0%	10.0%
Dividends	--	--	15.5%
Book Value	19.5%	13.0%	11.5%

Fiscal Year Begins	QUARTERLY SALES ($ mill.) A Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2003	81.7	85.7	121.3	134.1	422.8
2004	94.8	96.8	133.7	145.6	470.9
2005	105.5	104.1	138.1	153.4	501.1
2006	109.6	102.4	*148*	*165*	*525*
2007	*115*	*110*	*155*	*175*	*555*

Fiscal Year Begins	EARNINGS PER SHARE A B Apr.Per	Jul.Per	Oct.Per	Jan.Per	Full Fiscal Year
2003	.14	.17	.56	.69	1.56
2004	.27	.24	.67	.76	1.94
2005	.40	.38	.82	.96	2.54
2006	.47	*.35*	*.87*	*.96*	*2.65*
2007	*.50*	*.40*	*.93*	*1.02*	*2.85*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	--	--	--	--	--
2003	--	--	.10	.10	.20
2004	.10	.10	.10	.12	.42
2005	.12	.12	.15	.17	.56
2006	.17	.17	.17		

BUSINESS: The Buckle, Inc. is a retailer of medium- to higher-priced casual apparel for fashion-conscious young men and women aged 12 to 24. The company operates 346 stores in 38 states throughout the central, northwestern, and southern regions of the U.S. under the names "Buckle" and "The Buckle." The merchandise mix includes denims, casual tops, sweaters, slacks, outerwear, accessories, and shoes. 2005 sales: denim, 43%; tops and sweaters, 30%; shoes, 8%; all other categories, 19%. Has about 6,500 employees, 351 shareholders. Off. and dir. own 58.3% of stock (5/06 Proxy). Chairman: Daniel J. Hirschfeld. CEO & Pres.: Dennis H. Nelson. Inc.: NE. Address: 2407 W. 24th St., Kearney, NE 68845. Tel.: 308 236-8491. Internet: www.buckle.com.

The Buckle's July-period results probably were unexciting. Comparable-store sales declined in each month of the quarter. Sales of the pivotal gals' denim lines grew at a slower clip than in the prior year. That was mainly reflected in softer junior-size results due to tough comparisons versus the 2005 showing. Denim markdowns were also taken to ensure proper inventory levels for the back-to-school season. Partially counterbalancing this trend was higher unit pricing that resulted from a better product mix, along with higher initial markups. Overall, we now believe second-quarter share profits, which include a $0.03 charge for expensing stock options, will decline compared to the strong year-earlier period.

We're still looking for better second-half earnings. That's based on the company facing much easier sales comparisons. The improved inventory position may enable it to avoid damaging promotional activity in a season that appears to lack standout styles.

The Buckle has solid financial underpinnings. For starters, it has no debt. The company's liquid balance sheet (the $8.04-a-share cash balance equals 67% of current assets) allows it to open new stores, spend for capital projects (estimated at $27.5 million this year), pay dividends, and repurchase shares. (Additionally, the company has another $2.22 a share in long-term investments.) We think, at the current price, the retailer will nibble at buying the remaining 596,100 shares authorized for repurchase.

The Buckle has a low shrinkage rate. During the last three years, the company's merchandise shrinkage rate was 0.6%, 0.7%, and 0.6%, respectively. This condition is partially responsible for BKE's high net profit margin.

The Buckle caters to the rapidly growing, free-spending teen market, but its current share price limits the 3- to 5-year capital gains potential here. Furthermore, we believe the company would have to accelerate its store opening schedule before institutional investors would accord this well-run business a P/E multiple exceeding that of the median level of stocks reviewed in The *Value Line Investment Survey.*

Jerome H. Kaplan *August 11, 2006*

(A) Fiscal year ends on the Saturday closest to January 31st of the following year.
(B) Primary earnings through '96, diluted thereafter. Excludes cumulative effect of change in accounting: '00, ($0.02). Next earnings report due August 17th.
(C) Dividend historically paid in late January, April, July, and October.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	75
Earnings Predictability	85

CABOT CORP. NYSE-CBT

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
31.60	20.4	(Trailing: 23.1) (Median: 18.0)	1.20	2.0%	VALUE LINE

TIMELINESS 4 Lowered 8/11/06
SAFETY 3 New 11/24/00
TECHNICAL 4 Lowered 8/11/06
BETA 1.00 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+105%)	21%
Low	40	(+25%)	8%

Insider Decisions

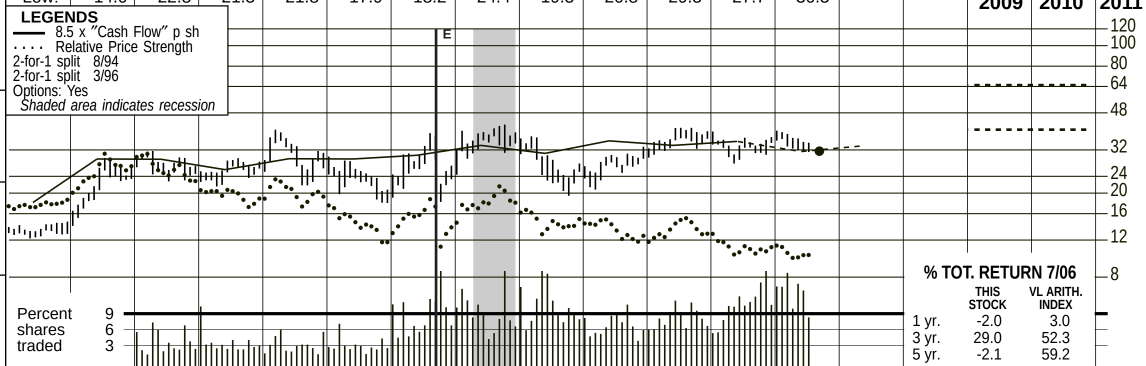
	S	O	N	D	J	F	M	A	M
to Buy	0	1	1	1	1	1	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	1	1	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	82	87	97
to Sell	87	92	91
Hld's(000)	42639	50763	49506

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	29.4	31.6	29.3	39.9	29.8	38.4	42.2	37.2	33.2	40.8	39.2	39.5
Low:	14.0	22.8	21.5	21.8	17.9	18.2	24.4	19.5	20.8	29.5	27.7	30.5

Target Price Range
2009 | 2010 | 2011



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-2.0	3.0
3 yr.	29.0	52.3
5 yr.	-2.1	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
17.12	20.36	21.24	21.55	22.11	24.48	25.93	23.46	24.51	25.25	22.41	26.66	25.27	28.84	30.67	33.79	**39.35**	**42.35**	Sales per sh A	**50.80**
1.36	1.77	1.95	1.88	2.12	3.42	3.41	3.04	3.43	3.41	3.56	3.96	3.64	4.16	3.96	4.13	**3.70**	**4.00**	"Cash Flow" per sh	**5.30**
.43	.41	.74	.72	.92	1.95	1.78	1.34	1.56	1.45	1.55	1.82	1.66	1.77	1.79	1.73	**1.50**	**1.75**	Earnings per sh B	**3.00**
.26	.26	.26	.26	.27	.32	.36	.40	.42	.44	.44	.48	.52	.56	.60	.64	**.64**	**.68**	Div'ds Decl'd per sh C■	**.68**
1.79	2.72	1.07	.87	.97	1.76	2.92	2.34	2.79	2.47	2.02	1.95	2.37	2.07	1.95	2.96	**2.75**	**2.60**	Cap'l Spending per sh	**2.20**
5.07	4.86	5.73	4.94	6.46	8.22	9.50	9.48	9.49	9.55	14.55	14.23	14.95	16.48	18.13	16.51	**18.60**	**19.70**	Book Value per sh	**26.25**
97.68	72.80	73.31	74.91	75.98	74.76	71.59	69.48	67.24	67.12	67.70	62.63	61.62	62.24	63.06	62.88	**63.50**	**63.75**	Common Shs Outst'g D	**63.00**
19.3	18.5	13.8	15.9	14.5	10.0	15.1	19.2	19.1	17.5	16.8	17.5	18.7	14.6	18.9	19.7	*Bold figures are*		Avg Ann'l P/E Ratio	**17.5**
1.43	1.18	.84	.94	.95	.67	.95	1.11	.99	1.00	1.09	.90	1.02	.83	1.00	1.04	*Value Line*		Relative P/E Ratio	**1.15**
3.2%	3.4%	2.5%	2.3%	2.0%	1.6%	1.3%	1.6%	1.4%	1.7%	1.7%	1.5%	1.7%	2.2%	1.8%	1.9%	*estimates*		Avg Ann'l Div'd Yield	**1.1%**
						1856.3	1630.0	1647.8	1695.0	1517.0	1670.0	1557.0	1795.0	1934.0	2125.0	**2500**	**2700**	Sales ($mill) A	**3200**
						19.2%	18.2%	20.0%	19.2%	21.3%	17.5%	17.4%	17.0%	17.6%	14.4%	**15.0%**	**15.0%**	Operating Margin	**16.0%**
						97.0	109.9	115.4	125.0	129.0	115.0	109.0	135.0	134.0	142.0	**130**	**130**	Depreciation ($mill)	**130**
						150.3	104.4	118.2	107.0	115.0	136.0	118.0	127.0	122.0	126.0	**105**	**125**	Net Profit ($mill)	**205**
						35.1%	36.0%	36.0%	36.2%	35.9%	28.1%	22.5%	22.3%	23.8%	5.3%	**23.0%**	**24.0%**	Income Tax Rate	**24.0%**
						8.1%	6.4%	7.2%	6.3%	7.6%	8.1%	7.6%	7.1%	6.3%	5.9%	**4.2%**	**4.6%**	Net Profit Margin	**6.4%**
						182.1	69.8	82.6	209.0	696.0	677.0	673.0	788.0	801.0	815.0	**775**	**780**	Working Cap'l ($mill)	**915**
						321.5	285.5	316.3	419.0	329.0	419.0	495.0	516.0	506.0	463.0	**450**	**430**	Long-Term Debt ($mill)	**390**
						744.9	727.8	705.5	706.0	1047.0	950.0	977.0	1079.0	1191.0	1099.0	**1180**	**1255**	Shr. Equity ($mill)	**1655**
						15.4%	11.6%	12.8%	10.8%	9.2%	10.8%	8.9%	8.7%	8.0%	8.9%	**7.5%**	**8.0%**	Return on Total Cap'l	**11.0%**
						20.2%	14.3%	16.8%	15.2%	11.0%	14.3%	12.1%	11.8%	10.2%	11.5%	**9.0%**	**10.0%**	Return on Shr. Equity	**12.5%**
						17.6%	11.1%	13.6%	11.7%	8.4%	11.4%	9.0%	8.9%	6.6%	7.2%	**5.0%**	**6.0%**	Retained to Com Eq	**9.5%**
						20%	30%	27%	30%	28%	25%	30%	28%	38%	40%	**43%**	**40%**	All Div'ds to Net Prof	**24%**

CAPITAL STRUCTURE as of 6/30/06
Total Debt $541.0 mill. **Due in 5 Yrs** $250.0 mill.
LT Debt $458.0 mill. **LT Interest** $27.5 mill.
(LT int. earned: 7.4x; total int. coverage: 6.4x)
(28% of Cap'l)
Leases, Uncapitalized Annual rentals $10.0 mill.
Pension Assets-9/05 $302 mill. **Oblig.** $369 mill.
Pfd Stock $57.0 mill. **Pfd Div'd** $4.4 mill.
57,043 shs. 7.75% cum. convert. pfd., each conv. into 64.50 common shs. (4% of Cap'l)
Common Stock *63.55 million shares*

MARKET CAP: $2.0 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	229	211	115
Receivables	384	430	541
Inventory (LIFO)	482	495	448
Other	78	112	142
Current Assets	1173	1248	1246
Accts Payable	290	321	369
Debt Due	32	81	83
Other	50	31	45
Current Liab.	372	433	497

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	3.0%	5.5%	*8.5%*
"Cash Flow"	5.0%	3.5%	*4.5%*
Earnings	4.0%	3.0%	*9.5%*
Dividends	8.0%	6.5%	*2.0%*
Book Value	10.0%	9.0%	*7.5%*

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	410.0	466.0	468.0	451.0	1795.0
2004	446.0	500.0	492.0	496.0	1934.0
2005	495.0	527.0	545.0	558.0	2125.0
2006	587.0	627.0	666.0	*620*	*2500*
2007	*640*	*690*	*695*	*675*	*2700*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.48	.54	.42	.33	1.77
2004	.44	.53	.61	.21	1.79
2005	.51	.62	.43	.17	1.73
2006	.35	.46	.39	*.30*	*1.50*
2007	*.40*	*.50*	*.50*	*.35*	*1.75*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.13	.13	.13	.13	.52
2003	.13	.13	.15	.15	.56
2004	.15	.15	.15	.16	.61
2005	.16	.16	.16	.16	.64
2006	.16	.16			

BUSINESS: Cabot Corp. produces carbon black (employed in the production of rubber, plastics, inks), fumed silica (applications include rubber and adhesives), tantalum (used to make electronic capacitors, semiconductors, integrated circuitry, and others), and cesium formate (drilling fluids). Divested Cabot Oil & Gas, 3/91; Cabot Safety, 7/95; TUCO, 10/96; Cabot Microelectronics, 9/00; Cabot LNG, 9/00. '05 depreciation rate: 6.3%. Has about 4,400 employees. Off. & dir. own 2.3% of stock; State Street Bank and Trust, 15.1%; SPO Advisory, 11.1%; Franklin Resources, 10.1%; Barclays Global, 6.9% (1/06 Proxy). Chairman & CEO: Kennett F. Burnes. Inc.: DE. Address: Two Seaport Lane, Suite 1300, Boston, MA 02210. Telephone: 617-345-0100. Internet: www.cabot-corp.com.

Strong demand for carbon black supports our expectation of an 18% revenue advance this fiscal year for Cabot. (Year ends September 30th.) The company is the global leader in the $3 billion worldwide carbon black market. The product is mainly used as a reinforcing and binding agent in the production of rubber tires. Emerging and developing market growth, highlighted by China's expanding economy, is driving the increased worldwide demand for the product. In fact, two new plants in the region began operation this past June. Expansion is also expected in other parts of Asia, Europe, and South America. Gains in foreign markets ought to offset the expected decline in volume in North America. Among Cabot's other product offerings, inkjet colorants (for use in small office/home office printers), have been achieving the most success, with top-line growth of over 25% year to date. The unit may be a strong bottom-line contributor down the road.

We have pushed back our expected earnings rebound to the fourth quarter. Raw material costs for producing carbon black remain elevated, though we think they may be reaching a peak. Pass-throughs should begin to catch up as the costs level off, widening operating margins and adding to profitability. In addition, our higher sales expectation will spread the company's fixed costs over a larger sales base, bolstering the margin expansion further. However, the new manufacturing facilities, which came on line recently, and the additions that should be operational in the next 12–18 months, will likely limit operating margin expansion in the short term. Furthermore, the tantalum business may continue to drag down profitability for the next 18 months or so as the company utilizes its high-cost inventory of raw materials. In addition, the metals oxides unit ought to struggle due to the weak silicones and electronics markets.

Shares of Cabot offer worthwhile capital appreciation potential to the 2009–2011 period. However, they are a below-average selection for the upcoming year. Note that we will be following the CEO succession plan, which adds some risk to the stock. Kenneth Burnes is scheduled to retire in early 2008.

Eric M. Gottlieb *August 18, 2006*

(A) Fiscal year ends September 30th.
(B) Diluted earnings. Excludes nonrecurring items: '90, 23¢; '91, 96¢; '93, d62¢; '95, 8¢; '96, 64¢; '97, d15¢; '98, 4¢; '99, d14¢; '00, $4.65; '01, d16¢; '02, d16¢; '03, 67¢; '04, d21¢; '05, d$2.57; '06, d.$0.31. Next earnings report due late October.
(C) Dividends historically paid in early March, June, September, and December. ■ Dividend reinvestment plan available.
(D) In millions, adjusted for splits.
(E) Divested Cabot Microelectronics, 9/00.

Company's Financial Strength	B++
Stock's Price Stability	60
Price Growth Persistence	30
Earnings Predictability	85

CARDINAL HEALTH NYSE-CAH

RECENT PRICE **67.25** | P/E RATIO **19.2** (Trailing: 21.0 / Median: 24.0) | RELATIVE P/E RATIO **1.14** | DIV'D YLD **0.5%** | VALUE LINE

High:	17.2	26.0	35.0	50.9	55.5	70.0	77.3	73.7	68.0	76.5	69.6	75.7
Low:	12.3	15.5	22.9	31.0	24.7	24.7	56.7	46.6	50.0	36.1	52.8	62.3

TIMELINESS 3 Raised 4/22/05
SAFETY 3 New 9/21/90
TECHNICAL 3 Raised 9/1/06
BETA .95 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	130	(+95%)	18%
Low	85	(+25%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	3	2	1	1	1	0	0	3	0
to Sell	2	2	1	0	1	0	0	3	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	258	261	213
to Sell	235	245	296
Hld's(000)	366802	363825	355988

Target Price Range 2009 | 2010 | 2011

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	12.9	3.0
3 yr.	23.4	52.3
5 yr.	-7.9	59.2

1990	1991	1992	1993E	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
14.93	20.76	24.40	- -	45.35	55.14	41.06	44.68	51.79	52.21	60.57	86.16	99.84	116.68	150.57	175.50	193.90	212.75	Sales per sh A	265.25
.28	.39	.48	- -	.63	.75	.89	1.11	1.39	1.96	2.34	2.73	3.28	3.96	4.31	4.09	4.10	4.55	"Cash Flow" per sh	6.40
.24	.30	.36	- -	.47	.60	.73	.90	1.13	1.37	1.71	2.07	2.64	3.19	3.56	3.06	3.10	3.65	Earnings per sh B	5.45
.01	.02	.02	- -	.03	.04	.04	.04	.05	.06	.07	.09	.10	.11	.12	.15	.33	.36	Div'ds Decl'd per sh C	.36
.14	.11	.07	- -	.09	.30	.34	.31	.44	.78	.74	.76	.64	.98	.95	1.34	1.30	1.30	Cap'l Spending per sh	1.30
2.44	2.76	3.17	- -	2.89	3.87	4.31	5.43	6.51	8.42	9.55	12.12	14.38	17.94	18.46	20.13	20.85	21.45	Book Value per sh	23.80
79.33	79.35	80.60	- -	127.69	141.57	215.86	245.49	249.58	411.45	416.85	448.70	444.64	432.53	432.04	426.84	421.00	415.00	Common Shs Outst'g D	410.00
19.4	25.0	18.4	- -	21.4	22.1	23.3	27.4	30.4	32.2	21.3	30.0	25.9	18.9	17.9	17.1	21.2		Avg Ann'l P/E Ratio	20.0
1.44	1.60	1.12	- -	1.40	1.48	1.46	1.58	1.58	1.84	1.38	1.54	1.41	1.08	.95	.90	1.12		Relative P/E Ratio	1.45
.3%	.2%	.3%	- -	.3%	.3%	.2%	.2%	.1%	.1%	.2%	.1%	.1%	.2%	.2%	.3%	.5%		Avg Ann'l Div'd Yield	.3%

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
8862.4	10968	12927	21481	25247	38660	44394	50467	65054	74911	81638	88300	Sales ($mill) A	108750
3.5%	4.0%	4.2%	5.9%	6.0%	4.9%	5.0%	5.0%	4.1%	3.4%	3.5%	4.0%	Operating Margin	4.5%
32.5	51.3	64.3	233.5	245.9	280.6	243.5	265.8	299.2	409.7	410	415	Depreciation ($mill)	425
159.7	221.3	282.9	573.9	729.5	942.7	1213.4	1445.1	1563.8	1333.9	1305	1535	Net Profit ($mill)	2290
40.7%	40.1%	38.5%	36.6%	36.1%	35.3%	34.1%	33.3%	31.9%	33.7%	32.0%	32.0%	Income Tax Rate	34.0%
1.8%	2.0%	2.2%	2.7%	2.9%	2.4%	2.7%	2.9%	2.4%	1.8%	1.6%	1.7%	Net Profit Margin	2.1%
854.1	1094.9	1384.6	2187.6	2609.1	4141.5	5096.2	5935.2	3688.5	3337.7	3403.9	3515	Working Cap'l ($mill)	3800
265.1	277.8	272.6	1223.9	1485.8	1871.0	2207.0	2471.9	2834.7	2319.9	2599.7	2350	Long-Term Debt ($mill)	1900
930.7	1332.2	1625.2	3463.0	3981.2	5437.1	6393.0	7758.1	7976.3	8593.0	8490.7	8600	Shr. Equity ($mill)	9775
14.0%	14.3%	15.3%	13.3%	14.4%	14.0%	14.9%	14.7%	14.9%	12.8%	14.0%	15.0%	Return on Total Cap'l	16.5%
17.2%	16.6%	17.4%	16.6%	18.3%	17.3%	19.0%	18.6%	19.6%	15.5%	15.0%	16.0%	Return on Shr. Equity	23.5%
16.3%	15.9%	16.7%	14.9%	17.6%	16.7%	18.3%	18.0%	18.9%	14.9%	14.5%	15.5%	Retained to Com Eq	22.5%
5%	4%	4%	10%	4%	4%	4%	3%	3%	4%	8%	7%	All Div'ds to Net Prof	5%

CAPITAL STRUCTURE as of 3/31/06
Total Debt $2828.9 mill. **Due in 5 Yrs** $1355.6 mill.
LT Debt $2548.2 mill. **LT Interest** $152.0 mill.
(LT int. earned: 24.2x) (23% of Cap'l)

Leases, Uncapitalized $99.9 million

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 417,677,798 shs.
as of 4/30/06.

MARKET CAP: $28.1 billion (Large Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	1096.0	1511.5	2212.6
Receivables	3432.7	3451.0	3937.5
Inventory (LIFO)	7471.3	7380.0	7651.2
Other	1057.9	1100.2	1452.8
Current Assets	13057.9	13442.7	15254.1
Accts Payable	6432.4	7618.4	8826.4
Debt Due	860.6	307.9	280.7
Other	2076.4	2178.7	2364.7
Current Liab.	9369.4	10105.0	11471.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	11.5%	22.0%	10.0%
"Cash Flow"	19.5%	17.0%	8.0%
Earnings	20.0%	18.5%	9.0%
Dividends	14.5%	15.5%	14.0%
Book Value	19.0%	18.0%	3.5%

Fiscal Year Ends	QUARTERLY SALES ($ mill.) A Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year
2003	11417	12706	12837	13507	50467
2004	15388	16351	16392	16923	65054
2005	17796	18555	19103	19457	74911
2006	19373	19919	20638	21708	81638
2007	21025	21615	22095	23565	88300

Fiscal Year Ends	EARNINGS PER SHARE A B Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year
2003	.67	.77	.85	.90	3.19
2004	.74	.85	1.00	.97	3.56
2005	.61	.73	.94	.78	3.06
2006	.63	.75	.85	.87	3.10
2007	.78	.87	.99	1.01	3.65

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.025	.025	.025	.025	.10
2003	.025	.03	.03	.03	.12
2004	.03	.03	.03	.03	.12
2005	.03	.03	.03	.06	.15
2006	.06	.09	.09		

BUSINESS: Cardinal Health, Inc. is a leading provider of products and services for the healthcare ind. Sales (op. profit) in '05: Pharma Distr. 81% (45%); Med. Prods.& Services, 13% (29%); Pharma Svcs. 4% (14%); Automation, 2% (12%). Operates distrib. ctrs. serving the cont'l U.S. Acq'd Whitmire Distrib., 2/94; Humiston-Keeling & Behrens, 7/94; Medicine Shoppes, 11/95; Pyxis, 5/96; Owen Health., 3/97; R.P. Scherer, 8/98; Allegiance Corp., 2/99; Bergen Bruns., 8/00; Bindley Western, 2/01. '05 depr. rate: 8.8%. Has 55,000 empl. FMR Co. owns 11.6% of common; Dodge & Cox, 8.2%; Off. & dir., 2.0% (9/05 Proxy). President & CEO: R. Kerry Clark. Inc.: OH. Address: 7000 Cardinal Place, Dublin, OH 43017. Tel: 614-757-5000. Internet: www.cardinal-health.com.

Cardinal Health's fiscal 2006 (year ended June 30th) wasn't particularly inspiring. Indeed, despite a 9% top-line improvement, the company reported only a modest 1% year-over-year earnings advance. CAH's bottom line was tempered by the company's recent adoption of FAS 123R, the new accounting standard for stock-based compensation, which pared about $0.33 a share from net income.

Prospects for the current fiscal year are much brighter. Early in calendar 2005, Cardinal introduced the specifics of its three-year overhaul plan, which should help boost annual operating earnings by about $500 million by fiscal 2008. The first leg of the plan, which focused on reducing CAH's worldwide headcount, has been completed. The second part of the plan is in full swing: it aims to further enhance service to customers through better integration across the company's four segments and continued streamlining and improvement of internal operations. In keeping with management's desire to focus its energy on more lucrative, market-leading products and services, CAH recently sold off its U.K.-based Intercare Pharmaceutical Distribution unit and its Fort Worth, Texas, manufacturing site. All told, we look for Cardinal to post fiscal 2007 earnings of $3.65 a share, as its bottom line reap the rewards of the abovementioned operational excellence programs.

Cardinal Health seems to be putting its cash to good use. Management is committed to distributing up to 50% of operating cash flow to shareholders. As a result, in mid-May, the board of directors approved an increase to the company's quarterly dividend, which now stands at $0.09 a share. Then, in mid-July, CAH agreed to purchase $395 million of its common stock in a private transaction with an unaffiliated third party. This buyback is part of a new $500 million share repurchase program approved by the board late in the final quarter of fiscal 2006. Subsequently, in early August, the board approved an additional $1.5 billion share repurchase program.

This stock's current quotation may be an attractive entry point for long-term investors, as it offers solid total-return potential over that period.

Kenneth A. Nugent *September 1, 2006*

(A) Fiscal year ends June 30th from 1994. Prior years ended Mar. 31st of following year. Sales excl. pharmacy dist. ops. ($6.7 bill. in fiscal '02). (B) Dil. egs. Excl. nonrecur. losses: '94, 33¢; '95, 33¢; '96, 8¢; '97, 25¢; '98, 25¢; '99, 28¢; '00, 12¢; '01, 19¢; '02, 19¢; '03, 7¢; '04, 23¢; '05, 39¢; '06, 38¢. Next egs. rpt. due late Oct. (C) Div'd paid in mid-Jan., Apr., July & Oct. (D) In mill., adj. for splits and div'ds. (E) FY '93 in '92 column due to change in fisc. yr. Stub period from 4/93-6/93 (sales, $550.0 mill., EPS, 20¢).

Company's Financial Strength	A
Stock's Price Stability	60
Price Growth Persistence	60
Earnings Predictability	85

CARLISLE CO'S NYSE-CSL

RECENT PRICE 84.00 | P/E RATIO 15.2 (Trailing: 17.1 Median: 16.0) | RELATIVE P/E RATIO 0.90 | DIV'D YLD 1.3% | VALUE LINE

TIMELINESS 3 Raised 12/2/05
SAFETY 2 Raised 9/6/02
TECHNICAL 3 Lowered 9/1/06
BETA 1.05 (1.00 = Market)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
High:	21.8	30.5	47.8	53.1	52.9	51.0	44.0	47.2	61.7	67.3	74.8	89.0	
Low:	17.3	19.0	27.0	32.6	30.6	30.9	25.5	32.4	38.7	54.5	58.9	67.6	

2009-11 PROJECTIONS

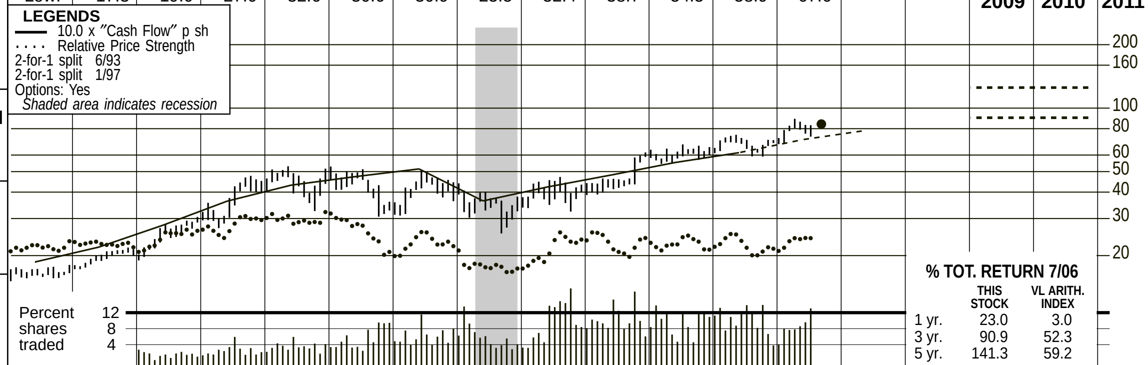
	Price	Gain	Ann'l Total Return
High	125	(+50%)	11%
Low	90	(+5%)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	2	1	3	1	0
to Sell	0	0	0	0	2	1	3	1	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	85	74	80
to Sell	71	74	77
Hld's(000)	23870	23177	23778



Target Price Range 2009 | 2010 | 2011

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	23.0	3.0
3 yr.	90.9	52.3
5 yr.	141.3	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
20.42	16.41	17.27	20.04	22.47	26.85	33.21	41.80	50.28	53.48	58.55	61.11	64.43	68.02	72.10	72.79	*80.65*	*85.50*	Sales per sh	*103.20*
1.50	1.23	1.41	1.61	1.87	2.20	2.79	3.63	4.31	4.74	5.15	3.63	4.23	4.82	5.53	6.15	*7.10*	*7.85*	"Cash Flow" per sh	*9.35*
.72	.60	.79	.92	1.15	1.41	1.80	2.28	2.77	3.12	3.14	1.52	2.37	2.88	3.77	4.29	*5.40*	*6.00*	Earnings per sh A	*7.25*
.31	.32	.33	.35	.38	.42	.47	.53	.60	.68	.76	.82	.85	.87	.90	.96	*1.04*	*1.10*	Div'ds Decl'd per sh B■	*1.20*
.57	.65	.65	.93	1.01	1.22	1.14	1.97	3.18	1.59	1.96	2.13	1.29	1.36	2.34	3.33	*3.40*	*3.80*	Cap'l Spending per sh	*4.85*
6.82	6.23	6.68	7.23	8.04	8.92	10.04	11.57	13.48	15.87	18.11	17.85	18.08	20.39	22.61	24.05	*26.75*	*28.25*	Book Value per sh C	*37.10*
30.41	30.51	30.58	30.51	30.83	30.64	30.64	30.16	30.18	30.13	30.25	30.26	30.60	30.99	30.90	30.36	*31.00*	*31.00*	Common Shs Outst'g D	*31.00*
10.9	14.4	13.3	15.8	14.4	13.9	14.0	16.3	16.2	13.6	13.0	23.2	16.9	16.3	16.0	15.7	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.81	.92	.81	.93	.94	.93	.88	.94	.84	.78	.85	1.19	.92	.93	.85	.84	*Value Line*		Relative P/E Ratio	*1.00*
3.9%	3.7%	3.1%	2.4%	2.3%	2.1%	1.8%	1.4%	1.3%	1.6%	1.9%	2.3%	2.1%	1.9%	1.5%	1.4%	*estimates*		Avg Ann'l Div'd Yield	*1.5%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $324.5 mill. **Due in 5 Yrs** $324.5 mill.
LT Debt $282.0 mill. **LT Interest** $16.0 mill.
(LT interest earned: 14.0x; Total interest coverage: 13.2x) (25% of Cap'l)

Pension Assets-12/05 $129.9 mill **Oblig.** $173.2 mill.

Pfd Stock None

Common Stock 30,810,444 shares as of 8/1/06

MARKET CAP: $2.6 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1017.5	1260.6	1517.5	1611.3	1771.1	1849.5	1971.3	2108.2	2227.6	2209.6	*2500*	*2650*	Sales ($mill)	*3200*
12.5%	13.2%	13.0%	13.4%	13.3%	8.7%	9.4%	9.6%	10.7%	11.9%	*12.5%*	*13.0%*	Operating Margin	*13.0%*
29.8	38.8	45.2	47.4	59.5	64.0	57.0	60.4	52.6	53.2	*55.0*	*58.0*	Depreciation ($mill)	*65.0*
55.7	70.7	84.9	95.4	96.2	46.0	72.4	88.9	118.3	133.3	*165*	*185*	Net Profit ($mill)	*225*
39.5%	39.5%	39.5%	38.4%	36.2%	34.9%	34.5%	32.5%	30.5%	31.1%	*33.0%*	*33.0%*	Income Tax Rate	*33.0%*
5.5%	5.6%	5.6%	5.9%	5.4%	2.5%	3.7%	4.2%	5.3%	6.0%	*6.6%*	*7.0%*	Net Profit Margin	*7.0%*
175.2	191.4	223.2	300.6	176.5	279.5	157.2	245.1	294.7	288.5	*345*	*380*	Working Cap'l ($mill)	*560*
191.2	209.6	273.5	281.7	281.9	461.7	293.1	294.6	259.6	282.4	*270*	*260*	Long-Term Debt ($mill)	*250*
307.5	348.8	406.9	478.1	547.9	540.3	553.1	631.9	698.5	730.2	*830*	*875*	Shr. Equity ($mill)	*1150*
12.1%	13.8%	13.9%	13.8%	12.8%	6.1%	9.6%	10.3%	13.1%	13.9%	*15.5%*	*17.0%*	Return on Total Cap'l	*16.5%*
18.1%	20.3%	20.9%	19.9%	17.6%	8.5%	13.1%	14.1%	16.9%	18.3%	*20.0%*	*21.0%*	Return on Shr. Equity	*19.5%*
13.5%	15.7%	16.4%	15.7%	13.4%	3.9%	8.4%	9.8%	12.9%	14.2%	*16.5%*	*17.5%*	Retained to Com Eq	*16.5%*
25%	22%	21%	22%	24%	54%	36%	30%	24%	22%	*18%*	*17%*	All Div'ds to Net Prof	*15%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	25.0	38.7	30.3
Receivables	227.4	163.3	265.1
Inventory (LIFO)	315.5	336.1	359.5
Other	85.0	123.1	111.7
Current Assets	652.9	661.2	766.6
Accts Payable	168.0	127.7	160.8
Debt Due	34.2	58.0	42.5
Other	156.0	187.0	186.9
Current Liab.	358.2	372.7	390.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	12.0%	5.5%	*8.0%*
"Cash Flow"	11.5%	3.0%	*12.0%*
Earnings	12.0%	4.0%	*15.5%*
Dividends	9.0%	6.0%	*5.0%*
Book Value	10.5%	7.0%	*12.0%*

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	475.8	554.4	549.5	528.5	2108.2
2004	503.2	590.3	585.0	549.1	2227.6
2005	536.4	591.9	547.1	534.2	2209.6
2006	621.1	692.7	*611.2*	*575*	*2500*
2007	*670*	*710*	*650*	*620*	*2650*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.56	.92	.80	.60	2.88
2004	.74	1.30	1.04	.69	3.77
2005	.93	1.38	1.12	.86	4.29
2006	1.16	1.76	*1.40*	*1.08*	*5.40*
2007	*1.30*	*1.90*	*1.55*	*1.25*	*6.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.21	.21	.215	.215	.85
2003	.215	.215	.22	.22	.87
2004	.22	.22	.23	.23	.90
2005	.23	.23	.25	.25	.96
2006	.25	.25	.27		

BUSINESS: Carlisle Companies Inc. is a diversified manufacturing and distribution firm. Construction Materials (39% of '05 sales) includes non-residential roofing systems, coatings and waterproofing. Industrial Components (34%) includes braking products, tire & wheel and cable assemblies. Diversified Components (27%) includes engineered plastic and rubber products, specialty trailers, and food processing equipment. Backlog of $298.5 mill. at 12/31/05. 2005 depreciation rate: 2.8%. Has about 11,000 employees. Off. & dir. control 7.0% of stock (3/06 Proxy). Chrmn.: Stephen P. Munn. Pres. & CEO: R. McKinnish. Inc.: DE. Address: 13925 Ballantyne Corporate Place, Ste. 400, Charlotte, N.C., 28277. Telephone: 704-501-1100. Internet: www.carlisle.com.

Carlisle continues to post strong results. For the second quarter, the company reported year-over-year revenue growth of 17%, while share net jumped 28%. Organic sales growth accounted for 83% of the increase in revenue, with the remaining increase coming as a result of acquisitions and foreign exchange fluctuations. The construction materials segment remains the primary driver of the expansion, with sales rising 29%, due to higher volumes of insulation, as well as the division's expanded geographic reach. Total system sales were also robust. The diversified components division also boosted results during the quarter, with revenues here rising 20% from a year ago. This was driven by strong demand from the specialty trailer business and the wire and cable sector. Recent acquisitions in two brake businesses also boosted results here.

We are raising our 2006 top- and bottom-line estimates to $2.5 billion and $5.40 per share, respectively. We anticipate continued strength from the construction materials segment, driven by robust growth in the nonresidential construction markets. This segment has also made significant strides in expanding its geographic footprint, as the roofing business continues to perform well due to its penetration of western U.S. markets. Higher raw material and freight costs will put some pressure on earnings, but we expect Carlisle to recover these costs in the coming quarters through higher prices. We also anticipate strength from the diversified components group, as strong demand for specialty trailers and wire and cable products should fuel growth. However, the industrial components group will likely remain a drag on business, as continued weakness in the consumer lawn and garden markets overshadows strength in the commercial lawn markets.

At the current quotation, shares of Carlisle offer below-average appreciation potential over the 3- to 5-year period. Over the next six to 12 months, the shares are ranked to mirror the broader markets, as strength from both the construction materials and diversified components groups will be tempered by continued weakness in the industrial components division.

Iason Dalavagas *September 1, 2006*

(A) Primary earnings through 1996, diluted thereafter. Excludes extraordinary gains (losses): '91, (87¢); '99, (1¢); '01, (70¢); '05, 10¢; '06, 14¢. Excludes loss from discontinued operations: '04, $1.23; '05, 87¢. Next egs. rpt. due late October.
(B) Dividends historically paid in early March, June, September, December. ■Div'd. reinvestment plan avail.
(C) Includes intangibles. In 2005: $331.3 million, $10.91/share.
(D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	80
Earnings Predictability	60

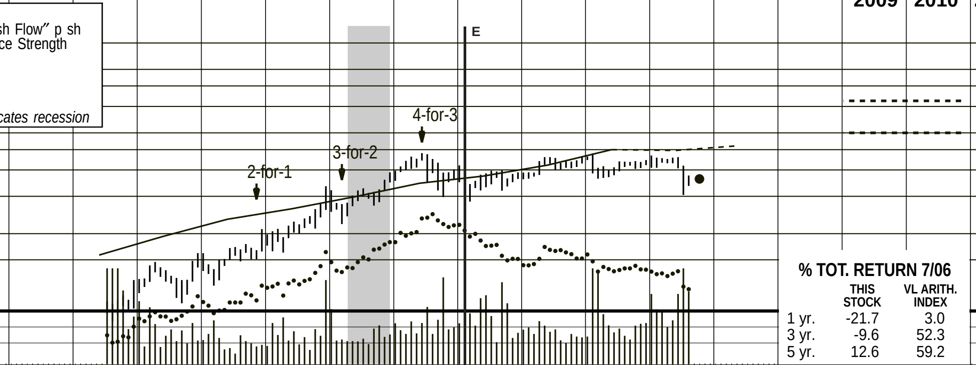
CHOICEPOINT INC. NYSE-CPS

RECENT PRICE **36.25** | P/E RATIO **20.8** (Trailing: 22.0 / Median: NMF) | RELATIVE P/E RATIO **1.22** | DIV'D YLD **Nil** | VALUE LINE

TIMELINESS 4 Lowered 7/28/06
SAFETY 3 New 12/15/00
TECHNICAL 4 Lowered 8/25/06
BETA .90 (1.00 = Market)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	12.0	16.1	21.0	33.5	39.0	48.2	42.0	46.5	47.9	46.8
Low:	7.7	9.3	11.3	16.3	22.2	29.8	28.3	36.2	36.3	30.5

LEGENDS
— 18.0 x "Cash Flow" p sh
.... Relative Price Strength
2-for-1 split 11/99
3-for-2 split 3/01
4-for-3 split 6/02
Options: Yes
Shaded area indicates recession



Target Price Range: 2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+135%)	*24%*
Low	60	(+65%)	*14%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	1	0	1	0	0	0	0
Options	0	0	4	0	1	1	0	0	0
to Sell	0	0	0	0	0	1	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	127	131	126
to Sell	84	95	114
Hld's(000)	75721	74654	80036

Percent shares traded: 12 / 8 / 4

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-21.7	3.0
3 yr.	-9.6	52.3
5 yr.	12.6	59.2

ChoicePoint Inc., a Georgia corporation, was created through the combination of businesses that constituted the Insurance Services Group of Equifax Inc. ChoicePoint became a separately traded public entity when it was spun off in August of 1997 in the form of a stock dividend. Each Equifax shareholder received one share of ChoicePoint for every 10 shares of Equifax common stock.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
- -	7.13	6.93	7.28	7.31	7.86	9.26	9.19	10.27	12.21	*11.85*	*13.35*	Revenues per sh	*17.50*
- -	.88	1.08	1.30	1.45	1.66	1.92	2.08	2.34	2.77	*2.75*	*2.90*	"Cash Flow" per sh	*3.95*
- -	.40	.54	.64	.77	.95	1.33	1.42	1.62	1.78	*1.70*	*1.90*	Earnings per sh A	*2.90*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*Nil*	*Nil*	Div'ds Decl'd per sh	*Nil*
- -	.34	.23	.23	.18	.23	.23	.24	.32	.33	*.45*	*.45*	Cap'l Spending per sh	*.45*
- -	2.18	2.72	3.43	4.94	5.81	7.28	9.13	11.00	11.78	*14.55*	*17.10*	Book Value per sh B	*26.90*
- -	58.56	58.64	59.08	81.15	83.43	85.49	86.56	89.43	86.63	*82.00*	*81.00*	Common Shs Outst'g C	*78.00*
- -	24.4	23.3	24.0	28.4	31.3	30.5	25.2	25.8	23.4	*Bold figures are*		Avg Ann'l P/E Ratio	*25.0*
- -	1.41	1.21	1.37	1.85	1.60	1.67	1.44	1.36	1.25	*Value Line*		Relative P/E Ratio	*1.65*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*estimates*		Avg Ann'l Div'd Yield	*Nil*
366.5	417.3	406.5	430.1	593.5	656.0	791.6	795.7	918.7	1029.8	*970*	*1080*	Revenues ($mill)	*1365*
18.1%	19.2%	23.7%	27.3%	29.1%	31.7%	31.1%	33.0%	33.0%	31.8%	*31.5%*	*32.0%*	Operating Margin	*33.0%*
18.7	27.6	31.0	37.9	53.6	59.5	45.8	53.1	61.3	76.7	*70.0*	*75.0*	Depreciation ($mill)	*75.0*
23.3	23.9	32.1	38.8	64.4	79.2	118.7	126.9	148.0	163.6	*145*	*160*	Net Profit ($mill)	*235*
43.2%	47.7%	44.0%	43.4%	40.0%	42.6%	38.4%	38.5%	38.1%	36.0%	*38.0%*	*38.0%*	Income Tax Rate	*38.0%*
6.4%	5.7%	7.9%	9.0%	10.9%	12.1%	15.0%	16.0%	16.1%	15.5%	*14.9%*	*14.8%*	Net Profit Margin	*17.2%*
46.9	68.9	18.6	67.4	72.0	d72.0	2.6	25.5	d5.3	1.6	*120*	*250*	Working Cap'l ($mill)	*800*
1.1	95.5	191.7	187.2	141.6	2.4	97.1	1.8	.0	80.0	*100*	*50.0*	Long-Term Debt ($mill)	*300*
196.3	127.7	159.6	202.9	401.1	484.8	622.6	790.5	983.7	1020.9	*1195*	*1385*	Shr. Equity ($mill)	*2100*
11.9%	12.2%	10.1%	11.4%	12.9%	16.3%	17.0%	16.2%	15.2%	15.0%	*11.5%*	*10.5%*	Return on Total Cap'l	*9.5%*
11.9%	18.7%	20.1%	19.1%	16.1%	16.3%	19.1%	16.1%	15.0%	16.0%	*12.0%*	*11.5%*	Return on Shr. Equity	*11.0%*
11.9%	18.7%	20.1%	19.1%	16.1%	16.3%	19.1%	16.1%	15.0%	16.0%	*12.0%*	*11.5%*	Retained to Com Eq	*11.0%*
- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	*Nil*	*Nil*	All Div'ds to Net Prof	*Nil*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $196.8 mill. **Due in 5 Yrs** $196.8 mill.
LT Debt $95.0 mill. **LT Interest** $10 mill.
(17% of Cap'l)
Leases, Uncapitalized: Annual rentals $24.1 mill.

No Defined Pension Plan

Common Stock 84,964,415 shs.

MARKET CAP: $3.1 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	1.6	21.3	5.3
Receivables	186.6	203.3	224.1
Other	30.2	47.6	294.6
Current Assets	218.4	272.2	524.0
Accts Payable	39.4	45.2	48.5
Debt Due	50.0	50.0	101.8
Other	134.3	175.4	147.9
Current Liab.	223.7	270.6	298.2

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	- -	8.0%	*9.0%*
"Cash Flow"	- -	13.5%	*8.5%*
Earnings	- -	20.0%	*10.5%*
Dividends	- -	- -	*Nil*
Book Value	- -	23.5%	*17.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) D E Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	194.9	199.2	201.5	200.1	795.7
2004	217.2	231.4	237.6	232.5	918.7
2005	252.7	259.4	267.3	250.4	1029.8
2006	236.0	240.8	*260*	*233.2*	*970*
2007	*250*	*260*	*280*	*290*	*1080*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.35	.37	.35	.35	1.42
2004	.37	.40	.43	.43	1.62
2005	.44	.44	.46	.44	1.78
2006	.40	.41	*.44*	*.45*	*1.70*
2007	*.44*	*.46*	*.50*	*.50*	*1.90*

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	NO CASH DIVIDENDS BEING PAID				
2003					
2004					
2005					
2006					

BUSINESS: ChoicePoint Inc. provides decision-making intelligence, including risk management and fraud prevention to businesses, government agencies, and individuals. Its businesses are focused on four primary markets - Insurance Services, Business Services, Gov. Services, and Marketing Services. Sold Osborn Grp. (8/01); Commerical Specialists Assoc. (2/03). 2005 revenue segments: Insurance Services, 40%; Business & Gov. Services, 37%; Marketing Services, 14%; Other, 9%. Has about 5,325 employees. Baron Capital owns 11.7% of common stock; T. Rowe Price, 6.8%; Off./dir. own 8.1% (3/06 proxy). Chrmn. & CEO: Derek Smith. Inc.: GA. Addr.: 1000 Alderman Dr., Alpharetta, GA 30005. Tel.: 770-752-6000. Web: www.choicepointinc.com.

ChoicePoint recently made the decision to divest three of its businesses, which include its Forensic DNA lab, the Direct Marketing Group, and the EquiSearch operations. Management concluded that these units do not fit well with ChoicePoint's operating model following a companywide strategic review. Due to the pending transactions, which we expect to conclude in the next few quarters, revenues and profits from these businesses are being excluded from our presentation for this year and going forward.

We look for the aforementioned moves to negatively impact earnings by $0.05–$0.10 a share this year. On top of the divestiture, the company will probably face a tough back half of this year owing to softer demand in a few of its more profitable core businesses. A clamp down in hiring at larger corporations will likely impact revenue growth in its background checking business. Also, a struggling housing market has been reducing demand for the company's home insurance services products. In all, we have revised our bottom-line estimate downward by $0.20 to $1.70 a share.

However, ChoicePoint's earnings will probably bounce back in 2007. Wider margins, thanks to the absence of the divested units, should more than offset lost revenues next year. Meanwhile, the recent acquisition of Steel Card, which provides software upgrades to the personal lines unit, creates a more efficient system for filing insurance policies. Although the deal will likely have a negligible effect on earnings this year, the company should begin to reap benefits from the software in 2007. Additionally, ChoicePoint announced plans to purchase up to $625 million in stock, funded with the cash received from the divestitures and possibly the issuance of more debt.

These shares are ranked to underperform the market in the year ahead based on our momentum driven ranking system. However, the stock has wide appreciation potential out to 2009–2011, due to the recent dip in share-price, solid demand for information services, and likely recovered operating profitability.

Garrett Sussman *September 8, 2006*

(A) Based on dil'd. shs. Excl. nonrec. and dis. op. gain/(losses) per share; '97, (10¢); '98, (7¢); '99, (1¢); '00, (32¢); '01, (50¢); '02, (32¢); '03, (16¢); '05, (8¢); '06, 3¢. May not sum due to rounding. Next egs. rpt. due late October. (B) Incl. intangibles. In '05: $1020.2 mill, $11.80/share. (C) In millions, adjusted for stock splits. (D) Beginning in 2002, income statement adjusted for the gross-up of revenue & expenses.

Company's Financial Strength	B+
Stock's Price Stability	70
Price Growth Persistence	65
Earnings Predictability	90

CHUBB CORP. NYSE-CB

RECENT PRICE **52.25** | P/E RATIO **10.7** (Trailing: 11.9, Median: 16.0) | RELATIVE P/E RATIO **0.61** | DIV'D YLD **2.0%** | VALUE LINE

TIMELINESS 3 Lowered 9/22/06
SAFETY 2 Raised 4/9/93
TECHNICAL 3 Lowered 10/28/05
BETA 1.10 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+45%)	11%
Low	55	(+5%)	4%

Insider Decisions

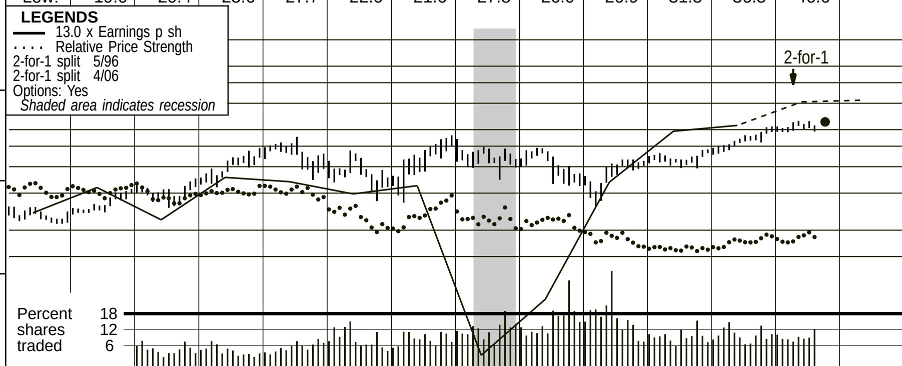
	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	5	6	0	0	4	0	1	8	0
to Sell	4	7	0	0	4	0	0	8	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	265	225	262
to Sell	240	271	252
Hld's(000)	334668	357859	352439

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	25.2	28.1	39.3	44.4	38.2	45.1	43.3	39.3	34.6	38.7	49.7	52.8
Low:	19.0	20.4	25.6	27.7	22.0	21.6	27.8	26.0	20.9	31.5	36.5	46.6

LEGENDS
— 13.0 x Earnings p sh
.... Relative Price Strength
2-for-1 split 5/96
2-for-1 split 4/06
Options: Yes
Shaded area indicates recession



Target Price Range
2009 | 2010 | 2011

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	17.6	7.1
3 yr.	57.3	49.4
5 yr.	65.9	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
8.66	8.73	9.04	9.99	10.87	11.89	13.07	15.28	16.34	16.10	17.57	19.57	23.61	27.09	30.20	29.12	*29.50*	*30.10*	P/C Prem Earned p sh	*35.15*
2.06	2.02	1.98	2.28	2.39	2.43	2.03	2.14	2.53	2.55	2.74	2.89	2.91	2.97	3.26	3.37	*3.55*	*3.90*	Investment Inc p sh A	*4.95*
d.09	d.03	d.22	d1.20	d.11	.24	.04	.20	d.58	d.50	d.24	d2.91	d2.46	d.18	2.01	2.17	*3.75*	*3.50*	Underwriting Inc p sh A	*2.60*
1.45	1.58	1.74	.98	1.49	1.96	1.38	2.20	2.10	1.83	2.01	.32	.58	2.08	3.63	3.87	*5.00*	*5.10*	Earnings per sh B	*5.15*
.33	.36	.39	.42	.46	.49	.54	.58	.62	.64	.66	.68	.70	.72	.78	.86	*1.00*	*1.04*	Div'ds Decl'd per sh C■	*1.20*
8.80	10.18	11.30	11.96	12.23	15.09	15.62	16.82	17.39	17.87	19.96	19.18	20.03	22.67	26.28	29.68	*31.70*	*35.70*	Book Value per sh	*46.15*
327.65	347.75	350.08	350.84	347.28	348.85	349.72	337.43	324.53	350.98	349.84	340.14	342.40	375.93	385.35	418.08	*410.00*	*405.00*	Common Shs Outst'g D	*390.00*
130%	164%	166%	182%	153%	142%	155%	191%	212%	168%	171%	185%	164%	131%	133%	144%	*Bold figures are*		Price to Book Value	*145%*
7.9	10.5	10.8	22.2	12.6	10.9	17.6	14.6	17.6	16.4	17.0	NMF	56.6	14.3	9.6	11.0	*Value Line*		Avg Ann'l P/E Ratio	*13.0*
.59	.67	.66	1.31	.83	.73	1.10	.84	.92	.93	1.11	NMF	3.09	.82	.51	.59	*estimates*		Relative P/E Ratio	*.85*
2.9%	2.2%	2.1%	1.9%	2.5%	2.3%	2.2%	1.8%	1.7%	2.1%	1.9%	1.9%	2.1%	2.4%	2.2%	2.0%			Avg Ann'l Div'd Yield	*1.8%*

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
4569.3	5157.4	5303.8	5652.0	6145.9	6656.4	8085.3	10183	11636	12176	*12100*	*12200*	P/C Premiums Earned	*13700*
66.2%	64.5%	68.8%	70.5%	67.5%	80.8%	75.4%	67.6%	63.1%	64.3%	*58.5%*	*59.5%*	Loss to Prem Earned	*63.5%*
32.1%	32.4%	33.5%	32.3%	32.9%	32.6%	31.3%	30.4%	29.2%	28.0%	*28.5%*	*28.5%*	Expense to Prem Writ	*28.5%*
1.7%	3.1%	-2.3%	-2.8%	-.4%	-13.4%	-6.7%	2.0%	7.7%	7.7%	*13.0%*	*12.0%*	Underwriting Margin	*8.0%*
11.1%	21.1%	16.8%	12.5%	16.0%	- -	- -	11.2%	24.2%	23.5%	*25.0%*	*25.0%*	Income Tax Rate	*25.0%*
486.2	769.5	707.0	621.1	714.7	111.5	200.9	753.9	1402.4	1578.2	*2115*	*2120*	Net Profit ($mill)	*2050*
6.0%	5.4%	5.7%	5.8%	5.8%	5.8%	5.2%	4.7%	4.2%	4.3%	*4.5%*	*5.0%*	Inv Inc/Total Inv	*5.5%*
19939	19616	20746	23537	25027	29449	34114	38361	44260	48061	*50000*	*53000*	Total Assets ($mill)	*62000*
5462.9	5675.1	5644.1	6271.8	6981.7	6525.3	6859.2	8522.0	10126	12407	*13000*	*14450*	Shr. Equity ($mill)	*18000*
8.9%	13.6%	12.5%	9.9%	10.2%	1.7%	2.9%	8.8%	13.9%	12.7%	*16.5%*	*14.5%*	Return on Shr. Equity	*11.5%*
5.5%	10.1%	8.9%	6.5%	7.0%	NMF	NMF	5.9%	10.9%	9.9%	*13.0%*	*12.0%*	Retained to Com Eq	*9.0%*
38%	26%	29%	34%	32%	NMF	118%	33%	21%	22%	*19%*	*20%*	All Div'ds to Net Prof	*23%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $2462.0 mill. **Due in 5 Yrs** $1360.0 mill
LT Debt $2462.0 mill. **LT Interest** $135.0 mill.
(LT int. earned: 16.3x; total int. coverage: 16.3x)
(16% of Cap'l)
Leases, Uncapitalized Annual rentals $89.2 mill.
Pension Assets-12/05 $1031.2 mill.
Oblig. $1292.9 mill.
Pfd Stock None
Common Stock 410,809,367 shs.

MARKET CAP: $21.5 billion (Large Cap)

FINANCIAL POSITION ($MILL.)	2004	2005	6/30/06
Bonds	29316.8	30522.5	31071.0
Stocks	1841.3	2212.4	2578.0
ReinsuranceRecov.	3483.2	3769.2	3152.0
Other	9619.0	11556.6	10973.0
Total Assets	44260.3	48060.7	47774.0
Unearned Prems	6355.9	6360.7	6452.0
Reserves	20291.9	22481.7	22586.0
Other	7486.1	6811.3	6097.0
Total Liab'ties	34133.9	35653.7	35135.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	10.0%	11.5%	*3.5%*
Invest Income	3.0%	4.0%	*7.5%*
Earnings	8.0%	10.0%	*8.5%*
Dividends	5.5%	4.0%	*7.5%*
Book Value	7.0%	7.5%	*10.0%*

Cal-endar	NET PREMIUMS EARNED ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	2325	2533	2608	2717	10183
2004	2794	2862	2955	3025	11636
2005	3035	3019	3043	3079	12176
2006	3019	2970	*3035*	*3076*	*12100*
2007	*3030*	*3035*	*3045*	*3090*	*12200*

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.65	.69	.58	.19	2.08
2004	.81	.89	.86	1.07	3.63
2005	1.11	1.14	.45	1.17	3.87
2006	1.42	1.35	*1.03*	*1.20*	*5.00*
2007	*1.30*	*1.30*	*1.20*	*1.30*	*5.10*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.17	.175	.175	.175	.70
2003	.175	.18	.18	.18	.72
2004	.18	.195	.195	.195	.77
2005	.195	.215	.215	.215	.84
2006	.215	.25	.25		

BUSINESS: The Chubb Corporation is a holding company engaged in property and casualty insurance. The company has offices located throughout North America, Europe, South America, and the Pacific Rim. Acquired Executive Risk, Inc. in July 1999. Sold life/health and real estate operations in 1997. Mix of p/c premiums written at 12/31/05: personal lines, 27%; standard commercial, 41%; specialized commercial, 25%; Reinsurance, 7%. Has about 10,800 employees. AXA owns 7.6% of common stock; officers and directors control less than 1% of common (3/06 proxy). Chairman, President, and CEO: John D. Finnegan. Incorporated: N.J. Address: 15 Mountain View Road, P.O. Box 1615, Warren, NJ 07061. Telephone: 908-903-2000. Internet: www.chubb.com.

Chubb Corp.'s operating results were outstanding in the second quarter. In fact, the provider of property/casualty insurance posted a robust 18% share-net gain in the three-month period, despite a top-line decline of more than 1%. The result, which beat our estimate by $0.20, was largely driven by a solid improvement of the overall combined ratio. Favorable reserve development brought the total ratio down by more than three percentage points, to about 85%. Although all three of Chubb's major segments fared well, underwriting performance was especially notable in the Specialty Insurance division, where the combined ratio fell more than nine percentage points to 89%.

Earnings are on track to advance at a strong double-digit clip this year, notwithstanding a generally soft pricing market. Given the sturdy operating results logged thus far and a relatively positive outlook for the remainder of the year, we've raised our 2006 share-profit forecast to $5.00, representing the midpoint of management's upwardly revised guidance of $4.90-$5.10. There is potential for upside to our estimate, though. Indeed, industrywide pricing competition will likely keep premiums written and earned under pressure this year, despite strength in some areas, such as the homeowners' line. Importantly, however, **the combined ratio should strengthen.** We look for the overall ratio to drop well below 90%, assuming catastrophe losses account for four points (the equivalent of $0.72 a share). A stable P/C insurance backdrop and a healthy combined ratio underpin the modest profit growth we're projecting in 2007. But a potential rise in the loss ratio over the 3- to 5-year haul may put downward pressure on earnings.

Stock repurchases remain on the agenda. Chubb intends to complete the buyback of 14 million shares by yearend, which will offset the recent issuance of some 13 million shares related to the maturing of purchase contracts and warrants. More buybacks are possible going forward.

That said, Chubb shares are ranked to mirror the broader market averages in the year ahead. Too, by our calculations, the stock offers below-average appreciation potential to 2009-2011.

J. Susan Ferrara *September 22, 2006*

(A) Before taxes. Incl. p/c inv. inc. after 1996. (B) Primary egs. thru 1996. Dil. thereafter. Excl. cap. gains (losses) begin. with 2002: '02, 7¢; '03, 15¢; '04, 38¢; '05, 60¢; Q1 '06, 16¢; Q2 '06, 6¢. Incl. cap. gains (losses): '00, 10¢; '99, 17¢; '98, 27¢; '97, 20¢; '96, 17¢; '95, 24¢; '92, 69¢. Excl. nonrec. loss: '93, $2.43. Qtrs. may not add due to diff. in shs. out'g. Next egs. rpt. due late Oct. (C) Dividends are historically paid early January, April, July, October. ■ Dividend reinvestment plan available. (D) In mill., adj. for stock splits.

Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	75
Earnings Predictability	35

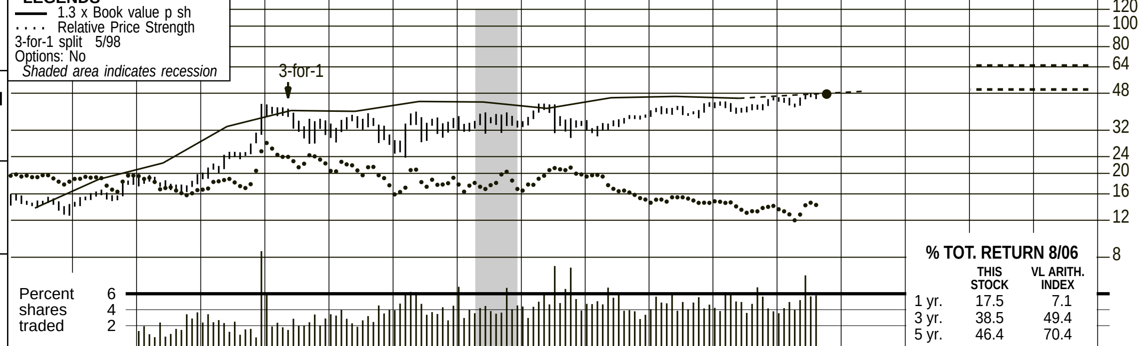
CINCINNATI FINCL. NDQ-CINF

RECENT PRICE **47.60** | P/E RATIO **15.5** (Trailing: 15.8 Median: 19.0) | RELATIVE P/E RATIO **0.89** | DIV'D YLD **2.9%** | VALUE LINE

TIMELINESS **3** Lowered 9/23/05
SAFETY **2** New 7/27/90
TECHNICAL **3** Raised 7/7/06
BETA .90 (1.00 = Market)

High:	19.2	19.8	42.8	42.6	38.5	39.3	38.9	42.9	38.0	43.5	45.9	48.0
Low:	13.9	16.1	18.7	27.7	27.3	23.8	30.8	29.4	30.0	36.6	38.4	41.2

LEGENDS
— 1.3 x Book value p sh
.... Relative Price Strength
3-for-1 split 5/98
Options: No
Shaded area indicates recession



Target Price Range
2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+35%)	10%
Low	50	(+5%)	4%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	2	0	0	0	0	0	0	0
Options	0	1	3	3	1	7	0	0	1
to Sell	0	0	0	0	1	0	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	149	135	141
to Sell	121	133	151
Hld's(000)	90407	88748	89493

Percent shares traded 6 4 2

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	17.5	7.1
3 yr.	38.5	49.4
5 yr.	46.4	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
4.61	4.93	5.45	5.95	6.36	6.86	7.43	7.91	8.39	9.28	10.30	11.60	13.39	15.04	16.65	17.57	18.20	18.70	P/C Prem Earned p sh A	20.90
.93	1.07	1.20	1.31	1.43	1.63	1.78	1.90	2.00	2.17	2.33	2.36	2.49	2.64	2.81	3.02	3.30	3.50	Investment Inc p sh A	4.10
.04	d.12	d.23	1.45	1.49	1.68	1.56	2.21	1.79	d.34	d1.56	d.94	d.61	.02	1.13	1.32	.90	.80	Underwriting Inc p sh A	.50
.72	.81	.93	1.08	1.07	1.21	1.19	1.61	1.28	1.38	.66	1.08	1.67	2.17	2.94	3.17	3.05	3.10	Earnings per sh B	3.30
.22	.24	.28	.31	.35	.39	.44	.50	.56	.62	.69	.76	.81	.91	1.04	1.21	1.34	1.40	Div'ds Decl'd per sh C ■	1.60
5.61	7.97	9.41	10.62	10.55	14.43	17.25	25.67	30.59	30.35	33.80	33.58	31.34	35.17	35.64	34.98	36.40	38.10	Book Value per sh F	42.05
179.62	180.81	182.20	183.44	183.85	184.26	184.02	183.77	183.77	178.63	177.38	178.61	178.61	176.40	175.35	174.00	173.00	172.00	Common Shs Outst'g D	170.00
128%	122%	138%	151%	137%	111%	104%	97%	117%	110%	96%	105%	117%	99%	112%	120%	Bold figures are Value Line estimates		Price to Book Value	135%
10.0	12.1	14.0	14.9	13.5	13.3	15.2	15.6	28.0	24.2	48.9	32.7	21.9	16.1	13.5	13.2			Avg Ann'l P/E Ratio	17.0
.74	.77	.85	.88	.89	.89	.95	.90	1.46	1.38	3.18	1.68	1.20	.92	.71	.71			Relative P/E Ratio	1.15
3.1%	2.5%	2.2%	1.9%	2.4%	2.4%	2.5%	2.0%	1.6%	1.9%	2.1%	2.2%	2.2%	2.6%	2.5%	2.9%			Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 6/30/06
Total Debt $791.0 mill. **Due in 5 Yrs** Nil
LT Debt $791.0 mill. **LT Interest** $52.0 mill.
(Incl. $420 mill. 6.9% non-redeemable sr. debs. due '28 and $371 mill. 6.125% sr. notes due '34) (12% of Cap'l)
Pension Assets-12/05 $173.0 mill. **Oblig.** $235.0 mill.
Pfd Stock None
Common Stock 173,224,905 shs. as of 7/25/06
MARKET CAP: $8.2 billion (Large Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1366.5	1453.5	1542.6	1657.3	1827.6	2071.0	2391.0	2653.0	2919.0	3058.0	3150	3220	P/C Premiums Earned	3550
79.6%	72.6%	79.2%	75.7%	86.5%	80.3%	76.4%	71.1%	63.2%	62.5%	64.5%	65.0%	Loss to Prem Earned E	67.5%
- -	- -	- -	27.9%	27.8%	27.8%	28.2%	28.8%	30.0%	30.0%	30.5%	30.5%	Expense to Prem Writ E	30.0%
20.4%	27.4%	20.8%	-3.6%	-14.3%	-8.1%	-4.6%	.1%	6.8%	7.5%	5.0%	4.5%	Underwriting Margin E	2.5%
20.8%	24.1%	21.3%	20.8%	- -	12.7%	19.6%	22.5%	26.1%	26.3%	25.0%	25.0%	Income Tax Rate	25.0%
223.8	299.4	241.6	254.7	118.4	193.0	300.0	386.0	524.0	562.0	535	545	Net Profit ($mill)	570
5.2%	4.0%	3.6%	3.8%	3.7%	3.6%	4.0%	3.7%	3.9%	4.1%	4.5%	4.5%	Inv Inc/Total Inv	5.0%
7046	9493	11087	11380	13287	13959	14059	15509	16107	16003	16500	17000	Total Assets ($mill)	18000
3174.1	4717.0	5620.9	5421.3	5995.0	5998.0	5598.0	6204.0	6249.0	6086.0	6300	6550	Shr. Equity ($mill) F	7150
7.0%	6.3%	4.3%	4.7%	2.0%	3.2%	5.4%	6.2%	8.4%	9.2%	8.5%	8.5%	Return on Shr. Equity	8.0%
4.6%	4.5%	2.5%	2.7%	NMF	1.0%	2.8%	3.7%	5.6%	5.9%	5.0%	4.5%	Retained to Com Eq	4.0%
35%	30%	41%	43%	101%	68%	47%	40%	34%	36%	43%	44%	All Div'ds to Net Prof	48%

FINANCIAL POSITION ($MILL.)	2004	2005	6/30/06
Bonds	5141	5476	5629
Stocks	7498	7106	6830
Other	3468	3421	4477
Total Assets	16107	16003	16936
Unearned Prems	1539	1559	1634
Reserves (p/c)	3549	3661	3796
Other	4770	4697	5441
Total Liab'ties	9858	9917	10871

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	10.0%	12.0%	4.0%
Invest Income	7.0%	5.5%	6.5%
Earnings	9.5%	20.0%	3.0%
Dividends	11.5%	11.0%	7.5%
Book Value	11.5%	2.0%	3.0%

Cal-endar	P/C PREMIUMS EARNED ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	629	656	678	690	2653
2004	716	717	733	753	2919
2005	753	765	765	775	3058
2006	778	793	786	793	3150
2007	795	805	805	815	3220

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.54	.46	.45	.72	2.17
2004	.79	.67	.53	.94	2.94
2005	.78	.84	.61	.94	3.17
2006	.74	.72	.70	.89	3.05
2007	.76	.74	.71	.89	3.10

Cal-endar	QUARTERLY DIVIDENDS PAID C ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.19	.202	.202	.202	.80
2003	.202	.227	.227	.227	.88
2004	.227	.250	.262	.262	1.00
2005	.262	.290	.305	.305	1.16
2006	.305	.335	.335		

BUSINESS: Cincinnati Financial Corporation is a holding company. Subsidiaries operate in the following areas: property and casualty insurance (Cincinnati Insurance, Cincinnati Casualty, and Cincinnati Indemnity), life and health insurance (Inter-Ocean Insurance and Life Insurance Company of Cincinnati which merged into Cincinnati Life Insurance Company 2/88), and financial services (CFC Investment Company). 2005 Property/Casualty premium distribution: Commercial lines, 74%; Personal lines, 26%. Has about 4,000 employees. Officers and directors own 10.1% of stock (3/06 Proxy). Chairman, President & CEO: J.J. Schiff, Jr. Incorporated: Ohio. Address: 6200 S. Gilmore Road, Fairfield, Ohio 45014. Telephone: 513-870-2000. Internet: www.cinfin.com.

Cincinnati Financial continues to be hurt by high catastrophe losses. As in the first quarter, June-period earnings were impacted by catastrophe losses that were above normal levels. In fact, such losses constituted eight percentage points of the combined ratio, thereby partially offsetting the solid written premium growth and investment income gains generated during the three-month span.

We're maintaining a guarded view with our earnings expectations for this year. Written premiums appear to be on track to increase at least 2% in 2006. Much of this growth is likely to be driven by the commercial insurance segment, as new business continues to rise at a solid clip there, notwithstanding competitive market conditions. **The personal insurance line still needs improvement,** however, and is likely to register a decline for the year. Even so, we're encouraged by the steps CINF is taking to turn business around in this segment. Specifically, rates are being adjusted on certain types of coverage and credit scoring is being used in the pricing of automobile and homeowners' policies, which ought to lead to lower pricing for preferred customers. These initiatives should eventually help improve retention trends and boost new business in this unit, while improving underwriting profitability. Meanwhile, **the combined ratio is likely to be under pressure.** Management continues to expect the annual combined ratio to be between 92% and 94%, assuming a two-to-three percentage-point improvement from a favorable loss reserve development. But it noted that catastrophe losses could exceed its original estimate of 4.5 percentage points, given the high-than-expected outlays incurred so far. All told, we still expect the bottom line to recede this year, but look for a modest pickup in 2007 and thereafter, based on a somewhat more stable pricing environment, a respectable uptick in investment income, and a more normal level of catastrophe losses.

That said, this stock is suitable for risk-averse, income-oriented investors, considering its Above-Average Safety rank, a perfect score for Price Stability, and decent prospects for dividend increases supported by healthy cash flow.

J. Susan Ferrara *September 22, 2006*

(A) Before inc. tax. (B) Prim. egs. thru '96, dil. after. Incl. realized cap. g/(l): '01, 8¢; '00, 1¢; '99, (14¢); '98, 24¢; '97, 21¢; '96, 16¢; '95, 9¢; '94, 16¢; '93, 18¢; '92, 12¢; '91, 10¢. Excl. cap. g/(l) begin. '02: (34¢); '03, (15¢); '04, 34¢; '05, 23¢; 1H'06, $2.40. Excl. n.r. gain: '03, 8¢. Qtrly. eps may not add due to rounding. Next egs. rpt. due early Nov. (C) Div'ds paid in mid-Jan., Apr., July, Oct. Stock div'd of 5% paid 6/15/04 and 4/26/05. ■Div'd reinvest. plan avail. (D) In mill., adj. for split & div'd. (E) P/C ins. only. (F) Assumes growth in the equity portfolio.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	50

CITY NATIONAL CORP. NYSE-CYN

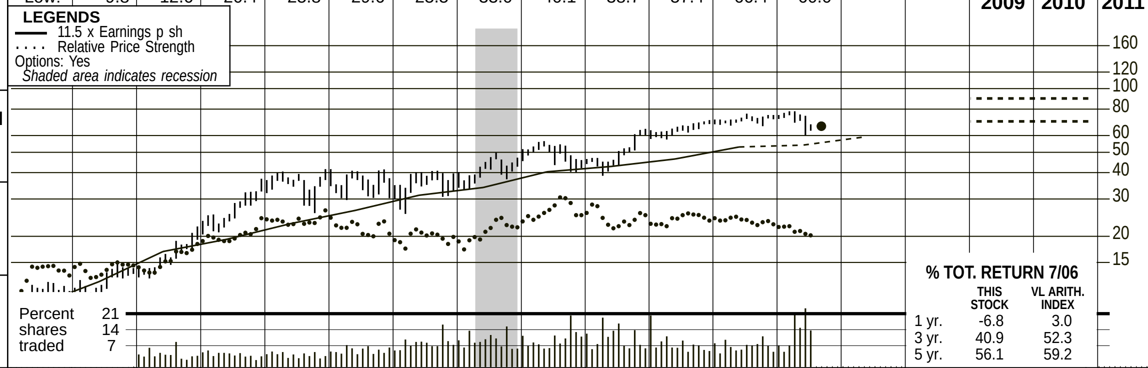
RECENT PRICE 66.42 | P/E RATIO 14.1 (Trailing: 14.3 Median: 15.0) | RELATIVE P/E RATIO 0.80 | DIV'D YLD 2.6% | VALUE LINE

TIMELINESS 4 Lowered 4/28/06
SAFETY 2 Raised 3/1/02
TECHNICAL 3 Lowered 8/11/06
BETA .80 (1.00 = Market)

High:	15.4	22.3	37.5	41.6	41.6	40.8	49.8	56.4	64.5	71.0	76.1	78.3
Low:	9.8	12.6	20.4	25.8	29.6	25.5	33.0	40.1	38.7	57.4	66.4	60.0

Target Price Range 2009 2010 2011

LEGENDS
— 11.5 x Earnings p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	90	(+35%)	10%
Low	70	(+5%)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	1	0	0	0	0	0	0	2	0
Options	0	1	0	0	0	0	0	0	0
to Sell	0	2	0	0	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	100	118	115
to Sell	101	100	88
Hld's(000)	30801	30496	30912

Percent shares traded 21 14 7

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-6.8	3.0
3 yr.	40.9	52.3
5 yr.	56.1	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.35	d.66	d1.87	d.35	.81	1.06	1.47	1.68	2.00	2.30	2.72	2.96	3.51	3.72	4.04	4.60	**4.70**	**5.15**	Earnings per sh A	**6.90**
.64	.32	- -	- -	.05	.26	.36	.44	.56	.66	.70	.74	.78	.97	1.28	1.44	**1.64**	**1.80**	Div'ds Decl'd per sh B	**2.35**
9.89	8.91	7.07	6.62	7.32	8.19	9.13	11.03	12.21	12.19	15.61	18.50	22.66	24.78	27.22	29.33	**30.60**	**32.55**	Book Value per sh	**42.25**
32.13	32.21	32.24	45.03	45.19	44.79	43.91	46.14	46.01	46.89	47.63	48.15	48.98	49.20	49.55	49.71	**49.00**	**49.50**	Common Shs Outst'g C	**53.50**
13.7	- -	- -	- -	12.1	11.5	11.0	16.0	17.9	15.4	12.9	14.0	14.1	13.4	15.9	15.5	*Bold figures are*		Avg Ann'l P/E Ratio	**11.5**
1.02	- -	- -	- -	.79	.77	.69	.92	.93	.88	.84	.72	.77	.76	.84	.83	*Value Line*		Relative P/E Ratio	**.75**
3.5%	2.5%	- -	- -	.5%	2.1%	2.2%	1.6%	1.6%	1.9%	2.0%	1.8%	1.6%	2.0%	2.0%	2.0%	*estimates*		Avg Ann'l Div'd Yield	**2.9%**

CAPITAL STRUCTURE as of 6/30/06

LT Debt $476.5 mill. **Due in 5 Yrs** None
LT Interest $30.0 million

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 48,089,646 shs.
as of 8/1/06

MARKET CAP: $3.2 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
4216.5	5252.0	6427.8	7213.6	9096.7	10176	11870	13018	14232	14582	**15200**	**16000**	Total Assets ($mill)	**21500**
2709.3	3687.5	4395.1	5356.6	6391.7	7016.3	7835.0	7716.8	8345.6	9111.6	**10120**	**11150**	Loans ($mill) D	**15000**
199.7	253.7	293.7	322.0	406.5	434.2	515.3	514.6	545.9	612.4	**625**	**670**	Net Interest Inc ($mill)	**930**
- -	- -	- -	- -	21.5	35.0	67.0	29.0	- -	- -	**1.0**	**5.0**	Loan Loss Prov'n ($mill)	**30.0**
44.0	53.4	67.7	87.2	109.5	132.4	142.7	177.2	184.3	208.2	**220**	**250**	Noninterest Inc ($mill)	**435**
144.6	181.8	211.3	241.8	294.8	313.4	332.6	368.2	400.4	444.1	**465**	**500**	Noninterest Exp ($mill)	**720**
66.6	80.1	96.2	108.1	131.7	146.2	180.6	186.7	206.3	234.7	**235**	**255**	Net Profit ($mill)	**370**
32.9%	36.1%	35.9%	35.4%	34.1%	33.0%	30.1%	36.6%	37.4%	37.7%	**38.0%**	**38.0%**	Income Tax Rate	**40.0%**
1.58%	1.53%	1.50%	1.50%	1.45%	1.44%	1.52%	1.43%	1.45%	1.61%	**1.55%**	**1.60%**	Return on Total Assets	**1.70%**
34.8	50.0	323.3	303.5	332.1	466.2	372.5	526.3	519.4	495.1	**500**	**500**	Long-Term Debt ($mill)	**700**
400.7	508.7	561.8	571.6	743.6	890.6	1110.0	1219.3	1348.5	1458.0	**1500**	**1610**	Shr. Equity ($mill)	**2260**
9.5%	9.7%	8.7%	7.9%	8.2%	8.8%	9.4%	9.4%	9.5%	10.0%	**10.0%**	**10.0%**	Shr. Eq. to Total Assets	**10.5%**
64.3%	70.2%	68.4%	74.3%	70.3%	68.9%	66.0%	59.3%	58.6%	62.5%	**66.5%**	**70.0%**	Loans to Tot Assets	**70.0%**
16.6%	15.8%	17.1%	18.9%	17.7%	16.4%	16.3%	15.3%	15.3%	16.1%	**15.5%**	**16.0%**	Return on Shr. Equity	**16.5%**
12.7%	11.8%	12.5%	13.6%	13.3%	12.4%	12.8%	11.4%	10.6%	11.2%	**10.5%**	**10.5%**	Retained to Com Eq	**11.0%**
24%	25%	27%	28%	25%	24%	21%	25%	30%	30%	**34%**	**35%**	All Div'ds to Net Prof	**34%**

ASSETS($mill.)	2004	2005	6/30/06
Loans D	8345.6	9111.6	9664.2
Funds Sold	427.0	157.0	1.9
Securities	4190.2	4058.6	3335.0
Other Earning	4.7	3.2	4.6
Other	1264.0	1251.5	1471.4
LIABILITIES($mill.)			
Deposits	11986.9	12138.5	11978.8
Funds Borrowed	204.8	290.2	378.7
Long-Term Debt	519.4	495.1	476.5
Shr. Equity	1348.5	1458.0	1408.1
Other	171.9	200.1	235.0
Total	14231.5	14581.9	14477.1
Loan Loss Resrv.	148.6	154.0	157.6

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	16.0%	8.0%	9.0%
Earnings	23.5%	12.0%	9.0%
Dividends	28.0%	14.0%	11.5%
Book Value	14.0%	15.0%	8.0%
Total Assets	14.0%	12.0%	6.5%

Cal-endar	LOANS ($ mill.) D Mar.31	Jun.30	Sep.30	Dec.31
2003	7663	7419	7376	7717
2004	7803	7960	8026	8346
2005	8425	8722	8852	9112
2006	9411	9664	**9800**	**10120**
2007	**10300**	**10600**	**10800**	**11150**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.87	.93	1.05	.87	3.72
2004	1.00	1.03	1.04	.97	4.04
2005	1.09	1.13	1.17	1.21	4.60
2006	1.12	1.16	**1.20**	**1.22**	**4.70**
2007	**1.20**	**1.28**	**1.32**	**1.35**	**5.15**

Cal-endar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.195	.195	.195	.195	.78
2003	.205	.205	.28	.28	.97
2004	.32	.32	.32	.32	1.28
2005	.36	.36	.36	.36	1.44
2006	.41	.41	.41		

BUSINESS: City National Corp. owns City National Bank, which operates in California and New York. Acquired Reed, Conner & Birdwell, 12/00; Civic BanCorp, 2/02; Convergent Capital Management, 4/03; Independence Investment, 5/06. Serves mostly middle market companies and affluent individuals. As of 12/31/05, net charge-offs to avg. loans, .10%; allowance for loan losses to total loans, 1.66%; nonaccrual loans to total loans, .16%. Loan portfolio at 12/31/05: real estate, 56%; commercial, 38%; installment and other, 6%. Dir. and off. own 18.3% of common stock, incl. CEO Russell Goldsmith's 10.3% and Chairman Bram Goldsmith's 7.7% (3/06 proxy). Inc.: DE. Address: 400 North Roxbury Drive, Beverly Hills, CA 90210. Telephone: 310-888-6000. Web: www.cityntl.com.

City National recently completed its acquisition of Independence Investment LLC, which manages $7.5 billion of U.S. equities for top institutional clients, including public and Taft-Hartley pension plans, as well as foundations and endowments. This strategy boosted assets under management by around 40% (to $27 billion). What's more, Independence broadened the number of equity investment products available to City National's customers, while providing a team of seasoned asset management personnel. As such, the purchase ought to be modestly accretive to 2006 earnings, and synergies should result in increasingly more accretion to the bottom line next year and thereafter. (That assumes, of course, that the stock market holds up reasonably well in the future.)

Meanwhile, the bank is having a rough time making progress on the earnings front. Growth in commercial and private banking deposits has been sluggish, as clients are redeploying these funds into higher-yielding instruments in response to rising interest rates. And we estimate that the adoption of an accounting rule calling for expensing stock options will shave about $0.07 from share net annually.

But there have been some positives. Loan growth has been healthy of late, driven by the residential mortgages and commercial segments. Noninterest income is being boosted by a healthy rise in both wealth management income (even without the aforesaid acquisition) and international services fees (reflecting higher foreign exchange transaction revenues). What's more, credit quality has been excellent, prompting the bank to maintain a moderate provision for losses.

In spite of this, it now appears that 2006 share net will only approximate last year's. But a bottom-line rebound seems possible in 2007, assuming, of course, that the factors hindering City National's present performance clear up some.

The untimely equity continues to lose ground, arising partly from the earnings slowdown. Furthermore, it does not stand out for relative price action over the 2009-2011 period.

Frederick L. Harris, III *August 25, 2006*

(A) Diluted earnings. Excludes net nonrecurring gain: '02, $0.05. Next earnings report due late Oct.
(B) Dividends historically paid in late February, May, August, November.
(C) In mill.
(D) Includes loans and leveraged leases.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	100
Earnings Predictability	100

COLUMBIA SPORTSWR NDQ-COLM

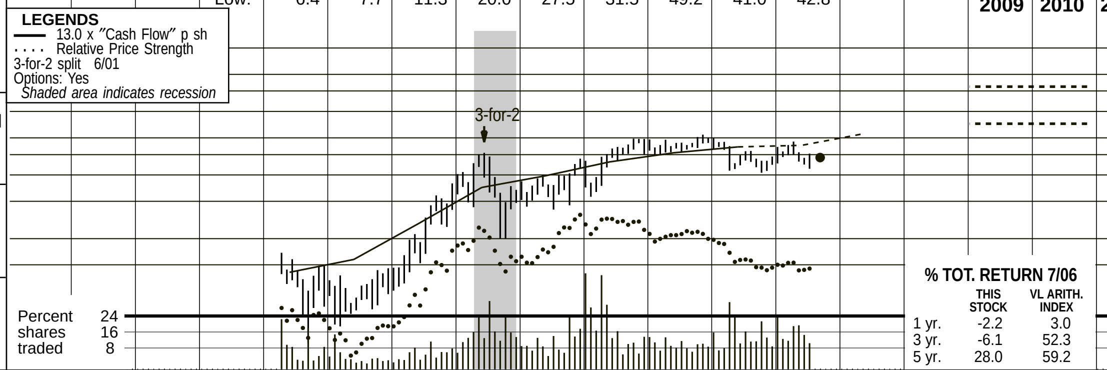
RECENT PRICE **48.36** | P/E RATIO **14.7** (Trailing: 14.5 Median: NMF) | RELATIVE P/E RATIO **0.85** | DIV'D YLD **Nil** | **VALUE LINE**

TIMELINESS 4 Lowered 7/21/06
SAFETY 3 New 1/21/00
TECHNICAL 3 Lowered 7/28/06
BETA 1.15 (1.00 = Market)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	17.1	14.5	36.5	51.0	47.8	59.4	62.2	59.8	57.7	
Low:	6.4	7.7	11.3	20.0	27.5	31.5	49.2	41.0	42.8	

Target Price Range

2009	2010	2011



% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-2.2	3.0
3 yr.	-6.1	52.3
5 yr.	28.0	59.2

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+115%)	22%
Low	70	(+45%)	10%

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	1	0	0	0	0	1	0	0	1
to Sell	1	0	0	1	1	2	1	1	3

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	62	59	71
to Sell	43	49	48
Hld's(000)	15594	15228	15416

Founded in 1938 and incorporated under Oregon law in 1961, Columbia Sportswear Company has grown from a small, regional hat distributor to a global leader in the active outdoor apparel industry. The company completed an initial public offering of 9,660,000 shares (including an over-allotment option of 1,260,000 shares) of its common stock on April 1, 1998, which net proceeds of approximately $106.9 million. Goldman, Sachs & Co., NationsBanc Montgomery Securities LLC, and PaineWebber Incorporated were the U.S. underwriters.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
--	12.54	11.27	12.37	15.94	19.85	20.54	23.65	27.30	31.35	**36.55**	**40.90**	Sales per sh	**54.70**
--	1.13	1.07	1.22	1.81	2.69	3.05	3.56	3.92	4.19	**4.25**	**4.85**	"Cash Flow" per sh	**6.70**
--	.85	.91	.88	1.41	2.23	2.56	2.96	3.40	3.36	**3.30**	**3.70**	Earnings per sh A	**5.45**
--	--	--	--	--	--	--	--	--	--	**Nil**	**Nil**	Div'ds Decl'd per sh	**Nil**
--	.53	1.07	.33	.55	1.01	.96	.43	1.11	.99	**1.15**	**1.20**	Cap'l Spending per sh	**1.55**
--	3.92	3.94	4.85	6.44	9.00	11.90	15.92	19.44	20.15	**22.00**	**25.00**	Book Value per sh	**37.50**
--	28.19	37.90	38.03	38.56	39.28	39.74	40.25	40.13	36.86	**35.00**	**34.00**	Common Shs Outst'g B	**32.00**
--	--	13.5	12.4	15.2	16.1	14.2	16.3	16.2	14.6	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	**16.0**
--	--	.70	.71	.99	.83	.78	.93	.86	.78			Relative P/E Ratio	**1.05**
--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	**Nil**
--	353.5	427.3	470.5	614.8	779.6	816.3	951.8	1095.3	1155.8	**1280**	**1390**	Sales ($mill)	**1750**
--	14.7%	14.8%	15.8%	17.9%	21.2%	22.3%	22.4%	21.0%	18.1%	**16.0%**	**16.5%**	Operating Margin	**17.5%**
--	7.5	7.6	12.6	13.6	16.7	18.7	23.1	18.6	23.5	**28.0**	**35.0**	Depreciation ($mill)	**40.0**
--	24.4	32.7	33.9	56.0	88.8	102.5	120.1	138.6	130.7	**120**	**130**	Net Profit ($mill)	**175**
--	40.0%	36.7%	40.2%	39.3%	39.0%	37.5%	37.0%	35.5%	31.5%	**34.5%**	**34.5%**	Income Tax Rate	**34.5%**
--	6.9%	7.7%	7.2%	9.1%	11.4%	12.6%	12.6%	12.7%	11.3%	**9.4%**	**9.4%**	Net Profit Margin	**10.0%**
--	69.7	109.5	144.1	191.1	271.0	361.6	502.0	609.1	554.0	**550**	**600**	Working Cap'l ($mill)	**700**
--	2.8	27.3	26.7	26.0	25.0	20.6	16.3	12.6	7.4	**10.0**	**10.0**	Long-Term Debt ($mill)	**20.0**
--	110.5	149.4	184.4	248.4	353.4	472.7	640.8	780.3	742.8	**770**	**850**	Shr. Equity ($mill)	**1200**
--	23.1%	19.7%	17.2%	21.2%	23.8%	21.0%	18.4%	17.5%	17.5%	**15.5%**	**15.5%**	Return on Total Cap'l	**14.5%**
--	22.1%	21.9%	18.4%	22.5%	25.1%	21.7%	18.7%	17.8%	17.6%	**15.5%**	**15.5%**	Return on Shr. Equity	**14.5%**
--	22.1%	NMF	18.4%	22.5%	25.1%	21.7%	18.7%	17.8%	17.6%	**15.5%**	**15.5%**	Retained to Com Eq	**14.5%**
--	--	NMF	--	--	--	--	--	--	--	**Nil**	**Nil**	All Div'ds to Net Prof	**Nil**

CAPITAL STRUCTURE as of 3/31/06
Total Debt $27.6 mill. **Due in 5 Yrs** $25.0 mill.
LT Debt $7.4 mill. **LT Interest** $.5 mill.
(1% of Cap'l)
Leases, Uncapitalized Annual rentals $7.2 mill.
No Defined Benefit Pension Plan
Pfd Stock None
Common Stock 36,973,946 shs.
as of 5/1/06

MARKET CAP: $1.8 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	3/31/06
Cash Assets	290.2	260.2	239.0
Receivables	267.7	287.4	219.0
Inventory (FIFO)	165.4	185.9	194.6
Other	32.7	32.8	35.7
Current Assets	756.0	766.3	688.3
Accts Payable	78.3	91.4	57.4
Debt Due	5.2	46.9	20.2
Other	63.4	74.0	72.1
Current Liab.	146.9	212.3	149.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	--	16.0%	12.0%
"Cash Flow"	--	23.5%	9.5%
Earnings	--	25.0%	9.0%
Dividends	--	--	Nil
Book Value	--	29.5%	12.5%

Cal-endar	QUARTERLY SALES ($mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	168.9	152.1	373.4	257.4	951.8
2004	206.7	171.1	415.8	301.7	1095.3
2005	245.7	186.2	409.8	314.1	1155.8
2006	260.2	211.6	***458.2***	***350***	***1280***
2007	***285***	***230***	***495***	***380***	***1390***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.37	.23	1.56	.79	C2.96
2004	.49	.26	1.68	.97	3.40
2005	.52	.16	1.74	.97	C3.36
2006	.52	.13	***1.70***	***.95***	***3.30***
2007	***.60***	***.15***	***1.90***	***1.05***	***3.70***

Cal-endar	QUARTERLY DIVIDENDS PAID Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	NO CASH DIVIDENDS BEING PAID				
2003					
2004					
2005					
2006					

BUSINESS: Columbia Sportswear Company designs, manufactures, markets, and distributes active outdoor apparel, including outerwear (38% of '05 sales), sportswear (39%), rugged footwear (18%), and equipment/accessories (5%). As one of the largest outerwear manufacturers in the world and the leading seller of skiwear in the U.S., the company has developed an international reputation across an expanding product line for quality, performance, functionality, and value. Acq. Mountain Hardwear, 3/03. Has 2,712 employees and 209 stockholders. All officers/directors own 63.6% of common (4/06 proxy). Pres. & CEO: Timothy P. Boyle (owns 41.6%). Inc.: Oregon. Addr.: 14375 NW Science Park Dr., Portland, Oregon 97229. Tel.: 503-985-4000. Internet: www.columbia.com.

Columbia Sportswear's operating margin remains under considerable pressure. Second-quarter share net of $0.13 easily exceeded our estimate of $0.06, thanks to cost-containment efforts, a shift in closeout sales to the September interim, robust footwear shipments in the U.S., and generally strong demand for *Columbia*-branded products overseas. But profits still fell on a year-over-year basis, and will likely decline during the second half of 2006. That's because of sizable infrastructure investments, including personnel costs, needed to expand the apparel maker's growing footwear and international businesses. Additionally, heightened competition at home—from aggressive private labels and high-end rivals like Nike, Timberland, and The North Face—is taking a toll on the company's core outerwear operations. These have historically been far more profitable than the newer sportswear and footwear divisions. Indeed, the high-margined domestic outerwear business continues to lose market share, notwithstanding management changes and ongoing initiatives aimed at moving the product line up the fashion ladder.

Long-term prospects still seem solid. Though the outlook for the U.S. outerwear unit is less than bright, gains by the sportswear and footwear categories, which continue to penetrate the department store channel, should support decent top-line advances at home through 2007 and beyond. Plus, international sales ought to remain brisk, owing, in part, to new marketing teams that were recently put to work on the other side of the Atlantic. This will, we think, give margins a needed boost by helping Columbia to leverage its large fixed-expense base.

The company maintains a healthy balance sheet (Financial Strength: B++), with little debt and nearly $240 million in cash. With this in mind, we believe that the firm may well initiate a dividend before too long. In the meantime, Columbia will probably continue to buy back stock and pursue accretive acquisitions.

These shares have good capital gains potential to decade's end. Nonetheless, we advise most investors to avoid this untimely issue until the bottom line returns to a growth mode.

Justin Hellman *August 11, 2006*

(A) Earnings based on diluted shares outstanding. Excludes nonrecurring gain/(loss): '99, (2¢); '00, 7¢. Next earnings report due in late October.
(B) In millions, adjusted for stock split.
(C) Doesn't sum due to rounding/change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	50
Price Growth Persistence	70
Earnings Predictability	80

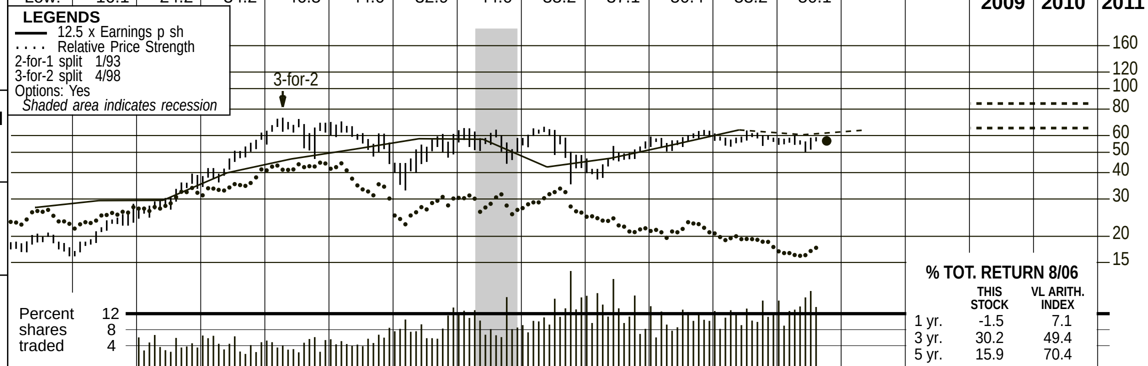
COMERICA NYSE-CMA

RECENT PRICE **56.68** | P/E RATIO **11.6** (Trailing: 11.2 Median: 13.0) | RELATIVE P/E RATIO **0.66** | DIV'D YLD **4.2%** | VALUE LINE

TIMELINESS **3** Raised 9/15/06
SAFETY **2** Raised 7/2/99
TECHNICAL **3** Raised 7/21/06
BETA 1.00 (1.00 = Market)

High:	28.5	39.6	61.9	73.0	70.0	61.1	65.1	66.1	56.3	63.8	63.4	60.1
Low:	16.1	24.2	34.2	46.5	44.0	32.9	44.0	35.2	37.1	50.4	53.2	50.1

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+50%)	14%
Low	65	(+15%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	1	0	0	0	0	0	0	0	0
Options	0	2	1	0	3	2	1	3	0
to Sell	0	0	1	0	1	1	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	187	164	174
to Sell	153	179	181
Hld's(000)	98559	100646	98596

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-1.5	7.1
3 yr.	30.2	49.4
5 yr.	15.9	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.65	1.67	1.27	1.90	2.19	2.36	2.37	3.19	3.72	4.14	4.63	4.61	3.40	3.75	4.36	5.11	*4.85*	*5.10*	Earnings per sh A	*6.00*
.58	.61	.63	.70	.83	.91	1.01	1.15	1.28	1.44	1.56	1.72	1.88	2.00	2.08	2.20	*2.38*	*2.45*	Div'ds Decl'd per sh B■	*2.70*
10.05	10.85	11.56	12.66	13.64	15.17	14.77	16.02	19.38	20.51	22.45	27.15	28.31	28.59	28.56	28.35	*34.95*	*37.70*	Book Value per sh	*48.90*
75.01	93.48	172.31	172.31	175.37	171.91	160.21	156.82	157.23	157.23	167.39	177.07	174.78	178.74	178.74	162.90	*162.00*	*160.00*	Common Shs Outst'g C	*160.00*
5.6	8.1	15.5	10.3	8.5	9.0	13.0	14.6	17.3	14.1	10.5	12.3	16.2	12.3	13.2	11.4	*Bold figures are*		Avg Ann'l P/E Ratio	*12.5*
.42	.52	.94	.61	.56	.60	.81	.84	.90	.80	.68	.63	.88	.70	.70	.61	*Value Line*		Relative P/E Ratio	*.95*
6.2%	4.5%	3.2%	3.6%	4.4%	4.3%	3.3%	2.5%	2.0%	2.5%	3.2%	3.0%	3.4%	4.3%	3.6%	3.8%	*estimates*		Avg Ann'l Div'd Yield	*3.3%*

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
34206	36292	36601	38653	41985	50732	53301	52592	51766	53013	*57000*	*59500*	Total Assets ($mill)	*66500*
25840	28471	30152	32217	35522	40541	41490	39499	40170	42731	*47000*	*49000*	Loans ($mill)	*57000*
1412.3	1442.8	1415.5	1492.9	1658.9	2102.3	2132.0	1926.0	1810.0	1956.0	*1980*	*2170*	Net Interest Inc ($mill)	*2500*
114.0	146.0	113.0	114.0	145.0	236.0	635.0	377.0	64.0	d47.0	*50.0*	*100*	Loan Loss Prov'n ($mill)	*260*
507.0	528.0	603.1	716.9	825.9	803.3	900.0	887.0	857.0	942.0	*980*	*1100*	Noninterest Inc ($mill)	*1400*
1159.0	1008.0	974.2	1062.7	1188.4	1407.3	1515.0	1483.0	1493.0	1666.0	*1720*	*1950*	Noninterest Exp ($mill)	*2200*
417.2	530.5	607.1	672.6	749.3	841.7	601.0	661.0	757.0	861.0	*800*	*830*	Net Profit ($mill)	*980*
35.4%	35.0%	34.8%	34.9%	34.9%	33.3%	31.9%	30.6%	31.8%	32.7%	*33.0%*	*32.0%*	Income Tax Rate	*32.0%*
1.22%	1.46%	1.66%	1.74%	1.78%	1.66%	1.13%	1.26%	1.46%	1.62%	*1.40%*	*1.40%*	Return on Total Assets	*1.45%*
4241.8	7286.4	5282.3	8579.9	8088.7	5502.5	5216.0	4801.0	4286.0	3961.0	*5600*	*6000*	Long-Term Debt ($mill)	*7000*
2615.6	2761.8	3296.6	3474.6	4007.3	4807.5	4947.0	5110.0	5105.0	5068.0	*5660*	*6030*	Shr. Equity ($mill)	*7825*
7.6%	7.6%	9.0%	9.0%	9.5%	9.5%	9.3%	9.7%	9.9%	9.6%	*10.0%*	*10.0%*	Shr. Eq. to Total Assets	*12.0%*
75.5%	78.4%	82.4%	83.3%	84.6%	79.9%	77.8%	75.1%	77.6%	80.6%	*82.5%*	*82.5%*	Loans to Tot Assets	*85.5%*
15.9%	19.2%	18.4%	19.4%	18.7%	17.5%	12.1%	12.9%	14.8%	17.0%	*14.0%*	*14.0%*	Return on Shr. Equity	*12.5%*
10.1%	13.2%	13.0%	13.4%	13.0%	11.0%	5.5%	6.1%	7.9%	9.7%	*7.5%*	*7.5%*	Retained to Com Eq	*7.0%*
43%	37%	35%	36%	35%	37%	55%	53%	47%	43%	*48%*	*47%*	All Div'ds to Net Prof	*44%*

CAPITAL STRUCTURE as of 6/30/06
LT Debt $6087 mill. **LT Interest** $160 mill.
Due in 5 Yrs. $2500 mill.

Leases, Uncapitalized Annual rentals $79 mill.

Pension Assets-12/05 $1093 mill. **Oblig.** $1066 mill.

Pfd Stock None

Common Stock 162,211,468 shares

MARKET CAP: $9.2 billion (Large Cap)

ASSETS($Mill.)	2004	2005	6/30/06
Loans	40170	42731	45918
Funds Sold	- -	- -	- -
Securities	7173	5399	6361
Other Earning	57	59	74
Other	4366	4824	4727
LIABILITIES($Mill.)			
Deposits	40936	42431	44126
Funds Borrowed	193	302	442
Long-Term Debt	4286	3961	6087
Shr. Equity	5105	5068	5189
Other	1246	1251	1236
Total	51766	53013	57080
Loan Loss Resrv.	673	516	481

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	6.0%	2.5%	*8.5%*
Earnings	7.5%	1.0%	*7.5%*
Dividends	10.0%	8.0%	*6.0%*
Book Value	7.5%	6.5%	*14.0%*
Total Assets	4.5%	4.0%	*5.5%*

Cal-endar	LOANS ($Mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	41768	41662	39833	39499	
2004	39214	39337	39715	40170	
2005	41100	42415	42141	42731	
2006	44267	45918	*46400*	*47000*	
2007	*47200*	*47700*	*48400*	*49000*	

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.00	.97	.89	.89	3.75
2004	.92	1.10	1.13	1.21	4.36
2005	1.16	1.28	1.41	1.25	5.10
2006	1.18	1.22	*1.20*	*1.25*	*4.85*
2007	*1.20*	*1.25*	*1.30*	*1.35*	*5.10*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.44	.48	.48	.48	1.88
2003	.48	.50	.50	.50	1.98
2004	.50	.52	.52	.52	2.06
2005	.52	.55	.55	.55	2.17
2006	.59	.59	.59		

BUSINESS: Comerica Inc. is a multistate financial services provider and the largest bank in Michigan. Has banking subsidiaries in MI, CA, TX, and FL. Acquired Imperial Bancorp (1/01). Net loan losses, .25% of average loans in '05. Loan loss reserve, 1.19% of gross loans as of 12/31/05; nonperforming assets, 1.13%. Loan portfolio at 12/31/05: commercial, 56%; real estate 31% (comm.-22%, construction-7%, home mortgage-2%); consumer, 6%; international., 4%; lease financing., 3%. Has about 11,340 employees. Officers & directors own 2.5% of common (4/06 proxy). Chairman and CEO: Ralph Babb, Jr. Inc.: Delaware. Address: Comerica Tower at Detroit Center, Detroit, Michigan 48226. Telephone: 313-222-3300. Internet: www.comerica.com.

We expect Comerica's earnings to decline about 5% in 2006. Tight competition for deposits and loan business will likely continue to pressure margins. Although loan growth in Texas and California has been trending upward, the company's home market of Michigan has not been as good and will likely get worse over the next few quarters. That said,

Michigan's economy has been solid over the past few months. Steel production in that area has helped keep the state's economy afloat during the summer months. However, significant cuts in production and employment in the auto industry over the next few quarters bode ill for near-term prospects. Therefore, we look for Comerica's credit quality to gradually deteriorate as the economy in its home market slows. In turn, management will probably have to start raising the loan loss provision, which will also hurt the bottom line. In sum, we don't look for positive year-to-year earnings comparisons until next year.

The company is looking to lessen its exposure to the auto industry. Notably, about 15% of CMA's total loans are to auto supplier and auto part companies (about 6% excluding dealer floor plan businesses). Management will continue to look to lessen some of its exposure to this industry by selling some of its loans to brokers and other parties.

Comerica's westward expansion will likely continue. The company plans to open at least 10 new branches over the next six months. In all, Comerica expects to have about 70 branches in California by the beginning of 2007 versus 55 at the end of 2005. Furthermore, in an effort to compete with some of its competitors in California, the bank is opening 18 locations on Saturdays in certain key areas in that state.

These neutrally ranked shares offer decent total return potential. The equity has an Above-Average rank for Safety (2) and a healthy dividend yield, along with a long-standing record of annual dividend increases, that income-oriented investors may find appealing. Too, we look for mid single-digit annual earnings growth after this year's estimated lackluster share-net performance.

George Y. Lee *September 22, 2006*

(A) Diluted earnings (primary in 1995 and 1996). Excludes nonrecurring loss: '01, 73¢. Next egs. report due mid-October.
(B) Dividends historically paid in early January, April, July, and October.
■ Dividend reinvestment plan available.
(C) In millions, adjusted for splits.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	30
Earnings Predictability	75

COMMERCE BANCORP NYSE-CBH

RECENT PRICE **34.10** | P/E RATIO **20.7** (Trailing: 22.3, Median: 19.0) | RELATIVE P/E RATIO **1.17** | DIV'D YLD **1.4%** | VALUE LINE

TIMELINESS **4** Lowered 4/21/06
SAFETY **3** Lowered 11/25/05
TECHNICAL **2** Raised 7/28/06
BETA 1.00 (1.00 = Market)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	4.0	5.5	9.0	12.0	11.9	17.7	19.8	25.2	26.7	33.8	36.0	41.2
Low:	2.4	3.3	4.5	7.5	9.2	7.7	13.0	18.0	18.1	23.3	26.9	31.2

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	70	(+105%)	21%
Low	45	(+30%)	9%

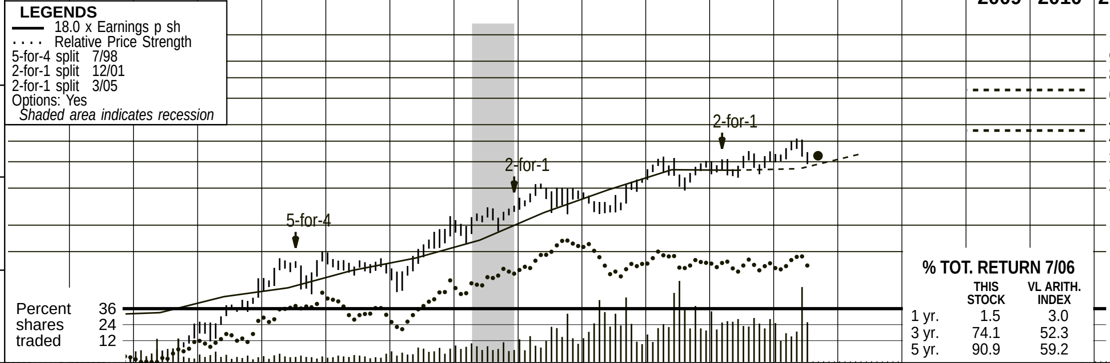
Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	1	0	0	1	1	1
Options	0	0	0	2	0	0	1	1	2
to Sell	0	1	1	0	2	1	1	1	2

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	161	166	159
to Sell	114	120	126
Hld's(000)	152352	166552	168773

LEGENDS
—— 18.0 x Earnings p sh
. . . . Relative Price Strength
5-for-4 split 7/98
2-for-1 split 12/01
2-for-1 split 3/05
Options: Yes
Shaded area indicates recession



Target Price Range

2009	2010	2011

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	1.5	3.0
3 yr.	74.1	52.3
5 yr.	90.9	59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
.09	.14	.21	.27	.36	.33	.34	.41	.45	.54	.62	.76	1.02	1.31	1.63	1.62	*1.65*	*1.95*	Earnings per sh A	*3.25*
.11	.06	.06	.07	.09	.10	.11	.14	.21	.21	.24	.28	.30	.33	.38	.44	*.48*	*.50*	Div'ds Decl'd per sh B■	*.68*
1.52	1.65	1.71	1.95	1.86	2.25	2.24	2.60	2.83	2.94	3.87	4.85	6.77	8.31	10.37	12.86	*14.35*	*15.90*	Book Value per sh	*22.70*
30.26	30.27	43.01	46.73	56.22	68.82	77.75	93.71	106.08	121.34	127.05	131.26	135.67	153.74	160.64	179.50	*185.00*	*185.00*	Common Shs Outst'g C	*185.00*
14.4	7.6	8.1	8.4	7.8	9.4	11.6	15.3	21.5	19.0	18.9	22.7	21.8	16.6	17.9	19.1	*Bold figures are*		Avg Ann'l P/E Ratio	*18.0*
1.07	.49	.49	.50	.51	.63	.73	.88	1.12	1.08	1.23	1.16	1.19	.95	.95	1.02	*Value Line*		Relative P/E Ratio	*1.20*
8.6%	5.4%	3.5%	3.1%	3.3%	3.2%	2.7%	2.2%	2.2%	2.0%	2.1%	1.6%	1.3%	1.5%	1.3%	1.4%	*estimates*		Avg Ann'l Div'd Yield	*1.2%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $2568 mill. **Due in 5 Yrs** $2568 mill.

Leases, Uncapitalized: Annual rentals $40.1 mill.
No Defined Benefit Pension Plan

Pfd Stock None **Pfd Div'd** None

Common Stock 186,497,629 shs.

MARKET CAP: $6.4 billion (Large Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
2862.0	3939.0	4894.1	6635.8	8296.5	11364	16404	22712	30502	38466	*46400*	*56000*	Total Assets ($mill)	*94000*
1081.8	1390.0	1905.0	2922.7	3638.6	4516.4	5731.9	7328.5	9319.0	12525	*15400*	*18000*	Loans ($mill)	*28800*
108.5	147.1	173.7	244.4	296.9	401.3	572.8	755.9	1017.8	1153.6	*1390*	*1680*	Net Interest Inc ($mill)	*2700*
3.0	4.7	5.9	9.2	13.9	26.4	33.2	31.9	39.2	19.2	*42.0*	*50.0*	Loan Loss Prov'n ($mill)	*85.0*
30.0	57.4	89.0	114.6	150.8	196.8	257.5	332.5	375.1	442.8	*540*	*650*	Noninterest Inc ($mill)	*1050*
94.1	137.9	182.0	252.5	315.4	420.0	579.2	763.4	938.8	1146.4	*1400*	*1700*	Noninterest Exp ($mill)	*2700*
26.6	40.3	49.3	66.0	80.0	103.0	144.8	194.3	273.4	282.9	*320*	*380*	Net Profit ($mill)	*630*
35.8%	34.9%	34.1%	32.2%	32.4%	32.1%	33.5%	33.7%	34.1%	34.3%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
.93%	1.02%	1.01%	.99%	.96%	.91%	.88%	.86%	.90%	.74%	*.70*	*.70%*	Return on Total Assets	*.65%*
23.0	23.0	23.0	23.0	23.0	23.0	200.0	200.0	200.0	200.0	*Nil*	*Nil*	Long-Term Debt ($mill)	*Nil*
181.4	250.8	300.7	356.8	492.2	636.6	918.0	1277.3	1665.7	2309.2	*2655*	*2945*	Shr. Equity ($mill)	*4200*
6.3%	6.4%	6.1%	5.4%	5.9%	5.6%	5.6%	5.6%	5.5%	6.0%	*5.5%*	*5.5%*	Shr. Eq. to Total Assets	*4.5%*
37.8%	35.3%	38.9%	44.0%	43.9%	39.7%	34.9%	32.3%	30.6%	32.6%	*33.0%*	*32.0%*	Loans to Tot Assets	*30.5%*
14.7%	16.1%	16.4%	18.5%	16.3%	16.2%	15.8%	15.2%	16.4%	12.3%	*12.0%*	*13.0%*	Return on Shr. Equity	*15.0%*
10.5%	10.8%	8.8%	11.9%	10.2%	10.6%	11.4%	11.6%	12.9%	9.1%	*9.0%*	*10.0%*	Retained to Com Eq	*12.0%*
32%	35%	47%	36%	37%	34%	28%	24%	22%	26%	*28%*	*24%*	All Div'ds to Net Prof	*20%*

ASSETS($Mill.)	2004	2005	6/30/06
Loans	9319.0	12525.0	14132.8
Funds Sold	- -	- -	- -
Securities	18676.9	22667.2	25581.2
Other Earning	- -	- -	- -
Other	2505.7	3273.8	3722.3
LIABILITIES($Mill.)			
Deposits	27658.9	34726.7	38049.8
Funds Borrowed	661.2	1106.4	2568.4
Long-Term Debt	200.0	- -	- -
Net Worth	1665.7	2321.9	2526.4
Other	315.8	311.0	291.7
Total	30501.6	38466.0	43436.3
Loan Loss Resrv.	135.6	133.7	140.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	15.5%	20.0%	*20.0%*
Earnings	17.0%	23.0%	*16.0%*
Dividends	16.0%	12.0%	*11.0%*
Book Value	18.0%	26.5%	*12.0%*
Total Assets	16.5%	27.0%	*20.5%*

Cal-endar	LOANS ($Mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	5898	6279	6720	7328	- -
2004	7671	8206	8779	9319	- -
2005	9837	10547	11151	12525	- -
2006	13345	14133	*14700*	*15400*	
2007	*16200*	*16800*	*17400*	*18000*	

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2003	.30	.32	.34	.35	1.31
2004	.38	.40	.42	.43	1.63
2005	.45	.46	.45	.26	1.62
2006	.41	.41	*.41*	*.42*	*1.65*
2007	*.43*	*.47*	*.50*	*.55*	*1.95*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.075	.075	.075	.075	.30
2003	.082	.082	.082	.082	.33
2004	.095	.095	.095	.095	.38
2005	.11	.11	.11	.11	.44
2006	.12	.12	.12		

BUSINESS: Commerce Bancorp, Inc. provides personal, commercial, and trust services through its banking subsidiaries, which include Commerce Bank; Commerce Bank/Pennsylvania; and Commerce Bank/Shore. Serves NJ, PA, NY, DE and FL through 373 banking facilities. Retail svcs. include checking, savings, money markets, and CDs. At 12/05: consumer loans: 37% of gross loans; real estate, 18%; commercial, 45%. Net charge-offs: .14% of avg. loans. At 12/05, loan loss reserve: 1.06% of total loans; nonperforming assets: .09%. Has about 10,800 empls. Off. & dir. own 9.7% of stock (4/06 proxy). Chrmn. & Pres.: Vernon W. Hill, II. Inc.: NJ. Addr.: 1701 Route 70 East, Commerce Atrium, Cherry Hill, NJ 08034. Tel.: 888-751-9000. Internet: www.commerceonline.com.

We have lowered our 2006 share-earnings estimate for Commerce by $0.20, $1.65. Second-quarter share net came in $0.03 below our expectations as rising short-term interest rates and the flat yield curve environment compressed the net interest margin, causing it to decrease 54 basis points from last year, to 3.39%. That said, net interest income still increased 11%, due to a higher level of interest earning assets. Moreover, asset quality was solid as net charge-offs as a percentage of average loans outstanding improved from .09% a year ago, to .06%. Furthermore, the bank made healthy gains in deposits, assets, and loans in the June interim, while nonperforming assets and loans past due 90 days remained relatively stable.

Commerce's expansion plans are moving full steam ahead. The bank has a goal of increasing its store base between 15% and 20% annually. For this year, it plans to add between 60 and 65 branches and create 1,800 jobs. The majority of these locations are within the Northeast/Mid-Atlantic region, but Commerce Bancorp also moved into southern Florida last year, and has roughly 30 locations in the state. True, this creates a lot of overhead, but the branches should eventually pay for themselves as volume builds.

Earnings are capable of advancing 15%–20% a year out to the end of the decade. Asset, loan, and deposit growth should be around 20% a year as Commerce continues with its expansion strategy. Some margin improvement is essential for the bank to achieve our projections, however. Areas that Commerce doesn't intend to enter are the subprime and syndicated loan markets, which will probably keep asset quality relatively high.

We rank this stock to underperform the year-ahead market. The narrow spread between long- and short-term interest rates will probably squeeze the net interest margin and limit earnings gains over the next few quarters. Until then, we believe that the bank will continue its expansion efforts and boost loan and deposit growth. The share price has decreased about 10% since our May review, but the stock does offer wide appreciation potential over the 3- to 5-year pull.

Randy Shrikishun *August 25, 2006*

(A) Diluted earnings. Quarterly earnings may not sum to total due to rounding. Next earnings report due mid-Oct.
(B) Dividends historically paid in mid-January, April, July, October. ■ Dividend reinvestment plan available.
(C) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	100
Earnings Predictability	90