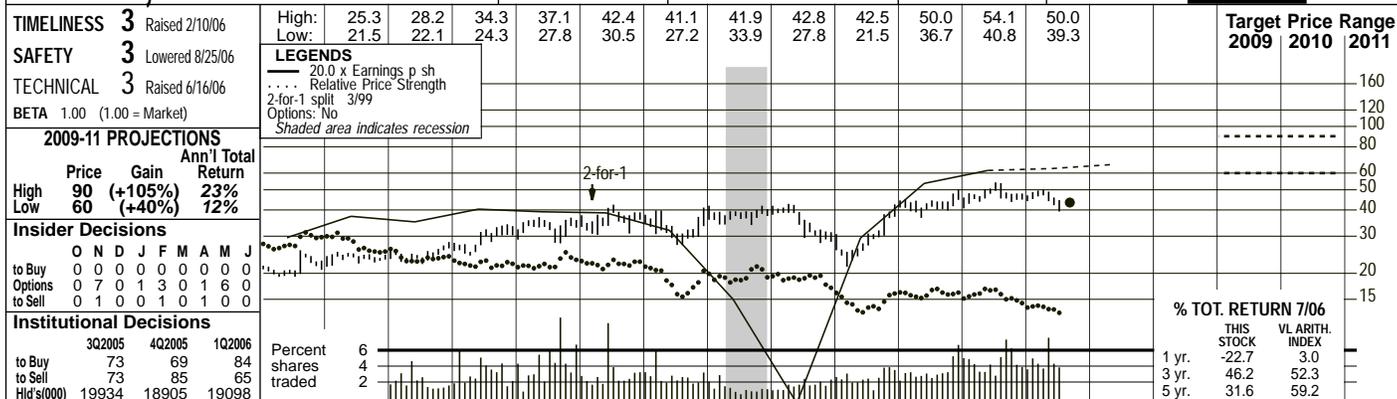


**UNITRIN, INC.** NYSE-UTR  
**RECENT PRICE 43.40** **P/E RATIO 13.8** (Trailing: 12.7; Median: 18.0) **RELATIVE P/E RATIO 0.78** **DIV'D YLD 4.1%** **VALUE LINE**



Unitrin was incorporated in 1990 in order to hold all of the outstanding capital stock of the insurance and finance subsidiaries of Teledyne, Inc. — Fireside Securities Corp., Teledyne Life Insurance Co., Trinity Universal Insurance Co., United Insurance Co. of America, and their subsidiaries. One share of Unitrin stock was distributed for each share of Teledyne stock. The stock began trading on the OTC market in April, 1990.

**CAPITAL STRUCTURE as of 6/30/06**  
 Total Debt \$504.1 mill. Due in 5 Yrs \$500.0 mill.  
 LT Debt \$504.1 million LT Interest \$30.0 mill.  
 (19% of Cap'l)

Pension Assets-12/05 \$323.2 mill.  
 Oblig. \$351.6 mill.

Pfd Stock None  
 Common Stock 68,120,585 shs.  
 as of 7/21/2006

MARKET CAP: \$3.0 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2004	2005	6/30/06
Bonds	4132.4	4086.6	3842.3
Stocks	1159.9	1098.9	1187.7
Receivables	1790.5	1937.8	1975.9
Other	1707.5	2075.0	2158.2
Total Assets	8790.3	9198.3	9164.1
Unearned Prems	807.6	810.6	816.3
Reserves	3844.0	3936.4	3927.7
Other	2100.0	2293.6	2281.4
Total Liab.	6751.6	7040.6	7025.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	12.0%	14.0%	1.0%
Invest Income	5.5%	5.5%	4.0%
Earnings	5.5%	5.5%	8.0%
Dividends	7.5%	3.5%	2.0%
Book Value	4.0%	3.5%	3.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	689.7	730.0	747.1	743.1	2909.9
2004	726.8	733.1	754.0	748.4	2962.3
2005	741.4	751.0	746.3	752.5	2991.2
2006	747.9	764.2	775	782.9	3070
2007	770	780	790	810	3150

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.14	.21	.54	.58	1.47
2004	.53	.66	.57	.92	2.68
2005	.91	.72	.25	1.21	3.09
2006	.77	.90	.60	.88	3.15
2007	.90	.90	.60	.90	3.30

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.415	.415	.415	.415	1.66
2003	.415	.415	.415	.415	1.66
2004	.415	.415	.415	.415	1.66
2005	.425	.425	.425	.425	1.70
2006	.44	.44	.44	.44	1.70

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Life Premiums per sh E	6.55	5.94	6.73	8.89	8.82	8.18	8.27	9.76	9.70	9.74	9.95	10.15	10.75
Prop/Cas Premiums p sh	9.79	10.31	9.43	10.45	12.58	17.39	19.51	26.49	26.39	26.42	26.50	26.60	26.90
Investment Inc per sh	2.40	2.39	2.45	2.86	3.30	3.53	3.28	3.42	3.79	4.12	4.35	4.45	4.80
Earnings per sh A	1.76	2.02	1.96	1.94	1.60	.75	.01	1.47	2.68	3.09	3.15	3.30	3.75
Div'ds Decl'd per sh B	1.10	1.20	1.30	1.40	1.50	1.60	1.66	1.66	1.66	1.70	1.76	1.76	1.92
Book Value per sh C	19.82	20.39	23.99	24.19	25.15	28.38	26.66	26.84	29.60	31.49	32.25	33.00	35.30
Common Shs Outst'g D	74.68	75.17	75.98	70.99	67.65	67.55	67.60	67.78	68.86	68.53	69.00	69.50	71.00
Price to Book Value	124%	143%	140%	149%	131%	133%	133%	110%	145%	150%	155%	170%	170%
Avg Ann'l P/E Ratio	14.0	14.5	17.1	18.6	20.6	50.5	NMF	20.1	16.0	15.3	Bold figures are Value Line estimates		20.0
Relative P/E Ratio	.88	.84	.89	1.06	1.34	2.59	NMF	1.15	.85	.81			1.35
Avg Ann'l Div'd Yield	4.5%	4.1%	3.9%	3.9%	4.5%	4.2%	4.7%	5.6%	3.9%	3.6%			2.9%
Life Premiums (\$mill) E	489.1	446.7	511.5	631.2	596.8	552.5	558.9	661.5	668.0	667.5	685	705	765
Prop/Cas Prem. (\$mill)	731.2	775.3	716.8	742.1	851.1	1174.6	1319.1	1795.7	1817.2	1810.8	1830	1850	1910
Total Inv Inc (\$mill)	179.0	179.5	186.4	203.0	223.1	238.5	221.9	231.9	261.2	282.1	300	310	340
Other Revenues (\$mill)	120.4	125.0	113.8	123.6	141.7	--	211.6	230.8	215.9	230.8	255	285	375
Total Revenues (\$mill)	1519.7	1526.5	1528.5	1699.9	1812.7	1965.6	2311.5	2909.9	2962.3	2991.2	3070	3150	3390
Prop/Cas Und Margin	1.8%	3.3%	36.7%	35.0%	27.6%	38.4%	44.6%	53.0%	54.7%	54.9%	55.0%	55.0%	55.5%
Net Profit (Mill)	132.5	151.5	152.7	145.4	110.3	50.2	.4	99.9	185.2	215.5	220	235	270
Total Assets (\$mill)	4871	4921	5910	5935	6165	7134	7706	8537	8790	9198	9200	9350	9800
Shr. Equity (\$mill)	1480.3	1533.0	1822.4	1717.0	1701.2	1916.8	1802.4	1818.9	2038.7	2157.7	2225	2295	2505
Return on Shr. Equity	9.0%	9.9%	8.4%	8.5%	6.5%	2.6%	.0%	5.5%	9.1%	10.0%	10.0%	10.0%	11.0%
Retained to Com Eq	3.3%	4.0%	2.9%	2.5%	.4%	NMF	NMF	NMF	3.5%	4.5%	4.5%	5.0%	5.5%
All Div'ds to Net Prof	63%	59%	66%	70%	93%	NMF	NMF	112%	61%	54%	55%	52%	50%

**BUSINESS:** Unitrin, Inc. is an insurance holding company, which through its subsidiaries provides life and health insurance, property/casualty insurance, and consumer finance services (Fireside Thrift Co.). Life and health insurance operations generated about 28% of 2005 revenues; Property/Casualty, 64%; Consumer Finance operations, 7%; other, 1%. Owns 2% of Northrop Grumman;

**Unitrin had a solid second quarter.** Share earnings of \$0.90 were \$0.05 ahead of our estimate, and revenues too exceeded our assessment by almost \$10 million. Property and casualty (P&C) showed surprising strength. The Chicago-based insurer's combined ratio of 95.3% was one of the lowest in recent history; there's been room to lower required reserves, as well, aiding loss ratios.

**That said, property and casualty premium growth this year looks challenging.** Despite encouraging P&C conditions in the June interim, we model very modest (1%) P&C premium advances for the year. Competitive pressures are keeping a lid on growth here. Moreover, Unitrin announced that it would no longer write new property risks in the hurricane-affected coastal states (although it will renew existing policies).

**On the life side, prospects seem slightly better.** Our model calls for life premium advances of 3% in 2006. Unitrin's core life business remains stable, a trend that is likely to continue over the next few years. Although premium growth is rather timid, the company's Life & Health busi-

ness has been a consistent cash generator. Higher costs for catastrophe reinsurance coverage are impacting results here but, on the whole, we expect profits at the segment to advance in the mid-single-digit range by 2007.

**The company's balance sheet has been improving.** Low levels of intangible accounts (relative to its peers), manageable levels of debt, and conservative deferred acquisition costs have helped contribute to Unitrin's improved financial position. As cash levels continue to rise, management ought to minimize share-base dilution through repurchases.

**These neutrally ranked shares have long-term appeal,** supported by an attractive dividend yield, and an improving balance sheet. Our earnings projections are based on the assumption that the company's diversified business model will help it do a better job of enduring harsh P&C conditions than many of its peers. The high (2) Safety rank makes UTR particularly suitable for conservative accounts. Meanwhile, the stock is ranked average for year-ahead performance.

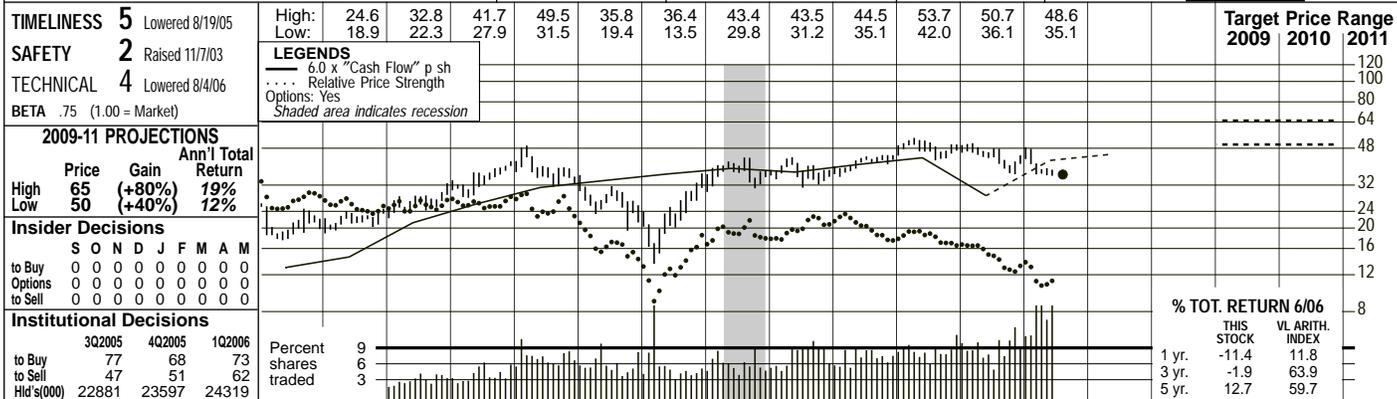
Praneeth Satish August 25, 2006

(A) Dil. eqs. Excl. nonrec. gains (losses): '98, \$11.06; '99, (16¢); '02 (5¢). Excl. capital gain/(loss) in '02 and thereafter. Capital gains: '96, 2¢; '97, 90¢; '98, \$4.60; '99, 96¢; '00, (28¢); '01, \$4.85; '04, 80¢; '05, 58¢; '06, 30¢. (B) Dividends historically paid in late February, May, August, and November. ■ DRIP avail. (C) Incl. intang. In '05: \$344.7 mill, \$5.01/sh. (D) In millions, adjusted for split. (E) Includes accident/health.

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

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**UNIVERSAL CORP. NYSE:UVV** RECENT PRICE **35.95** P/E RATIO **11.3** (Trailing: 17.1; Median: 9.5) RELATIVE P/E RATIO **0.66** DIV'D YLD **4.8%** **VALUE LINE**



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
85.62	88.37	90.95	85.52	85.00	93.66	101.84	117.04	122.96	124.80	120.87	111.00	95.33	105.81	127.63	136.37	<b>129.40</b>	<b>136.90</b>	Revenues per sh <sup>A</sup>	178.55
1.95	2.51	3.04	3.17	2.16	2.43	3.53	4.34	5.20	5.61	6.04	6.42	6.16	6.69	7.21	4.75	<b>7.00</b>	<b>7.50</b>	"Cash Flow" per sh	10.35
1.11	1.72	2.15	2.39	1.09	1.04	2.04	2.88	3.68	3.80	3.91	4.29	4.01	4.45	4.31	2.09	<b>4.00</b>	<b>4.50</b>	Earnings per sh <sup>A B</sup>	6.00
.73	.76	.79	.86	.94	.99	1.01	1.05	1.10	1.18	1.23	1.27	1.34	1.44	1.56	1.68	<b>1.72</b>	<b>1.76</b>	Div'ds Decl'd per sh <sup>C</sup>	1.90
.97	1.36	1.43	1.05	.68	1.11	1.01	1.67	2.77	2.16	2.16	2.25	4.22	4.63	4.12	2.88	<b>2.50</b>	<b>2.60</b>	Cap'l Spending per sh	2.80
12.08	7.77	9.18	11.73	10.78	11.13	11.90	13.36	15.71	16.80	17.69	20.31	22.42	24.89	32.04	29.96	<b>35.20</b>	<b>38.05</b>	Book Value per sh	53.80
32.88	32.78	32.86	35.63	35.00	35.03	35.06	35.14	34.87	32.09	28.15	27.18	26.23	24.92	25.67	25.75	<b>26.00</b>	<b>26.00</b>	Common Shs Outst'g <sup>D</sup>	21.00
15.3	7.9	12.1	11.9	20.5	20.4	11.7	10.3	10.6	8.3	5.9	7.5	9.5	8.4	10.7	20.4	<b>20.4</b>	<b>20.4</b>	Avg Ann'l P/E Ratio	9.5
1.14	.50	.73	.70	1.34	1.37	.73	.59	.55	.47	.38	.38	.52	.48	.57	1.09	<b>1.09</b>	<b>1.09</b>	Relative P/E Ratio	.65
4.3%	5.6%	3.0%	3.0%	4.2%	4.7%	4.2%	3.5%	2.8%	3.7%	5.3%	3.9%	3.5%	3.8%	3.4%	3.9%	<b>3.9%</b>	<b>3.9%</b>	Avg Ann'l Div'd Yield	3.3%

CAPITAL STRUCTURE as of 3/31/06		3570.2	4112.7	4287.2	4004.9	3402.0	3017.6	2500.1	2636.8	3276.1	3511.3	3565	3625	Revenues (\$mill) <sup>A</sup>	3750
Total Debt \$1219.4 mill. Due in 5 Yrs \$467.1 mill.		6.9%	7.0%	7.7%	7.7%	8.7%	10.1%	10.2%	10.1%	9.1%	6.5%	10.0%	10.2%	Operating Margin	10.5%
LT Debt \$762.2 mill. LT Interest \$48.0 mill.		52.5	51.6	51.1	52.8	52.0	56.4	55.0	53.5	74.1	68.1	77.0	78.0	Depreciation (\$mill)	72.0
(LT interest earned: 5.8x; total interest coverage: 5.0x)		71.4	100.9	130.3	127.3	118.0	118.2	106.7	113.3	110.9	54.2	105	120	Net Profit (\$mill)	145
Leases, Uncapitalized None		40.0%	40.0%	39.8%	35.9%	37.4%	35.5%	35.0%	30.7%	37.7%	47.6%	40.0%	40.0%	Income Tax Rate	40.0%
Pension Assets-3/06 \$281.6 mill.		2.0%	2.5%	3.0%	3.2%	3.5%	3.9%	4.3%	4.3%	3.4%	1.5%	3.1%	3.4%	Net Profit Margin	3.9%
Oblig. \$382.3 mill.		299.8	347.5	328.8	271.8	205.0	550.9	431.6	550.7	819.0	864.8	750	775	Working Cap'l (\$mill)	850
Pfd Stock None		309.5	291.6	263.1	221.5	223.3	515.3	435.6	615.0	838.7	762.2	750	700	Long-Term Debt (\$mill)	600
Common Stock 25,748,306 shares		417.3	469.6	547.9	539.0	497.8	552.1	588.0	620.3	822.4	964.9	915	990	Shr. Equity (\$mill)	1130
MARKET CAP: \$925 million (Small Cap)		11.8%	14.9%	17.6%	18.0%	18.3%	12.9%	12.3%	10.7%	7.8%	5.3%	8.0%	8.5%	Return on Total Cap'l	10.0%
CURRENT POSITION (SMILL)		17.1%	21.5%	23.8%	23.6%	23.7%	21.4%	18.1%	18.3%	13.5%	5.6%	11.5%	12.0%	Return on Shr. Equity	13.0%
Cash Assets		8.6%	13.6%	16.8%	16.4%	16.3%	15.2%	12.2%	12.5%	8.4%	1.4%	6.5%	7.5%	Retained to Com Eq	9.5%
Receivables		50%	37%	29%	31%	31%	29%	33%	32%	37%	81%	43%	39%	All Div'ds to Net Prof	28%

**BUSINESS:** Universal Corp. (formerly Universal Leaf Tobacco) is the largest leaf tobacco exporter/importer in the world. Engaged in the purchasing, processing, and selling of tobacco to cigarette, pipe tobacco, and cigar manufacturers. Tobacco sales consist primarily of flue-cured and burley tobaccos. Also distributes lumber and building supplies in Europe and buys and sells commodity products.

2005 revenues (op. inc.) by business segment: tobacco, 51% (78%); lumber and building products, 25% (20%); agri-products, 24% (2%). Off./dir. own 4.7% of stock; Dremam Mgmt., 14.3% (6/06 proxy). Chairman: Henry H. Harrell. President and CEO: Allen B. King, Inc.: VA. Address: 1501 North Hamilton St., Richmond, VA 23230. Telephone: 804-359-9311. Web: www.universalcop.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 of change (per sh)	'09-'11
Revenues	3.5%	-	5.0%	5.0%
"Cash Flow"	9.0%	2.0%	6.5%	6.5%
Earnings	9.0%	-1.0%	4.0%	4.0%
Dividends	5.5%	6.0%	4.0%	4.0%
Book Value	10.0%	11.5%	9.0%	9.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	657.3	708.6	593.8	677.1	2636.8
2004	737.1	860.2	852.3	826.5	3276.1
2005	860.1	919.3	878.8	853.1	3511.3
2006	875	935	895	860	3565
2007	890	950	915	870	3625

Fiscal Year Ends	EARNINGS PER SHARE <sup>A B</sup>				Full Fiscal Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	1.43	1.04	.98	.98	4.45
2004	.80	1.12	1.08	1.31	4.31
2005	.46	1.03	.38	.23	2.09
2006	.72	1.18	1.05	1.05	4.00
2007	.84	1.30	1.17	1.19	4.50

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.34	.34	.34	.34	1.36
2003	.36	.36	.36	.36	1.44
2004	.39	.39	.39	.39	1.56
2005	.42	.42	.42	.42	1.68
2006	.43				

**Universal Corporation will soon be a much more focused company.** The Richmond (VA)-based tobacco merchant recently agreed to sell the majority of its Rotterdam-based Deli Universal subsidiary for \$540 million in cash and assumed debt. Included in the deal are a lumber and building products distribution business and various agri-product ventures (rubber, tea, sunflower seeds). Universal will reportedly retain Deli's tobacco operations, as well as its dried fruits and nut business. Deli's nontobacco businesses posted a fiscal 2005 operating profit of approximately \$53 million, representing a 3.8% return on sales of \$1.4 billion. Comparatively, Universal's tobacco business enjoyed operating margins of nearly 9%.

**We like the deal.** Though Universal's sales base will shrink and become less diversified, it will also no longer be exposed to a relatively cyclical Dutch housing market. Paying down debt with the divestiture proceeds will further reduce Universal's overall risk profile. That said, we think the sale, net of reduced borrowing costs, will be dilutive to earnings short term. As per *Value Line* convention, we

will wait to adjust our projections until the deal is consummated.

**We remain cautiously optimistic when it comes to Universal's core tobacco operations.** Fiscal 2005 (ended March, 2006) was extremely challenging. Drought conditions in Brazil and parts of Africa resulted in generally poor tobacco crop quality and yields. This led to low selling prices and reduced profit margins. An associated increase in the provision for uncollectible farmer advances also weighed on results. A weak U.S. dollar, meanwhile, meant that Universal had to shell out more and more greenbacks to meet the locally denominated costs of its foreign subsidiaries. Going forward, rationalization of marginal operations and reduced (tobacco) leaf production where excesses exist should boost results. So, too, should better-quality harvests.

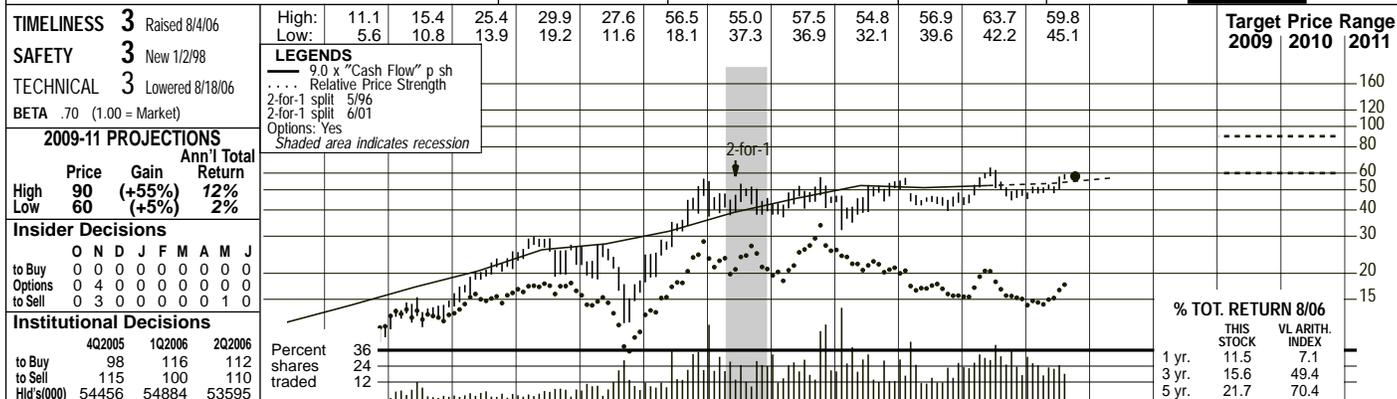
**Universal shares are ranked 5 (Lowest) for relative year-ahead price performance.** That said, above-average total returns, we think, will be had by long-term investors, thanks partly to the stock's hearty dividend payout.

Nils C. Van Liew  
August 4, 2006

(A) Fcsl. yr. ends June 30th through '03; thereafter March 31st. Starting in '95, figures reflect consolidation of foreign affil. (B) Prmy. egs. through 1996, dil. thereafter. Excl. n/r & disc. op. gains (losses): '01, (20c); '00, 8c; '98, 31c; '96, 2c; '95, (31c); '94, (83c); '91, (90c); '90, 24c. Excl. extra. loss: '91, 12c. May not sum to total due to change in shs. outstanding. Next egs. rpt. due mid-Aug. (C) Dividends historically paid in mid-Feb., May, Aug., Nov. Div'd. reinvestment plan avail. (D) In mill., adjusted for stock split.	<b>Company's Financial Strength</b> B++
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	<b>Price Growth Persistence</b> 60
	<b>Earnings Predictability</b> 90

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**UNIVERSAL HEALTH NYSE-UHS** RECENT PRICE **58.00** P/E RATIO **20.1** (Trailing: 23.2 Median: 18.0) RELATIVE P/E RATIO **1.15** DIV'D YLD **0.6%** VALUE LINE



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Revenues per sh	18.53	22.25	29.10	33.32	37.48	47.47	55.20	62.74	68.20	72.95	76.75	86.65	Revenues per sh
"Cash Flow" per sh	1.91	2.28	2.87	3.06	3.53	4.32	5.06	5.82	5.68	5.82	5.95	6.35	"Cash Flow" per sh
Earnings per sh A	.82	1.02	1.23	1.24	1.58	2.06	2.72	3.11	2.62	2.53	2.80	3.10	Earnings per sh A
Div'ds Decl'd per sh	--	--	--	--	--	--	--	.08	.32	.32	.32	.32	Div'ds Decl'd per sh
Cap'l Spending per sh	1.65	1.99	1.50	1.10	1.90	2.56	3.40	3.86	4.00	4.48	5.20	4.00	Cap'l Spending per sh
Book Value per sh	7.05	8.12	9.73	10.47	11.98	13.50	15.54	18.79	21.14	22.34	26.55	28.15	Book Value per sh
Common Shs Outst'g B	64.24	64.84	64.42	61.30	59.83	59.84	59.04	58.07	57.75	53.95	54.00	52.00	Common Shs Outst'g B
Avg Ann'l P/E Ratio	15.9	19.4	21.0	16.1	20.7	21.5	16.8	14.6	17.5	20.3	17.0	17.0	Avg Ann'l P/E Ratio
Relative P/E Ratio	1.00	1.12	1.09	.92	1.35	1.10	.92	.83	.92	1.09	1.15	1.15	Relative P/E Ratio
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	.7%	.6%	.6%	.7%	.7%	Avg Ann'l Div'd Yield

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Debt \$468.9 mill. Due in 5 Yrs \$110.0 mill.	1190.2	1442.7	1874.5	2042.4	2242.4	2840.5	3258.9	3643.6	3938.3	3935.5	4145	4505
LT Debt \$465.3 mill. LT Interest \$29.0 mill.	14.6%	14.3%	14.1%	13.3%	13.8%	13.7%	13.9%	14.1%	12.4%	11.9%	11.5%	12.0%
Incl. \$13.9 mill. cap'l. leases. (Total interest coverage: 9.2x) (23% of Cap'l)	71.9	80.7	105.4	108.3	112.8	127.5	124.8	144.5	166.7	155.5	160	165
Leases, Uncapitalized Annual rentals \$35.5 mill.	50.7	67.3	79.6	79.4	98.3	131.0	174.0	193.4	161.5	158.5	160	165
Pension Assets-12/05 \$48.3 mill. Oblig. \$79.3 mill.	36.7%	36.5%	32.9%	38.6%	36.1%	36.2%	36.7%	37.2%	37.3%	37.0%	37.0%	37.0%
Pfd Stock None	4.3%	4.7%	4.2%	3.9%	4.4%	4.6%	5.3%	5.3%	4.1%	4.0%	3.9%	3.7%
Common Stock 56,949,199 shs.	53.9	69.5	149.5	186.1	227.7	225.6	236.2	250.0	339.2	84.1	70.0	25.0
Class B: 53.3 mill.; A: 3.3 mill.; C & D: .4 mill. C as of 7/31/06	275.6	272.5	418.2	419.2	548.1	718.8	680.5	868.6	852.2	637.7	465	465
MARKET CAP: \$3.3 billion (Mid Cap)	453.0	526.6	627.0	641.6	716.6	807.9	917.5	1090.9	1220.6	1205.1	1435	1465
	8.4%	9.6%	8.9%	8.7%	9.0%	9.7%	12.0%	10.8%	8.8%	9.4%	8.5%	8.5%
	11.2%	12.8%	12.7%	12.4%	13.7%	16.2%	19.0%	17.7%	13.2%	13.2%	11.0%	11.5%
	11.2%	12.8%	12.7%	12.4%	13.7%	16.2%	19.0%	17.3%	11.7%	11.7%	9.5%	10.0%
	--	--	--	--	--	--	--	2%	12%	11%	11%	10%

**CAPITAL STRUCTURE as of 6/30/06**  
**Total Debt \$468.9 mill. Due in 5 Yrs \$110.0 mill.**  
**LT Debt \$465.3 mill. LT Interest \$29.0 mill.**  
 Incl. \$13.9 mill. cap'l. leases. (Total interest coverage: 9.2x) (23% of Cap'l)  
**Leases, Uncapitalized Annual rentals \$35.5 mill.**  
**Pension Assets-12/05 \$48.3 mill. Oblig. \$79.3 mill.**  
**Pfd Stock None**  
**Common Stock 56,949,199 shs.**  
 Class B: 53.3 mill.; A: 3.3 mill.; C & D: .4 mill. C as of 7/31/06  
**MARKET CAP: \$3.3 billion (Mid Cap)**

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 to '09-11  
 Revenues 16.0% 15.5% 8.0%  
 "Cash Flow" 15.5% 13.0% 6.5%  
 Earnings 18.0% 15.5% 7.5%  
 Dividends -- -- 12.0%  
 Book Value 16.0% 14.0% 9.5%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	894.8	902.9	896.3	949.5	3643.6
2004	982.6	982.6	978.3	994.8	3938.3
2005	1006.6	990.9	970.8	967.2	3935.5
2006	1034.3	1047.7	1030	1033	4145
2007	1125	1140	1115	1125	4505

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.84	.82	.72	.73	3.11
2004	.72	.76	.63	.51	2.62
2005	.93	.61	.54	.45	2.53
2006	.73	.78	.62	.67	2.80
2007	.82	.80	.72	.76	3.10

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	--	--	--	--	--
2003	--	--	--	.08	.08
2004	.08	.08	.08	.08	.32
2005	.08	.08	.08	.08	.32
2006	.08	.08	.08	.08	.32

**Business:** Universal Health Services, Inc. is the third-largest investor-owned hospital chain. Owns/operates acute-care (81% of '05 revs.) and psychiatric hospitals and ambulatory treatment centers (19%). Runs 129 medical, surgical, and behavior health hospitals and 13 ambulatory surgery and radiation therapy centers. Rev. sources in '05: Medicare (28%), Medicaid (11%), managed care (41%) and priv. providers (20%). Has abt. 35,000 empl. Offs. & dirs. have 85% of general voting power; Private Capital Management owns 17.8% of cmn; FMR, 9.7%, two other groups, 11.9% (4/06 Proxy). Chairman, CEO & President: A. Miller. Inc.: PA. Addr.: Universal Corp. Ctr., 367 S. Gulph Rd., P.O. Box 61558, King of Prussia, PA 19406. Tel.: 610-768-3300. Int.: www.uhsinc.com.

**Universal Health Services shares have been stellar performers in 2006.** They have risen 14% since second-quarter results were reported and are up 26% year to date. Share net was \$0.06 above our \$0.67 estimate in the first quarter, and a healthy \$0.13 above our \$0.65 figure in the June period. Admissions at the acute care division are rising at a market-beating (albeit modest) pace. Operating margins have also improved of late. Significantly, too, the behavioral segment continues to generate impressive results. Universal's balance sheet, meantime, has been bolstered by the recent redemption of all convertible debentures, as well as by the settlement of all Hurricane Katrina-related insurance claims, for \$264 million. This enhances management's flexibility, with respect to repurchasing UHS stock and/or acquiring more behavioral facilities.

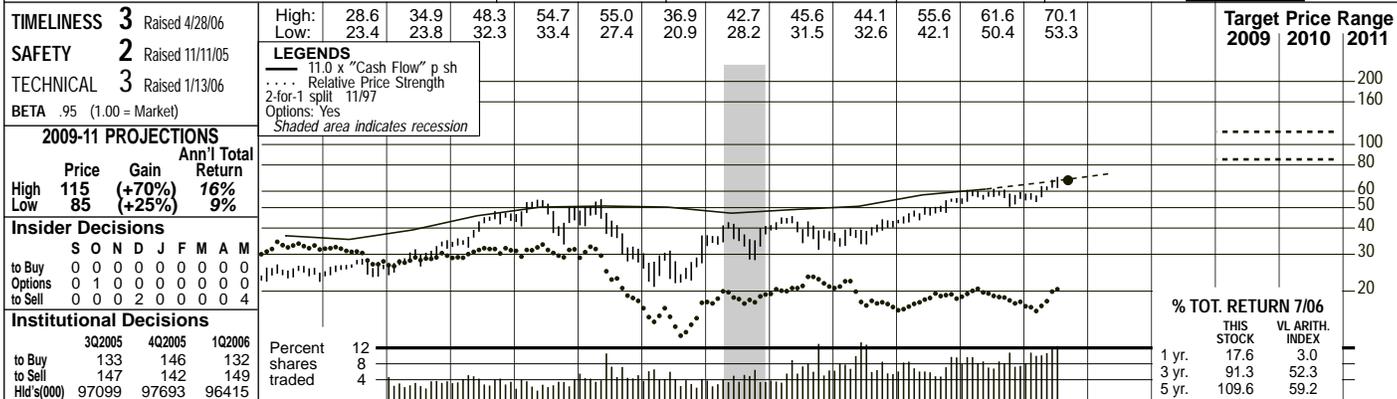
**We've raised our earnings estimates for both this year and next.** Despite the sharply better-than-expected June-quarter showing, Universal kept its guidance for 2006 at \$2.60-\$2.65 a share, which implies a marked falloff in the year's second half. Management is probably being overly cautious in view of the multiple earnings disappointments and preannouncements of recent years. A dropoff is certainly likely, given seasonal factors, but we think the company will earn \$2.75-\$2.80 in 2006 and \$3.10 in 2007; our estimates were \$2.70 and \$3.05, respectively. These figures assume capacity additions in the supply-constrained behavioral segment, as well as easier year-over-year comparisons in the difficult McAllen market.

**These shares are neutrally ranked for the coming six to 12 months.** Although earnings have topped expectation for three straight quarters, year-over-year quarterly comparisons have generally been negative since 2004's initial period. The price of UHS stock, meantime, although up this year, is essentially at a level that was first achieved almost six years ago.

**Long-term investors should probably wait for better entry points.** The current valuation seems to leave minimal room for multiple expansion. Thus, price gains going forward will need growth in earnings, which have been unusually volatile over the last several years.

George Rho September 22, 2006

**V.F. CORP.** NYSE-VFC  
**RECENT PRICE 67.51** **P/E RATIO 13.5** (Trailing: 14.3; Median: 13.0) **RELATIVE P/E RATIO 0.78** **DIV'D YLD 3.3%** **VALUE LINE**



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Sales per sh	22.91	25.58	32.13	33.50	38.74	39.90	40.19	43.08	45.86	47.77	51.20	50.17	46.84	48.14	54.36	59.05	63.40	68.90	82.25
"Cash Flow" per sh	1.75	2.15	2.78	2.85	3.34	3.21	3.57	4.15	4.57	4.63	4.58	4.28	4.46	4.62	5.23	5.59	6.05	6.65	8.45
Earnings per sh <sup>A</sup>	.89	1.38	1.90	1.90	2.10	1.88	2.32	2.70	3.10	3.05	2.94	2.68	3.38	3.61	4.21	4.54	5.00	5.45	7.00
Div'ds Decl'd per sh <sup>B</sup>	.50	.51	.56	.61	.65	.69	.73	.77	.81	.85	.89	.94	.97	1.01	1.05	1.10	1.94	2.20	2.60
Cap'l Spending per sh	.97	.96	1.74	1.62	1.04	1.22	1.09	1.27	1.58	1.29	1.12	.74	.59	.80	.73	1.00	.90	1.00	1.10
Book Value per sh <sup>C</sup>	6.68	7.64	9.25	11.63	13.18	13.67	15.19	15.18	17.13	18.50	19.45	19.19	15.28	18.04	22.56	25.50	28.10	31.70	44.95
Common Shs Outst'g <sup>D</sup>	114.03	115.40	119.04	128.98	128.33	126.88	127.82	121.23	119.47	116.20	112.26	110.00	108.53	108.17	111.39	110.11	110.00	108.00	107.00
Avg Ann'l P/E Ratio	13.8	10.9	12.3	12.4	11.7	13.8	12.7	15.1	15.1	13.1	9.0	13.6	11.8	10.6	11.5	12.6	11.0	10.8	14.0
Relative P/E Ratio	1.02	.70	.75	.73	.77	.92	.80	.87	.79	.75	.59	.70	.64	.60	.61	.67	.61	.67	.95
Avg Ann'l Div'd Yield	4.1%	3.4%	2.4%	2.6%	2.6%	2.7%	2.5%	1.9%	1.7%	2.1%	3.4%	2.6%	2.4%	2.6%	2.2%	1.9%	2.2%	2.2%	2.7%

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Operating Margin	14.0%	14.6%	15.6%	15.2%	14.3%	13.9%	13.9%	13.8%	13.9%	13.9%	13.9%	13.8%	13.9%	13.9%	14.3%	14.5%	15.0%	15.5%	15.5%
Depreciation (\$mill)	160.6	156.3	161.4	167.4	173.4	169.0	107.4	104.5	110.9	99.6	105	120	140	160	180	200	220	240	260
Income Tax Rate	41.1%	40.1%	38.5%	38.5%	37.7%	38.4%	32.4%	33.5%	33.3%	32.7%	33.5%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	36.0%
Net Profit Margin	5.8%	6.7%	7.1%	6.7%	6.0%	5.6%	7.5%	7.6%	7.8%	8.0%	8.0%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.7%
Working Cap'l (\$mill)	940.0	835.6	815.2	763.9	1103.9	1217.6	1199.7	1336.6	1006.4	1213.3	1170	1125	1125	1125	1125	1125	1125	1125	1275
Long-Term Debt (\$mill)	519.1	516.2	521.7	517.8	905.0	904.0	602.3	956.4	556.6	647.7	645	645	645	645	645	645	645	645	645
Retained to Com Eq	2000.1	1896.8	2100.3	2201.1	2232.3	2166.7	1694.8	1981.3	2539.3	2831.6	3030	3260	3260	3260	3260	3260	3260	3260	3260
Return on Total Cap'l	12.8%	15.4%	15.6%	14.5%	11.9%	11.4%	18.0%	14.5%	16.5%	15.8%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Return on Shr. Equity	15.0%	18.5%	18.5%	17.0%	15.4%	14.3%	22.4%	20.1%	18.7%	18.3%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	18.5%	17.5%
All Div'ds to Net Prof	10.4%	13.6%	14.0%	12.5%	10.9%	9.5%	16.3%	14.7%	14.2%	14.0%	11.5%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%	11.5%
	32%	29%	26%	28%	31%	35%	29%	28%	25%	24%	38%	49%	49%	49%	49%	49%	49%	49%	37.0%

**CAPITAL STRUCTURE as of 6/30/06**  
 Total Debt \$958.7 mill. Due in 5 Yrs \$663.3 mill.  
 LT Debt \$693.4 mill. LT Interest \$54.7 mill.  
 (LT interest earned: 17.2x; total interest coverage: 17.0x) (19% of Cap'l)  
**Leases, Uncapitalized** \$110.9 million  
**Pension Assets-12/05** \$847 mill. **Oblig.** \$1.2 bill.  
**Pfd Stock** \$22.5 mill. **Pfd Div'd** \$3.0 mill.  
 1.0 million shares of preferred stock sold to ESOP convertible to 1.6 million shares of common stock. (1% of Cap'l)  
**Common Stock** 110,169,370 shrs. as of 2/24/06 (options exercisable 5.6%)  
**MARKET CAP: \$7.4 billion (Large Cap)**

**BUSINESS:** V.F. Corporation, the world's largest publicly held apparel maker and distributor, is a leader in the jeanswear, sportswear, intimate apparel, and workwear markets. Has approx. 20% share of the U.S. jeans market. Brands include *Lee, Wrangler, Rustler, Riders, Bassett-Walker, Vanity Fair, Bestform, Vassarette, Lily of France, Jansport, and The North Face*. Acquired Nautica 8/03. Has about 52,300 empls.; 4,270 stkhldrs. Int'l sales: 24.9% of 2005 total. PNC Bank trusts controls 19.9% of common; JPMorgan, 8.4%; Dodge & Cox, 6.1% (3/06 Proxy). Chairman and CEO: Mackey J. McDonald. President: Eric C. Wiseman. Incorporated: PA. Address: 628 Green Valley Road, Suite 500, Greensboro, NC 27408. Tel.: 336-547-6000. Internet: www.vfc.com.

**V.F. Corporation is on a roll.** Excluding special items that added \$0.07 to share net last year, recent second-quarter earnings advanced 13%, to \$0.88 a share. That marked the 11th straight period of record sales and earnings. (The June quarter is typically seasonally weak.) At a time when many apparel suppliers are struggling with mixed consumer spending patterns and retailer consolidation, these results are especially impressive. The company is also generating strong cash flow, and the board of directors expressed confidence that the positive trend would continue by approving a 90% increase in the cash dividend, to \$2.20 a share annually.

**A focus on lifestyle brands is obviously working.** The growing portfolio of lifestyle products now include *Kipling, Napapijiri, Vans, Reef, and Nautica*. This is a powerful lineup of brands that consumers crave. That helps keep gross margins on a positive trajectory, although investment spending on promoting the names will likely hinder profit margins, especially in this year's third quarter, when the advertising budget is projected to be 12% to 14% above the year-earlier

period. We see a significant shift in the business mix over the next 3 to 5 years with lifestyle product sales rising from about 30% to 60%. **Acquisitions will likely play a major role in the company's growth.** V.F. plans to achieve half of its annual revenue growth via purchases of outside businesses. And acquisition opportunities abound, including Eddie Bauer, Sag Harbor, Kate Spade, and Jones Apparel. **Owned-retail expansion is also in the cards.** The company had 415 retail outlets at the end of 2005. We would not be surprised if that number doubles over the next two years. These retail stores, which give V.F. a chance to showcase its various brand names, are not expected to cannibalize sales to existing customers. We think the strategy involves a good deal of execution risk, however. **The shares are up more than 20% over the last six months.** The stock price discounts some of the earnings potential of the company as it is currently structured. But an acquisition may change the capital gains outlook quickly.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	65
Earnings Predictability	90

To subscribe call 1-800-833-0046.

Craig Sirois August 11, 2006

VULCAN MATERIALS NYSE-VMC										RECENT PRICE	P/E RATIO	Trailing: 19.1 (Median: 18.0)	RELATIVE P/E RATIO	DIV'D YLD	2.0%	VALUE LINE																																																																																																																																																																																																								
TIMELINESS	3	Raised 9/12/03	High: 20.1	22.2	34.6	44.7	51.3	48.9	55.3	49.9	48.6	55.5	76.3	93.9			Target Price Range																																																																																																																																																																																																							
SAFETY	2	Lowered 7/8/05	Low: 16.0	17.7	18.4	31.3	34.3	36.5	37.5	32.3	28.8	41.9	52.4	65.9			2009 2010 2011																																																																																																																																																																																																							
TECHNICAL	4	Lowered 10/6/06	<b>LEGENDS</b> — 9.0 x "Cash Flow" p sh ... Relative Price Strength 3-for-1 split 3/99 Options: Yes Shaded area indicates recession																																																																																																																																																																																																																					
BETA	1.15	(1.00 = Market)	<b>2009-11 PROJECTIONS</b> Price Gain Ann'l Total High 130 (+65%) 15% Low 95 (+20%) 7%																																																																																																																																																																																																																					
<b>Insider Decisions</b>			<table border="1"> <tr><th colspan="12">Percent shares traded</th></tr> <tr><th>N</th><th>D</th><th>J</th><th>F</th><th>M</th><th>A</th><th>M</th><th>J</th><th>J</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></tr> <tr><td>to Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>1</td><td>0</td><td>0</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Options to Buy</td><td>0</td><td>0</td><td>0</td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>to Sell</td><td>0</td><td>0</td><td>0</td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> </table>														Percent shares traded												N	D	J	F	M	A	M	J	J										to Buy	0	0	0	0	0	0	1	0	0									Options to Buy	0	0	0	2	0	0	0	0	0									to Sell	0	0	0	2	0	0	0	0	0																																																																																																																												
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9.67	8.84	9.65	10.41	11.65	13.94	15.27	16.61	17.61	23.39	24.65	27.19	25.06	25.72	28.50	28.84	34.20	38.65	Sales per sh	51.10																																																																																																																																																																																																					
1.93	1.42	1.74	1.75	1.90	2.64	2.93	3.26	3.83	4.44	4.61	5.04	4.51	4.92	4.99	5.63	7.10	8.00	"Cash Flow" per sh	10.50																																																																																																																																																																																																					
1.03	.46	.80	.80	.89	1.54	1.79	2.03	2.44	2.35	2.29	2.26	1.86	2.18	2.58	3.31	4.75	5.10	Earnings per sh <sup>A</sup>	7.10																																																																																																																																																																																																					
.40	.40	.40	.42	.44	.49	.56	.63	.69	.78	.84	.90	.94	.98	1.04	1.16	1.48	1.56	Div'ds Decl'd per sh <sup>B</sup>	1.76																																																																																																																																																																																																					
1.05	.56	.67	.88	.93	1.04	1.48	1.60	2.02	3.12	3.37	2.83	2.45	1.90	1.98	2.15	3.80	3.35	Cap'l Spending per sh	3.75																																																																																																																																																																																																					
5.95	5.99	6.27	6.46	6.80	7.60	8.60	9.81	11.44	13.14	14.56	15.83	16.71	17.71	19.57	21.18	23.75	27.10	Book Value per sh	38.80																																																																																																																																																																																																					
114.32	113.97	111.67	108.90	107.58	104.78	102.72	101.06	100.85	100.74	101.09	101.32	101.56	101.81	102.92	100.39	99.00	97.00	Common Shs Outst'g <sup>C</sup>	93.00																																																																																																																																																																																																					
13.1	26.7	17.4	19.7	18.3	11.8	10.9	12.9	15.3	18.3	18.8	20.9	22.7	17.6	18.6	19.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0																																																																																																																																																																																																					
.97	1.71	1.06	1.16	1.20	.79	.68	.74	.80	1.04	1.22	1.07	1.24	1.00	.98	1.02			Relative P/E Ratio	1.05																																																																																																																																																																																																					
3.0%	3.3%	2.9%	2.7%	2.7%	2.7%	2.9%	2.4%	1.9%	1.8%	2.0%	1.9%	2.2%	2.6%	2.2%	1.8%			Avg Ann'l Div'd Yield	1.6%																																																																																																																																																																																																					
<b>CAPITAL STRUCTURE as of 6/30/06</b>			Total Debt \$572.1 mill. Due in 5 Yrs \$550.0 mill. LT Debt \$322.6 mill. LT Interest \$35.5 mill. (Est'd LT interest earned: 14.5%; total interest coverage: 13.9x)																																																																																																																																																																																																																					
<b>Leases, Uncapitalized</b>			Annual rentals \$49.1 mill.																																																																																																																																																																																																																					
<b>Pension Assets-12/05</b>			\$557.0 mill. Oblig. \$535.7 mill.																																																																																																																																																																																																																					
<b>Prd Stock</b>			None																																																																																																																																																																																																																					
<b>Common Stock</b>			96,495,999 shs. Market Cap: \$7.5 billion (Large Cap)																																																																																																																																																																																																																					
<b>CURRENT POSITION</b>			<table border="1"> <tr><th>2004</th><th>2005</th><th>6/30/06</th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th><th></th></tr> <tr><td>Cash Assets</td><td>450.7</td><td>450.3</td><td>71.2</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Receivables</td><td>281.6</td><td>476.4</td><td>608.2</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Inventory (LIFO)</td><td>177.2</td><td>197.8</td><td>234.7</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Other</td><td>508.5</td><td>40.2</td><td>33.3</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Current Assets</td><td>1418.0</td><td>1164.7</td><td>947.4</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Accts Payable</td><td>95.3</td><td>142.2</td><td>187.0</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Debt Due</td><td>3.2</td><td>272.1</td><td>249.5</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Other</td><td>328.2</td><td>164.7</td><td>187.2</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>Current Liab.</td><td>426.7</td><td>579.0</td><td>623.7</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> </table>														2004	2005	6/30/06																		Cash Assets	450.7	450.3	71.2																	Receivables	281.6	476.4	608.2																	Inventory (LIFO)	177.2	197.8	234.7																	Other	508.5	40.2	33.3																	Current Assets	1418.0	1164.7	947.4																	Accts Payable	95.3	142.2	187.0																	Debt Due	3.2	272.1	249.5																	Other	328.2	164.7	187.2																	Current Liab.	426.7	579.0	623.7																
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<b>BUSINESS:</b>			Vulcan Materials Company is the nation's leading commercial producer and distributor of crushed stone. Produces aggregates at 350 aggregate production facilities serving markets in 21 states in the Central and Southeastern United States and in Mexico. Shipped 260 million tons of aggregates in 2005. Sold industrial chemicals business in June, 2005. Acquired CalMat in January 1999. 2005 depreciation rate: 6.4%. Has about 9,000 employees. State Farm Mutual owns 11.0% of stock; Davis Selected Advisors, 8.1%; Officers/Directors, 3.3% (4/06 Proxy). Chairman & CEO: Donald M. James. Incorporated: New Jersey. Address: 1200 Urban Center Drive, Birmingham, AL 35242. Telephone: 205-298-3000. Internet: www.vulcanmaterials.com.																																																																																																																																																																																																																					
<b>A strong pricing environment ought to drive margin expansion for Vulcan Materials.</b>			Despite rising operating costs, specifically fuel, the company appears to be having little difficulty passing through price increases across all segments. Given the strong pricing in the first eight months of the year, we expect prices to climb 12%-15%, overall, in 2006.																																																																																																																																																																																																																					
<b>Any persistent slowdown in housing should not hamper total volumes much.</b>			Despite the recent ebb in residential builds, Vulcan's footing in the non-residential market, nearly three-fourths of total shipments, augurs well for near-term volumes. Public infrastructure spending remains on the ascent, while California's 2007 highway budget increased nearly 20% to \$5.0 billion. In turn, Vulcan will likely be a prime beneficiary, given its focus on this segment of the West Coast market. For the year, we have upped our share-net estimate by \$0.15, to \$4.75, and we expect 7% growth to follow in 2007.																																																																																																																																																																																																																					
<b>Vulcan's courtroom appeal paid off.</b>			Earlier this year, a verdict declared the company liable for \$100 million in punitive damages relating to a contamination law-suit against its former chemicals business (sold off in 2005). As a result of the recent appeal, however, VMC's damages were significantly reduced, to \$7.25 million.																																																																																																																																																																																																																					
<b>These shares should mirror the broader market in the year ahead.</b>			Although aggregate volumes will not likely maintain their stellar pace from early on, they should remain stable in the near term. Further, Vulcan ought to benefit from increasing highway and public infrastructure spending, following a slight lull in this segment in recent years.																																																																																																																																																																																																																					
<b>The issue offers about average appreciation potential over the long haul.</b>			Despite a double-digit dropoff from mid-April, when the stock appeared to have hit its near-term peak, these shares are up over 15% since the start of the year. That said, the issue's strong run early in the year has eliminated much of its long-term value. Indeed, much of the growth we expect out to late decade is already reflected in the current share price. More-conservative investors, though, may be lured by the stock's Above-Average Safety rank (2) and its high Price Stability score.																																																																																																																																																																																																																					
			<i>Jason A. Smith</i> <span style="float: right;"><i>October 6, 2006</i></span>																																																																																																																																																																																																																					

(A) Based on avg. shares outstanding through 1996, then dil. Excl. nonrec. items: '98, 20c; '00, d13c; '01, d9c. Excl. contributions from discount'd ops.: '03, d8c; '04, d21c; '05, 43c; '06 1H, d4c. Excl. loss due to change in accounting principle: '02, 20c; '03, 18c. Quarterly share net in '03 did not sum to total due to rounding. Next earning report due late October. (B) Dividends historically paid in mid-March, mid-June, mid-Sept., and mid-Dec. Div'd reinvestment plan available. (C) In millions, adj. for stock split. (D) Acquired CalMat Jan. 1999.

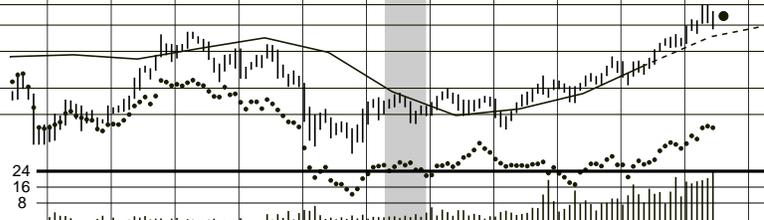
Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	90
Earnings Predictability	75

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**WABTEC** NYSE-WAB  
**RECENT PRICE 35.36** **P/E RATIO 20.8** (Trailing: 24.9 Median: 18.0) **RELATIVE P/E RATIO 1.20** **DIV'D YLD 0.1%** **VALUE LINE**

<b>TIMELINESS</b> 3 New 4/28/06	High: 19.0 14.1 28.9 29.8 25.9 17.0 15.2 16.0 18.4 22.7 29.0 40.1	<b>LEGENDS</b> 12.0 x "Cash Flow" p sh . . . . Relative Price Strength Options: No Shaded area indicates recession	<b>Target Price Range</b> 2009 2010 2011 128 96 80 64 48 40 32 24 16 12
<b>SAFETY</b> 3 New 4/28/06	Low: 8.6 8.9 12.1 17.1 16.2 7.8 10.8 11.8 10.2 13.6 16.5 26.1		
<b>TECHNICAL</b> 2 Raised 7/7/06			
<b>BETA</b> .85 (1.00 = Market)			
<b>2009-11 PROJECTIONS</b>			
Price	Gain	Ann'l Total Return	
High 60	(+70%)	15%	
Low 40	(+15%)	4%	
<b>Insider Decisions</b>			
S O N D J F M A M			
to Buy 0 0 0 0 0 0 0 0 0 0			
Options 0 7 7 0 0 1 1 4 3			
to Sell 0 7 7 0 0 2 1 4 5			
<b>Institutional Decisions</b>			
3Q2005 4Q2005 1Q2006			
to Buy 85 98 102			
to Sell 73 70 88			
Hld's(000) 42125 42694 43002	Percent shares traded 24 16 8		



The original Westinghouse Air Brake Company (WABCO) was formed in 1869, and was acquired by American Standard in 1968. In 1990, WABCO's assets and name were purchased, and a new company was formed. In June 1995, 7.4 million common shares were sold in an IPO for \$12.85 each. The total value of the offering was \$95.4 million, which was used to fully repay \$73.9 million of 13% senior subordinated debt, and partially repay outstanding term loans. In 1999, WABCO merged with MotivePower Industries, and adopted the name Wabtec.

**CAPITAL STRUCTURE as of 3/31/06**  
 Total Debt \$150.0 mill. Due in 5 Yrs None  
 LT Debt \$150.0 mill. LT Interest \$4.5 mill.  
 (total interest coverage: 30.0x) (28% of Cap'l)  
 Leases, Uncapitalized: Annual rentals \$10.0 mill.  
 Pension Assets-12/05 \$120 mill. Oblig. \$153 mill.  
 Pfd Stock None

Common Stock 48,523,913 shs.  
 as of 5/5/06  
**MARKET CAP: \$1.7 billion (Mid Cap)**

CURRENT POSITION (\$MILL.)	2004	2005	3/31/06
Cash Assets	95.3	141.4	191.5
Receivables	139.8	206.9	168.4
Inventory (FIFO)	97.0	110.8	128.7
Other	27.5	23.8	26.2
Current Assets	359.6	482.9	514.8
Accts Payable	92.2	93.6	92.8
Debt Due	--	--	--
Other	88.7	147.9	144.2
Current Liab.	180.9	241.5	237.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	2.0%	-3.5%	10.0%
"Cash Flow"	-3.5%	-8.5%	20.0%
Earnings	-5.0%	-11.5%	26.0%
Dividends	--	--	Nil%
Book Value	--	23.0%	19.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.) <sup>A</sup>				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2003	169.5	174.9	167.2	206.3	717.9
2004	188.2	206.5	202.9	224.4	822.0
2005	241.8	266.3	255.7	270.2	1034.0
2006	262.4	300	290	317.6	1170
2007	305	325	315	340	1285

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2003	.13	.13	.13	.12	.51
2004	.10	.20	.21	.19	.70
2005	.20	.32	.32	.37	1.21
2006	.41	.43	.42	.44	1.70
2007	.49	.52	.51	.53	2.05

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.01	.01	.01	.01	.04
2003	.01	.01	.01	.01	.04
2004	.01	.01	.01	.01	.04
2005	.01	.01	.01	.01	.04
2006	.01	.01			

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
Revenues per sh	15.88	16.76	19.79	21.76	23.99	18.16	16.03	16.09	17.80	21.54	24.10	26.20		33.00
"Cash Flow" per sh	1.93	1.84	2.07	2.32	1.98	1.29	.99	1.07	1.26	1.74	2.35	2.70		4.00
Earnings per sh <sup>A</sup>	1.15	1.45	1.74	1.74	1.00	.46	.40	.51	.70	1.21	1.70	2.05		3.25
Div'ds Decl'd per sh <sup>B</sup>	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04	.04		.04
Cap'l Spending per sh	.45	.87	.85	.60	.61	.34	.24	.39	.42	.47	.50	.50		.70
Book Value per sh <sup>D</sup>	d2.67	d2.35	d1.00	3.53	4.58	5.68	4.59	5.56	6.76	7.90	9.50	11.45		19.65
Common Shs Outst'g <sup>C</sup>	28.56	33.68	33.89	51.53	42.84	43.15	43.44	44.63	46.19	48.00	48.50	49.00		50.00
Avg Ann'l P/E Ratio	10.0	12.7	13.7	11.6	10.8	28.3	34.3	27.6	25.1	18.8	<b>Bold figures are Value Line estimates</b>			15.0
Relative P/E Ratio	.63	.73	.71	.66	.70	1.45	1.87	1.57	1.33	1.01				1.00
Avg Ann'l Div'd Yield	.3%	.2%	.2%	.2%	.4%	.3%	.3%	.3%	.2%	.2%				.1%
Revenues (\$mill)	453.5	564.4	670.9	1121.1	1028.0	783.7	696.2	717.9	822.0	1034.0	1170	1285		1650
Operating Margin	22.4%	24.6%	19.4%	22.5%	15.4%	12.8%	10.5%	10.7%	9.9%	12.3%	14.0%	15.0%		18.0%
Depreciation (\$mill)	22.3	24.6	25.2	42.6	41.7	33.1	25.5	25.3	26.1	25.7	29.0	30.0		35.0
Net Profit (\$mill)	32.7	37.3	45.0	77.0	43.0	22.4	17.5	22.3	32.1	57.7	85.0	100		165
Income Tax Rate	39.0%	38.5%	38.0%	33.1%	42.4%	28.7%	32.0%	36.5%	25.1%	35.6%	36.0%	36.0%		36.0%
Net Profit Margin	7.2%	6.6%	6.7%	6.9%	4.2%	2.9%	2.5%	3.1%	3.9%	5.6%	7.1%	7.9%		10.0%
Working Cap'l (\$mill)	48.2	48.7	95.4	243.1	256.9	109.5	109.9	169.3	178.7	241.4	330	435		855
Long-Term Debt (\$mill)	312.0	332.3	437.2	567.8	539.4	241.1	194.3	193.4	150.6	150.0	150	150		150
Shr. Equity (\$mill)	d76.2	d79.3	d33.9	181.9	196.4	245.3	199.3	248.3	312.4	379.2	460	560		980
Return on Total Cap'l	19.1%	20.3%	15.0%	13.2%	8.9%	8.0%	6.5%	6.2%	8.2%	11.7%	13.5%	14.0%		14.5%
Return on Shr. Equity	--	--	--	42.3%	21.9%	9.1%	8.8%	9.0%	10.3%	15.2%	18.0%	18.0%		17.0%
Retained to Com Eq	--	--	--	41.8%	21.1%	8.4%	7.9%	8.3%	9.7%	14.7%	17.5%	17.5%		16.5%
All Div'ds to Net Prof	3%	3%	2%	1%	4%	8%	10%	8%	6%	3%	2%	2%		1%

**BUSINESS:** Wabtec Corp. is a provider of equipment and services for the global rail industry. Products include brakes, air compressors, heat exchangers, cooling systems, door assemblies, and event recorders. The freight division (77% of revenues in '05) manufactures and services components for freight trains; the transit division (23%) does the same for passenger vehicles, such as sub-

ways and buses. Foreign sales: 24% in '05. 2005 Depreciation rate: 7.2%. PNC Financial Services Group owns 5.9% of common; Mellon Financial Corporation, 5.0%; off. and dir., 8.2% (4/06 Proxy). Has 5,230 empl's. Chrmn.: William E. Kassling; CEO & Pres.: Albert J. Neupaver. Addr.: 1001 Air Brake Ave., Wilmerding, PA 15148. Tel.: 412-825-1000. Web: www.wabtec.com.

**We expect Wabtec to generate strong sales and earnings growth this year.** Earnings per share exceeded our estimate by \$0.04 in the first quarter, and the June-period figure probably came in at \$0.43 (second-quarter results were scheduled to be released shortly after this report went to press.) Margins have been widening this year because of an improving product mix, price increases, and efforts to maximize productivity and efficiency. Also, the company is generating interest on its cash balance (over \$190 million in the first quarter), which is helping to offset the interest paid on long-term debt. Indeed, net interest expense in the first quarter was about \$1 million, less than half of what it was a year ago. We expect top-line growth of 13% this year, and earnings expansion of 40%.

**Things are looking good for 2007.** Next year, Wabtec will begin several projects in the New York metropolitan area that ought to generate about \$450 million in total revenue over the next couple of years. Also, the company recently announced an agreement to overhaul 6,000 undercarriages for HSBC Rail, a rail lessor

based in the United Kingdom. The total value of the contract is \$140 million, to be received over the course of 10 years. Also, Union Pacific Railroad has agreed to install Wabtec's Communications Based Train Control (CBTC) system in two of its lines. CBTC uses global positioning to identify a safe speed based on track conditions ahead. It initiates the enforcement braking system if the engineer fails to respond to the system's information. In light of these developments, we have bumped up our 2007 earnings-per-share estimate by \$0.20, to \$2.05.

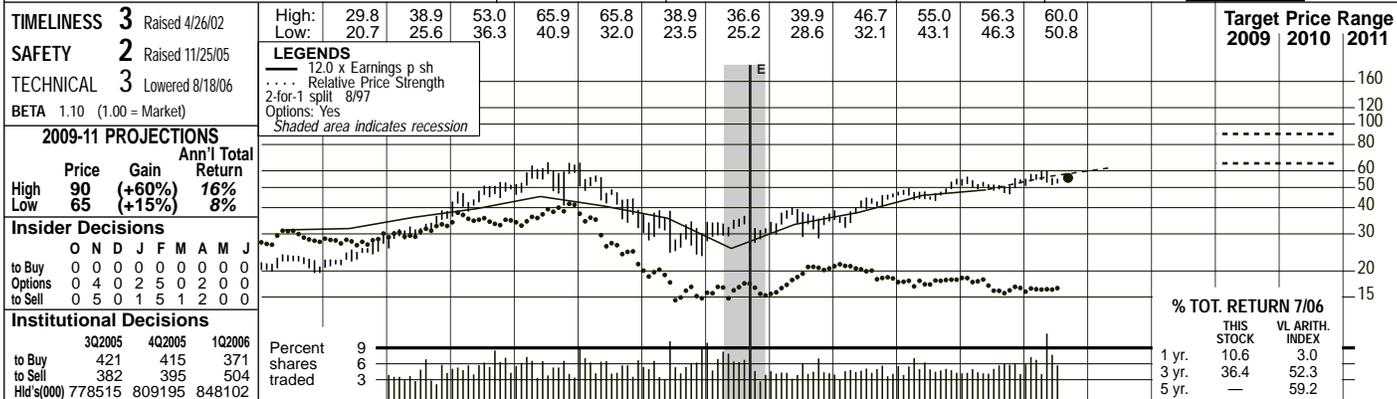
**A glut of recent orders has contributed to a growing backlog.** At the end of March, backlog was \$972 million, \$150 million higher than at the beginning of the year. This number does not include options for additional orders, which would push the backlog up to over \$1.2 billion. Because of this, we are projecting strong growth in revenues and earnings for the full to 2009-2011. As a result,

**These neutrally ranked shares have worthwhile long-term appreciation potential.**  
 Tom Nikic  
 July 28, 2006

(A) Diluted earnings. Quarterly figures may not sum due to rounding. Next earnings report due late Aug.	(B) Dividends historically paid in late Feb., May, Aug., and Nov.	(C) In millions.	(D) Incl. intangibles. In '05: \$157.3 mill., \$3.30 per share.	Company's Financial Strength B+	Stock's Price Stability 75	Price Growth Persistence 40	Earnings Predictability 45
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# WACHOVIA CORP. NYSE-WB

RECENT PRICE **55.49** P/E RATIO **11.8** (Trailing: 12.9; Median: 13.0) RELATIVE P/E RATIO **0.67** DIV'D YLD **3.7%** VALUE LINE



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.26	1.28	1.86	2.37	2.61	2.65	3.00	3.30	3.77	3.40	2.97	2.13	2.78	3.17	3.81	4.05	<b>4.70</b>	<b>5.20</b>	Earnings per sh <sup>A</sup>	<b>6.50</b>
.54	.56	.64	.75	.86	.98	1.10	1.22	1.58	1.88	1.92	.96	1.00	1.25	1.66	1.94	<b>2.04</b>	<b>2.12</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>2.40</b>
11.60	11.10	13.97	15.19	15.33	15.94	17.41	18.91	17.48	16.91	15.66	20.88	23.64	24.72	29.80	30.55	<b>33.00</b>	<b>35.15</b>	Book Value per sh <sup>D</sup>	<b>45.00</b>
218.35	242.13	272.10	340.68	352.07	555.69	574.70	636.39	982.22	988.32	979.96	1362.0	1357.0	1312.0	1588.0	1557.0	<b>1550.0</b>	<b>1500.0</b>	Common Shs Outst'g <sup>C</sup>	<b>1450.0</b>
6.9	9.1	10.1	9.5	8.4	9.1	10.7	14.0	14.9	13.6	10.3	15.0	12.7	12.8	12.5	12.7	<b>12.7</b>	<b>12.7</b>	Avg Ann'l P/E Ratio	<b>12.0</b>
.51	.58	.61	.56	.55	.61	.67	.81	.77	.78	.67	.77	.69	.73	.66	.68	<b>.68</b>	<b>.68</b>	Relative P/E Ratio	<b>.80</b>
6.2%	4.8%	3.4%	3.3%	3.9%	4.1%	3.4%	2.6%	2.8%	4.1%	6.3%	3.0%	2.8%	3.1%	3.5%	3.8%	<b>3.8%</b>	<b>3.8%</b>	Avg Ann'l Div'd Yield	<b>3.7%</b>

<b>CAPITAL STRUCTURE as of 6/30/06</b>			140127	157274	237363	253024	254170	330452	341839	401032	493324	520755	<b>570000</b>	<b>610000</b>	Total Assets (\$mill)	<b>770000</b>	
ST Debt \$62,787 million	94493	95661	133557	133809	122038	160806	160299	163067	221083	256291	<b>305000</b>	<b>340000</b>	Loans (\$mill)	<b>430000</b>			
LT Debt \$74,627 million	4996.0	5743.0	7277.0	7452.0	7437.0	7775.0	9823.0	10607	11961	13681	<b>15300</b>	<b>15600</b>	Net Interest Inc (\$mill)	<b>17300</b>			
Pension Assets-12/05 \$5.38 bill. Oblig. \$4.74 bill.	375.0	840.0	691.0	692.0	754.0	1067.0	1479.0	586.0	257.0	249.0	<b>280</b>	<b>310</b>	Loan Loss Prov'n (\$mill)	<b>420</b>			
Pfd Stock None	2357.0	3396.0	6555.0	6642.0	6815.0	6271.0	8005.0	9394.0	10779	12219	<b>14000</b>	<b>15200</b>	Noninterest Inc (\$mill)	<b>16000</b>			
Common Stock 1.589 billion shs.	4387.0	5320.0	7964.0	8458.0	9213.0	9559.0	11295	13478	15034	16531	<b>18200</b>	<b>18700</b>	Noninterest Exp (\$mill)	<b>19000</b>			
MARKET CAP: \$88.2 billion (Large Cap)	1676.0	2093.0	3696.0	3287.0	2935.0	2356.0	3822.0	4247.0	5214.0	6429.0	<b>7305</b>	<b>7815</b>	Net Profit (\$mill)	<b>9450</b>			
ASSETS(\$Mill.)	35.3%	29.7%	28.6%	33.5%	31.5%	31.1%	24.4%	30.1%	31.7%	32.1%	<b>32.5%</b>	<b>32.0%</b>	Income Tax Rate	<b>32.0%</b>			
Loans	1.20%	1.33%	1.56%	1.30%	1.15%	.71%	1.12%	1.06%	1.06%	1.23%	<b>1.30%</b>	<b>1.30%</b>	Return on Total Assets	<b>1.25%</b>			
Funds Sold	8155.0	9033.0	22949	31975	35809	41733	39662	36730	46759	48971	<b>80000</b>	<b>85000</b>	Long-Term Debt (\$mill)	<b>98000</b>			
Securities	10008	12032	17173	16709	15347	28455	32078	32428	47317	47561	<b>51130</b>	<b>52720</b>	Shr. Equity (\$mill)	<b>65275</b>			
Other Earning	7.1%	7.7%	7.2%	6.6%	6.0%	8.6%	9.4%	8.1%	9.6%	9.1%	<b>9.0%</b>	<b>8.5%</b>	Shr. Eq. to Total Assets	<b>8.5%</b>			
Other	67.4%	60.8%	56.3%	52.9%	48.0%	48.7%	46.9%	40.7%	44.8%	49.2%	<b>53.5%</b>	<b>55.5%</b>	Loans to Tot Assets	<b>56.0%</b>			
LIABILITIES(\$Mill.)	16.7%	17.4%	21.5%	19.7%	19.1%	8.3%	11.9%	13.1%	11.0%	13.5%	<b>14.5%</b>	<b>15.0%</b>	Return on Shr. Equity	<b>14.5%</b>			
Deposits	10.6%	11.2%	14.2%	8.8%	6.8%	4.6%	7.5%	7.9%	6.1%	7.1%	<b>8.0%</b>	<b>9.0%</b>	Retained to Com Eq	<b>9.0%</b>			
Funds Borrowed	37%	36%	34%	55%	64%	44%	37%	39%	44%	47%	<b>43%</b>	<b>41%</b>	All Div'ds to Net Prof	<b>37%</b>			
Long-Term Debt	<b>BUSINESS:</b> Wachovia Corporation, formerly First Union, is one of the nation's largest bank holding companies. It provides full-service banking offices under both First Union and Wachovia names. Has 3,280 financial centers throughout the East Coast states & the rest of the nation. Acquired SouthTrust (10/04). Loan breakdown at 12/31/04: Commercial, 63%; Consumer, 37%. At 12/31/05, net chargeoffs were .09% of avg. loans. At 12/31/05, loan loss reserve was 1.05% of loans; nonperform. assets were 0.28% of loans & OREO. At 12/31/05: 93,980 employees. Off. & dir. own 1.4% of common stock (3/06 Proxy). Chrmn., CEO & Pres.: G. Kennedy Thompson, Inc.: NC. Addr.: One Wachovia Center, Charlotte, NC 28288. Tel.: 704-374-6782. Web: www.wachovia.com.																
Net Worth	<b>Wachovia's share net will likely continue its solid rise.</b> The company's bottom line has been helped by a rise in non-interest income that increased by over 20% in the second quarter. We look for income generated from banking fees and trust & asset management to continue to rise at a double-digit rate over the next year, helping both 2006 and 2007 share net to increase by about 9%-11%. <b>The bank's pending acquisition of Golden West Financial is hitting some resistance.</b> Wall Street has not viewed Wachovia's bid for Golden West too favorably, given the thrift's focus on home lending—where prospects have eased with higher interest rates. However, we view the deal as positive for WB, as it speeds up its westward expansion and gives Wachovia a much larger arena to sell its products. Also, Fair Finance Watch (FFW), a financial services watchdog group has filed a challenge with the Federal Reserve to stop WB's acquisition. The group is claiming that the bank charges some of its customers, specifically minorities, more for loans. Too, FFW is alleging that Wachovia continues to finance payday lenders and pawnshops, although the bank denies these allegations. <b>Wachovia is reentering the credit card business.</b> The company terminated its joint credit card marketing agreement with MBNA in late 2005, after MBNA was acquired by one of WB's main competitors, Bank of America. Although WB's well-known name gives it somewhat of an advantage over smaller banks, the credit card business is a very competitive one. Therefore, we would not be surprised to see the bank acquire an established credit card company to speed growth. <b>These good-yielding shares are ranked to move in line with the broader market averages.</b> Pluses here include the stock's Above-Average Safety rank and decent total return potential when factoring in strong prospects for dividend growth. We'll update our estimates for the Golden West deal upon its completion. The move will likely dilute earnings modestly (\$0.03-\$0.10) for two years. Terms include the issuance of 1.051 shares of WB stock and \$18.65 in cash for each GDW share held. <i>George Y. Lee August 25, 2006</i>																
Other	<b>ANNUAL RATES</b> Past Past Est'd '03-'05 of change (per sh) 10 Yrs. 5 Yrs. to '09-'11																
Loan Loss Resrv.	Loans -- 1.5% NIMF																
	Earnings 4.0% 1.5% 11.5%																
	Dividends 6.5% -2.0% 10.0%																
	Book Value 6.0% 11.0% 8.5%																
	Total Assets 3.5% 4.5% 9.0%																

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	161475	160129	165925	163067	
2004	164816	170586	174504	221083	
2005	227266	230287	239733	256291	
2006	280932	282916	<b>290000</b>	<b>305000</b>	
2007	<b>316000</b>	<b>321000</b>	<b>332000</b>	<b>340000</b>	

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.76	.77	.82	.82	3.17
2004	.94	.95	.96	.96	3.81
2005	1.03	1.07	1.09	1.11	4.30
2006	1.12	1.18	<b>1.20</b>	<b>1.20</b>	<b>4.70</b>
2007	<b>1.24</b>	<b>1.28</b>	<b>1.32</b>	<b>1.36</b>	<b>5.20</b>

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.24	.24	.26	.26	1.00
2003	.26	.29	.35	.35	1.25
2004	.40	.40	.40	.46	1.66
2005	.46	.46	.51	.51	1.94
2006	.51	.51			

<b>ANNUAL RATES</b> Past Past Est'd '03-'05 of change (per sh) 10 Yrs. 5 Yrs. to '09-'11		Loans -- 1.5% NIMF	
Earnings 4.0% 1.5% 11.5%		Earnings 4.0% 1.5% 11.5%	
Dividends 6.5% -2.0% 10.0%		Dividends 6.5% -2.0% 10.0%	
Book Value 6.0% 11.0% 8.5%		Book Value 6.0% 11.0% 8.5%	
Total Assets 3.5% 4.5% 9.0%		Total Assets 3.5% 4.5% 9.0%	

Company's Financial Strength	A
Stock's Price Stability	30
Price Growth Persistence	95
Earnings Predictability	75

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**WASHINGTON GROUP** NDQ:WGII RECENT PRICE **59.40** P/E RATIO **21.4** (Trailing: 20.4 Median: NMF) RELATIVE P/E RATIO **1.21** DIV'D YLD **Nil** VALUE LINE

**TIMELINESS** 3 Raised 3/25/05  
**SAFETY** 3 New 4/9/04  
**TECHNICAL** 3 Raised 8/18/06  
**BETA** .90 (1.00 = Market)

**LEGENDS**  
... Relative Price Strength  
Options: Yes  
Shaded area indicates recession

**2009-11 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	90	(+50%)	11%
Low	60	(Nil)	1%

**Insider Decisions**

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

**Institutional Decisions**

	4Q2005	1Q2006	2Q2006	Percent shares traded
to Buy	85	92	95	21
to Sell	93	77	77	14
Hld's(000)	26309	27580	27811	7

**% TOT. RETURN 8/06**

	THIS STOCK	VL ARITH. INDEX
1 yr.	12.1	7.1
3 yr.	135.0	49.4
5 yr.	—	70.4

Washington Group International, Inc. filed for bankruptcy protection under Chapter 11 on May 14, 2001 after an acquisition created a near-term liquidity issue. Under the terms of the reorganization, all existing equity was canceled, and \$570 million of debt was exchanged for 20,000,000 shares of common stock in the reorganized company and \$20 million in cash. The company emerged from bankruptcy protection on January 25, 2002.	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
	--	--	--	--	--	--	132.46	99.43	114.56	118.80	121.35	127.95	Revenues per sh <sup>A</sup>	144.25
	--	--	--	--	--	--	3.54	2.92	2.87	2.99	4.05	4.35	"Cash Flow" per sh	5.40
	--	--	--	--	--	--	1.51	1.66	1.86	1.93	2.70	2.95	Earnings per sh <sup>B</sup>	3.80
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	--	--	--	--	--	--	.92	.49	1.38	2.35	1.55	1.60	Cap'l Spending per sh	1.80
	--	--	--	--	--	--	23.87	26.27	28.80	27.62	27.85	31.20	Book Value per sh <sup>C</sup>	42.45
	--	--	--	--	--	--	25.00	25.15	25.45	26.84	29.25	29.50	Common Shs Outst'g <sup>D</sup>	30.50
	--	--	--	--	--	--	9.7	13.9	19.3	24.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	20.0
	--	--	--	--	--	--	.53	.79	1.02	1.33			Relative P/E Ratio	1.35
--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil	
<b>CAPITAL STRUCTURE as of 6/30/06</b>														
<b>Total Debt</b> None	--	--	--	--	--	--	3311.6	2501.2	2915.4	3188.5	3550	3775	Revenues (\$mill)	4400
<b>Leases, Uncapitalized Annual Rentals</b> \$33.3 mill.	--	--	--	--	--	--	4.6%	6.0%	3.8%	3.1%	4.1%	4.2%	Operating Margin	5.0%
<b>Pension Assets-12/05</b> \$26.6 mill. <b>Oblig.</b> \$86.1 mill.	--	--	--	--	--	--	50.7	31.4	21.9	28.1	35.0	37.0	Depreciation (\$mill)	45.0
<b>Preferred Stock</b> None	--	--	--	--	--	--	37.7	42.1	51.1	58.4	84.0	92.0	Net Profit (\$mill)	120
<b>Common Stock</b> 29,003,869 shares as of 7/27/06	--	--	--	--	--	--	44.2%	42.3%	37.3%	31.9%	38.0%	39.0%	Income Tax Rate	40.0%
	--	--	--	--	--	--	1.1%	1.7%	1.8%	1.8%	2.4%	2.4%	Net Profit Margin	2.7%
<b>MARKET CAP:</b> \$1.7 billion (Mid Cap)	--	--	--	--	--	--	136.0	250.6	327.4	330.3	390	485	Working Cap'l (\$mill)	830
	--	--	--	--	--	--	--	--	--	Nil	Nil	Nil	Long-Term Debt (\$mill)	Nil
<b>CURRENT POSITION</b> 2004 2005 6/30/06 (\$MILL.)	--	--	--	--	--	--	596.8	660.9	732.9	741.2	815	920	Shr. Equity (\$mill)	1295
Cash Assets	316.3	237.7	243.8											
Receivables	464.7	531.7	628.8											
Inventory (Avg Cst)	--	--	--											
Other	168.3	258.2	245.7											
Current Assets	949.3	1027.6	1058.3											
Accts Payable	206.2	253.6	263.2											
Debt Due	--	--	--											
Other	415.7	443.7	386.9											
Current Liab.	621.9	697.3	650.1											

**BUSINESS:** Washington Group International, Inc. is an international provider of design, engineering, construction, construction management, facilities and operations management, environmental remediation, and mining services. Has six operating divisions including Power (24.1% of '05 revenues), Infrastructure (20.9%), Mining (5.4%), Industrial/Process (13.3%), Defense (17.4%), and Energy & Environment (18.9%). Major customers include the Department of Defense (29%) and Department of Energy (19%). Has about 23,900 employees. Off. & dir. own 12.0% of common; Green Light Capital, 9.9%; FMR, 5.6% (4/06 Proxy). Chrmn.: Dennis R. Washington. Pres. & CEO: Stephen G. Hanks. Inc.: DE. Addr.: 720 Park Blvd., Boise, ID 83712. Tel.: (208) 386-5000. Web: www.wgint.com.

**Washington Group International is firing on all cylinders.** In fact, we have raised our year-end earnings estimate by \$0.30, to \$2.70 a share. The company won a few important contracts early this year that should begin to bear fruit before long. The mining unit booked about \$150 million worth of contracts to mine bauxite in Jamaica. It also won about \$500 million in new work for major clean air power projects. Based on new awards and smooth project execution, the company expects earnings from work in Iraq to be much higher than initially guided. Finally, backlog stands at about \$4.7 billion, which augurs well for future results. Indeed, **We also boosted our 2007 share-net figure by \$0.30.** The company's bottom line should continue benefiting from a robust pipeline of energy and oil and gas opportunities. The infrastructure unit should also provide a nice lift next year, as WGII moves away from fixed-cost projects and toward lower-risk, cost-reimbursable work. Lastly, the facility management business should also aid the profit advances we look for next year.

**The company's healthy balance sheet**

**ought to support future endeavors.** As of June 30, 2006, there was almost \$245 million in cash on hand and no debt. Moreover, WGII was able to spend a bit more than \$75 million to buy back warrants and stock this year. However, we don't expect it to expend more on buybacks or initiate a dividend—it needs to meet certain working capital requirements and is reluctant to take on long-range debt.

**Shares of Washington Group are not particularly exciting at the current price.** We rank this issue in the middle of the pack for year-ahead relative price performance (Timeliness: 3), and momentum-seeking investors should probably look elsewhere for now. Looking toward late decade, we think that the company is well positioned to achieve profitability and growth. However, it appears that the current price discounts much of the long-term capital gains we look for. As such, the equity offers slightly below average 3- to 5-year price appreciation potential. Too, the lack of dividend income hurts this issue's total-return potential over the pull to 2009-2011.

*Erik A. Antonson* *October 6, 2006*

(A) Fiscal years end the first Friday closest to December 31st. Fiscal 2002 contains only 11 months of data. (B) Diluted earnings. Includes options expense from '06. Quarterly earnings may not sum due to change in shares outstanding. Next earnings report due early November. (C) Includes intangibles. In '05: \$162.3 million, \$6.05 a share. (D) In millions.

<b>Company's Financial Strength</b>	B++
<b>Stock's Price Stability</b>	75
<b>Price Growth Persistence</b>	NMF
<b>Earnings Predictability</b>	NMF

**WASHINGTON MUTUAL** NYSE-WM **RECENT PRICE 45.41** **P/E RATIO 11.5** (Trailing: 12.3; Median: 11.0) **RELATIVE P/E RATIO 0.66** **DIV'D YLD 4.7%** **VALUE LINE**

<b>TIMELINESS</b> 3 Raised 4/29/05	High: 13.1 20.4 32.3 34.4 30.5 37.3 43.0 40.0 46.8 45.5 45.1 47.0	<b>LEGENDS</b> — 10.0 x Earnings p sh ... Relative Price Strength 3-for-2 split 8/93 3-for-2 split 6/98 3-for-2 split 5/01 Options: Yes Shaded area indicates recession		<b>Target Price Range</b> 2009 2010 2011 120 100 80 64 48 32 24 20 16 12 8																																								
<b>SAFETY</b> 2 Raised 10/24/03	Low: 7.4 11.6 18.8 17.8 16.5 14.4 26.5 27.8 32.4 36.8 36.6 41.6																																											
<b>TECHNICAL</b> 3 Raised 7/14/06																																												
<b>BETA</b> 1.00 (1.00 = Market)																																												
<b>2009-11 PROJECTIONS</b>																																												
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<b>Insider Decisions</b>																																												
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	A	S	O	N	D	J	F	M	A																																			
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1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	% TOT. RETURN 6/06	THIS STOCK	VL ARITH. INDEX
78.97	66.34	79.06	102.57	114.64	135.31	149.05	157.54	173.87	202.63	223.20	244.85	238.27	233.18	301.32	283.89	329.25	353.40	17.4	11.8	
57.82	50.96	52.77	69.16	70.13	71.42	84.84	87.98	96.05	94.62	98.27	122.76	165.54	173.87	198.63	194.35	223.15	236.85	25.9	63.9	
d.05	.71	.87	1.16	1.09	1.15	1.16	1.43	1.89	2.18	2.36	3.59	4.05	4.12	2.81	3.73	3.95	4.30	46.9	59.7	
.08	.11	.15	.22	.31	.34	.40	.47	.55	.65	.76	.90	1.06	1.40	1.74	1.90	2.05	2.20			
4.50	5.25	6.59	6.92	7.49	9.03	8.05	8.96	10.50	10.56	12.55	15.99	21.43	22.41	24.28	27.79	28.90	31.05			
77.85	94.22	102.00	135.20	139.43	148.36	283.82	579.51	890.11	857.38	809.78	873.09	939.46	880.99	874.26	993.91	950.00	950.00			
--	6.9	8.5	8.9	8.3	9.0	13.0	18.5	14.6	10.9	9.2	9.8	8.7	9.5	14.5	11.0	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	10.0	
--	.44	.52	.53	.54	.60	.81	1.07	.76	.62	.60	.50	.48	.54	.77	.59			Relative P/E Ratio	.65	
2.8%	2.2%	2.0%	2.2%	3.4%	3.3%	2.7%	1.8%	2.0%	2.7%	3.5%	2.6%	3.0%	3.6%	4.3%	4.6%			Avg Ann'l Div'd Yield	4.3%	

<b>CAPITAL STRUCTURE as of 3/31/06</b>		3408.5	7524.4	12457	13571	15767	18294	19037	18013	15962	21326	24800	26800	Gross Income (\$mill)	33850
FHLB Advances \$65.3 bill.	(47% Cap'l)	57.5%	55.2%	55.6%	56.1%	60.1%	44.8%	31.0%	25.2%	26.5%	36.1%	37.5%	37.5%	Int Cost to Gross Inc	41.0%
Other Debt \$47.2 bill.	(34% Cap'l)	311.3	823.0	1643.1	1877.4	1899.0	3114.0	3896.0	3793.0	2479.0	3432.0	3850	4095	Net Profit (\$mill)	5450
Leases, Uncapitalized	Annual rentals \$456 mill.	35.8%	39.8%	36.5%	37.0%	36.4%	36.6%	36.7%	37.1%	37.8%	36.9%	37.0%	37.0%	Income Tax Rate	37.5%
Pension Assets-12/05 \$1.6 bill.	Oblig. \$1.5 bill.	9.1%	10.9%	13.2%	13.8%	12.0%	17.0%	20.5%	21.1%	15.5%	16.1%	15.5%	15.3%	Net Profit Margin	16.1%
Pfd Stock None		44552	96981	165493	186514	194716	242506	268298	275178	307918	343839	368000	395000	Total Assets (\$mill)	475000
Common Stock 960,750,311 shs.	as of 4/28/06	7241.5	20302	39749	57094	57855	61182	51265	48330	70074	68771	65000	80000	FHLB Advances (\$mill)	140000
MARKET CAP: \$43.6 billion (Large Cap)		2397.9	5309.1	9344.4	9052.7	10166	14063	20134	19742	21226	27616	27465	29520	Shr. Equity (\$mill)	35750
		13921	29615	52690	51557	62973	172951	309419	432245	266733	261157	260000	250000	New Loan Volume (\$mill)	290000
		.1%	.8%	.5%	.6%	.6%	1.3%	1.5%	1.0%	.7%	.6%	.7%	.7%	Problem Assets to Lns	.8%
		5.4%	5.5%	5.6%	4.9%	5.2%	5.8%	7.5%	7.2%	6.9%	8.0%	7.5%	7.5%	Shr. Eq. to Total Assets	7.5%
		21.8%	17.9%	22.3%	20.7%	19.8%	25.2%	33.5%	41.1%	47.2%	36.9%	35.0%	35.5%	G&A Exp to Gross Inc	29.0%
		.70%	.85%	.99%	1.01%	.98%	1.28%	1.45%	1.38%	.81%	1.00%	1.05%	1.05%	Return on Total Assets	1.15%
		13.0%	15.5%	17.6%	20.7%	18.7%	22.1%	19.4%	19.2%	11.7%	12.4%	14.0%	14.0%	Return on Shr. Equity	15.0%

**EARNINGS FACTORS**

<b>Margin (%)</b>	<b>2004</b>	<b>2005</b>	<b>3 mos. 3/31/06</b>
Earning Asset Yield	4.50	5.29	6.07
Cost of Funds	1.89	2.94	3.72
Yield-Cost Margin	2.61	2.35	2.35

**Net Changes (\$mill)**

	<b>2004</b>	<b>2005</b>	<b>3 mos. 3/31/06</b>
Loans & Securities	58075	23857	4125
Savings Deposits	20477	19509	6835
FHLB Advances	21744	-1303	-3488
Other Borrowing	5049	7903	794

**BUSINESS:** Washington Mutual, Inc. is the largest thrift in the U.S. with over 2,600 offices. Subsidiaries provide consumer and commercial banking, securities brokerage, mutual fund management, and insurance sales. Acquired United Western Fin., '97; Great Western Fin., '97; H.F. Ahmanson, '98; Bank United, '01; Dime Bancorp, '02; Provident Fin, 10/05. Portfolio loans at 12/31/05: residential, 59%; home equity and consumer, 26%; multifamily and commercial, 12%; other, 3%. Has 60,798 employees, 53,804 shareholders. Capital Res. owns 10.3% of common stock; Barclay's Global, 6.2% (3/06 Proxy). Chairman & CEO: Kerry Killinger. Pres.: Steven Rotella. Inc.: WA. Addr.: 1201 Third Ave., Seattle, WA 98101. Tel.: 206-461-2000. Internet: www.washingtonmutual.com.

<b>ANNUAL RATES</b>		Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-11
Mortgage Lns	9.0%	6.5%	7.5%	
Savings Dep	10.5%	14.5%	5.0%	
Earnings	12.0%	10.5%	8.5%	
Dividends	19.0%	21.0%	7.0%	
Book Value	12.5%	17.0%	8.5%	

Cal-endar	<b>SAVINGS DEPOSITS (\$ mill.)</b>				
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	159872	166457	164141	153181	
2004	160981	162466	168695	173658	
2005	183631	184317	190412	193167	
2006	200002	203500	207500	212000	
2007	215750	219000	221500	225000	

Cal-endar	<b>EARNINGS PER SHARE ^</b>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	1.05	1.07	1.09	.91	4.12
2004	.73	.55	.76	.76	2.81
2005	1.01	.95	.92	.85	3.73
2006	.98	.93	1.00	1.04	3.95
2007	1.06	1.07	1.08	1.09	4.30

Cal-endar	<b>QUARTERLY DIVIDENDS PAID ^</b>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.25	.26	.27	.28	1.06
2003	.29	.30	.40	.41	1.40
2004	.42	.43	.44	.45	1.74
2005	.46	.47	.48	.49	1.90
2006	.50	.51			

**Washington Mutual may achieve modest earnings-per-share growth in 2006.** The thrift got off to a slow start early this year as higher short-term interest rates squeezed margins, and rising hedging costs reduced profits. The hedging is necessary to diminish earnings volatility, but it's not a completely precise practice, and rising mortgage rates have kept the pressure on. The annual loss provision will be higher, too. On the plus side is strong performance from retail banking and card services. Assuming some stabilization in interest rates in the second half of 2006, we estimate a 6% advance in share net this year, to \$3.95.

**Diversification efforts are progressing.** A sense of urgency to move beyond the thrift model developed in 2004 when earnings dropped notably following the end of the home refinancing boom. Since then, the company has accelerated its transition to a financial institution that caters to consumers and small businesses. The purchase of credit card provider Provident helped in that regard. The ongoing rollout of branches (150-200 this year) is another plus. The buildout of these two highly profitable lines should help results further in 2007. And if ARM assets are allowed to catch up with higher funding costs, through a pause in rate hikes, share net could rise 9%-10% next year.

**There is more work to do.** The bank is improving its profitability in the mortgage business by focusing on the issuance of higher-yielding home equity, subprime, and option ARM loans. The shifting of support functions to low-cost locations and the greater use of offshore services is boosting efficiency, too. A pending acquisition will hasten the expansion of multifamily lending, as well. The thrift is buying Commercial Capital (NDQ: CCBI), based in California, for \$16 a share in cash. The move could add \$0.04-\$0.05 to share net in 2007. We'll update our estimates when the deal closes, most likely this quarter.

**The stock may be held for income, as well as for its total return potential.** We figure upgrades to the business mix will produce around 10% average annual earnings growth to 2009-2011. Meantime, the good-quality shares are an Average (Timeliness: 3) year-ahead selection.

Robert Mitkowski, Jr. July 21, 2006

(A) Diluted earnings. Excludes nonrecurring gains (losses): '92, (9c); '96, (\$1.76); '97, (91c); '98, (19c); '99, (7c); '03, 9c; '04, 45c. Quarterly earnings may not sum to yearly due to rounding. Next earnings report due mid-Oct. (B) Dividends historically paid in the middle of February, May, August, November. (C) Includes intangibles of \$16.44 a share at 12/31/05. (D) In mill., adj. for stock splits.

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**Company's Financial Strength** A  
**Stock's Price Stability** 80  
**Price Growth Persistence** 65  
**Earnings Predictability** 70

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<b>WASTE CONNECTIONS</b> NYSE-WCN		RECENT PRICE <b>36.68</b>	P/E RATIO <b>19.7</b> (Trailing: 20.7; Median: NMF)	RELATIVE P/E RATIO <b>1.15</b>	DIV'D YLD <b>Nil</b>	VALUE LINE																																														
TIMELINESS <b>4</b> Lowered 5/5/06	SAFETY <b>3</b> New 6/15/01	TECHNICAL <b>3</b> Lowered 9/8/06	BETA <b>.95</b> (1.00 = Market)	High: 15.6 Low: 10.6	21.4 7.0	23.5 6.2	24.9 14.8	26.4 15.7	26.7 20.5	35.8 24.3	38.3 30.5	40.6 33.7	Target Price Range 2009 2010 2011																																							
<b>LEGENDS</b> --- 10.0 x "Cash Flow" p sh . . . . Relative Price Strength 3-for-2 split 6/04 Options: Yes Shaded area indicates recession																																																				
<b>2009-11 PROJECTIONS</b> <table border="1"> <tr> <td></td> <td>Price</td> <td>Gain</td> <td>Ann'l Total Return</td> </tr> <tr> <td>High</td> <td>70</td> <td>(+90%)</td> <td>17%</td> </tr> <tr> <td>Low</td> <td>45</td> <td>(+25%)</td> <td>5%</td> </tr> </table>														Price	Gain	Ann'l Total Return	High	70	(+90%)	17%	Low	45	(+25%)	5%																												
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High	70	(+90%)	17%																																																	
Low	45	(+25%)	5%																																																	
<b>Insider Decisions</b> <table border="1"> <tr> <td></td> <td>O</td> <td>N</td> <td>D</td> <td>J</td> <td>F</td> <td>M</td> <td>A</td> <td>M</td> <td>J</td> </tr> <tr> <td>to Buy</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Options</td> <td>2</td> <td>2</td> <td>1</td> <td>0</td> <td>3</td> <td>3</td> <td>3</td> <td>4</td> <td>0</td> </tr> <tr> <td>to Sell</td> <td>0</td> <td>1</td> <td>1</td> <td>0</td> <td>3</td> <td>3</td> <td>3</td> <td>5</td> <td>0</td> </tr> </table>														O	N	D	J	F	M	A	M	J	to Buy	0	0	0	0	0	0	0	0	0	Options	2	2	1	0	3	3	3	4	0	to Sell	0	1	1	0	3	3	3	5	0
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to Buy	0	0	0	0	0	0	0	0	0																																											
Options	2	2	1	0	3	3	3	4	0																																											
to Sell	0	1	1	0	3	3	3	5	0																																											
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	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
Revenues per sh	--	--	3.82	5.77	7.66	9.21	11.85	13.10	13.22	15.76	18.85	22.10	Revenues per sh	33.35
"Cash Flow" per sh	--	--	.48	.94	1.43	1.83	2.30	2.62	2.79	3.29	3.75	4.30	"Cash Flow" per sh	6.65
Earnings per sh <sup>A</sup>	--	--	.15	.51	.82	.95	1.31	1.45	1.60	1.78	1.80	2.05	Earnings per sh <sup>A</sup>	3.15
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	.15
Cap'l Spending per sh	--	--	.44	.59	.64	.98	1.35	1.63	1.50	2.13	2.45	2.35	Cap'l Spending per sh	2.90
Book Value per sh	--	--	4.31	6.90	8.41	9.24	10.74	12.50	14.86	15.68	15.90	16.80	Book Value per sh	20.80
Common Shs Outst'g <sup>B</sup>	--	--	14.15	31.66	39.72	41.14	42.07	43.00	47.61	45.82	44.00	42.30	Common Shs Outst'g <sup>B</sup>	37.50
Avg Ann'l P/E Ratio	--	--	89.4	28.0	15.2	21.4	16.9	16.0	18.1	19.6	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	18.5
Relative P/E Ratio	--	--	4.65	1.60	.99	1.10	.92	.91	.96	1.04			Relative P/E Ratio	1.25
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	.3%
Revenues (\$mill)	--	--	54.0	182.6	304.4	378.8	498.7	563.5	629.4	721.9	830	935	Revenues (\$mill)	1250
Operating Margin	--	--	21.4%	30.3%	34.8%	36.5%	34.8%	34.1%	33.4%	32.2%	31.0%	31.0%	Operating Margin	31.5%
Depreciation (\$mill)	--	--	4.1	14.7	27.2	36.1	39.0	47.3	55.4	64.8	75.0	85.0	Depreciation (\$mill)	115
Net Profit (\$mill)	--	--	2.8	15.1	29.6	39.3	57.8	65.3	77.2	85.8	85.0	94.0	Net Profit (\$mill)	130
Income Tax Rate	--	--	46.2%	48.3%	39.5%	39.4%	37.1%	36.3%	36.2%	35.2%	37.5%	37.0%	Income Tax Rate	37.5%
Net Profit Margin	--	--	5.1%	8.2%	9.7%	10.4%	11.6%	11.6%	12.3%	11.9%	10.2%	10.1%	Net Profit Margin	10.4%
Working Cap'l (\$mill)	--	--	88.7	89.7	104.0	146.6	231.1	315.1	412.8	525.6	615.0	Nil	Working Cap'l (\$mill)	50.0
Long-Term Debt (\$mill)	--	--	60.1	275.0	334.2	416.2	578.5	601.9	489.3	586.1	650	690	Long-Term Debt (\$mill)	775
Shr. Equity (\$mill)	--	--	61.1	218.5	334.2	380.0	451.7	537.5	707.5	718.2	700	710	Shr. Equity (\$mill)	780
Return on Total Cap'l	--	--	3.2%	4.2%	6.6%	6.8%	7.2%	7.1%	7.4%	7.5%	7.5%	8.0%	Return on Total Cap'l	10.0%
Return on Shr. Equity	--	--	4.6%	6.9%	8.9%	10.3%	12.8%	12.2%	10.9%	12.0%	12.0%	13.0%	Return on Shr. Equity	16.5%
Retained to Com Eq	--	--	4.3%	6.9%	8.9%	10.3%	12.8%	12.2%	10.9%	12.0%	12.0%	13.0%	Retained to Com Eq	15.5%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	5%

Waste Connections, Inc. was incorporated in Delaware in September of 1997. The company completed its initial public offering of 2.3 million shares (including over-allotments) at \$12.00 a share on May 22, 1998. Net proceeds totaled approximately \$26 million. The lead underwriters were BT Alex. Brown Inc. and CIBC Oppenheimer Corp. A follow-on offering was completed in August of 2000 for 3.85 million shares at \$19.75 a share. Proceeds from this offering totaled about \$70.7 million.

**CAPITAL STRUCTURE as of 6/30/06**  
 Total Debt \$659.6 mill. Due in 5 Yrs \$220 mill.  
 LT Debt \$652.6 mill. LT Interest \$40.0 mill.  
 (Total interest coverage: 6.3x) (51% of Cap'l)

**Leases, Uncapitalized:** Annual rentals \$6.0 mill.

**No Defined Pension Benefit Plan**  
 Pfd Stock None

**Common Stock** 44,561,000 shs.

**MARKET CAP: \$1.6 billion (Mid Cap)**

<b>CURRENT POSITION (\$MILL.)</b>	2004	2005	6/30/06
Cash Assets	3.6	7.5	7.7
Receivables	80.9	94.4	99.4
Other	17.0	22.5	24.5
Current Assets	101.5	124.4	131.6
Accts Payable	42.9	63.7	60.3
Debt Due	9.3	10.8	7.0
Other	62.1	75.5	88.5
Current Liab.	114.3	150.0	155.8

<b>ANNUAL RATES of change (per sh)</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	--	19.5%	15.0%
"Cash Flow"	--	25.0%	14.0%
Earnings	--	27.0%	11.5%
Dividends	--	--	NMF
Book Value	--	17.0%	6.5%

<b>Cal-endar</b>	<b>QUARTERLY REVENUES (\$mill.)</b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	128.4	138.9	146.2	150.0	563.5
2004	146.1	157.4	162.2	163.7	629.4
2005	165.5	180.3	188.7	188.4	721.9
2006	190.1	207.0	215	217.9	830
2007	215	235	240	245	935

<b>Cal-endar</b>	<b>EARNINGS PER SHARE <sup>A</sup></b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.33	.37	.37	.38	1.45
2004	.35	.42	.46	.37	1.60
2005	.40	.45	.51	.42	1.78
2006	.39	.46	.50	.45	1.80
2007	.45	.51	.59	.50	2.05

<b>Cal-endar</b>	<b>QUARTERLY DIVIDENDS PAID</b>				<b>Full Year</b>
	Mar.31	Jun.30	Sep.30	Dec.31	
2002					
2003					
2004					
2005					
2006					

NO CASH DIVIDENDS BEING PAID

**BUSINESS:** Waste Connections Incorporated provides solid waste management services (collection, transfer, disposal, and recycling) to approximately 1,050,000 commercial, industrial, and residential customers. The company currently provides services in secondary markets in 23 western and mid-western states and Alabama. It operated about 114 collection operations, 33 active landfills, 36 trans-

**Waste Connections' earnings will likely be little changed this year . . .** Higher operating expenses, particularly for diesel fuel, offset benefits from overall price hikes of about 5%, year to year, in the first two quarters of 2006, and we don't expect meaningful margin improvement over the balance of this year. Due to the expiration in December, 2005 of a fuel-purchase contract, which covered 75% of the WC's requirements, per-gallon fuel costs are running about twice last year's level. Also, annualized earnings are now being trimmed by option expense equivalent to \$0.08 a share. However, we have excluded insurance costs (\$0.05 a share) for prior-year claims recorded in the second quarter.

**. . . but share-net growth ought to resume at a mid-teen percentage rate in 2007.** Thanks to a combination of contributions from acquisitions, price increases, and modest internal volume gains, we look for annual top-line increases of over 10% per annum through 2008, at least. The company's landfill development was recently accelerated. This, along with the opening of a waste-transfer

fer stations, and 26 recycling facilities at 12/31/05. Generates about 55% of revenues from exclusive markets. Has 4,100 employees. Officers and directors control 7.2% of the stock (4/06 proxy). Chairman, Pres., and CEO: Ronald J. Mittelstaedt. Inc.: Delaware. Address: 35 Iron Point Circle, Suite 200, Folsom, California 95630. Telephone 916-608-8200. Internet: www.wasteconnections.com.

**railroad facility, is augmenting its disposal capabilities.** Moreover, the operating margin will likely stabilize near current levels, assuming much easier year-to-year fuel-price comparisons at the start of 2007. Looking forward, an upward trend in the amount of collected waste disposed of at WC's landfills and the leveraging of fixed expenses over a larger revenue base should lead to gradual margin improvement starting in 2008.

**Free cash flow is earmarked for acquisitions and share repurchases.** The acquisition strategy is generally based on privately held operations in rural western markets, but WC has just closed the purchase of a sizable operation from Waste Management in California. The company acquired another WM business last year, and it is eying two more that are now on the block. Also, share repurchases, net of stock options, were \$85 million in 2005, and buybacks should amount to about the same this year.

**This stock, though untimely, has decent appreciation potential for the pull to 2009-2011.**  
 David R. Cohen September 8, 2006

(A) Diluted Earnings. Excludes nonrecurring losses: '98, 12¢; '99, 30¢; '00, 6¢; '01, 32¢; '02, 6¢; '04, 10¢; '06-Q1-2, 11¢. Excl. loss of discontinued operation: '05, 1¢. Next earnings report due late October.  
 (B) In millions.

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

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# WATTS WATER TECH. NYSE-WTS

RECENT PRICE **30.76** P/E RATIO **15.0** (Trailing: 17.6 Median: NMF) RELATIVE P/E RATIO **0.86** DIV'D YLD **1.3%** VALUE LINE

TIMELINESS <b>3</b> Raised 1/20/06	High: 15.1	15.8	18.2	20.5	22.8	32.6	37.6	40.0	Target Price Range	2009	2010	2011
SAFETY <b>3</b> New 11/5/99	Low: 12.5	9.6	11.6	13.7	13.4	21.4	25.8	28.6	120			
TECHNICAL <b>2</b> Raised 7/7/06	<b>LEGENDS</b> 10.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession											
BETA <b>90</b> (1.00 = Market)	2009-11 PROJECTIONS Ann'l Total Price Gain Return High <b>65 (+110%) 21%</b> Low <b>45 (+45%) 11%</b>											
Insider Decisions S O N D J F M A M to Buy 0 0 0 0 0 2 1 0 1 Options 0 0 0 0 0 2 0 0 3 to Sell 0 3 0 0 0 4 3 1 5										% TOT. RETURN 6/06 THIS STOCK VL ARITH. INDEX 1 yr. 0.0 11.8 3 yr. 0.0 63.9 5 yr. 0.0 59.7		
Institutional Decisions 3Q2005 4Q2005 1Q2006 to Buy 68 73 81 to Sell 69 59 52 Hld's(000) 24067 22059 22564 Percent shares traded 15 10 5												

Watts Regulator was founded in 1874 by Joseph E. Watts to manufacture steam pressure regulators for the New England textile industry. The parent company and its various subsidiaries were renamed Watts Industries, Inc. in a reorganization effective January 1, 1986. In October, 1999, Watts' oil & gas and industrial units were spun off to shareholders as CIRCOR (CIR on the NYSE). The name was changed again, to Watts Water Technologies, in 2003.

	1996	1997	1998	1999F	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Sales per sh <sup>A</sup>	--	16.56	16.28	17.94	19.50	20.71	22.76	22.01	25.45	28.40	<b>37.90</b>	<b>41.80</b>	50.00
"Cash Flow" per sh	--	1.49	1.60	1.77	1.94	2.03	2.12	1.84	2.37	2.49	<b>3.05</b>	<b>3.45</b>	4.85
Earnings per sh <sup>B</sup>	--	.97	1.03	1.10	1.17	1.12	1.32	1.36	1.49	1.66	<b>2.05</b>	<b>2.40</b>	3.65
Div'ds Decl'd per sh <sup>C</sup>	--	.30	.33	.35	.27	.24	.24	.25	.28	.32	<b>.36</b>	<b>.44</b>	.65
Cap'l Spending per sh	--	.90	.85	.81	.54	.61	.72	.62	.65	.57	<b>.75</b>	<b>.80</b>	.85
Book Value per sh <sup>D</sup>	--	--	8.70	8.64	8.79	9.40	10.94	13.61	15.21	15.96	<b>17.75</b>	<b>19.70</b>	27.40
Common Shs Outst'g	--	27.01	27.16	26.44	26.46	26.51	27.05	32.06	32.39	32.55	<b>33.00</b>	<b>33.50</b>	35.00
Avg Ann'l P/E Ratio	--	--	--	--	10.4	13.2	12.9	12.9	17.1	19.2	<i>Bold figures are Value Line estimates</i>		15.0
Relative P/E Ratio	--	--	--	--	.68	.68	.70	.74	.90	1.02			1.00
Avg Ann'l Div'd Yield	--	--	--	--	2.2%	1.6%	1.4%	1.4%	1.1%	1.0%			1.3%

**CAPITAL STRUCTURE as of 3/31/06**  
 Total Debt \$315.7 mill. Due in 5 Yrs \$230.0 mill.  
 LT Debt \$308.3 mill. LT Interest \$18.0 mill.  
 (LT interest earned: 9.7x; total interest coverage: 9.4x) (36% of Cap'l)

Sales (\$mill) <sup>A</sup>	--	447.2	442.1	474.5	516.1	548.9	615.5	705.7	824.6	924.3	<b>1250</b>	<b>1400</b>	1750
Operating Margin	--	13.9%	14.1%	14.6%	15.5%	14.5%	13.6%	13.2%	13.6%	13.1%	<b>12.5%</b>	<b>12.5%</b>	14.5%
Depreciation (\$mill)	--	13.7	15.3	17.5	20.1	23.7	22.3	21.3	28.1	26.1	<b>32.0</b>	<b>34.0</b>	40.0
Net Profit (\$mill)	--	26.5	28.1	29.5	31.2	30.1	35.2	37.6	48.7	55.0	<b>68.5</b>	<b>81.5</b>	130
Income Tax Rate	--	36.5%	32.0%	34.4%	36.7%	34.5%	35.2%	38.2%	32.4%	35.7%	<b>35.0%</b>	<b>35.0%</b>	35.0%
Net Profit Margin	--	5.9%	6.4%	6.2%	6.0%	5.5%	5.7%	5.3%	5.9%	6.0%	<b>5.5%</b>	<b>5.8%</b>	7.4%
Working Cap'l (\$mill)	--	--	136.5	144.9	137.1	142.6	77.2	308.2	300.5	305.1	<b>300</b>	<b>325</b>	515
Long-Term Debt (\$mill)	--	--	71.6	118.9	105.4	123.2	56.3	179.1	180.6	293.4	<b>300</b>	<b>285</b>	225
Shr. Equity (\$mill)	--	--	236.3	228.5	232.5	249.3	295.9	436.4	492.8	519.5	<b>585</b>	<b>660</b>	960
Return on Total Cap'l	--	--	10.2%	9.4%	10.4%	9.2%	11.0%	6.7%	7.9%	7.4%	<b>8.5%</b>	<b>9.5%</b>	11.5%
Return on Shr. Equity	--	--	11.9%	12.9%	13.4%	12.1%	11.9%	8.6%	9.9%	10.6%	<b>11.5%</b>	<b>12.5%</b>	13.5%
Retained to Com Eq	--	--	8.1%	8.8%	10.3%	9.5%	9.7%	7.0%	8.0%	8.6%	<b>9.5%</b>	<b>10.0%</b>	11.0%
All Div'ds to Net Prof	--	30%	32%	32%	23%	21%	18%	18%	19%	19%	<b>17%</b>	<b>18%</b>	17%

**Leases, Uncapitalized** \$4.3 mill  
**Pension Assets-12/05** \$40.0 mill. **Oblig.** \$69.1 mill.

**Pfd Stock** None  
**Common Stock** 32,647,061 shs.  
 (Includes 7,293,880 Class B shrs. F)

**MARKET CAP: \$1.0 billion (Mid Cap)**

CURRENT POSITION (\$MILL.)	2004	2005	3/31/06
Cash Assets	65.9	45.8	45.7
Receivables	150.1	177.4	191.1
Inventory (FIFO)	203.0	242.8	261.7
Other	78.7	62.4	56.7
Current Assets	497.7	528.4	555.2
Accts Payable	73.6	91.1	99.5
Debt Due	5.0	13.6	7.4
Other	118.6	118.6	114.9
Current Liab.	197.2	223.3	221.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	--	7.0%	12.0%
"Cash Flow"	--	5.0%	14.0%
Earnings	--	6.5%	16.0%
Dividends	--	-2.0%	15.0%
Book Value	--	11.5%	10.5%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2003	165.7	173.5	175.5	191.0	705.7
2004	186.0	207.0	210.2	221.4	824.6
2005	219.0	228.2	232.7	244.4	924.3
2006	275.0	<b>315</b>	<b>320</b>	<b>340</b>	<b>1250</b>
2007	<b>335</b>	<b>345</b>	<b>355</b>	<b>365</b>	<b>1400</b>

Cal-endar	EARNINGS PER SHARE <sup>B</sup>				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2003	.34	.33	.33	.36	1.36
2004	.34	.43	.42	.30	1.49
2005	.37	.42	.41	.46	1.66
2006	.46	<b>.50</b>	<b>.52</b>	<b>.57</b>	<b>2.05</b>
2007	<b>.55</b>	<b>.60</b>	<b>.60</b>	<b>.65</b>	<b>2.40</b>

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.06	.06	.06	.06	.24
2003	.06	.06	.06	.07	.25
2004	.07	.07	.07	.07	.28
2005	.08	.08	.08	.08	.32
2006	.09	.09	.09	.09	.36

**BUSINESS:** Watts Water Technologies, Inc. (formerly Watts Industries, Inc.) designs, manufactures, and sells an extensive line of valves for the plumbing & heating and water-quality markets. Operates through numerous subs., with locations in North America, Europe, and Asia. Foreign bus. accounted for 32% of 2005 sales. In Oct. '99: Spun off CIRCOR Int'l. comprising its industrial and Oil

**Watts Water Technologies' profitability remains under pressure.** In fact, even though we look for considerable internal sales growth for this company, largely reflecting a strong commercial construction market, the economic benefits one would normally anticipate from incremental volume don't appear in evidence. There are two factors impeding better margins. One is the new accounting requirement that a charge be made for stock options, which cost Watts about \$450,000 in the first quarter; or a charge of about \$0.05 a share. In addition, Watts faces fast-rising commodity costs, particularly copper, which is heavily used in company products. Price increases are being instituted, but there's an inevitable lag factor that narrows margins. Even so, Watts is doing very well, and we look for a hefty share-earnings gain this year, with further growth in 2007.

**In May, the company acted to bolster its European operations.** It purchased the France-based ATS group for cash and net assumed debt totaling 60 million euros. The new unit has annual sales of about \$40 million. Watts expects ATS' im-

act on share earnings to be modestly positive in 2006, which should expand in 2007 and subsequently.

**The ATS acquisition is part of a long-standing program for Watts.** Since the company is a dominant factor in many of its markets, its growth potential for continuing businesses tends to be limited. Accordingly, Watts plans for annual earnings growth of 10%, half internally, with the remainder from acquisitions. The company has substantial "Cash Flow" that is excess to its operating needs. And that has permitted it to make dozens of acquisitions, with long corporate experience permitting most of them to be integrated with little strain on operations or finances.

**We project continued growth for Watts Water Technologies through our 2009-2011 horizon,** including a steady diet of acquisitions. And the growth we deem likely should once again earn this stock a market Price/Earnings multiple, even though it has usually sold at a below-market multiple in recent years. That gives the stock 3- to 5-year capital gains potential that is well above the average.

Morton L. Siegel July 28, 2006

(A) FY ended 6/30 thru '99, then cal. (B) Prim. egs. in '97, then dil. Excl. non-rec cr. & (dr.): '99, 24¢; six-mo. stub ended 12/31/99, (5¢); '00, (27¢); '01, (13¢); '02, (9¢); '03, (15¢); '04, (6¢); '05, (1¢). Next egs. rpt. due early Aug. (C) Dividends historically paid in mid-Mar., Jun., Sep., Dec. (D) Incl. intang. In 2005: \$296.6 mill, \$9.11/sh. (E) Class B shs. have ten votes ea. (F) Data 6/99 & prior is VL pro forma.

Company's Financial Strength	B+
Stock's Price Stability	55
Price Growth Persistence	95
Earnings Predictability	95

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**WD-40 COMPANY** NDQ-WDFC  
**RECENT PRICE 36.64** **P/E RATIO 21.4** (Trailing: 19.0; Median: 18.0) **RELATIVE P/E RATIO 1.21** **DIV'D YLD 2.4%** **VALUE LINE**

<b>TIMELINESS</b> 3 Raised 9/22/06	High: 22.8	26.6	32.9	33.0	29.1	22.6	28.9	30.8	36.8	36.9	34.2	37.6	Target Price Range 2009 2010 2011	
<b>SAFETY</b> 3 Lowered 10/8/04	Low: 19.4	20.3	24.4	20.0	17.6	17.5	17.7	22.5	19.6	24.5	25.0	26.0		80
<b>TECHNICAL</b> 2 Raised 10/6/06	<b>LEGENDS</b> — 13.5 x "Cash Flow" p sh ..... Relative Price Strength 2-for-1 split 8/97 Options: No Shaded area indicates recession													60
<b>BETA</b> .85 (1.00 = Market)	<b>2009-11 PROJECTIONS</b> Ann'l Total Price Gain Return High 45 (+25%) 7% Low 30 (-20%) -2%												40	
<b>Insider Decisions</b> N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 0 3 0 2 0 0 0 to Sell 0 0 0 3 0 2 0 0 0													25	
<b>Institutional Decisions</b> 4Q2005 1Q2006 2Q2006 to Buy 56 55 58 to Sell 42 41 50 Hlds(000) 10148 10364 10761													15	
Percent shares traded: 9, 6, 3													10	
% TOT. RETURN 8/06 THIS STOCK VL ARITH. INDEX 1 yr. 24.2 7.1 3 yr. 30.7 49.4 5 yr. 96.2 70.4													7.5	

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
6.02	5.94	6.54	7.10	7.29	7.58	8.48	8.86	9.24	9.38	9.89	11.11	13.18	14.24	14.65	15.77	17.35	18.55	Sales per sh <sup>A</sup>	20.60
1.06	1.04	1.22	1.39	1.39	1.39	1.49	1.52	1.54	1.67	1.55	1.41	1.65	1.86	1.69	1.87	1.90	2.00	"Cash Flow" per sh	2.60
1.03	1.01	1.19	1.36	1.34	1.33	1.38	1.38	1.40	1.41	1.33	1.08	1.57	1.75	1.50	1.67	1.70	1.75	Earnings per sh <sup>B</sup>	2.25
1.01	.86	1.08	1.15	1.15	1.21	1.24	1.25	1.28	1.28	1.28	1.18	.94	.80	.80	.84	.88	.88	Div'ds Decl'd per sh <sup>C</sup>	1.00
.03	.07	.04	.09	.05	.09	.09	.10	.08	.08	.14	.10	.07	.12	.14	.19	.20	.25	Cap'l Spending per sh	.30
2.58	2.69	2.96	2.98	2.74	2.89	3.05	3.30	3.52	3.60	3.42	3.51	5.06	6.29	6.79	7.79	8.55	9.40	Book Value per sh	12.05
15.11	15.11	15.30	15.34	15.39	15.41	15.44	15.56	15.63	15.60	15.43	15.72	16.45	16.73	16.55	16.69	17.00	17.00	Common Shs Outst'g <sup>D</sup>	17.00
15.5	13.9	15.6	16.6	16.3	15.9	16.1	19.3	20.0	18.5	15.5	19.0	16.2	15.4	21.0	17.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.5
1.15	.89	.95	.98	1.07	1.06	1.01	1.11	1.04	1.05	1.01	.97	.88	.88	1.11	.93			Relative P/E Ratio	1.10
6.4%	6.1%	5.8%	5.1%	5.3%	5.7%	5.6%	4.7%	4.6%	4.9%	6.2%	5.7%	3.7%	3.0%	2.5%	2.8%			Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 5/31/06				1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11	
Total Debt \$64.3 mill. Due in 5 Yrs \$53.5 mill.				130.9	137.9	144.4	146.3	152.7	174.6	216.8	238.1	242.5	263.2	295	315	315	315	315	315	315	315	315	315	350
LT Debt \$53.6 mill. LT Interest \$4.0 mill. (26% of Cap'l)				26.3%	26.7%	25.2%	25.9%	22.9%	19.1%	20.4%	22.1%	19.7%	19.4%	18.0%	18.5%	18.0%	18.5%	18.0%	18.5%	18.0%	18.5%	18.0%	18.5%	20.0%
No Pension Plan				1.8	2.2	2.2	3.9	3.4	5.3	1.8	1.8	2.4	3.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	6.0	
Pfd Stock None				21.3	21.4	21.9	22.1	20.6	16.9	25.4	29.3	25.6	28.1	28.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0	38.0
Common Stock 16,891,595 shs. as of 6/30/06				36.3%	36.0%	36.1%	35.5%	34.0%	34.0%	31.1%	33.9%	34.0%	35.2%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
MARKET CAP: \$625 million (Small Cap)				16.3%	15.5%	15.2%	15.1%	13.5%	9.7%	11.7%	12.3%	10.6%	10.7%	9.5%	9.7%	9.5%	9.7%	9.5%	9.7%	9.5%	9.7%	9.5%	9.7%	10.9%
CURRENT POSITION (\$MILL.)				26.5	31.0	35.9	31.8	25.1	21.1	32.4	50.6	41.7	54.5	65.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	110
Cash Assets				2.4	1.7	.9	14.1	9.5	75.1	95.0	85.0	75.0	64.3	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	55.0	45.0
Receivables				47.2	51.3	55.0	56.2	52.8	55.2	83.2	105.2	112.4	130.1	145	160	160	160	160	160	160	160	160	160	205
Inventory (Avg Cst)				43.1%	40.5%	39.6%	32.4%	33.5%	13.9%	15.9%	17.2%	15.4%	15.7%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	16.0%
Other				45.1%	41.6%	39.8%	39.3%	38.9%	30.6%	30.5%	27.9%	22.8%	21.6%	19.5%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	18.5%
Current Assets				4.6%	3.9%	3.5%	3.7%	1.4%	NMF	11.1%	15.2%	10.7%	10.9%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	11.5%	
Accts Payable				90%	91%	91%	90%	96%	108%	63%	45%	53%	50%	54%	54%	54%	54%	54%	54%	54%	54%	54%	54%	37%
Debt Due				<b>BUSINESS:</b> WD-40 Company manufactures and markets two multi-purpose lubricant products. The primary product is a petroleum-based spray lubricant, WD-40, which also prevents rust, penetrates, and displaces moisture. The other is 3-IN-ONE oil, which has multiple household and industrial applications. Other products include, two heavy-duty hand cleaners LAVA and SOL-VOL, and three household cleaners known as X-14, 2000 Flushes, and Carpet Fresh. Acquired Global Household Brands, 4/01; Heartland Corp., 5/02. Has about 233 empls. and 1,430 shrhlds. Offs. and dirs. own 8.7% of shs. (11/05 Proxy). Chrmn.: Daniel Derbes. Pres. & CEO: Garry Ridge. Addr.: 1061 Cudahy Place, San Diego, CA 92110. Tel.:619-275-1400. Internet: www.wd40.com.																				
Other				<b>WD-40 likely posted a modest gain in fiscal 2006 (year ended August 31st).</b> By the time the company reports its fiscal fourth-quarter results, this review will already be in the hands of our subscribers. After a strong start in the first half of the year, driven by a higher-margin product mix, the household goods manufacturer's profits tapered off in the latter half. Hefty production and marketing expenses probably slowed earnings growth momentum, as the rising cost of raw materials and freight likely weighed on the gross margin. <b>We expect a similar performance in fiscal 2007.</b> We believe that the company will continue to ramp up advertising and promotion expenditures to support new products. This will likely pay off at the top line, as early indicators suggest that consumers have responded well to marketing efforts, demonstrated by the improvement in sales across geographic regions. WD-40's packaging innovation program has been successful for lubricants and household products, though heavy-duty hand cleaners continue to struggle. Nonetheless, management notes that in order to offset declines from these products, the company remains focused on flooding the pipeline with new products. Therefore, we expect further research and development spending related to new product launches that are scheduled over the next several quarters. Although these efforts may prove costly in the next few months, we look for solid top-line advances in the long run. Moreover, given WD-40's strong brand recognition, we believe product extensions offer promising growth potential. <b>Still, there is cause for concern.</b> The household products market remains fiercely competitive. The migration from a model centered on a single brand to a portfolio of nine, with many more to come, may create a product cannibalization effect. Also, though product price increases have aided the top line of late, the competition within the marketplace may force WD-40 to implement promotional discounts should volumes begin to slow down. <b>These shares are already trading within our 3- to 5-year Target Price Range.</b> Still, income-oriented investors may find the dividend yield appealing. <i>Simon R. Shoucair</i> October 6, 2006																				
Current Liab.																								

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
of change (per sh)	7.5%	9.5%	5.0%
Sales	2.5%	2.5%	12.5%
"Cash Flow"	2.0%	3.5%	4.5%
Earnings	-3.5%	-8.5%	4.0%
Dividends	9.5%	14.5%	12.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Nov.30	Feb.28	May 31	Aug.31	
2003	51.4	58.3	55.1	73.3	238.1
2004	52.5	58.5	59.7	71.7	242.4
2005	60.7	61.1	65.1	76.3	263.2
2006	67.2	71.5	73.1	83.2	295
2007	74.0	75.0	77.0	89.0	315

Fiscal Year Ends	EARNINGS PER SHARE <sup>A B</sup>				Full Fiscal Year
	Nov.30	Feb.28	May 31	Aug.31	
2003	.26	.53	.35	.61	1.75
2004	.26	.36	.35	.53	1.50
2005	.34	.32	.38	.63	1.67
2006	.45	.43	.43	.39	1.70
2007	.45	.44	.44	.42	1.75

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.27	.27	.20	.20	.94
2003	.20	.20	.20	.20	.80
2004	.20	.20	.20	.20	.80
2005	.20	.20	.22	.22	.84
2006	.22	.22	.22	.22	.88

(A) Fiscal year ends August 31st. (B) Primary earnings through 1997, then diluted. Next earnings report due early Jan. Excludes nonrecurring (losses) gains: '93, (10c); '94, (52c); '02, (4c); '03, (4c); '05, (2c). Includes extra gains: '89, 15c; '90, 15c; '91, 15c; '92, 13c; '93, 18c; '94, 10c. (C) Dividends are historically paid in January, April, July, and October. (D) In millions, adjusted for stock split.

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Company's Financial Strength	B++
Stock's Price Stability	65
Price Growth Persistence	40
Earnings Predictability	80

**WEBSTER FIN'L** NYSE-WBS  
**RECENT PRICE 47.47** **P/E RATIO 14.6** (Trailing: 14.3) **RELATIVE P/E RATIO 0.82** **DIV'D YLD 2.3%** **VALUE LINE**



**TIMELINESS** 4 Raised 7/21/06  
**SAFETY** 3 New 1/29/99  
**TECHNICAL** 3 Raised 3/17/06  
**BETA** .90 (1.00 = Market)

**2009-11 PROJECTIONS**  
 Price 65 (+35%)  
 Gain 45 (-5%)  
 Ann'l Total Return 10%  
 Low 2%

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

**Institutional Decisions**  
 3Q2005 4Q2005 1Q2006  
 to Buy 96 78 80  
 to Sell 59 82 86  
 Hld's(000) 35258 34689 35594

	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Mortgage Loans per sh	186.28	196.48	211.38	250.91	275.53	3.58	3.46	3.25	3.40	Earnings per sh <sup>A</sup> 4.20
Savings Deposits per sh	137.26	141.84	143.78	166.71	180.92	.90	.98	1.06	1.14	Div'ds Decl'd per sh <sup>B</sup> 1.38
Earnings per sh	2.22	2.47	2.75	3.31	3.52	28.72	30.96	33.60	36.55	Book Value per sh 46.80
Div'ds Decl'd per sh	4.07	.62	.67	.74	.82	53.77	53.20	52.50	51.50	Common Shs Outst'g <sup>C</sup> 48.50
Book Value per sh	14.09	18.19	20.48	22.69	24.91	13.5	13.4	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio 13.0
Common Shs Outst'g <sup>C</sup>	45.10	48.94	49.15	45.63	46.28	.71	.72			Relative P/E Ratio .85
Avg Ann'l P/E Ratio	12.5	9.3	11.3	10.7	11.1	1.9%	2.1%			Avg Ann'l Div'd Yield 1.9%
Relative P/E Ratio	.71	.60	.58	.58	.64	17021	17837	18715	19650	Total Assets (\$mill) 22750
Avg Ann'l Div'd Yield	1.7%	2.7%	2.2%	2.1%	2.1%	11563	12139	12735	13565	Loans (\$mill) 16225

**Webster Financial** is the holding company for Webster Bank, N.A. and Webster Insurance. Webster Financial shares began trading on the NYSE on October 17, 2002 under the WBS ticker. Prior to that date, the shares traded on the NASDAQ exchange under the ticker WBST. On April 21, 2004, Webster Bank completed its transition from a federal savings bank (thrift) to a national bank charter.

	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Gross Income (\$mill)	736.6	861.7	919.3	877.6	891.2	468.2	517.3	515	545	Net Interest Inc (\$mill) 675
Int Cost to Gross Inc	46.5%	50.0%	44.1%	32.6%	27.5%	18.0	9.5	12.0	15.0	Loan Loss Prov'n (\$mill) 30.0
Net Profit (\$mill)	100.8	114.8	136.8	160.0	163.2	219.7	217.3	235	250	Noninterest Inc (\$mill) 295
Income Tax Rate	33.0%	32.6%	33.7%	31.6%	32.8%	401.4	447.4	485	520	Noninterest Exp (\$mill) 635
Net Profit Margin	13.7%	13.3%	14.9%	18.2%	18.3%	183.6	187.6	175	175	Net Profit (\$mill) 205
Total Assets (\$mill)	9931.7	11250	11857	13468	14569	31.6%	32.4%	32.0%	32.0%	Income Tax Rate 32.0%
FHLB Advances (\$mill)	1714.4	2380.1	2531.2	2163.0	2511.5	1.08%	1.05%	.90%	.90%	Return on Total Assets .90%
Shr. Equity (\$mill)	635.7	890.4	1006.5	1035.5	1152.9	689.6	640.9	615	585	Long-Term Debt (\$mill) 500
New Loan Volume (\$mill)	1119	2072	1944	2838	2610	1544.0	1647.2	1765	1880	Shr. Equity (\$mill) 2270
Problem Assets to Lns	.64%	.60%	.84%	.63%	.46%	9.1%	9.2%	9.5%	9.5%	Shr. Eq. to Total Assets 10.0%
Shr. Eq. to Total Assets	6.4%	7.9%	8.5%	7.7%	7.9%	67.9%	68.1%	68.0%	69.0%	Loans to Tot Assets 71.5%
G&A Exp to Gross Inc	31.9%	28.9%	28.5%	35.6%	40.8%	11.9%	11.4%	10.0%	9.5%	Return on Shr. Equity 9.0%
Return on Total Assets	1.01%	1.02%	1.15%	1.19%	1.12%	9.0%	8.2%	6.5%	6.0%	Retained to Com Eq 6.0%
Return on Shr. Equity	15.9%	12.9%	13.6%	15.5%	14.2%	24%	28%	32%	33%	All Div'ds to Net Prof 33%

**CAPITAL STRUCTURE as of 6/30/06**  
 LT Debt \$622 mill. Due 5 Yrs \$50 mill.  
 LT Interest \$75 mill.

Leases, Uncapitalized Annual rentals \$16.0 mill.  
 Pension Assets-12/05 \$91 mill. Oblig. \$105 mill.

Common Stock 52,785,808 shares as of 4/30/06

MARKET CAP: \$2.5 billion (Mid Cap)

ASSETS(\$Mill.)	2004	2005	6/30/06
Loans	11563	12139	12563
Funds Sold	--	--	--
Securities	3724	3701	3409
Other Earning	414	598	662
Other	1320	1399	1388

LIABILITIES(\$Mill.)	2004	2005	6/30/06
Deposits	10571	11631	12216
Funds Borrowed	2590	2214	1804
Long-Term Debt	690	641	622
Net Worth	1544	1647	1645
Other	1626	1704	1735
Total	17021	17837	18022
Loan Loss Resrv.	150	146	147

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Loans	--	--	7.5%
Earnings	--	--	3.0%
Dividends	--	--	7.5%
Book Value	--	--	9.0%
Total Assets	--	--	6.0%

**BUSINESS:** Webster Financial Corporation is the holding company for Webster Bank, which has more than 150 branches. Originates loans, offers insurance, trust, money management, leasing, and other financial services. Acquired FirstFed America Bancorp, 5/04; MECH Financial, 6/00; NECB, 12/99; Damman Insurance, Eagle Financial, '98. Loans as of 12/31/05: residential mortgages, 39%;

commercial, 38%; consumer, 23%. Net loan losses, .10% of average loans. Loan loss reserve, 1.27% of total loans. Nonperforming assets, .59% of loans. About 3,200 employees. Off./dir. own 4.2% of stock; PCM, 8.5%; Wellington Mgmt., 9.2% (3/06 proxy). Chrmn. & CEO: James C. Smith, Inc.: DE. Address: Webster Plaza, Waterbury, CT 06702. Tel.: 203-578-2476. Web: www.websterbank.com.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2003	8391	8591	8978	9091
2004	9407	11144	11427	11562
2005	11545	11655	12042	12138
2006	12444	12563	12650	12735
2007	12900	13050	13250	13565

**Webster Financial's declining net interest margin has weighed on results.** The figure was 3.13% during the company's second quarter, which was down from 3.32% a year ago. Most of the decline can be attributed to what management terms the wholesale spread, which is the yield on securities and short-term investments less the cost of borrowings. This measure declined more than 100 basis points. By comparison, Webster's retail spread, calculated as the difference between the yield on loans and the cost of deposits, was flat year over year.

ance sheet, Webster has decided to sell only fixed-rate loans to residential borrowers within its footprint. As a result, residential mortgages will probably decline somewhat as a percentage of total loans. Higher-yielding commercial loans have been selling well, however, so we still expect the company's loan balance to grow, albeit at a slower pace. Too, credit performance has been solid, but we expect the company's loan loss provision to increase gradually in the coming years due to rising interest rates and their effect on previously issued adjustable-rate loans.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.86	.88	.89	.89	3.52
2004	.90	.91	.92	.90	3.63
2005	.88	.88	.86	.84	3.46
2006	.82	.81	.80	.82	3.25
2007	.82	.84	.86	.88	3.40

**The company continues to reshape its balance sheet.** Its securities portfolio has declined in value by 11% since last year's second quarter, to \$439 million, because management has decided to not reinvest the cash flows it generates. And debt now represents just 22% of total assets, compared to 24% a year ago and 33% at the end of 2002. We expect the company's debt burden to decline further as management continues to use cash flows from the securities portfolio to pay down borrowings. Also, in an attempt to reduce the influence of residential mortgages on its bal-

**Webster's branch expansion efforts continue.** It opened three new offices during the second quarter, and three more new branches are scheduled for this year. The 22 new bank offices opened as part of its expansion effort have accumulated nearly \$650 million in deposits thus far, but the costs associated with expansion total about \$0.02 a quarter.

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.17	.19	.19	.19	.74
2003	.19	.21	.21	.21	.82
2004	.21	.23	.23	.23	.90
2005	.23	.25	.25	.25	.98
2006	.25	.27	.27		

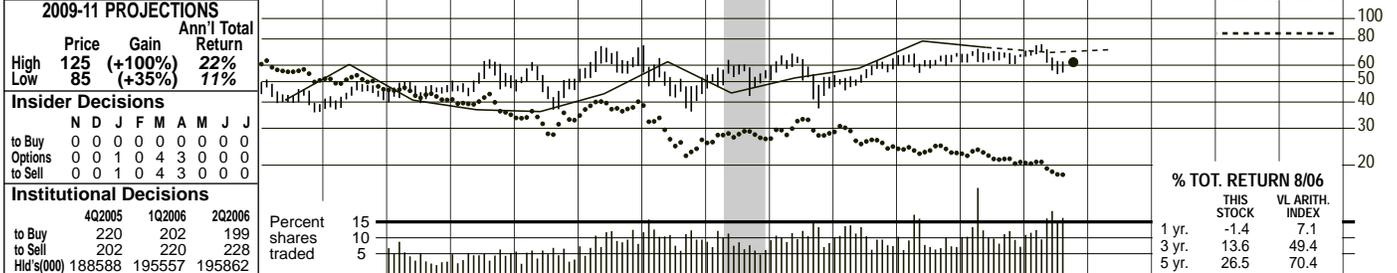
**Poorly ranked Webster Financial shares are not an attractive selection for growth.** Plus, the stock's yield is not impressive enough to warrant a look.  
 Matthew B. V. Albrecht August 25, 2006

(A) Primary earnings through 1996, diluted thereafter. Excludes net nonrecurring items: '05, (3¢); '04, (58¢); '02, (15¢); '01, (7¢); '00, 8¢; '99, (15¢); '98, (43¢). Earnings in 2004 do not sum due to changes in the number of shares outstanding. Next earnings report due late October. (B) Dividends historically paid in late February, May, August, and November. Dividend reinvestment plan available. (C) In millions, adjusted for stock split and stock dividend.

# WEYERHAEUSER NYSE-WY

RECENT PRICE **61.86** P/E RATIO **16.2** (Trailing: 16.9; Median: 24.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **3.9%** VALUE LINE

TIMELINESS <b>4</b> Lowered 5/26/06	High: 50.4	49.9	63.9	62.0	73.9	74.5	63.5	68.1	64.7	68.6	71.9	75.5							Target Price Range	2009	2010	2011	
SAFETY <b>3</b> New 7/27/90	Low: 36.9	39.5	42.6	36.8	49.6	36.1	42.8	37.3	45.4	55.1	60.6	54.3											
TECHNICAL <b>3</b> Raised 8/11/06	<b>LEGENDS</b> — 7.5 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession																						
BETA 1.15 (1.00 = Market)																							



2009-11 PROJECTIONS																		Ann'l Total																																																																													
High	Low	Price	Gain	Return														2009	2010	2011																																																																											
125	85	(+100%)	22%	11%																																																																																											
Insider Decisions																		Percent shares traded																																																																													
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© VALUE LINE PUB., INC. 09-11																		20																																																																													

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Sales per sh <sup>A</sup>		"Cash Flow" per sh		Earnings per sh <sup>C</sup>		Div'ds Decl'd per sh <sup>D</sup>		Cap'l Spending per sh		Book Value per sh		Common Shs Outst'g <sup>E</sup>		Avg Ann'l P/E Ratio		Relative P/E Ratio		Avg Ann'l Div'd Yield	
44.87	43.02	45.13	46.54	50.56	59.30	56.04	56.19	54.10	54.25	74.71	67.16	84.59	90.25	94.30	93.07	95.25	96.80	108.70	13.30	7.00	3.00	4.35	50.00	230.00	15.0	1.00	2.9%										

CAPITAL STRUCTURE as of 6/25/06 <sup>F</sup>																		Sales (\$mill) <sup>A</sup>		Operating Margin <sup>B</sup>		Depreciation (\$mill) <sup>B</sup>		Net Profit (\$mill)		Income Tax Rate		Net Profit Margin		Working Cap'l (\$mill)		Long-Term Debt (\$mill)		Shr. Equity (\$mill)		Return on Total Cap'l		Return on Shr. Equity		Retained to Com Eq		All Div'ds to Net Prof	
Total Debt \$7630 mill. Due in 5 Yrs \$1560 mill. LT Debt \$7075 mill. LT Interest \$528 mill.																		25000	17.5%	1420	1635	35.0%	6.5%	1830	7300	11500	10.0%	14.0%	8.0%	42%													

ANNUAL RATES																		Sales (\$mill)		Earnings per sh		Dividends		Book Value															
Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 to '09-'11																		1044	818	113	1942	1911	561	4527	1222	555	1327	3104	1044	818	113	1942	1911	561	4527	1222	555	1327	3104

QUARTERLY SALES (\$mill.) <sup>A</sup>																		Full Year	
Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per															
2003	4614	4930	5184	5145														19873	
2004	5037	5893	5849	5886														22665	
2005	5371	5808	5582	5868														22629	
2006	5286	5687	5730	5677														22380	
2007	5390	5760	5600	5510														22260	

EARNINGS PER SHARE <sup>A,C</sup>																		Full Year	
Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per															
2003	.19	.41	.65	.47														1.72	
2004	.62	1.67	1.62	1.07														5.01	
2005	1.03	1.34	.93	.94														4.24	
2006	.62	1.16	1.00	.97														3.75	
2007	.70	1.20	1.10	1.00														4.00	

QUARTERLY DIVIDENDS PAID <sup>D</sup>																		Full Year	
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31															
2002	.40	.40	.40	.40														1.60	
2003	.40	.40	.40	.40														1.60	
2004	.40	.40	.40	.40														1.60	
2005	.40	.50	.50	.50														1.90	
2006	.50	.50	.60																

**(A)** Years end last Sun. in Dec. **(B)** Incl. real estate subsidiaries. **(C)** Prim. earnings through '96, then dil. Excl. net nonrecr. gains (losses): '91, (\$1.70); '93, 57c; '95, (90c); '97, (4c); '98, (23c); '99, (76c); '00, (35c); '01, (20c); '02, (25c); '03, (47c); '04, 42c; '05, (\$1.26); '06, (\$2.86). 2004 quarterlies don't sum due to change in shares out. Next earnings report due late October. **(D)** Dividends historically paid near the end of Feb., May, Aug., and Nov. ■ Div'd reinvt. plan avail. **(E)** In millions. **(F)** Excludes real estate subsidiary.

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**Business:** Weyerhaeuser Company is the world's largest private owner of softwood timberlands. Wood products incl.: lumber, plywood, particle board, and other paneling. Paper products incl.: pulp, uncoated and lightweight coated papers. Packaging products incl.: containerboard, boxes, and recycling. Has 5.7 mill. company-owned acres of timberland and 27.6 mill. acres of license arrangements. Also has real estate and related services with '05 assets of \$2.9 bill. Acquired MacMillan Bloedel 11/99; TJ Int'l 1/00; Wil-lamette 3/02. As of 12/31/05 had 49,900 employees. Officers and directors own 3.5% of common; CR&M 15.2% (3/06 proxy). Chairman and CEO: Steven R. Rogel. Inc.: WA. Address: Tacoma, WA 98477. Tel.: 253-924-2345. Internet: www.weyerhaeuser.com.

**A rebound in the containerboard and packaging markets is a bright spot for Weyerhaeuser.** Second-quarter packaging volume increased 3.1%, despite the closure of seven plants since the start of 2006. Board and packaging prices are on the rise, too. The segment's pretax income (before one-time charges) more than tripled, sequentially, from the March period, to \$97 million. We look for higher raw material costs in the second half of the year, but those should be more than offset by a fuller implementation of product price increases and lower energy costs.

**The near-term outlook for the housing-related businesses is not so sunny.** Pretax income for WY's Real Estate division fell 21%, year to year, in the June quarter, to \$123 million. What's more, buyer traffic fell 31%, the sales cancellation rate increased to 26% from 12%, and the inventory of unsold completed homes jumped 61%. The cyclical downturn in housing, which we expect will continue through 2007, has contributed to downward pressure on prices of wood products (40% of second-quarter sales).

**The divestiture of the fine paper as-**

**sets appears to be a good deal for shareholders.** WY has agreed to merge its white paper business with that of Domtar, creating North America's leading supplier. WY will receive \$1.35 billion in cash, with which it must technically pay down debt in order for this to be a tax-free transaction, and retain a 55% interest in the "new Domtar". This interest will be either spun off to WY shareholders or offered in exchange for WY stock. Either way, it's worth about \$8 a share to WY owners at Domtar's recent quotation. The transaction, subject to regulatory approval and a vote by Domtar shareholders, is expected to close early in 2007. If recent paper price increases hold, the deal may be modestly dilutive to WY's earnings next year. However, the paper segment has very low returns over time, and the transaction should be accretive in paper cycle slumps. WY has also indicated that it will immediately and aggressively resume a share-repurchase program.

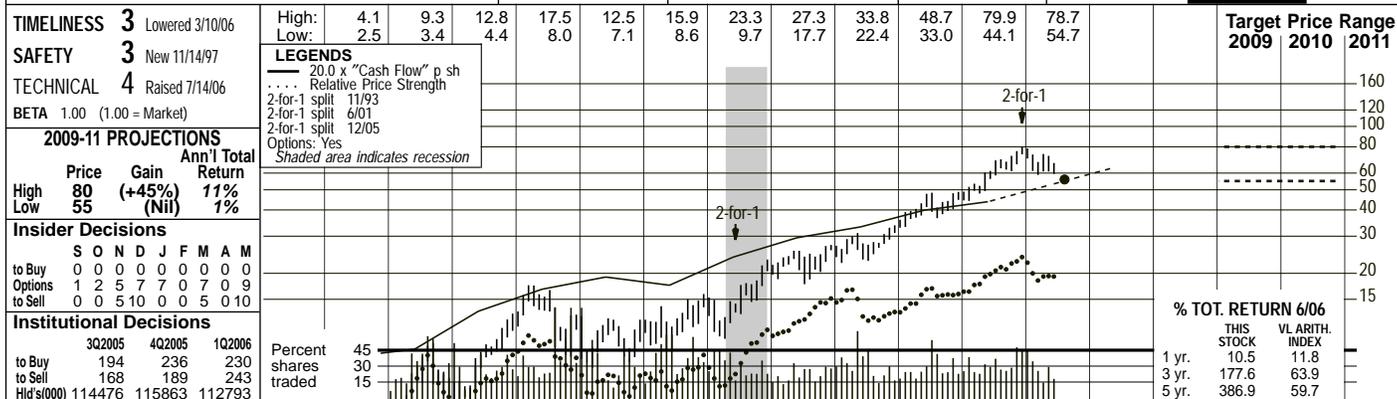
**Though the issue is untimely, it has good 3- to 5-year total-return potential.**

Craig Sirois  
October 6, 2006

Company's Financial Strength	B++
Stock's Price Stability	80
Price Growth Persistence	50
Earnings Predictability	45

To subscribe call 1-800-833-0046.

**WHOLE FOODS MKT. NDQ-WFMI** RECENT PRICE **55.91** P/E RATIO **37.5** (Trailing: 42.7; Median: 32.0) RELATIVE P/E RATIO **2.18** DIV'D YLD **1.1%** VALUE LINE



Whole Foods Market, Inc. opened its first store in Austin, Texas in 1980. The initial public offering occurred on Jan. 23, 1992 and consisted of 3.2 million shares at \$4.25 (split-adjusted). The company has accelerated its growth through the acquisition of other natural foods supermarkets, incl.: Wellspring Grocery (11/91); Bread & Circus (10/92); Mrs. Gooch's Natural Food Markets (9/93); Fresh Fields Markets, Inc. (8/96); and Bread of Life (3/97).

**CAPITAL STRUCTURE as of 4/9/06**  
Total Debt \$15.4 mill. Due in 5 Yrs \$15.3 mill.  
LT Debt \$9.5 mill. LT Interest \$0.7 mill.  
Incl. \$.8 mill. capitalized leases.  
(Total interest coverage: 33.0x) (less than 1% of Cap'l)  
Leases, Uncapitalized Annual rentals \$103.1 mill.  
No Defined Benefit Pension Plan

**Pfd Stock** None  
**Common Stock** 140,084,000 shs.  
**MARKET CAP: \$7.8 billion (Large Cap)**

CURRENT POSITION (\$MILL.)	2004	2005	4/9/06
Cash Assets	221.5	345.4	329.4
Receivables	65.0	66.7	73.7
Inventory (LIFO)	152.9	174.8	198.0
Other	45.6	85.6	79.7
Current Assets	485.0	672.5	680.8
Accts Payable	90.8	103.3	116.5
Debt Due	6.0	5.9	5.9
Other	234.5	309.2	358.9
Current Liab.	331.3	418.4	481.3

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Sales	15.0%	15.0%	16.0%
"Cash Flow"	20.5%	17.0%	16.0%
Earnings	22.5%	22.0%	17.0%
Dividends	--	--	Nil
Book Value	17.0%	23.5%	16.5%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Dec.	Per.	Mar.	Jun.	
2003	923.8	725.1	749.0	750.7	3148.6
2004	1118.2	902.1	917.4	927.3	3865.0
2005	1368.3	1085.2	1132.7	1115.1	4701.3
2006	1666.9	1311.5	1385	1356.6	5720
2007	2010	1590	1660	1640	6900

Fiscal Year Ends	EARNINGS PER SHARE <sup>A B</sup>				Full Fiscal Year
	Dec.	Per.	Mar.	Jun.	
2003	.21	.21	.21	.19	.82
2004	.30	.27	.25	.23	1.05
2005	.34	.30	.29	.26	1.19
2006	.40	.36	.34	.30	1.40
2007	.49	.44	.41	.36	1.70

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	--	--	--	--	--
2003	--	--	--	--	--
2004	.075	.075	.075	.075	.30
2005	.095	.125	.125	.125	.47
2006	.15	.15	.15	.15	.60

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
11.63	11.42	13.11	14.86	17.37	20.74	23.30	26.21	30.97	34.59	41.75	50.35	Sales per sh <sup>A</sup>	88.30
.43	.66	.84	.96	.88	1.19	1.48	1.66	2.00	2.19	2.65	3.20	"Cash Flow" per sh	5.60
.10	.30	.42	.44	.27	.46	.70	.82	1.05	1.19	1.40	1.70	Earnings per sh <sup>B</sup>	3.00
--	--	--	--	--	--	--	--	.30	.47	.60	1.20	Div'ds Decl'd per sh <sup>E</sup>	1.20
1.91	2.10	2.62	2.95	2.90	3.74	5.10	6.46	7.92	10.05	9.25	10.25	Book Value per sh <sup>C</sup>	15.95
76.72	97.81	106.00	105.51	105.86	109.54	115.48	120.14	124.81	135.91	137.00	137.00	Common Shs Outst'g <sup>D</sup>	132.00
NMF	22.5	31.3	22.8	39.7	29.4	30.9	31.6	35.9	44.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	22.0
NMF	1.30	1.63	1.30	2.58	1.51	1.69	1.80	1.90	2.37			Relative P/E Ratio	1.45
--	--	--	--	--	--	--	--	8%	9%			Avg Ann'l Div'd Yield	1.7%
892.1	1117.3	1389.8	1567.9	1838.6	2272.2	2690.5	3148.6	3865.0	4701.3	5720	6900	Sales (\$mill) <sup>A</sup>	12100
34.1%	36.0%	36.8%	37.7%	37.9%	37.9%	37.9%	37.9%	37.4%	37.7%	38.2%	38.2%	Gross Margin	38.3%
5.4%	7.5%	8.7%	8.8%	9.0%	9.2%	9.2%	8.7%	8.8%	8.4%	8.5%	8.6%	Operating Margin	8.8%
68	75	87	100	117	126	135	145	163	175	200	220	Number of Stores	300
7.8	30.0	46.5	47.9	28.9	51.6	84.5	101.9	137.1	163.7	200	245	Net Profit (\$mill)	435
56.30%	32.32%	37.00%	39.00%	44.58%	40.00%	40.00%	40.00%	40.00%	39.44%	40.0%	40.0%	Income Tax Rate	40.0%
.9%	2.7%	3.3%	3.1%	1.6%	2.3%	3.1%	3.2%	3.5%	3.5%	3.5%	3.5%	Net Profit Margin	3.6%
4.9	36.6	93.1	19.2	9.1	d11.6	d4.2	124.1	153.7	254.1	25.0	d70.0	Working Cap'l (\$mill)	100
84.3	92.7	158.7	208.9	298.1	250.7	162.0	162.9	164.8	12.9	Nil	Nil	Long-Term Debt (\$mill)	Nil
146.5	205.5	277.3	311.2	307.2	409.4	589.1	776.2	988.4	1365.7	1265	1400	Shr. Equity (\$mill)	2185
4.4%	11.1%	11.5%	10.0%	6.0%	9.2%	11.9%	11.3%	12.2%	12.0%	16.0%	17.5%	Return on Total Cap'l	20.0%
5.3%	14.6%	16.8%	15.4%	9.4%	12.6%	14.3%	13.1%	13.9%	12.0%	16.0%	17.5%	Return on Shr. Equity	20.0%
5.3%	14.6%	16.8%	15.4%	9.4%	12.6%	14.3%	13.1%	11.1%	8.0%	NMF	5.5%	Retained to Com Eq	12.5%
--	--	--	--	--	--	--	--	20%	33%	NMF	68%	All Div'ds to Net Prof	38%

**BUSINESS:** Whole Foods Market is the largest natural and organic foods grocer in the United States. Owns and operates 166 stores in 29 U.S. states, the District of Columbia, Canada, and the United Kingdom. Stores operate under numerous banners including *Whole Foods Market*, *Bread & Circus*, *Fresh & Wild*, and *Harry's Farmers Market*. Sites average 31,500 square feet. Recent acquisitions:

**Investor sentiment towards Whole Foods Market has cooled of late.** Through the first seven months of 2006, shares of the upscale supermarket chain have declined 24%. Comparatively, the benchmark S&P 500 Index is down less than 1%, year to date. A strong run-up in price (+400%-plus during the five years ended 12/31/05) left the stock susceptible to downward selling pressure by investors seeking to take profits. Increased concern about the lofty valuations being accorded leading growth stocks has undoubtedly been weighing on WFMI shares, as well. That said,

**We remain upbeat about the company's near-term prospects.** Sales are on track to increase 20%-25% this year, reflecting both strong same-store sales and contribution from new units. (Fiscal year ends September 30, 2006.) Earnings, meanwhile, are still expected to advance at a slightly slower pace due to upfront costs associated with new stores and a recent change in accounting for employee stock options. Longer term, we think Whole Food's stretch goal of \$12 billion in sales (by fiscal 2010) is still achievable.

Fresh & Wild, 1/04; Harry's, 11/01. '05 depreciation rate, 8.6%. Has 31,500 employees, including 2,900 part-timers and 1,600 temps; 1,520 stockholders of record. Off. & dir. own 2% of common; Jen-nison Assoc., 8% (1/06 Proxy). Chairman & CEO: John Mackey. Inc.: TX. Address: 601 N. Lamar Blvd., Suite 300, Austin, TX 78703. Telephone: 512-477-4455. Internet: www.wholefoods.com.

Opportunities for geographic expansion appear plentiful. As well, Whole Foods has yet to fully penetrate existing markets. Of the 78 stores that the Austin-based company currently has under development, only 16 (20%) are in new markets.

**There are some concerns here.** Faced with declining market share, more-conventional grocers are now beefing up their organic and health food offerings. Increased competition could ultimately slow Whole Foods' growth. So far, though, Whole Foods is reportedly seeing some benefit, as conventionals are helping in the "mainstreaming" of health food and are providing shoppers with a "gateway" experience.

**Whole Foods' shares seem pricey.** The stock continues to trade within our 3- to 5-year Target Price Range and at a slight premium to its median price-to-earnings multiple. The company has a lot going for it, not least of which are its leading market position, pristine balance sheet, and self-funding operations. Still, we'd continue to pass on the stock, due to valuation concerns.

Nils C. Van Liew August 4, 2006

(A) Fiscal year ends last Sunday in Sept. Interim periods are 16, 12, 12, and 12/13 weeks. (B) Excludes nonrecurring losses: '98, \$0.02; '99, \$0.11; '05, \$0.20. Based on avg. shares outstanding before '98, diluted thereafter. Next earnings report due early November. (C) Incl. intang. in '05, \$134.5 mill., or \$99 a share. (D) In millions, adjusted for stock splits. (E) Dividends historically paid early January, April, July, and October. Paid \$2.00 a share special dividend on 1/11/06.

**To subscribe call 1-800-833-0046.**

**WILMINGTON TRUST** NYSE-WL **RECENT PRICE 44.40** **P/E RATIO 16.4** (Trailing: 16.8) **RELATIVE P/E RATIO 0.93** **DIV'D YLD 2.8%** **VALUE LINE**

<b>TIMELINESS</b> 3 Raised 7/29/05	High: 16.3	20.9	33.0	34.3	31.8	31.7	33.5	34.6	36.5	38.8	41.0	45.2	<b>Target Price Range</b>		
<b>SAFETY</b> 1 Raised 12/3/99	Low: 11.4	15.1	19.6	23.2	22.4	20.3	25.1	25.0	26.0	33.3	33.0	38.5	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>TECHNICAL</b> 3 Lowered 8/18/06	<b>LEGENDS</b> — 15.0 x Earnings p sh ... Relative Price Strength 2-for-1 split 6/02 Options: Yes Shaded area indicates recession												120		
<b>BETA</b> .95 (1.00 = Market)													100		
<b>2009-11 PROJECTIONS</b>													80		
Price	Gain	Ann'l Total												64	
High 60	(+35%)	Return 10%												48	
Low 45	(Nil)	4%												32	
<b>Insider Decisions</b>													24		
to Buy 0 1 0 0 0 0 0 0 0 0 0 0 0													20		
Options 0 0 0 3 2 2 1 0 0 0													16		
to Sell 0 0 0 0 0 0 0 0 0 0													12		
<b>Institutional Decisions</b>													8		
3Q2005 4Q2005 1Q2006													% TOT. RETURN 7/06		
to Buy 105 117 113													THIS STOCK		
to Sell 76 78 97													VL ARITH. INDEX		
Hld's(000) 27525 30050 31286													1 yr. 19.6 3.0		
Percent shares traded 7.5													3 yr. 50.6 52.3		
													5 yr. 54.1 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	
.95	1.02	1.05	1.12	1.19	1.28	1.42	1.54	1.67	1.73	1.85	1.89	2.01	2.02	2.09	2.52	2.70	2.90	Earnings per sh <sup>A</sup>	3.50
.36	.40	.44	.49	.53	.59	.65	.71	.77	.83	.89	.95	1.01	1.07	1.13	1.19	1.25	1.31	Div'ds Decl'd per sh <sup>B</sup>	1.49
4.21	4.86	5.06	5.44	5.90	6.55	6.85	7.51	8.19	7.70	9.14	10.44	11.30	12.12	13.43	14.92	16.25	17.85	Book Value per sh <sup>C</sup>	23.95
70.39	71.16	74.55	72.69	70.90	70.18	67.83	66.96	66.66	64.71	64.79	65.40	65.63	66.06	67.41	67.90	69.00	69.50	Common Shs Outst'g <sup>D</sup>	71.00
9.9	11.6	12.5	12.7	10.8	10.8	12.0	16.1	17.6	16.0	13.3	16.0	15.5	15.2	17.3	14.4	<i>Bold figures are Value Line estimates</i>	Avg Ann'l P/E Ratio	15.0	
.74	.74	.76	.75	.71	.72	.75	.93	.92	.91	.86	.82	.85	.87	.91	.77		Relative P/E Ratio	1.00	
3.8%	3.4%	3.4%	3.4%	4.2%	4.2%	3.8%	2.8%	2.6%	3.0%	3.6%	3.1%	3.2%	3.5%	3.1%	3.3%		Avg Ann'l Div'd Yield	2.8%	

<b>CAPITAL STRUCTURE as of 6/30/06</b>																		Total Assets (\$mill)	14525
LT Debt \$393.4 mill. Due in 5 Yrs. \$235.0 mill.																		Loans (\$mill)	10275
LT Interest \$21.0 mill.																		Net Interest Inc (\$mill)	465
Leases, Uncapitalized None																		Loan Loss Prov'n (\$mill)	35.0
Pension Assets-12/05 \$174.0 mill.																		Noninterest Inc (\$mill)	475
Oblig. \$174.9 mill.																		Noninterest Exp (\$mill)	515
Pfd Stock None																		Net Profit (\$mill)	250
Common Stock 68,660,548 shs.																		Income Tax Rate	36.0%
MARKET CAP: \$3.0 billion (Mid Cap)																		Return on Total Assets	1.70%
<b>ASSETS(\$MILL.)</b>																		Long-Term Debt (\$mill)	600
Loans																		Shr. Equity (\$mill)	1700
Funds Sold																		Shr. Eq. to Total Assets	11.5%
Securities																		Loans to Tot Assets	70.5%
Other Earning																		Return on Shr. Equity	14.5%
Other																		Retained to Com Eq	8.5%
<b>LIABILITIES(\$MILL.)</b>																		All Div'ds to Net Prof	42%
Deposits																		<b>BUSINESS:</b> Wilmington Trust Corporation is the largest banking co. in Delaware. Its principal sub., Wilmington Trust Co., is the 15th-largest personal trust inst. in the U.S., with \$28 bill. of assets under management. Has offices in eight states, Grand Cayman Island, and London. In 2005: net loan losses .17% of total loans; loan loss reserve 1.24%; nonperform. assets, .60%. Loan portfolio in	
Loans Borrowed																		2005: comm'l 34%, installment, 19%, comm'l mortg., 17%, res'l mortg., 6%, real est. constr., 16%. Has about 2,500 empls. Officers and directors own 7.1% of common stock; JP Morgan Chase, 4.3% (3/06 proxy). Chairman & CEO: Ted T. Cecala. Inc.: DE. Address: Rodney Square No., 1100 No. Market St., Wilmington, DE 19890. Telephone: 302-651-1000. Internet: www.wilmingtontrust.com.	
Net Worth																			
Other																			
Total																			
Loan Loss Reserv.																			

<b>ANNUAL RATES</b>	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
of change (per sh)			
Loans	8.0%	7.0%	7.0%
Earnings	6.5%	5.0%	8.0%
Dividends	7.5%	6.5%	5.0%
Book Value	8.5%	10.0%	10.0%
Total Assets	7.5%	6.0%	7.0%

Cal-endar	LOANS (\$ Mill.)			
	Mar.31	Jun.30	Sep.30	Dec.31
2003	5922	5976	6008	6135
2004	6280	6391	6525	6673
2005	6769	6961	7199	7306
2006	7445	7661	7850	8025
2007	8150	8275	8400	8550

Cal-endar	EARNINGS PER SHARE <sup>A</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.44	.49	.52	.57	2.02
2004	.53	.54	.50	.52	2.09
2005	.59	.59	.65	.70	2.53
2006	.64	.67	.69	.70	2.70
2007	.70	.70	.75	.75	2.90

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>B</sup> ■				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.24	.255	.255	.255	1.01
2003	.255	.27	.27	.27	1.07
2004	.27	.285	.285	.285	1.13
2005	.285	.30	.30	.30	1.19
2006	.30	.315	.315		

**Wilmington Trust had another solid quarter.** The Delaware-based bank reported second-quarter share-earnings growth of 14%, right in line with our estimate. Wilmington was one of only a handful of banks that experienced net interest margin (NIM) expansion during the June period. As well, the bank's loan portfolio expanded 12% during the period, and expense control was good (up only 3%).

**We look for the company to squeeze out a 7% share-net improvement this year,** but margin gains probably won't lead the charge. Although Wilmington was able to expand its interest margin by three basis points last quarter, much of this was due to rate hikes (50 basis points) by the Federal Reserve. Management expects the NIM to hold steady over the coming quarters, but we think this will be an especially difficult feat to achieve, given the recent pause in rate hikes and the upward repricing of the company's deposits. Instead, we expect the 7% earnings growth this year to be powered by noninterest income advances.

**Fee-based income is making some headway.** Core revenues from Wilming-

ton's advisory fee businesses were up 11% during the June interim, and noninterest income on the whole increased 3%. Management's assessment of the operating environment was favorable, lending support for a growing advisory business in the coming quarters. Elsewhere, at the Corporate Client Services (CCS) business, fees advanced 8% due to strong results in Europe. Although domestically, CCS' profits are being hurt by weaker fixed-income markets, demand overseas should remain solid. The segment ought to continue growing at a high single-digit clip over the remainder of the year. Prospects are largely for similar-type performance in 2007 and beyond, accompanied by steady, if unexciting, profit advances.

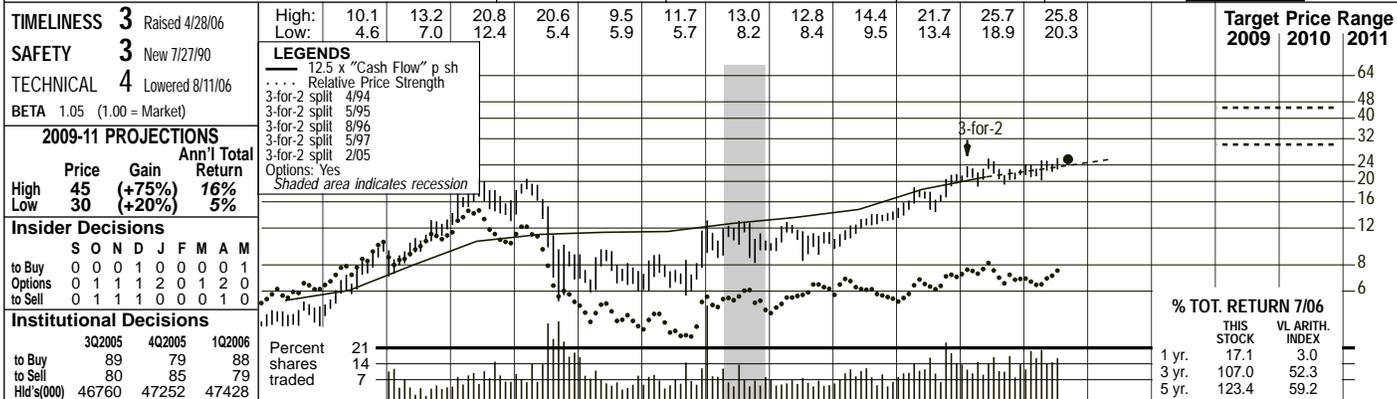
**These shares have limited long-term appeal,** based on our earnings projections and the stock's current quotation. The outlook isn't especially more encouraging for the year-ahead period, given the stock's Average (3) Timeliness rank. WL's narrow appeal lies in its high Safety rank and decent dividend payout, which has increased on a very consistent basis.

*Praneeth Satish*  
August 25, 2006

(A) Primary earnings through 1996, then diluted. Excludes nonrecurring gains/(losses): '92, (20c); '99, (13c); '01, 2c. Next earnings report due late October. (B) Dividends historically paid middle of February, May, August, and November. ■ Dividend reinvestment plan available. (C) Includes intangibles. In 2005: \$384.5 million, \$5.67 per share. (D) In millions, adjusted for stock splits.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	75
Earnings Predictability	100

**WOLVERINE W.W. NYSE-WWW** RECENT PRICE **25.53** P/E RATIO **18.0** (Trailing: 18.6; Median: 16.0) RELATIVE P/E RATIO **1.04** DIV'D YLD **1.2%** **VALUE LINE**



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
6.47	6.30	5.77	6.41	6.93	6.73	8.17	10.42	10.95	10.74	11.23	11.55	13.80	15.02	17.13	18.90	<b>20.90</b>	<b>22.60</b>	Sales per sh <sup>A</sup>	<b>28.30</b>
.21	.29	.21	.32	.43	.48	.64	.83	.89	.92	.93	1.01	1.08	1.18	1.47	1.68	<b>1.85</b>	<b>2.05</b>	"Cash Flow" per sh	<b>2.90</b>
.10	.19	.13	.22	.33	.42	.51	.67	.67	.67	.65	.71	.77	.85	1.09	1.27	<b>1.42</b>	<b>1.60</b>	Earnings per sh <sup>B</sup>	<b>2.40</b>
.02	.02	.02	.02	.03	.04	.04	.06	.07	.08	.09	.11	.12	.15	.17	.26	<b>.29</b>	<b>.32</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>.44</b>
.15	.13	.08	.13	.18	.30	.33	.56	.53	.31	.19	.18	.23	.27	.31	.34	<b>.35</b>	<b>.35</b>	Cap'l Spending per sh	<b>.45</b>
2.16	2.22	1.97	2.17	2.43	3.32	3.83	4.42	4.91	5.36	5.40	6.00	6.16	7.27	7.92	8.24	<b>8.80</b>	<b>9.65</b>	Book Value per sh	<b>14.70</b>
49.81	49.81	50.77	51.94	54.58	61.54	62.55	63.83	61.15	61.95	62.46	62.33	59.96	59.18	57.90	56.13	<b>54.50</b>	<b>54.00</b>	Common Shs Outst'g <sup>D</sup>	<b>53.00</b>
12.8	7.2	11.3	13.1	13.8	16.8	19.7	24.2	19.5	11.1	11.4	15.1	14.0	14.6	15.7	17.3	<b>17.3</b>	<b>17.3</b>	Avg Ann'l P/E Ratio	<b>15.0</b>
.95	.46	.69	.77	.91	1.12	1.23	1.39	1.01	.63	.74	.77	.76	.83	.83	.92	<b>.92</b>	<b>.92</b>	Relative P/E Ratio	<b>1.00</b>
1.6%	1.5%	1.5%	1.7%	1.7%	1.5%	4%	3%	6%	1.1%	1.3%	1.0%	1.1%	1.2%	1.0%	1.2%	<b>1.0%</b>	<b>1.2%</b>	Avg Ann'l Div'd Yield	<b>1.2%</b>

CAPITAL STRUCTURE as of 6/17/06		2004	2005	6/17/06	2004	2005	6/17/06	2004	2005	6/17/06	2004	2005	6/17/06	2004	2005	6/17/06	2004	2005	6/17/06	2004	2005	6/17/06
Total Debt \$32.2 mill. Due in 5 Yrs \$32.2 mill.					10.9%	11.4%	12.3%	13.4%	12.5%	12.8%	11.4%	11.0%	12.0%	12.6%	<b>12.5%</b>	<b>13.0%</b>	Sales (\$mill)	<b>1500</b>				
LT Debt \$21.5 mill. LT Interest \$2.1 mill.					7.2	9.2	13.0	14.9	17.7	17.6	16.9	18.0	19.1	20.0	<b>21.0</b>	<b>21.5</b>	Operating Margin	<b>14.5%</b>				
(LT interest earned and total interest coverage: over 25x) (4% of Cap'l)					32.9	43.9	41.7	41.9	40.1	45.2	47.9	51.7	65.9	74.5	<b>80.0</b>	<b>90.0</b>	Depreciation (\$mill)	<b>23.0</b>				
Leases, Uncapitalized Annual rentals \$11.3 mill.					31.1%	32.0%	32.6%	34.1%	32.7%	34.0%	32.9%	31.0%	31.8%	33.1%	<b>33.0%</b>	<b>33.0%</b>	Net Profit (\$mill)	<b>130</b>				
Pension Assets-9/05 \$158 mill. Oblg. \$168 mill.					6.4%	6.6%	6.2%	6.3%	5.7%	6.3%	5.8%	5.8%	6.6%	7.0%	<b>7.0%</b>	<b>7.4%</b>	Income Tax Rate	<b>33.0%</b>				
Pfd Stock None					194.8	239.0	289.7	300.8	271.1	300.3	283.1	300.8	320.6	316.7	<b>330</b>	<b>340</b>	Net Profit Margin	<b>8.7%</b>				
Common Stock 55,757,299 shs. As of 4/28/06 (options exercisable 9.2%)					41.2	89.9	157.1	134.8	87.9	75.8	57.9	43.9	32.2	21.4	<b>21.5</b>	<b>26.0</b>	Working Cap'l (\$mill)	<b>435</b>				
MARKET CAP: \$1.4 billion (Mid Cap)					239.3	282.4	300.3	332.1	337.2	374.2	369.1	430.1	458.3	462.3	<b>480</b>	<b>520</b>	Long-Term Debt (\$mill)	<b>31.0</b>				
CURRENT POSITION					12.3%	12.4%	10.0%	10.0%	10.3%	10.7%	11.9%	11.6%	13.9%	15.8%	<b>16.5%</b>	<b>16.5%</b>	Shr. Equity (\$mill)	<b>780</b>				
Cash Assets					13.7%	15.5%	13.9%	12.6%	11.9%	12.1%	13.0%	12.0%	14.4%	16.1%	<b>16.5%</b>	<b>17.0%</b>	Return on Total Cap'l	<b>16.5%</b>				
Receivables					12.5%	14.2%	12.3%	11.1%	10.2%	10.3%	11.0%	10.0%	12.0%	12.9%	<b>13.5%</b>	<b>13.5%</b>	Return on Shr. Equity	<b>17.0%</b>				
Inventory (LIFO)					9%	8%	11%	12%	14%	15%	15%	17%	17%	20%	<b>20%</b>	<b>20%</b>	Retained to Com Eq	<b>13.5%</b>				
Other																	All Div'ds to Net Prof	<b>18%</b>				

**BUSINESS:** Wolverine World Wide Corp. manufactures, imports, and markets branded footwear. Major brands are *Hush Puppies* (casual), *Wolverine* (work and sport), and *Merrell*. Tru-Stitch div. makes slippers & moccasins; Bates makes uniform footwear; Retail div. operates 76 domestic retail specialty stores. Owns excl. global rights to market footwear under the *Caterpillar* and *Harley-Davidson* names. Owns the largest U.S. pigskin tannery and receives royalties from trademark licensing. Foreign sales about 30% of total revenues. Has 4,500 empls., 1,450 stkhldrs. Off/dir. own 6.6% of common; Mac-Per-Wolf Company, 6.6%. (3/06). CEO: Timothy J. O'Donovan. Inc.: DE. Addr.: 9341 Courtland Dr., Rockford, MI 49351. Tel.: 616-866-5500. Web: www.wolverineworldwide.com.

**We think that Wolverine World Wide can continue its multiyear string of record sales and earnings into the foreseeable future.** Excluding investment spending on growth initiatives (see below), all four of the company's footwear groups saw double-digit earnings gains in the first half of 2006. This includes the Hush Puppies division, despite flattish sales. WWW has upgraded the quality and styling of the *Hush Puppies* brand, and is focused on more deeply penetrating upper-tier retailers. This has resulted in fewer close-out sales and markdowns. Consolidated order backlog was up 8%, year over year, at the end of the second quarter, and 12% excluding *Bates*. The backlog at *Bates* was down \$13 million due to the timing of military orders, which are clustered. We are somewhat concerned by recent weakness in Europe and the possibility of increased antidumping tariffs on goods imported into the EU from China, but WWW's backlog was up there, too. **Gross margin comparisons should improve.** In the second quarter, sales to an international distributor were changed from a royalty-fee model to a wholesale basis, adding \$8.3 million to both revenue and cost of goods sold and shaving 140 basis points off the gross margin. The sales/cost relationship is expected to normalize going forward. Moreover, the sales mix continues to shift toward higher-margin lifestyle products. **New products provide a significant growth opportunity.** Since purchased in 1998, the *Merrell* brand has become WWW's fastest growth vehicle (recent June-quarter sales were up 17.3%) and its largest profit contributor. The company is now developing *Merrell Apparel*, with initial deliveries planned for the third quarter of next year. In addition, *Patagonia* footwear is being launched for the spring 2007 season, and customer response has been excellent. Spending for these initiatives was about \$0.02 a share in the second quarter. We think they will be solidly accretive to earnings by 2008. **This stock has a favorable risk/reward ratio.** A strong balance sheet, healthy cash flows, consistent earnings performance, and a diversified product portfolio are all positives. *Craig Sirois* August 11, 2006

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2003	191.5	184.0	230.6	282.8	888.9
2004	224.9	198.7	260.9	307.4	991.9
2005	245.2	215.7	279.1	321.0	1061.0
2006	262.8	238.5	<b>300</b>	<b>338.7</b>	<b>1140</b>
2007	<b>275</b>	<b>250</b>	<b>325</b>	<b>370</b>	<b>1220</b>

(A) Fiscal yr. ends Sat. nearest Dec. 31. Interim periods: 12 weeks, 12 weeks, 12 weeks, 16/17 weeks. (B) Diluted earnings. Excl. gain/(losses) from nonrecur. & disc. ops.: '90, (\$0.22); '91, (\$0.12); '92, (\$0.34); '94, (\$0.03); '97, (\$0.03); '99, (\$0.15); '00, (\$0.47). (C) Dividends historically paid early February, May, August, and November. (D) In millions, adjusted for stock splits. (E) Included in accounts payable. Company's Financial Strength A, Stock's Price Stability 60, Price Growth Persistence 60, Earnings Predictability 95. © 2006, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product. To subscribe call 1-800-833-0046.

**WORTHINGTON IND. NYSE-WOR** RECENT PRICE **18.50** P/E RATIO **9.4** (Trailing: 11.3; Median: 16.0) RELATIVE P/E RATIO **0.54** DIV'D YLD **3.8%** VALUE LINE



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
10.22	9.86	10.91	12.38	14.19	16.33	16.27	19.77	16.81	19.60	22.89	21.39	20.41	25.83	27.39	35.01	32.67	36.00	Sales per sh <sup>A</sup>	44.00
.85	.77	.92	1.06	1.29	1.66	1.44	1.50	1.49	1.80	1.99	1.24	1.51	1.68	2.15	2.70	2.31	2.50	"Cash Flow" per sh	3.30
.61	.50	.63	.74	.94	1.29	1.01	.97	.85	.90	1.12	.42	.71	.87	1.38	2.03	1.64	1.80	Earnings per sh <sup>B</sup>	2.50
.25	.27	.31	.33	.37	.41	.45	.49	.53	.57	.61	.64	.64	.64	.64	.66	.68	.70	Div'ds Decl'd per sh <sup>C</sup>	.80
.61	.71	.51	.32	.51	.68	1.20	1.79	3.20	1.20	.83	.74	.46	.29	.34	.53	.52	.70	Cap'l Spending per sh	.70
3.84	4.00	4.35	4.81	5.56	6.50	7.04	7.40	8.07	7.67	7.85	7.61	7.09	7.40	7.83	9.33	10.66	11.75	Book Value per sh	15.00
89.65	88.70	89.31	90.11	90.56	90.84	90.83	96.71	96.66	89.95	85.75	85.38	85.51	85.95	86.86	87.93	88.69	89.00	Common Shs Outst'g <sup>D</sup>	90.00
16.6	20.0	22.3	21.6	20.6	15.8	19.9	20.4	21.8	14.8	12.8	23.7	19.9	18.3	11.5	9.7	11.5		Avg Ann'l P/E Ratio	14.0
1.23	1.28	1.35	1.28	1.35	1.06	1.25	1.18	1.13	.84	.83	1.21	1.09	1.04	.61	.51	.61		Relative P/E Ratio	.95
2.5%	2.7%	2.2%	2.0%	1.9%	2.0%	2.2%	2.5%	2.9%	4.3%	4.2%	6.4%	4.5%	4.0%	4.0%	3.3%	3.6%		Avg Ann'l Div'd Yield	2.6%

<b>CAPITAL STRUCTURE as of 5/31/06</b>				1477.8	1911.7	1624.4	1763.1	1962.6	1826.1	1745.0	2219.9	2379.1	3078.9	2897.2	3200	Sales (\$mill) <sup>A</sup>	4000
Total Debt \$252.7 mill. Due in 5 Yrs \$152.7 mill.				11.2%	10.8%	12.1%	12.7%	12.3%	7.4%	9.6%	8.5%	8.8%	10.7%	7.5%	8.0%	Operating Margin	9.0%
LT Debt \$245.0 mill. LT Interest \$14.0 mill.				39.2	51.4	61.5	78.5	71.0	70.6	68.9	69.4	67.3	57.9	59.1	65.0	Depreciation (\$mill)	75.0
(LT interest earned: 9.2x; total interest coverage: 9.1)				91.3	93.3	82.3	83.6	99.5	35.6	60.4	75.2	119.8	179.4	146.0	160	Net Profit (\$mill)	225
(21% of Cap'l)				38.2%	38.0%	37.0%	37.0%	37.5%	36.5%	37.1%	36.5%	25.4%	37.8%	31.4%	35.0%	Income Tax Rate	37.0%
<b>Pension Assets as of 5/31/06: \$13.4 mill.</b>				6.2%	4.9%	5.1%	4.7%	5.1%	1.9%	3.5%	3.4%	5.0%	5.8%	5.0%	5.0%	Net Profit Margin	5.6%
<b>Pension Oblig. as of 5/31/06: \$13.7 mill.</b>				324.7	347.3	233.0	196.6	190.9	143.1	150.9	188.1	358.0	392.9	505.4	530	Working Cap'l (\$mill)	600
<b>Pfd Stock None</b>				298.7	450.4	439.6	365.8	362.2	309.2	289.3	289.7	288.4	245.0	245.0	245	Long-Term Debt (\$mill)	300
<b>Common Stock 88,691,193 shs.</b>				639.5	715.5	780.3	689.6	673.4	649.7	606.3	636.3	680.4	820.8	945.3	1050	Shr. Equity (\$mill)	1350
<b>MARKET CAP: \$1.6 billion (Mid Cap)</b>				10.2%	8.8%	7.7%	9.9%	11.3%	5.4%	8.0%	9.4%	13.5%	18.0%	13.4%	13.0%	Return on Total Cap'l	14.5%
<b>CURRENT POSITION</b>				14.3%	13.0%	10.5%	12.1%	14.8%	5.5%	10.0%	11.8%	17.6%	21.9%	15.4%	15.0%	Return on Shr. Equity	16.5%
<b>(\$MILL.)</b>				8.0%	6.9%	4.1%	4.5%	6.9%	NMF	.9%	3.2%	9.5%	14.9%	9.1%	9.0%	Retained to Com Eq	12.0%
Cash Assets				44%	47%	61%	63%	53%	NMF	91%	73%	46%	32%	41%	39%	All Div'ds to Net Prof	32%
Receivables				2.0	57.2	58.4											
Inventory (FIFO)				348.8	404.5	404.6											
Other				362.9	425.7	459.4											
Current Assets				119.4	50.9	73.8											
Accts Payable				833.1	938.3	996.2											
Debt Due				313.9	280.2	362.9											
Other				1.3	143.4	7.7											
Current Liab.				159.9	121.8	120.2											
				475.1	545.4	490.8											

**BUSINESS:** Worthington Industries, Inc. is in three business lines: Processed Steel Products, Metal Framing, and Pressure Cylinders. Processed Steel Products (which is a processor of flatrolled steel) consists of The Worthington Steel Company and the Gerstengslager Co. Metal Framing consists of Dietrich Industries, Inc. Pressure Cylinders consists of Worthington Cylinder Corp. Also holds equity stakes in a number of joint venture operations. 2006 depreciation rate 5.4%. Has 8,200 employees. John H. McConnell owns 15.8% of stock; Snow Capital Management 6.6% (8/06 Proxy). Chairman: John P. McConnell; President: John S. Christie. Incorporated: Ohio. Address: 200 Old Wilson Bridge Road, Columbus, Ohio 43085. Tel.: 614-438-3210. Internet: www.WorthingtonIndustries.com.

**Worthington remains in a comfort zone.** The processor continues to benefit from healthy volume, favorable spreads between selling prices and the cost of raw materials in Metal Framing and Pressure Cylinders, and a rising profit stream at its unconsolidated joint ventures. Conversely, results are being constrained by softness within its core markets, which is holding pricing in check in Steel Processing. **The quality processor should hold its own in fiscal 2007.** Earnings could show modest improvement this year, as benefits accrue from growing market share, further equity income gains at its joint ventures, and a likely gradual bottoming out in the consumer cycle. In all, we expect net to edge above \$1.75 a share in the current fiscal year, which ends on May 31, 2007. **Next fiscal year could see more of the same.** Our 2008 forecast assumes that the aforementioned softness on the consumer side will run its course by the close of the current fiscal year and that the company will secure additional market share on the steel processing end. Should this scenario unfold, earnings probably would approach \$2.00 a share in fiscal 2008.

<b>ANNUAL RATES</b>		Past 10 Yrs.	Past 5 Yrs.	Est'd '04-'06 to '09-'11
of change (per sh)		7.5%	8.5%	7.0%
Sales		5.0%	7.5%	7.0%
"Cash Flow"		4.5%	15.5%	8.0%
Earnings		5.0%	1.5%	4.0%
Dividends		4.0%	4.0%	10.0%
Book Value				

Fiscal Year Ends	QUARTERLY SALES (\$mill.) <sup>A</sup>				Full Fiscal Year
	Aug.31	Nov.30	Feb.28	May 31	
2003	525.5	567.9	536.6	589.9	2219.9
2004	498.0	540.1	558.1	782.9	2379.1
2005	769.3	745.2	747.4	817.0	3078.9
2006	694.2	699.5	681.5	822.0	2897.2
2007	825	800	750	825	3200

Fiscal Year Ends	EARNINGS PER SHARE <sup>A B</sup>				Full Fiscal Year
	Aug.31	Nov.30	Feb.28	May 31	
2003	.32	.24	.13	.18	.87
2004	.06	.20	.28	.84	1.38
2005	.66	.54	.37	.46	2.03
2006	.32	.44	.21	.67	1.64
2007	.50	.45	.35	.50	1.80

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.16	.16	.16	.16	.64
2003	.16	.16	.16	.16	.64
2004	.16	.16	.16	.16	.64
2005	.17	.17	.17	.17	.68
2006	.17	.17	.17	.17	.68

(A) Fiscal year ends May 31st of calendar year. (B) Average shares through fiscal 1997, basic thereafter. Excludes losses from discontinued operations, '98, 18c; '99, 23c; accounting change, '99, 8c; nonrecurring gain, '98, 19c; losses, '00, 6c, '02, 63c. Next earnings report: late Sept. (C) Dividends historically paid in March, June, September, and December. (D) In millions, adjusted for stock splits. Dividend reinvestment plan available. © 2006, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product. **To subscribe call 1-800-833-0046.**

**XTO ENERGY, INC. NYSE:XTO** RECENT PRICE **45.60** P/E RATIO **11.1** (Trailing: 11.1; Median: 14.0) RELATIVE P/E RATIO **0.65** DIV'D YLD **0.7%** VALUE LINE

TIMELINESS <b>3</b> Lowered 4/28/06	High: 1.6 2.6 3.8 4.2 3.0 8.7 9.8 11.9 17.6 27.7 47.6 50.0	Target Price Range 2009 2010 2011
SAFETY <b>3</b> New 3/22/02	Low: 1.2 1.4 2.0 1.0 0.9 1.5 5.5 6.6 10.2 15.3 23.9 36.5	
TECHNICAL <b>2</b> Raised 9/8/06	LEGENDS 9.5 x "Cash Flow" p sh Relative Price Strength 3-for-2 split 3/97 3-for-2 split 2/98 3-for-2 split 9/00 3-for-2 split 6/01 4-for-3 split 3/03 5-for-4 split 3/04 4-for-3 split 3/05	
BETA <b>90</b> (1.00 = Market)	Options: Yes Shaded area indicates recession	
<b>2009-11 PROJECTIONS</b>		
Price	Ann'l Total	
High <b>70</b>	Gain <b>(+55%)</b>	
Low <b>45</b>	Return <b>12%</b>	
Insider Decisions		
to Buy 0 0 0 0 0 0 1 0 0 1		
Options to Sell 0 0 0 0 0 0 0 0 0 5		
Institutional Decisions		
4Q2005 1Q2006 2Q2006		
to Buy 252 256 238		
to Sell 206 236 257		
Hld's(000) 291877 286940 285415		
Percent shares traded 30 20 10		

XTO Energy was formed in 1990 originally as Cross Timbers Oil Company to acquire the business and properties of predecessor entities that were created from 1986 to 1989. The company completed its initial public offering in May 1993, issuing about 80.6 million common shares (adjusted for subsequent stock splits). The company changed its name to XTO Energy in June 2001.

**CAPITAL STRUCTURE as of 6/30/06**  
Total Debt \$3.4 bill. Due in 5 Yrs \$1.2 mill.  
LT Debt \$3.4 bill. LT Interest \$180.0 mill.

(LT interest earned: 3.4x; total interest coverage: 3.4x) (42% of Cap'l)  
**Leases, Uncapitalized Annual rentals, \$27.0 mill.**  
**No Defined Benefit Contribution Plan**

**Pfd Stock None**

**Common Stock 365,731,275 shs. as of 6/30/06**

**MARKET CAP: \$16.7 billion (Large Cap)**

CURRENT POSITION (\$MILL.)	2004	2005	6/30/06
Cash Assets	9.7	2.0	8.0
Receivables	333.1	644.0	484.0
Other	94.2	297.0	407.0
Current Assets	437.0	943.0	899.0
Accts Payable	415.4	739.0	734.0
Debt Due	-	-	-
Other	85.6	145.0	177.0
Current Liab.	501.0	884.0	911.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	29.0%	31.5%	11.5%
"Cash Flow"	34.5%	39.0%	10.5%
Earnings	116.0%	59.5%	11.0%
Dividends	14.0%	40.5%	22.0%
Book Value	28.5%	46.5%	24.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	253.4	282.2	322.1	331.9	1189.6
2004	394.8	444.7	507.4	600.7	1947.6
2005	628.9	748.7	964.4	1177	3519.0
2006	1215	1066	1100	1169	4550
2007	1200	1150	1150	1200	4700

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.23	.23	.29	.20	.95
2004	.38	.41	.44	.51	1.74
2005	.54	.60	.85	1.18	3.17
2006	1.22	.87	.95	1.16	4.20
2007	1.14	1.05	1.10	1.11	4.40

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.005	.005	.005	.005	.02
2003	.006	.006	.006	.006	.02
2004	.006	.006	.008	.008	.03
2005	.038	.05	.05	.05	.19
2006	.075	.075	.075		

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Revenues per sh	.84	1.03	1.12	1.40	2.33	3.05	2.86	3.81	5.61	9.68	12.45	12.85	12.20
"Cash Flow" per sh	.30	.37	.33	.54	1.01	1.52	1.45	1.83	2.85	4.99	6.35	6.45	5.90
Earnings per sh A	.10	.12	d.05	.08	.53	.96	.73	.95	1.74	3.17	4.20	4.40	3.65
Div'ds Decl'd per sh B	.03	.03	.03	.01	.01	.02	.02	.02	.06	.19	.30	.30	.30
Cap'l Spending per sh	.57	1.22	1.33	1.11	.82	2.25	2.61	2.16	5.49	3.87	3.85	3.55	2.75
Book Value per sh	.59	.73	.67	1.02	1.82	2.99	3.22	4.69	7.49	11.58	15.60	19.70	28.75
Common Shs Outst'g C	192.22	194.85	223.62	244.43	258.51	275.04	282.16	312.33	347.18	363.57	365.50	365.50	365.50
Avg Ann'l P/E Ratio	19.3	23.4	--	24.4	7.9	7.6	12.3	13.3	12.2	11.3	Bold figures are Value Line estimates		16.0
Relative P/E Ratio	1.21	1.35	--	1.39	.51	.39	.67	.76	.64	.60			1.05
Avg Ann'l Div'd Yield	1.4%	1.1%	1.0%	4%	2%	2%	2%	2%	3%	5%			1%
Revenues (\$mill)	161.4	200.7	249.5	341.3	601.1	840.1	808.1	1189.6	1947.6	3519.0	4550	4700	4450
Operating Margin	53.2%	61.2%	54.4%	60.9%	66.2%	74.0%	71.2%	66.0%	74.4%	74.4%	74.5%	74.5%	72.0%
Depreciation (\$mill)	37.9	47.7	83.6	112.4	129.8	154.3	204.1	284.0	406.7	655.0	725	750	825
Net Profit (\$mill)	20.3	25.7	d8.8	20.4	133.8	264.5	206.1	286.5	584.1	1159.2	1590	1610	1335
Income Tax Rate	34.5%	34.5%	--	32.5%	33.8%	35.6%	35.1%	35.5%	38.5%	36.4%	36.0%	36.0%	36.0%
Net Profit Margin	12.6%	12.8%	NMF	6.0%	22.3%	31.5%	25.5%	24.1%	30.0%	32.9%	35.0%	34.3%	29.1%
Working Cap'l (\$mill)	d.2	d2.7	38.0	39.3	d25.4	37.6	d41.1	d59.4	d64.0	59.0	d150	d300	d500
Long-Term Debt (\$mill)	314.8	539.0	921.0	991.1	769.0	856.0	1118.2	1252.0	2042.7	3109.0	3250	3500	4500
Shr. Equity (\$mill)	142.7	170.3	177.5	277.8	497.4	821.1	907.8	1465.6	2599.4	4209.0	5690	7200	10500
Return on Total Cap'l	6.3%	5.5%	1.6%	4.1%	13.9%	17.6%	11.5%	11.6%	13.6%	16.9%	18.0%	15.0%	9.0%
Return on Shr. Equity	14.2%	15.1%	NMF	7.3%	26.9%	32.2%	22.7%	19.5%	22.5%	27.5%	28.0%	22.0%	13.0%
Retained to Com Eq	12.7%	12.8%	NMF	6.2%	27.6%	31.7%	22.2%	19.1%	21.7%	25.9%	26.0%	20.0%	11.5%
All Div'ds to Net Prof	28%	30%	NMF	24%	3%	2%	2%	2%	3%	6%	7%	7%	8%

**BUSINESS:** XTO Energy, Inc. engages in the acquisition, development, exploitation, and exploration of oil and gas properties, and in the production, processing, marketing and transportation of oil and natural gas. Its properties are concentrated in Texas, Oklahoma, Kansas, New Mexico, Arkansas, and Louisiana. Average daily production (in thousands) in 2005: Oil, 39.1 thousand barrels; Gas, 1.033 Mmcf; Natural Gas Liquids, 10.5 thousand barrels. Has about 1,680 employees. Directors and officers own 7.3% of common stock outstanding; Wellington Mgmt. Co., 6.3% (4/06 proxy). Chairman and CEO: Bob R. Simpson. Incorporated: DE. Address: 810 Houston Street, Ste. 2000, Fort Worth, TX 76102. Telephone: (817) 870-2800. Internet: www.xtoenergy.com.

**XTO Energy's latest earnings results advanced on a year-over-year basis.** The company posted a profit of \$0.87 a share on revenues of just over \$1 billion during the June quarter, versus share net of \$0.60 and revenues of \$748.7 million in the second quarter of 2005. Better performance was driven by higher natural gas and oil prices as well as greater output. For the period, XTO Energy's average price realization on the sale of natural gas rose to \$6.99 per thousand cubic feet (Mcf), compared with \$6.10 per Mcf a year earlier. As for oil, XTO Energy fetched an average price realization of \$62.25 per barrel, a jump of 44%. At the same time, the company's total production rose to 1.516 billion cubic feet equivalent, representing a 16% increase from the second quarter of 2005.

**XTO Energy has completed the acquisition of Peak Energy Resources.** It purchased the oil and natural gas company, a privately held oil and gas producer, for equity consideration of approximately 2.6 million shares in XTO Energy stock. The move gives XTO Energy an additional 37,000 acres in the Barnett Shale located

in the southwestern United States. The acreage includes estimated proved reserves of over 64 billion cubic feet (Bcf) of natural gas with the potential of another 200 Bcf. Moreover, XTO Energy expects the property to produce up to 10 million cubic feet (Mmcf) per day by the end of this year and more than 25 Mmcf a day beginning in 2007.

**Acquisitions have been an integral part of the company's strategic initiative to increase production.** Prior to the purchase of Peak Energy, XTO Energy bought \$300 million worth of oil and gas producing properties with proved reserves of 120 Bcf of gas from Total E&P USA, located in eastern Texas. The company seeks to lift output by 11%-12% for the year, and at least low double-digit growth again in 2007. We note that these production goals appear to be well within reach.

**This issue is ranked 3 (Average) for Timeliness.** We believe that natural gas prices will moderate, which would limit this stock's capital gains potential from here.

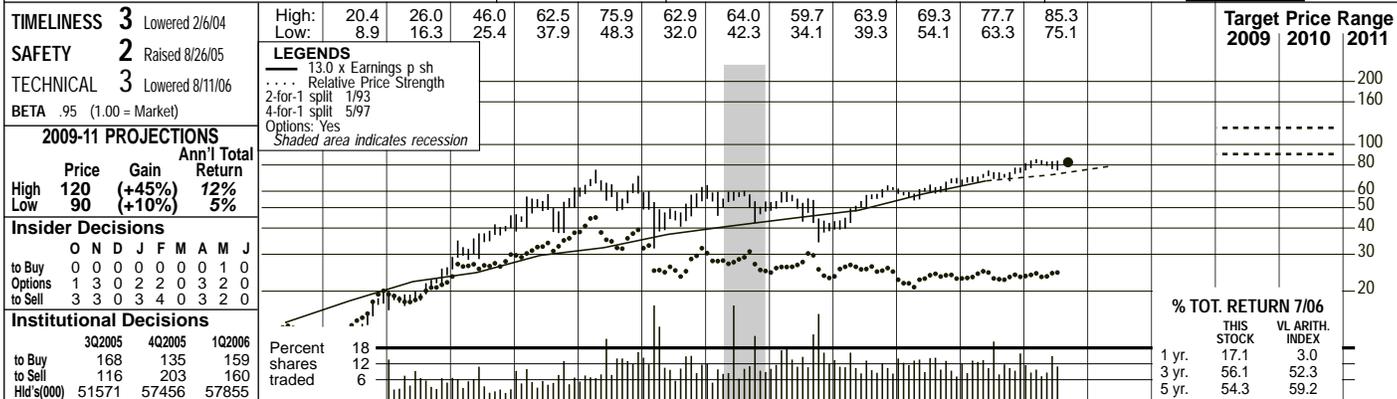
Michael P. Maloney September 15, 2006

(A) Diluted earnings. Excludes non-recurring gains (charges): '00, (\$0.15); '01, (\$0.14); '02, (\$0.04); '05, \$0.04. Next earnings report due late October.	(B) Dividends historically paid mid January, April, July, and October.	(C) In millions, adjusted for splits.	Company's Financial Strength	B+
			Stock's Price Stability	55
			Price Growth Persistence	100
			Earnings Predictability	45

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# ZIONS BANCORP. NDAQ:ZION

RECENT PRICE **82.27** P/E RATIO **15.0** (Trailing: 15.6; Median: 16.0) RELATIVE P/E RATIO **0.85** DIV'D YLD **1.8%** VALUE LINE



Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Value Line Pub, Inc.	09-11
Earnings per sh <sup>A</sup>	.56	.60	.88	1.01	1.09	1.38	1.71	1.89	2.28	2.48	2.87	3.15	3.44	3.74	4.47	5.16	5.50	6.10		8.00
Div'ds Decl'd per sh <sup>B</sup>	.18	.18	.19	.25	.29	.35	.43	.46	.52	.72	.89	.89	1.02	1.26	1.44	1.52	1.44	1.52		2.00
Book Value per sh <sup>C</sup>	3.83	4.25	4.94	5.70	6.28	7.36	8.61	10.25	12.89	19.39	20.42	24.74	26.17	28.27	31.06	40.30	44.45	50.00		68.70
Common Shs Outst'g <sup>D</sup>	47.95	48.60	49.09	50.98	58.24	58.22	58.92	63.96	78.64	85.59	87.10	92.21	90.72	89.84	89.83	105.15	108.00	111.00		115.00
Avg Ann'l P/E Ratio	6.2	8.6	7.9	10.4	8.8	9.4	11.9	18.5	21.4	24.5	16.8	17.2	14.4	13.9	13.7	13.7	13.7	13.7		13.0
Relative P/E Ratio	4.6	.55	4.8	.61	.58	.63	.75	1.07	1.11	1.40	1.09	.88	.79	.79	.72	.73	.73	.73		.85
Avg Ann'l Div'd Yield	5.2%	3.5%	2.7%	2.4%	3.0%	2.7%	2.1%	1.3%	1.1%	1.2%	1.8%	1.6%	1.6%	2.0%	2.1%	2.0%	2.0%	2.0%		1.9%

Category	2004	2005	6/30/06	Value Line	Estimate
<b>ASSETS (\$mill.)</b>					
Loans	22356.0	29788.5	32333.9	34500	37500
Funds Sold	591.8	644.6	488.1	1925	1925
Securities	5121.2	6049.4	5797.1	1765	1765
Other Earning	1.3	22.2	87.5	70.0	70.0
Other	3399.5	6266.6	6435.5	95.0	95.0
<b>LIABILITIES (\$mill.)</b>					
Deposits	23292.3	32642.4	33254.2	540	575
Funds Borrowed	3016.4	2534.0	4056.4	1360	1360
Long-Term Debt	1918.7	2745.9	2566.4	595	675
Net Worth	2789.9	4237.3	4447.3	1310	1360
Other	452.5	611.7	817.8	1360	1360
Total	31469.8	42771.3	45142.1	595	675
Loan Loss Resrv.	271.1	338.4	348.5	4800	5550

**MARKET CAP: \$8.8 billion (Large Cap)**

**ASSETS (\$mill.)** 2004 2005 6/30/06  
 Loans 22356.0 29788.5 32333.9  
 Funds Sold 591.8 644.6 488.1  
 Securities 5121.2 6049.4 5797.1  
 Other Earning 1.3 22.2 87.5  
 Other 3399.5 6266.6 6435.5

**LIABILITIES (\$mill.)**  
 Deposits 23292.3 32642.4 33254.2  
 Funds Borrowed 3016.4 2534.0 4056.4  
 Long-Term Debt 1918.7 2745.9 2566.4  
 Net Worth 2789.9 4237.3 4447.3  
 Other 452.5 611.7 817.8  
 Total 31469.8 42771.3 45142.1  
 Loan Loss Resrv. 271.1 338.4 348.5

**BUSINESS:** Zions Bancorporation owns Zions First National Bank, the 2nd largest bank in Utah. Also owns banks in AZ, CA, CO, ID, NV, ID. Subsidiaries engaged in consumer finance, equipment leasing, insurance, discount brokerage, and government securities. Foreign office on Grand Cayman Is. Net loan losses, .10% of average loans in '05. At 3/31/06, loss reserve, 1.15% of loans; problem as-

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-11
Loans	19.0%	11.0%	9.0%
Earnings	14.5%	12.0%	10.0%
Dividends	15.5%	12.0%	8.5%
Book Value	18.0%	13.5%	13.0%
Total Assets	15.0%	9.0%	8.5%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
<b>2003</b>	18850	19158	19153	19652	
<b>2004</b>	20349	21226	21238	22356	
<b>2005</b>	22693	23540	23643	29789	
<b>2006</b>	30799	32334	33300	34500	
<b>2007</b>	35200	36000	36900	37500	

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
<b>2003</b>	.96	1.02	.71	1.05	3.74
<b>2004</b>	1.10	1.09	1.13	1.15	4.47
<b>2005</b>	1.20	1.30	1.34	1.32	5.16
<b>2006</b>	1.28	1.35	1.42	1.45	5.50
<b>2007</b>	1.45	1.50	1.54	1.61	6.10

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
<b>2002</b>	.20	.20	.20	.20	.80
<b>2003</b>	.21	.21	.30	.30	1.02
<b>2004</b>	.30	.32	.32	.32	1.26
<b>2005</b>	.36	.36	.36	.36	1.44
<b>2006</b>	.36	.36	.36		

**Zions' loans grew at close to a 20% annual pace in the June period, and we expect loan demand in its region to remain relatively strong in the next several quarters. Although real estate activity may be slowing in the somewhat overheated California and Arizona markets, economic activity in most of Zions' lending area appears fairly healthy. And Texas, where Zions acquired Amegy Bancorporation (over \$9 billion in assets) last December, is benefiting from strength in the energy sector and from rebuilding after Hurricane Katrina. The excellent loan growth in the June quarter more than offset the negative effect on earnings of a slight decline in Zions' net interest margin, a modestly higher loan loss provision (due to strong loan growth — problem loans are low), \$0.05 a share of merger costs, and \$0.03 of stock compensation expense. Funding the good loan growth has gotten more costly. Consumers have been gravitating toward higher-cost deposits. And with deposit balances rising at less than a 5% clip, Zions has been supporting some of its loan growth with borrowed funds that cost more than deposits.**

There may be a little more margin pressure this year. Net interest income should continue to grow, but not at the June period's annualized 13% rate. The margin pressure might lessen in 2007. **The expense-to-revenue ratio, over 58% after the Amegy acquisition, ought to approach the pre-merger 55% area by late 2007.** We expect further expense savings from integration of Amegy to kick in. Revenues should benefit from the application of Zions' small-business lending expertise to Amegy's markets and Amegy's cash management expertise to the rest of Zions, and from the recent growth in trust assets. We have raised our share-net estimates for 2006 and 2007 by \$0.05 and \$0.10, respectively. **Zions shares are a play on the above-average population growth projected over the next couple of decades for the western states where it has branches.** But the stock price has more than doubled over the past four years, and now discounts much of the good earnings growth that we look for over the pull to 2009-2011. And the issue isn't timely. *Theresa Brophy August 25, 2006*

(A) Diluted egs. Excl. nonrecurring gain/(losses)/sh.: '98, (37¢); '99, (22¢); '00, \$1.01; '01, (.8¢); Included: '03, (\$0.37). Excl. losses from discontinued ops.: '02, \$0.31; '03, \$0.02. Excl. extraordinary charge: '02, \$0.35. Quarterly EPS may not sum due to change in shares. Next earnings report due mid-Oct. (B) Dividend historically paid late Feb., May, Aug., & Nov. ■ Div'd reinvestment plan. (C) Includes intangibles: 12/31/05: \$2086.8 million, \$19.85 a share. (D) In mill., adj. for stock splits. (E) Incl. leases. Company's Financial Strength B++ Stock's Price Stability 90 Price Growth Persistence 95 Earnings Predictability 100



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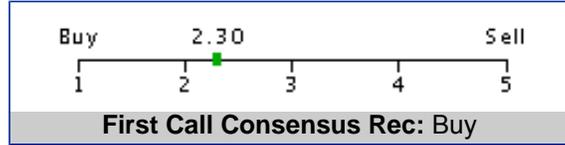
► **Earnings Estimates**

**AGL RESOURCES INC (ATG)**

**Sector:** Public Utilities

**Industry:** Gas Utilities

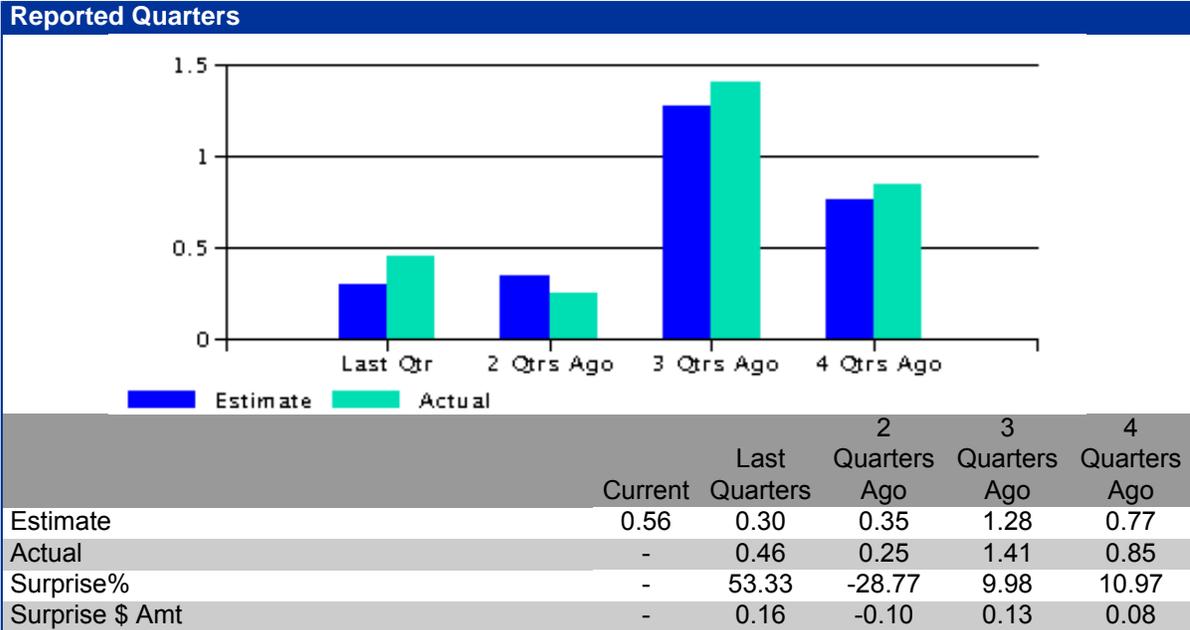
**Last Updated:** November 11, 2006



**The Analyst Company Sentiment is NEUTRAL**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	13.61
52 Week Range	33.74 - 40.00	5 Year Stability	67.49
Current PE	14.34	Annual Dividend	1.48
Beta	0.83	*All prices displayed in local currency	




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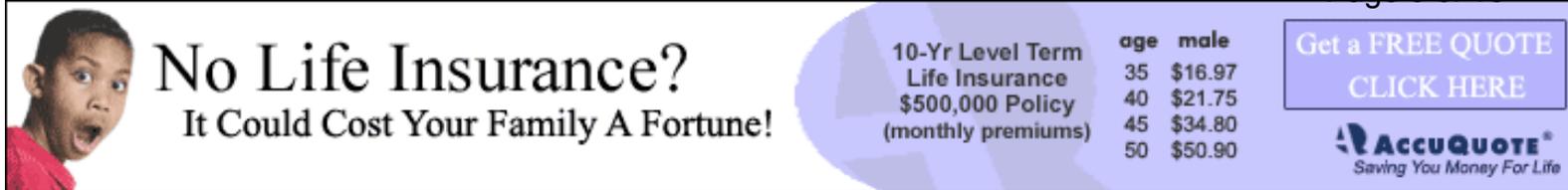
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<b>Consensus EPS Estimates</b>						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	8	0.56	0.67	0.52	0.54
Q2	Mar 07	4	1.31	1.43	1.20	1.30
Q3	Jun 07	4	0.38	0.41	0.35	0.39
Q4	Sep 07	4	0.32	0.39	0.25	0.32
FY1	Dec 06	10	2.64	2.68	2.57	2.65
FY2	Dec 07	11	2.70	2.83	2.54	2.70
LTG	-	6	4.21	5.00	3.00	4.13

<b>Earnings Momentum</b>				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	2/ 5	2/ 1	2/ 0	2/ 1
Current Mean Estimate	0.56	1.31	0.38	0.32
Mean 1 Month Ago	0.66	1.31	0.35	0.31
Mean 3 Months Ago	0.70	1.31	0.37	0.31

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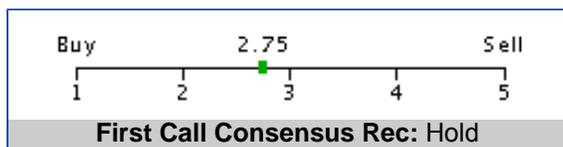
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**ATMOS ENERGY CORPORATION (ATO)**

**Sector:** Public Utilities

**Industry:** Gas Utilities

**Last Updated:** November 11, 2006

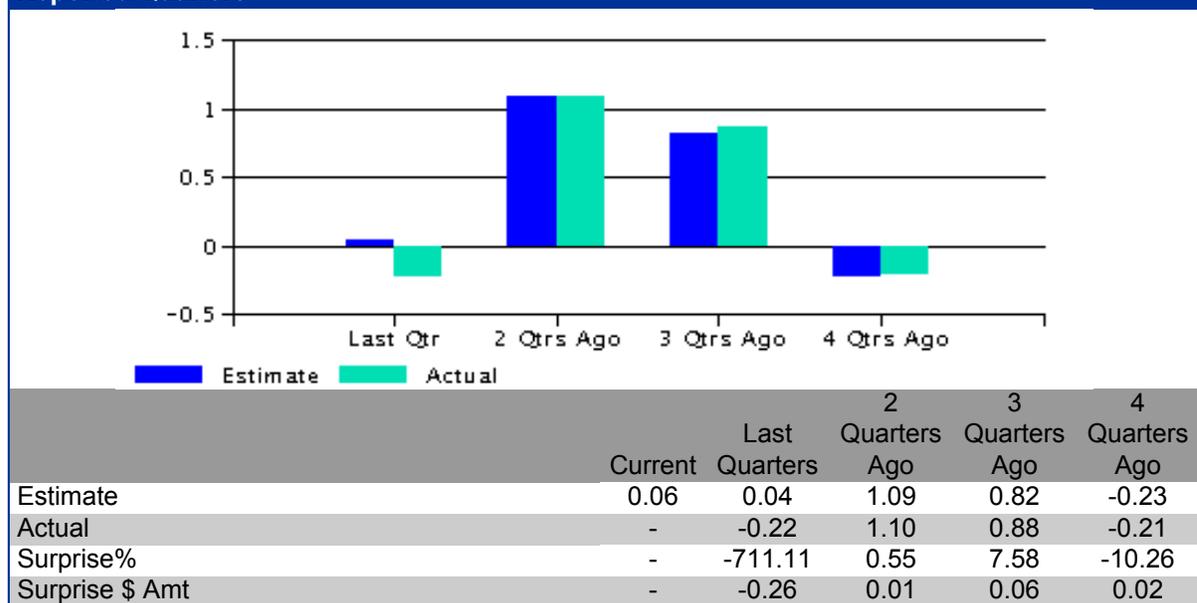


**The Analyst Company Sentiment is NEUTRAL**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	5.60
52 Week Range	25.55 - 31.79	5 Year Stability	159.12
Current PE	17.53	Annual Dividend	1.28
Beta	0.75	*All prices displayed in local currency	

**Reported Quarters**




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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 06	4	0.06	0.07	0.04	0.06
Q2	Dec 06	5	0.92	0.99	0.88	0.92
Q3	Mar 07	5	1.13	1.25	1.03	1.13
Q4	Jun 07	5	0.01	0.08	-0.09	0.01
FY1	Sep 06	5	1.82	1.83	1.80	1.82
FY2	Sep 07	8	1.96	2.03	1.90	1.96
LTG	-	3	5.17	7.00	3.00	5.50

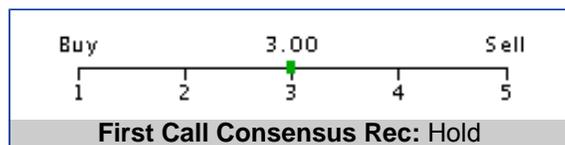
Earnings Momentum				
	09/2006	12/2006	03/2007	06/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 1	0/ 1
# Estimates Up/Down - 1 Month	0/ 0	0/ 0	0/ 1	0/ 1
Current Mean Estimate	0.06	0.92	1.13	0.01
Mean 1 Month Ago	0.00	0.92	1.14	0.06
Mean 3 Months Ago	-0.17	0.89	1.15	0.07

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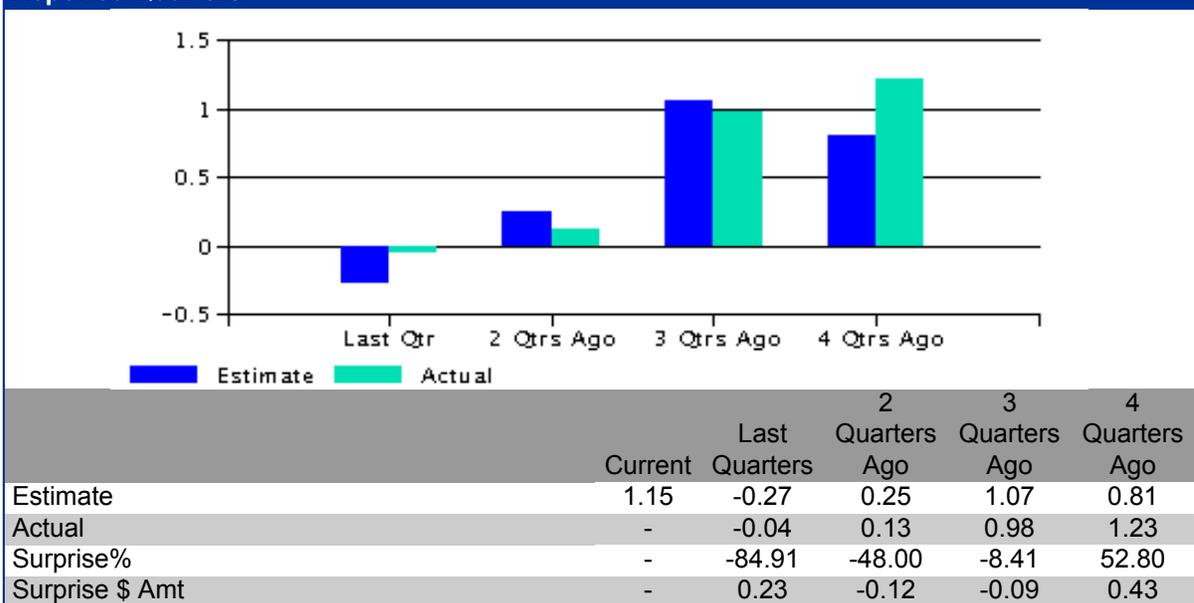
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**Earnings Estimates****LACLEDE GROUP INC (LG)****Sector:** Public Utilities**Industry:** Gas Utilities**Last Updated:** November 11, 2006**The Analyst Company Sentiment is NEUTRAL**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

**Overview**

Exchange	New York Stock Exchange	5 Year Growth	-5.96
52 Week Range	28.84 - 36.74	5 Year Stability	102.76
Current PE	16.77	Annual Dividend	1.42
Beta	1.09	*All prices displayed in local currency	

**Reported Quarters**

Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	1	1.15	1.15	1.15	1.15
Q2	Mar 07	1	1.00	1.00	1.00	1.00
Q3	Jun 07	1	0.15	0.15	0.15	0.15
Q4	Sep 07	1	-0.20	-0.20	-0.20	-0.20
FY1	Sep 07	2	2.13	2.15	2.10	2.13
-						

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	0/ 0	0/ 0	0/ 0	0/ 0
Current Mean Estimate	1.15	1.00	0.15	-0.20
Mean 1 Month Ago	1.15	1.00	0.15	-0.20
Mean 3 Months Ago	1.00	1.10	0.27	-0.27

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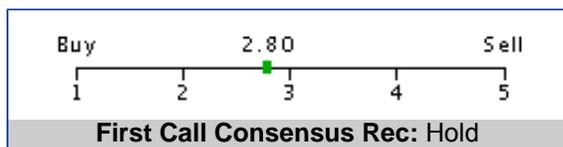
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**NEW JERSEY RESOURCES CORP (NJR)**

**Sector:** Public Utilities

**Industry:** Gas Utilities

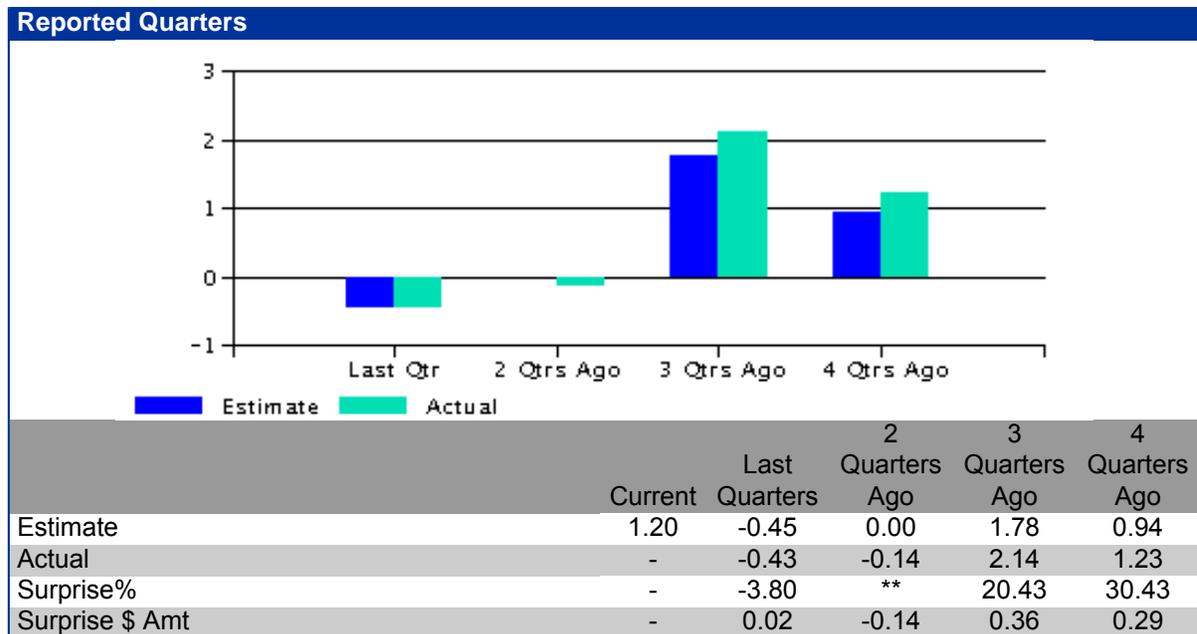
**Last Updated:** November 11, 2006



**The Analyst Company Sentiment is NO RATING**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	16.45
52 Week Range	41.49 - 52.62	5 Year Stability	202.11
Current PE	17.68	Annual Dividend	1.52
Beta	0.81	*All prices displayed in local currency	



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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	2	1.20	1.25	1.15	1.20
Q2	Mar 07	2	2.09	2.18	2.00	2.09
Q3	Jun 07	2	-0.06	0.00	-0.12	-0.06
Q4	Sep 07	2	-0.36	-0.30	-0.41	-0.36
FY1	Sep 07	5	2.89	2.91	2.85	2.90
FY2	Sep 08	3	2.97	2.99	2.95	2.97
LTG	-	4	5.25	7.00	4.00	5.00

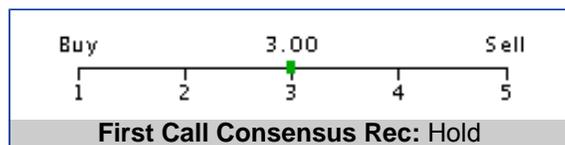
Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	0/ 0	1/ 0	0/ 1	1/ 0
Current Mean Estimate	1.20	2.09	-0.06	-0.36
Mean 1 Month Ago	1.20	2.08	0.00	-0.40
Mean 3 Months Ago	1.20	2.08	0.00	-0.43

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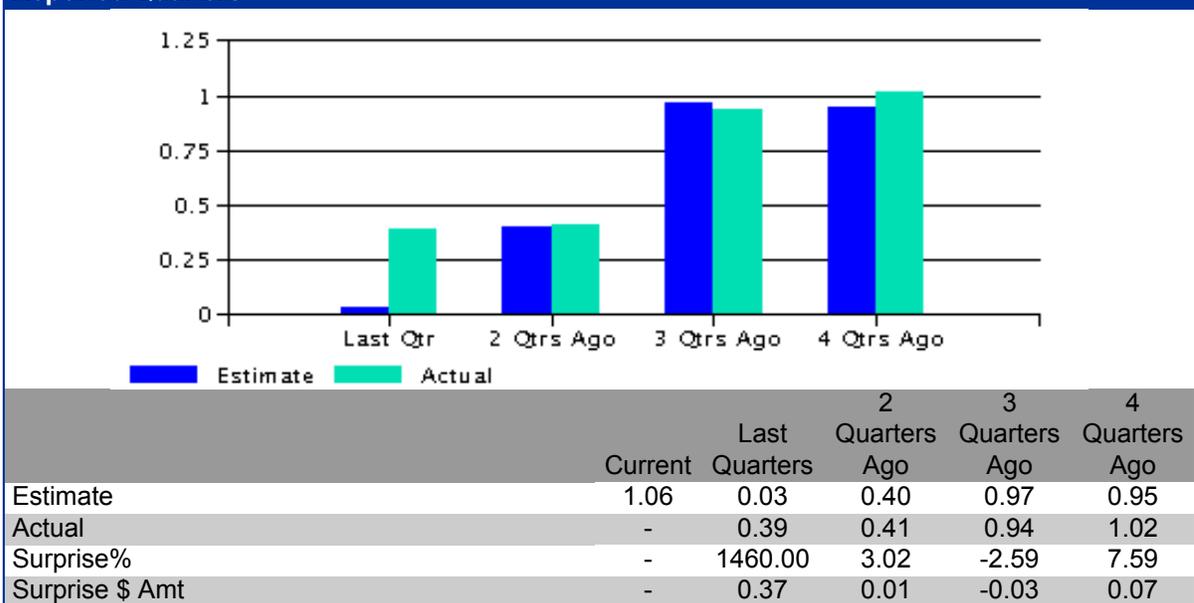
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**Earnings Estimates****NICOR INC (GAS)****Sector:** Public Utilities**Industry:** Gas Utilities**Last Updated:** November 11, 2006**The Analyst Company Sentiment is NEGATIVE**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

**Overview**

Exchange	New York Stock Exchange	5 Year Growth	-3.44
52 Week Range	38.72 - 48.79	5 Year Stability	48.96
Current PE	18.43	Annual Dividend	1.86
Beta	0.75	*All prices displayed in local currency	

**Reported Quarters**

Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	4	1.06	1.20	0.95	1.04
Q2	Mar 07	1	0.97	0.97	0.97	0.97
Q3	Jun 07	1	0.43	0.43	0.43	0.43
Q4	Sep 07	1	-0.05	-0.05	-0.05	-0.05
FY1	Dec 06	4	2.62	2.72	2.40	2.67
FY2	Dec 07	5	2.62	2.75	2.36	2.75
LTG	-	3	2.67	3.50	1.50	3.00

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	1/ 1	0/ 0	0/ 0	0/ 0
Current Mean Estimate	1.06	0.97	0.43	-0.05
Mean 1 Month Ago	1.10	0.97	0.43	-0.05
Mean 3 Months Ago	1.11	0.99	0.40	-0.09

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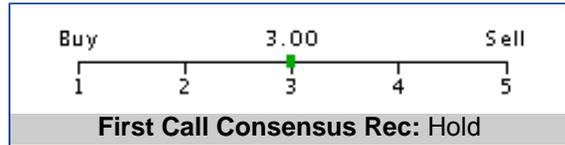
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**NORTHWEST NAT GAS CO (NWN)**

**Sector:** Public Utilities

**Industry:** Gas Utilities

**Last Updated:** November 11, 2006

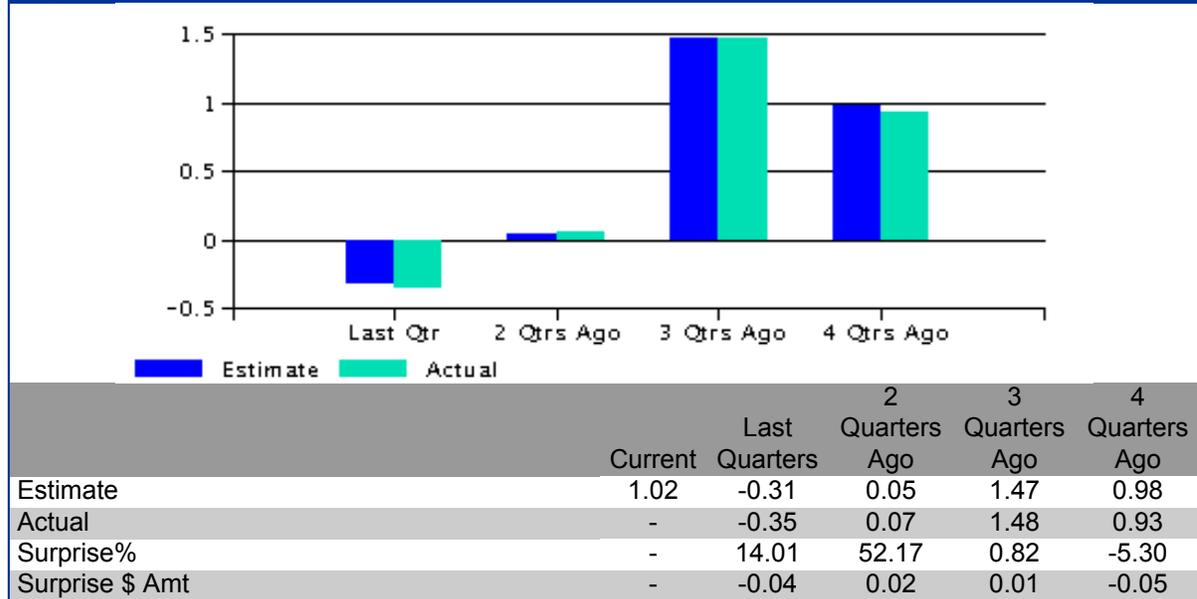


**The Analyst Company Sentiment is POSITIVE**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	-14.74
52 Week Range	32.83 - 41.94	5 Year Stability	172.70
Current PE	18.03	Annual Dividend	1.42
Beta	0.92	*All prices displayed in local currency	

**Reported Quarters**




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Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	5	1.02	1.05	0.97	1.04
Q2	Mar 07	4	1.53	1.58	1.50	1.52
Q3	Jun 07	4	0.07	0.09	0.06	0.07
Q4	Sep 07	4	-0.30	-0.28	-0.30	-0.30
FY1	Dec 06	7	2.21	2.26	2.15	2.24
FY2	Dec 07	5	2.37	2.39	2.35	2.37
LTG	-	4	4.88	6.00	3.50	5.00

Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	1/ 1	1/ 1	0/ 0	1/ 1
# Estimates Up/Down - 1 Month	1/ 1	1/ 1	0/ 0	1/ 1
Current Mean Estimate	1.02	1.53	0.07	-0.30
Mean 1 Month Ago	1.02	1.53	0.07	-0.30
Mean 3 Months Ago	1.03	1.53	0.07	-0.29

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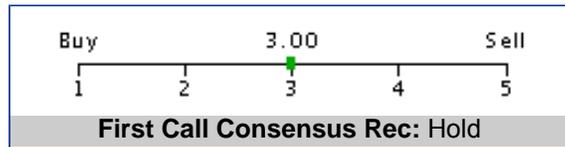
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**PIEDMONT NATURAL GAS CO (PNY)**

**Sector:** Public Utilities

**Industry:** Gas Utilities

**Last Updated:** November 11, 2006

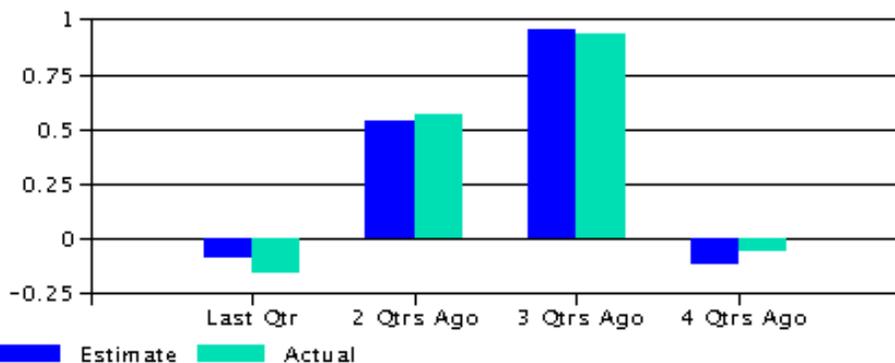


**The Analyst Company Sentiment is NEUTRAL**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

Overview			
Exchange	New York Stock Exchange	5 Year Growth	8.01
52 Week Range	22.01 - 27.27	5 Year Stability	4.29
Current PE	20.83	Annual Dividend	0.96
Beta	0.81	*All prices displayed in local currency	

**Reported Quarters**



	Current	Last Quarters	2 Quarters Ago	3 Quarters Ago	4 Quarters Ago
Estimate	-0.08	-0.09	0.54	0.96	-0.12
Actual	-	-0.16	0.57	0.94	-0.06
Surprise%	-	79.78	5.56	-2.39	-47.83
Surprise \$ Amt	-	-0.07	0.03	-0.02	0.06

Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Oct 06	7	-0.08	-0.05	-0.10	-0.10
Q2	Jan 07	3	0.97	0.98	0.97	0.97
Q3	Apr 07	3	0.59	0.61	0.58	0.59
Q4	Jul 07	3	-0.08	-0.07	-0.08	-0.08
FY1	Oct 06	5	1.29	1.30	1.25	1.30
FY2	Oct 07	8	1.42	1.45	1.38	1.42
LTG	-	2	4.00	4.00	4.00	4.00

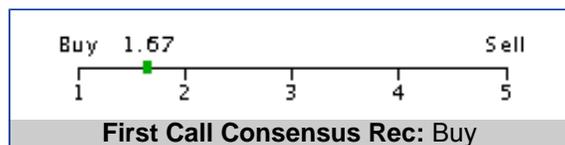
Earnings Momentum				
	10/2006	01/2007	04/2007	07/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	0/ 0	0/ 0	0/ 0	0/ 0
Current Mean Estimate	-0.08	0.97	0.59	-0.08
Mean 1 Month Ago	-0.08	0.97	0.59	-0.08
Mean 3 Months Ago	-0.11	0.98	0.59	-0.08

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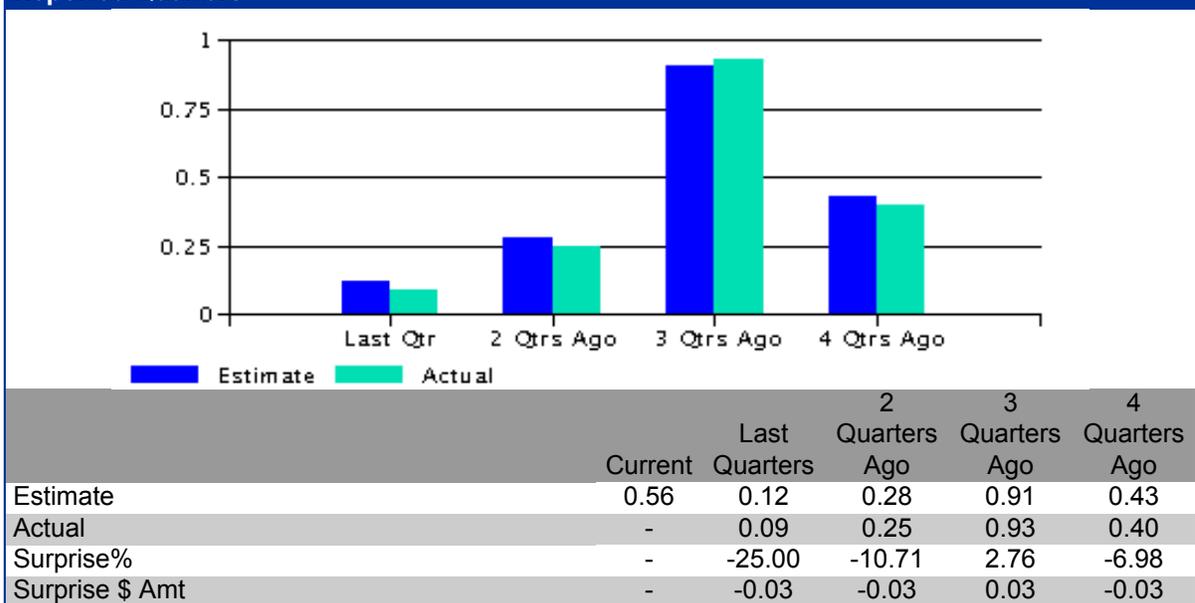
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**Earnings Estimates****SOUTH JERSEY INDUSTRIES (SJI)****Sector:** Public Utilities**Industry:** Gas Utilities**Last Updated:** November 11, 2006**The Analyst Company Sentiment is POSITIVE**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

**Overview**

Exchange	New York Stock Exchange	5 Year Growth	3.03
52 Week Range	25.63 - 31.94	5 Year Stability	213.15
Current PE	17.29	Annual Dividend	0.90
Beta	1.25	*All prices displayed in local currency	

**Reported Quarters**

Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Dec 06	2	0.56	0.58	0.53	0.56
Q2	Mar 07	2	0.98	0.98	0.98	0.98
Q3	Jun 07	2	0.28	0.29	0.27	0.28
Q4	Sep 07	2	0.13	0.13	0.12	0.13
FY1	Dec 06	3	1.83	1.85	1.82	1.83
FY2	Dec 07	3	1.97	1.98	1.95	1.97
LTG	-	3	6.00	6.00	6.00	6.00

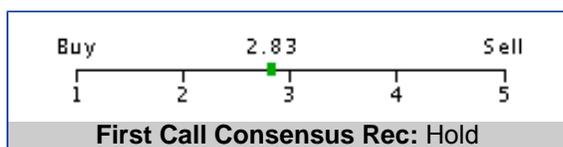
Earnings Momentum				
	12/2006	03/2007	06/2007	09/2007
# Estimates Up/Down - 1 Week	1/ 0	0/ 0	0/ 1	0/ 1
# Estimates Up/Down - 1 Month	1/ 0	0/ 0	0/ 1	0/ 1
Current Mean Estimate	0.56	0.98	0.28	0.13
Mean 1 Month Ago	0.54	0.98	0.29	0.13
Mean 3 Months Ago	0.54	0.98	0.29	0.13

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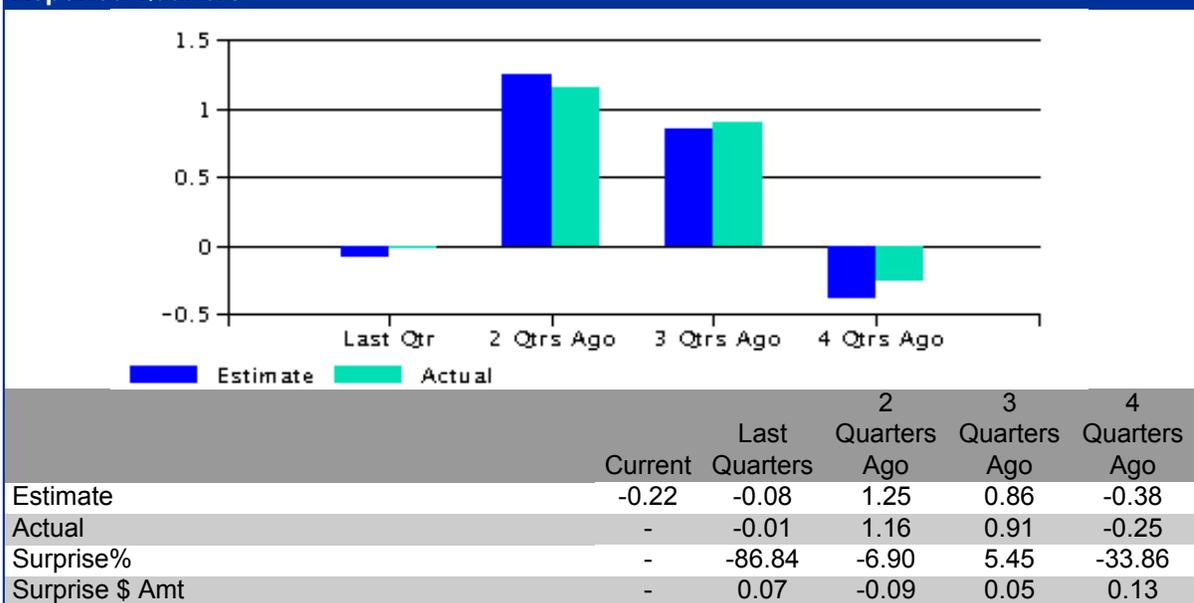
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**Earnings Estimates****WGL HOLDING INC (WGL)****Sector:** Public Utilities**Industry:** Gas Utilities**Last Updated:** November 11, 2006**The Analyst Company Sentiment is POSITIVE**

Analyst Sentiment is determined by a quantitative company scoring model that scores company level sentiment based on analyst earnings revisions. The scoring model considers the following factors: analyst experience, magnitude of the revision, proximity of the revision to the actual earnings report date, range of estimates, historic stock performance following a given analyst's prior revisions, and market capitalization of the company.

**Overview**

Exchange	New York Stock Exchange	5 Year Growth	2.76
52 Week Range	27.04 - 33.02	5 Year Stability	16.95
Current PE	17.48	Annual Dividend	1.35
Beta	0.93	*All prices displayed in local currency	

**Reported Quarters**

Consensus EPS Estimates						
Period	Report Date	# of Estimates	Mean	High	Low	Median
Q1	Sep 06	6	-0.22	-0.19	-0.26	-0.22
Q2	Dec 06	2	0.94	0.95	0.93	0.94
Q3	Mar 07	2	1.21	1.21	1.20	1.21
Q4	Jun 07	2	-0.02	-0.02	-0.02	-0.02
FY1	Sep 06	5	1.84	1.88	1.80	1.85
FY2	Sep 07	5	1.94	1.98	1.90	1.93
LTG	-	4	3.50	4.00	3.00	3.50

Earnings Momentum				
	09/2006	12/2006	03/2007	06/2007
# Estimates Up/Down - 1 Week	0/ 0	0/ 0	0/ 0	0/ 0
# Estimates Up/Down - 1 Month	0/ 0	0/ 0	0/ 0	0/ 0
Current Mean Estimate	-0.22	0.94	1.21	-0.02
Mean 1 Month Ago	-0.22	0.94	1.21	-0.02
Mean 3 Months Ago	-0.22	0.93	1.22	-0.06

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