

NEWELL RUBBERMAID NYSE-NWL										RECENT PRICE	P/E RATIO		Trailing: 15.0 (Median: 19.0)		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																		
TIMELINESS 3 Lowered 8/4/06 SAFETY 3 New 7/27/90 TECHNICAL 3 Lowered 8/4/06 BETA .90 (1.00 = Market)										28.76	17.9	15.0	19.0	1.01	2.9%																				
2009-11 PROJECTIONS Price High 50 Low 30 Gain (+75%) Ann'l Total Return 16% 4%										High: 27.3 Low: 20.3		33.8 25.0		43.8 30.1		55.2 35.7		52.0 25.3		31.9 18.3		29.5 20.5		36.7 26.1		32.0 20.3		26.4 19.0		25.7 20.5		29.3 23.3		Target Price Range 2009 2010 2011	
Insider Decisions N D J F M A M J J to Buy 0 0 0 1 0 0 0 0 0 Options 0 0 0 0 0 1 0 0 0 to Sell 1 0 0 0 0 2 0 0 0										Institutional Decisions 4Q2005 1Q2006 2Q2006 to Buy 166 184 184 to Sell 195 195 195 Hlds(000) 210752 227354 226580										Percent shares traded 30 20 10										% TOT. RETURN 8/06 THIS STOCK VL ARITH. INDEX 1 yr. 19.1 7.1 3 yr. 26.4 49.4 5 yr. 38.9 70.4					
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11																	
9.00	9.00	9.27	10.46	13.15	15.79	18.08	20.32	22.86	22.75	26.01	25.90	27.88	28.24	24.59	23.11	22.55	23.65	Sales per sh	27.25																
1.13	1.22	1.39	1.46	1.70	2.05	2.35	2.64	2.87	2.61	2.80	2.43	2.63	2.50	2.30	2.32	2.55	2.60	"Cash Flow" per sh	3.30																
.79	.91	1.05	1.05	1.24	1.41	1.62	1.82	1.94	1.65	1.71	1.20	1.58	1.49	1.39	1.53	1.80	1.80	Earnings per sh A	2.35																
.25	.30	.30	.35	.39	.46	.56	.64	.72	.80	.84	.84	.84	.84	.84	.84	.84	.84	Div'ds Decl'd per sh B	.84																
.31	.46	.50	.37	.42	.52	.59	.62	.91	.71	1.19	.94	.94	1.09	.44	.34	.55	.55	Cap'l Spending per sh	.55																
4.19	4.88	5.49	6.23	7.13	8.22	9.39	7.63	8.68	9.57	9.18	9.12	7.72	7.35	6.43	5.99	6.35	7.20	Book Value per sh C	11.20																
119.15	124.25	156.68	157.27	157.77	158.21	158.90	159.20	162.74	281.90	266.60	266.80	267.40	274.40	274.40	274.50	277.00	277.00	Common Shs Outst'g D	279.00																
16.1	19.7	19.8	17.8	17.3	17.2	18.2	20.9	23.8	24.4	14.5	21.2	20.1	17.6	16.4	15.0	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	17.0																
1.20	1.26	1.20	1.05	1.13	1.15	1.14	1.20	1.24	1.39	.94	1.09	1.10	1.00	.87	.80			Relative P/E Ratio	1.15																
2.0%	1.7%	1.4%	1.8%	1.8%	1.9%	1.9%	1.7%	1.6%	2.0%	3.4%	3.3%	2.6%	3.2%	3.7%	3.7%			Avg Ann'l Div'd Yield	2.1%																
CAPITAL STRUCTURE as of 6/30/06 Total Debt \$2675.1 mill. Due in 5 Yrs \$1578.5 mill. LT Debt \$2245.6 mill. LT Interest \$135.0 mill. Incl. \$436.7 mill. 5.25% mand. conv. pref. secs. ('01), each initially callable at 101.05% of liquidation preference of \$50. (Total interest coverage: 4.6x) (57% of Cap'l) Leases, Uncapitalized Annual rentals \$90.4 mill. Pension Assets-12/05 \$1034 mill. Oblig. \$1379 mill. (Include Int'l operations) Pfd Stock None Common Stock 276,900,000 shs. as of 6/30/06 MARKET CAP: \$8.0 billion (Large Cap)										2872.8	3234.3	3720.0	6413.1	6934.7	6909.3	7453.9	7750.0	6748.4	6342.5	6250	6550	Sales (\$mill)	7600												
										21.0%	21.7%	20.1%	17.9%	16.9%	14.0%	14.5%	13.0%	13.1%	13.3%	15.5%	16.0%	Operating Margin	17.5%												
										116.4	129.9	147.5	271.7	292.6	328.8	280.7	278.2	249.1	213.8	210	220	Depreciation (\$mill)	255												
										256.5	290.4	319.8	465.0	453.8	319.6	423.2	408.0	381.1	423.4	495	495	Net Profit (\$mill)	660												
										39.6%	39.6%	39.2%	39.0%	38.2%	33.8%	33.5%	32.3%	28.1%	16.0%	23.0%	31.0%	Income Tax Rate	31.0%												
										8.9%	9.0%	8.6%	7.3%	6.5%	4.6%	5.7%	5.3%	5.6%	6.7%	7.9%	7.6%	Net Profit Margin	8.7%												
										471.1	717.6	769.6	1108.7	1345.9	316.7	465.6	978.2	1141.1	675.3	600	625	Working Cap'l (\$mill)	750												
										672.0	1284.0	1366.2	1955.8	2814.7	1865.0	2356.6	2868.6	2424.3	2429.7	2250	2250	Long-Term Debt (\$mill)	2100												
										1491.8	1714.3	1912.0	2697.0	2448.6	2433.4	2063.5	2016.3	1764.2	1643.2	1765	2000	Shr. Equity (\$mill)	3120												
										13.0%	10.9%	10.6%	11.1%	9.8%	9.0%	10.7%	9.7%	10.4%	12.0%	14.0%	13.5%	Return on Total Cap'l	14.0%												
										17.2%	16.9%	16.7%	17.2%	18.5%	13.1%	20.5%	20.2%	21.6%	25.8%	28.0%	25.0%	Return on Shr. Equity	21.0%												
										11.2%	15.5%	14.4%	8.9%	9.3%	3.9%	9.6%	8.8%	8.5%	11.7%	15.0%	13.0%	Retained to Com Eq	13.5%												
										35%	35%	36%	49%	50%	70%	53%	57%	61%	55%	47%	47%	All Div'ds to Net Prof	35%												
CURRENT POSITION (SMILL.) Cash Assets 505.6 115.5 116.3 Receivables 1278.7 1202.7 1157.5 Inventory (LIFO) 972.3 875.9 967.8 Other 255.8 278.7 437.8 Current Assets 3012.4 2472.8 2679.4 Accts Payable 682.9 647.3 634.8 Debt Due 206.9 166.8 429.5 Other 981.5 983.4 885.9 Current Liab. 1871.3 1797.5 1950.2										BUSINESS: Newell Rubbermaid Inc. markets and manufactures namebrand consumer products to department/specialty stores, warehouse clubs, and other volume purchasers. The company's multi-product offerings are divided into five business segments. Cleaning & Org. (25.5% of '05 net sales), Off. Prod. (27.0%), Home Wash. (13.0%), Tools & Hardware (19.9%), Other (14.7%). Products include: storage systems, cookware, glassware, strollers, children's toys, window furnishings and writing instruments. About 28,000 empls. T. Rowe Price owns 8.7% of stock; FMR Corp., 5.6%; Off./dir. own 1.0% (4/06 proxy). CEO: Mark D. Ketchum, Inc.: D.E. Address: 10 B Glenlake Parkway, Suite 600, Atlanta, GA 30328. Tel.: 770-670-2232. Internet: www.newellrubbermaid.com.																									
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 to '09-'11 of change (per sh) Sales 7.0% 1.0% 1.0% "Cash Flow" 3.0% -3.0% 5.5% Earnings 2.0% -3.5% 8.0% Dividends 7.5% 1.5% NMF Book Value -1.0% -6.5% 9.0%										NEWELL RUBBERMAID HAS CONTINUED TO STREAMLINE ITS OPERATIONS. Over the past several years, the company has divested a number of underperforming business units in an effort to improve margins. Newell remains active on this front. Last June, the company decided to sell its Home Decor Europe business, and is currently in negotiations with prospective buyers. More recently, MGA Entertainment has agreed to buy the firm's Little Tikes unit for an undisclosed amount. This particular transaction should be slightly dilutive to earnings this year, but we believe that the move helps to further support our long-term margin assumptions.																									
Margins have already shown signs of improvement. In the first half of the year, gross margins (excluding depreciation) expanded by more than 250 basis points, thanks to a few factors, including improved pricing and productivity gains. We note that the higher cost of raw materials prompted Newell to implement price hikes earlier in the year. With respect to cost-cutting initiatives, the company has done a commendable job of increasing operational efficiency. In 2004, a three-year										restructuring plan was completed, resulting in the shutdown of 84 manufacturing plants and the elimination of 12,000 jobs. Currently, Newell is in the process of outsourcing about 50% of its manufacturing capabilities, with 70% of total production located in low-cost countries.																									
Lower production costs have enabled the company to spend more on advertising and R&D projects. Management plans to increase its investments in such initiatives to 5.5% of sales this year, compared to roughly 4% of sales in 2005. This is worth mentioning because the company is addressing the importance of product innovation and its potentially significant impact on sales and margins. Too, greater promotional activity should bolster brand name awareness. All things considered, we have raised our share-net call for 2006 by \$0.10 to \$1.80, excluding restructuring charges. A higher tax rate, beginning next year, has also been factored into our earnings estimates.										These shares have appreciated 12% since our July review, limiting their appeal at this juncture.																									
Charles W. Noh										October 6, 2006																									
QUARTERLY SALES (\$ mill.) Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2003 1736.4 1976.1 1944.7 2092.8 7750.0 2004 1532.3 1735.8 1671.8 1808.5 6748.4 2005 1363.1 1645.6 1584.8 1749.0 6342.5 2006 1405.3 1696.8 1500 1647.9 6250 2007 1425 1700 1650 1775 6550										EARNINGS PER SHARE A Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2003 .27 .42 .40 .40 1.49 2004 .19 .38 .36 .46 1.39 2005 .33 .30 .50 .41 1.53 2006 .49 .54 .37 .40 1.80 2007 .30 .50 .50 .50 1.80																									
QUARTERLY DIVIDENDS PAID B Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2002 .21 .21 .21 .21 .84 2003 .21 .21 .21 .21 .84 2004 .21 .21 .21 .21 .84 2005 .21 .21 .21 .21 .84 2006 .21 .21 .21 .21 .84										FINANCIAL STRENGTH Company's Financial Strength B+ Stock's Price Stability 75 Price Growth Persistence 10 Earnings Predictability 75																									

(A) Fully diluted earnings. Excl. nonrecurring gain/(loss): '92, (\$0.29); '98, \$0.44; '99, (\$1.31); '00, \$0.14; '01, (\$0.21); '02, (\$2.34); '03, (\$1.66); '04, (\$1.81); '05, (\$0.63); '06, (\$0.39). Quarterly egs. may not sum to total due to rounding. Next egs. rpt. due late Oct. (B) Dividends historically paid in March, June, September, and December. Div'd reinvest. plan avail. (C) Incl. intangibles. In '05: \$2,773.0 mill., \$10.10/sh. (D) In millions. (E) Completed merger with Rubbermaid Inc. (3/24/99); changed name to Newell Rubbermaid Inc.

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NORDSON NDQ-NDSN		RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO		DIV'D YLD		VALUE LINE																						
		43.59	16.0	(Trailing: 18.1)	0.92	1.6%																									
TIMELINESS	3 Lowered 7/7/06	High: 30.5	32.5	32.5	26.2	33.0	33.0	32.3	33.4	36.0	43.8	45.8	57.8	Target Price Range																	
SAFETY	3 Lowered 1/30/04	Low: 26.9	22.8	22.2	21.1	21.5	18.1	20.7	21.3	20.5	32.2	29.5	39.6	2009	2010	2011															
TECHNICAL	3 Lowered 7/7/06	LEGENDS — 11.5 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 9/00 Options: No Shaded area indicates recession										120	100	80	64	48	32	24	20	16	12	8									
BETA	1.10 (1.00 = Market)	2009-11 PROJECTIONS Price Gain Ann'l Total High 80 (+85%) 17% Low 55 (+25%) 7%																													
Insider Decisions		S O N D J F M A M to Buy 0 0 0 0 0 0 0 0 0 0 0 0 Options 1 0 0 6 5 0 7 0 0 0 to Sell 4 0 0 6 6 0 8 0 0 0										Institutional Decisions 3Q2005 4Q2005 1Q2006 to Buy 76 76 105 to Sell 61 58 47 Hld's(000) 19205 19717 20329 Percent shares traded 9 6 3										% TOT. RETURN 6/06 THIS STOCK VL ARITH. INDEX 1 yr. 45.7 11.8 3 yr. 110.6 63.9 5 yr. 104.0 59.7									
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11													
9.18	10.34	11.35	12.32	13.77	16.15	17.28	18.87	19.74	21.40	22.82	22.07	19.27	19.29	21.82	23.14	27.00	29.40	Sales per sh ^A	34.85												
1.13	1.29	1.50	1.55	1.77	2.04	2.05	2.23	2.17	2.41	2.80	2.21	1.81	1.86	2.48	2.87	3.45	3.80	"Cash Flow" per sh	4.70												
.76	.89	1.02	1.07	1.23	1.42	1.46	1.43	1.43	1.48	1.85	.94	.94	1.04	1.73	2.16	2.60	3.00	Earnings per sh ^{AB}	3.75												
.18	.20	.22	.24	.28	.32	.36	.40	.44	.48	.52	.56	.57	.61	.63	.65	.68	.70	Div'ds Decl'd per sh ^C	.80												
.40	.26	.27	.42	.56	.70	.66	.47	.46	1.39	.73	.70	.34	.22	.31	.42	.45	.50	Cap'l Spending per sh	.60												
3.47	4.07	4.74	5.24	5.77	6.42	6.96	6.55	6.42	6.76	7.62	7.96	8.00	8.67	11.01	9.12	15.80	19.10	Book Value per sh ^D	29.40												
37.59	37.51	37.50	37.45	36.80	36.01	35.27	33.68	33.48	32.73	32.45	33.14	33.62	34.60	36.37	36.27	33.50	33.00	Common Shs Outst'g ^E	33.00												
14.9	14.8	23.4	21.3	22.9	19.9	19.2	20.0	16.9	18.3	13.3	28.2	28.0	23.9	21.1	16.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	18.0												
1.11	.95	1.42	1.26	1.50	1.33	1.20	1.15	.88	1.04	.86	1.45	1.53	1.36	1.11	.87			Relative P/E Ratio	1.20												
1.6%	1.5%	.9%	1.1%	1.0%	1.1%	1.3%	1.4%	1.8%	1.0%	2.1%	2.1%	2.2%	2.5%	1.7%	1.8%			Avg Ann'l Div'd Yield	1.2%												
CAPITAL STRUCTURE as of 4/30/06		609.4 635.5 660.9 700.5 740.6 731.4 647.8 667.3 793.5 839.2 905 970										Sales (\$mill) ^A		1150																	
Total Debt \$147.2 mill. Due in 5 Yrs \$100.0 mill.		17.0% 16.0% 15.6% 15.6% 17.7% 15.7% 15.7% 14.9% 14.7%										Operating Margin		20.0%																	
LT Debt \$101.4 mill. LT Interest \$3.2 mill.		19.2 25.3 25.0 29.3 30.3 41.9 29.5 29.2 26.9 25.7 25.0 25.0										Depreciation (\$mill)		30.0																	
(LT interest earned: 9.0x; total interest coverage: 8.8x)		53.1 49.7 47.6 49.5 60.5 31.3 31.5 35.2 63.3 78.3 90.0 100										Net Profit (\$mill)		125																	
		34.5% 33.0% 33.7% 33.5% 34.5% 34.7% 33.1% 33.0%										Income Tax Rate		32.0%																	
Leases, Uncapitalized Annual rentals \$11.7 mill.		8.7% 7.8% 7.2% 7.1% 8.2% 4.3% 4.9% 5.3%										Net Profit Margin		10.9%																	
Pension Assets-11/05 \$112.8 mill.		110.5 139.1 121.4 89.4 116.2 6.5 21.9 65.7 167.3 61.6 d10.0 40.0										Working Cap'l (\$mill)		375																	
Oblig. \$198.0 mill.		20.6 66.5 70.4 66.0 60.8 191.8 174.9 176.7 152.4 106.4 100 90.0										Long-Term Debt (\$mill)		50.0																	
Pfd Stock None		245.3 220.5 214.8 221.4 247.2 263.7 268.9 300.1 400.3 330.9 530 630										Retained to Com Eq		10.0%																	
Common Stock 33,748,810 shs.		20.2% 17.6% 17.0% 17.8% 20.3% 8.7% 8.6% 8.7%										Return on Total Cap'l		12.5%																	
MARKET CAP: \$1.5 billion (Mid Cap)		21.6% 22.5% 22.2% 22.4% 24.5% 11.9% 11.7% 11.7%										Return on Shr. Equity		13.0%																	
CURRENT POSITION		2004	2005	4/30/06											All Div'ds to Net Prof		21%														
(SMILL.)												24%		28%	30%	32%	28%	59%	60%	58%	35%	30%	25%	23%							
Cash Assets		60.6	11.5	43.9											BUSINESS: Nordson Corp. designs, engineers, and markets industrial application equipment. Hot melt equipment applies thermo-plastic materials such as adhesives, sealants, and caulking. Coating equipment applies paints, coatings, and other materials in solid and liquid form. Principal markets include the container, vehicular, and household appliance industries. Foreign sales: 66% of '05 total sales; R&D, 2.9%. 2005 depreciation rate: 8.5%. Has about 3,650 employees; 3,000 stockholders. Officers/directors own 12.8% of stock; other current and past employees, about 36.2% (1/06 Proxy). Chairman & CEO: Edward P. Campbell. President: Peter Hellman. Incorporated: Ohio. Addr.: 28601 Clemens Road, Westlake, Ohio 44145. Telephone: 440-892-1580. Internet: www.nordson.com.																
Receivables		173.9	181.7	180.5											Demand for Nordson's Adhesive Dispensing products has rebounded. After several quarters of weak sales advances, revenues at this segment increased by more than 6%, to \$134 million in the April quarter (fiscal year ends October 29th). The rebound, which came earlier than we previously expected, was mainly attributed to increased sales of the company's nonwoven and paper-converting products. Looking ahead, we believe that sales at this division will advance by 5% this year, compared to fiscal 2005's figure, since this segment has recently received several large orders for its products. Thus, We have increased our 2006 earnings-per-share estimate by a dime. Along with the improvement at Adhesive Dispensing, earnings will be fueled by strong results at the Advanced Technology segment. This division accounts for about 25% of total revenues and almost one-third of operating profits. In the second quarter, sales at this division increased by about 32%, as demand for assembly and test equipment remained robust. In addition, the backlog for Advanced Technology's products increased by more than 21% in the April interim, which should help this segment perform well for the next several quarters. We estimate that sales at this division will increase by 25% and 10% this year and in fiscal 2007, respectively. Also, We look for the operating margin to reach 20% by decade's end. Over the past year, Nordson has been restructuring its operations in order to cut costs. We believe that it will reduce its workforce by approximately 3% and limit production costs, particularly at its Finishing and Coating segment. This process should be completed by the end of 2007. Earnings-driven investors may want to consider these shares. Strong results at the Advanced Technologies segment, and the rebound at Adhesive Dispensing, should lead to 20% and 15% share-net advances this year and in 2007, respectively. However, even though this stock has decreased in price by about 17% since our April report, investors may want to look elsewhere, since it possesses only average capital appreciation potential out to the 2009-2011 period, and is only an Average selection for Timeliness.																
Inventory (LIFO)		85.3	81.9	87.8											Jan Gendler																
Other		43.4	36.6	36.8											July 28, 2006																
Current Assets		363.2	311.7	349.0																											
Accts Payable		58.7	68.0	53.6																											
Debt Due		28.0	53.7	45.8																											
Other		109.2	128.4	125.0																											
Current Liab.		195.9	250.1	224.4																											
ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11																											
of change (per sh)		4.5%	-	8.5%																											
Sales		3.0%	-5%	12.0%																											
"Cash Flow"		3.0%	.5%	14.5%																											
Earnings		8.5%	6.5%	4.0%																											
Dividends		5.0%	6.5%	20.5%																											
Book Value																															
Fiscal Year Ends	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year																										
	Jan.Per	Apr.Per	Jul.Per	Oct.Per																											
2003	145.3	166.7	166.3	189.0	667.3																										
2004	170.6	196.6	197.9	228.4	793.5																										
2005	190.2	207.6	201.6	239.8	839.2																										
2006	197.5	231.8	220	255.7	905																										
2007	220	245	235	270	970																										
Fiscal Year Ends	EARNINGS PER SHARE ^{AB}				Full Fiscal Year																										
	Jan.Per	Apr.Per	Jul.Per	Oct.Per																											
2003	.15	.24	.26	.39	1.04																										
2004	.27	.46	.47	.53	1.73																										
2005	.39	.47	.50	.80	2.16																										
2006	.47	.64	.60	.89	2.60																										
2007	.60	.75	.70	.95	3.00																										
Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year																										
	Mar.31	Jun.30	Sep.30	Dec.31																											
2002	.28	.14	.15	--	.57																										
2003	.30	.15	.155	--	.61																										
2004	.31	.155	.16	--	.63																										
2005	.32	.16	.165	--	.65																										
2006	.33	.17	--	--	--																										

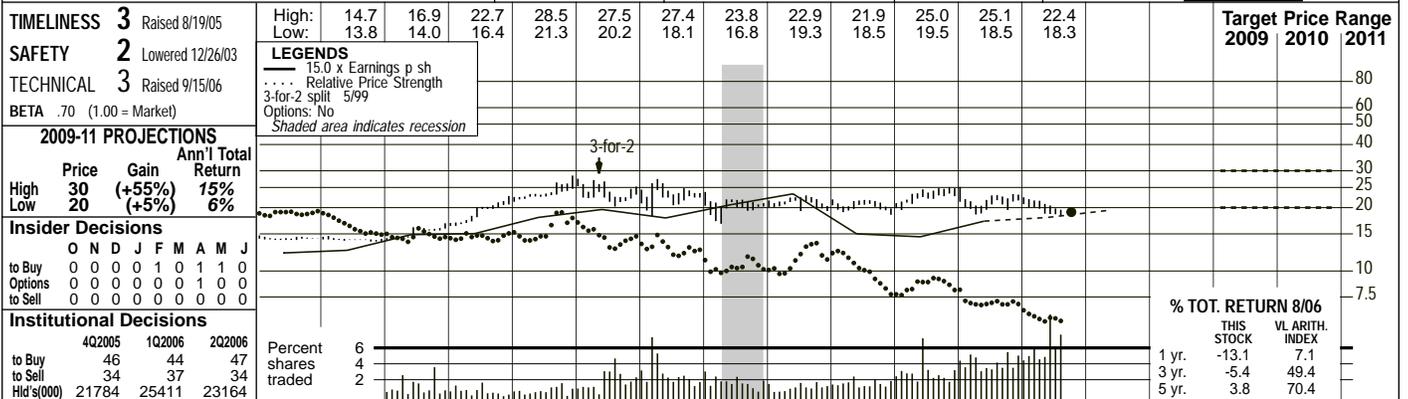
(A) Years end the Sunday closest to Oct. 31st. (B) Basic eggs. Excl. nonrec. items: '93, (12¢); '97, 1¢; '98, (82¢); '99, (6¢); '00, (18¢); '01, (28¢); '02, (28¢). Next eggs. rpt. due late Aug. (C) Dividends historically paid in early Jan., mid-March, late June, and mid-Sept. Dividend reinvestment plan available. (D) Includes intangibles. At 4/30/06: \$346.4 million, \$10.26/share. (E) In millions, adjusted for stock split.

Company's Financial Strength B++
 Stock's Price Stability 70
 Price Growth Persistence 60
 Earnings Predictability 55

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OLD NAT'L BANCORP NYSE-ONB

RECENT PRICE **19.08** P/E RATIO **15.9** (Trailing: 16.3, Median: 19.0) RELATIVE P/E RATIO **0.91** DIV'D YLD **4.6%** 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
Price	.60	.71	.82	.86	.81	.84	.99	1.00	1.20	1.31	1.19	1.37	1.55	1.00	.97	1.15	1.20	1.30	Earnings per sh ^A	1.75
Dividend	.28	.28	.30	.31	.34	.38	.40	.42	.44	.49	.53	.56	.63	.69	.72	.76	.84	.88	Div'ds Decl'd per sh ^B	1.00
Book Value	5.30	5.39	5.88	6.35	6.51	7.02	7.73	8.23	8.58	8.16	8.54	9.03	10.52	10.24	10.15	9.61	9.30	9.60	Book Value per sh	11.55
Market Cap	37.36	37.95	44.34	49.69	56.18	60.97	59.34	57.95	57.66	60.35	73.31	70.82	70.40	69.90	69.29	67.65	66.00	65.00	Common Shs Outst'g ^C	65.00
P/E Ratio	13.3	12.1	13.3	15.1	17.5	16.8	15.2	18.9	19.5	17.9	19.1	15.0	13.7	20.5	23.5	18.5	18.0	17.5	Avg Ann'l P/E Ratio	15.0
Dividend Yield	.99	.77	.81	.89	1.15	1.12	.95	1.09	1.01	1.02	1.24	.77	.75	1.17	1.24	.98	.98	.98	Relative P/E Ratio	1.00
ROA	3.5%	3.3%	2.7%	2.4%	2.4%	2.7%	2.6%	2.2%	1.9%	2.1%	2.3%	2.7%	3.0%	3.3%	3.2%	3.6%	3.6%	3.6%	Avg Ann'l Div'd Yield	3.8%

Category	2004	2005	6/30/06	2004	2005	6/30/06
ASSETS (\$mill.)						
Loans	4879.1	4814.9	4775.4	5366.6	5686.4	6166.0
Funds Sold	12.3	123.9	5.6	3479.3	3756.0	4112.8
Securities	2963.2	2466.9	2530.6	203.8	219.2	214.9
Other Earning	-	33.1	4.9	11.0	27.0	11.4
Other	1043.7	1053.2	990.0	44.8	47.1	54.6
LIABILITIES (\$mill.)						
Deposits	6414.3	6465.6	6205.4	5366.6	5686.4	6166.0
Funds Borrowed	347.4	302.8	591.4	4780.9	4780.9	4780.9
Long-Term Debt	1312.7	954.9	765.9	6274.5	6058.6	5681.9
Net Worth	703.2	649.9	614.7	269.9	291.3	289.4
Other	120.7	118.8	129.1	28.7	33.5	85.0
Total	8898.3	8492.0	8306.5	8898.3	8492.0	8350.0
Loan Loss Resrv.	85.7	78.8	76.4	8492.0	8350.0	8450.0

MARKET CAP: \$1.3 billion (Mid Cap)

ASSETS (\$mill.) 2004 2005 6/30/06
Loans 4879.1 4814.9 4775.4
Funds Sold 12.3 123.9 5.6
Securities 2963.2 2466.9 2530.6
Other Earning - 33.1 4.9
Other 1043.7 1053.2 990.0

LIABILITIES (\$mill.)
Deposits 6414.3 6465.6 6205.4
Funds Borrowed 347.4 302.8 591.4
Long-Term Debt 1312.7 954.9 765.9
Net Worth 703.2 649.9 614.7
Other 120.7 118.8 129.1
Total 8898.3 8492.0 8306.5
Loan Loss Resrv. 85.7 78.8 76.4

BUSINESS: Old National Bancorp is a regional bank holding company with 120 banking offices and 260 ATM machines primarily in Indiana, Illinois, & Kentucky. Loan portfolio breakdown as of 6/30/06: commercial, 34%; commercial real estate, 30%; residential mortgage, 10%; consumer, 26%. Net loan losses, .60% of average loans in 2005. As of 6/30/06, loan loss reserve was 1.57% of loans; nonperforming assets & past due loans, 1.15% of loans & other real estate owned. As of 6/30/06, had 2,527 full-time equivalent employees. Officers & directors own 4.0% of common stock (Proxy, 3/06). Chairman: L.E. Dunigan. President & CEO: R.G. Jones, Inc.: IN. Address: 1 Main Street, Evansville, IN 47708. Telephone: 812-464-1366. Internet: www.oldnational.com.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-11
Loans	5.0%	-1.5%	4.0%
Earnings	2.0%	-3.5%	9.0%
Dividends	7.5%	8.0%	5.5%
Book Value	4.0%	3.5%	2.5%
Total Assets	5.5%	2.5%	3.0%

Cal-endar	LOANS (\$ mill.)			
	Mar.31	Jun.30	Sep.30	Dec.31
2003	5556	5473	5487	5466
2004	5451	5004	4985	4879
2005	4854	4938	5011	4815
2006	4733	4775	4785	4800
2007	4800	4850	4900	4950

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.37	.39	.16	.08	1.00
2004	.28	.16	.26	.27	.97
2005	.22	.37	.28	.28	1.15
2006	.31	.30	.29	.30	1.20
2007	.31	.32	.33	.34	1.30

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.147	.147	.164	.164	.62
2003	.172	.172	.172	.172	.69
2004	.181	.181	.181	.181	.72
2005	.19	.19	.19	.19	.76
2006	.21	.21	.21	.21	.84

Old National's turnaround will be a long-term endeavor. The company has made a little headway, but still has some distance to go. We have lowered our share-net estimates for 2006 and 2007, each by a nickel, reflecting the slow progress.

Reversing the multiyear slide in net interest income remains a challenge. Old's loan balances declined in late 2005 and early 2006 due to the sale of offices and credit line paydowns. Commercial loan growth in the June quarter was partly offset by an intentional runoff of commercial real estate credits. Business loan demand is influenced by economic activity, which may be moderating. And the growth in assets that earn interest income may be held back by continued reductions in investment securities (which yield less than loans), from 31.2% of the asset mix in the June quarter to 25%-30%. But the investment securities runoff should help the net interest margin remain steady, as should reductions in high-cost borrowings and in the rates on certain deposits. A more favorable interest-rate scenario and deposit initiatives might support a wider margin and higher net interest income in 2007.

Prospects for fee income are also difficult. We don't expect the unusual items that added \$5.4 million to fees in the March quarter to repeat. But an alliance with SunTrust Mortgage should expand Old's product offerings and strengthen its sales efforts. The bank is also reducing waivers of overdraft fees.

Problem assets have hovered in the \$55 million-\$65 million range for the past two years, while Old's potential bad credits have declined. The company's area is manufacturing-intensive and could be hurt should economic activity slow further. But thus far, credit costs have stayed low.

Old National may have room to lower its operating costs. Some acceleration in net interest income and fees probably is needed, however, to meaningfully reduce the expense-to-revenue ratio (from 66%).

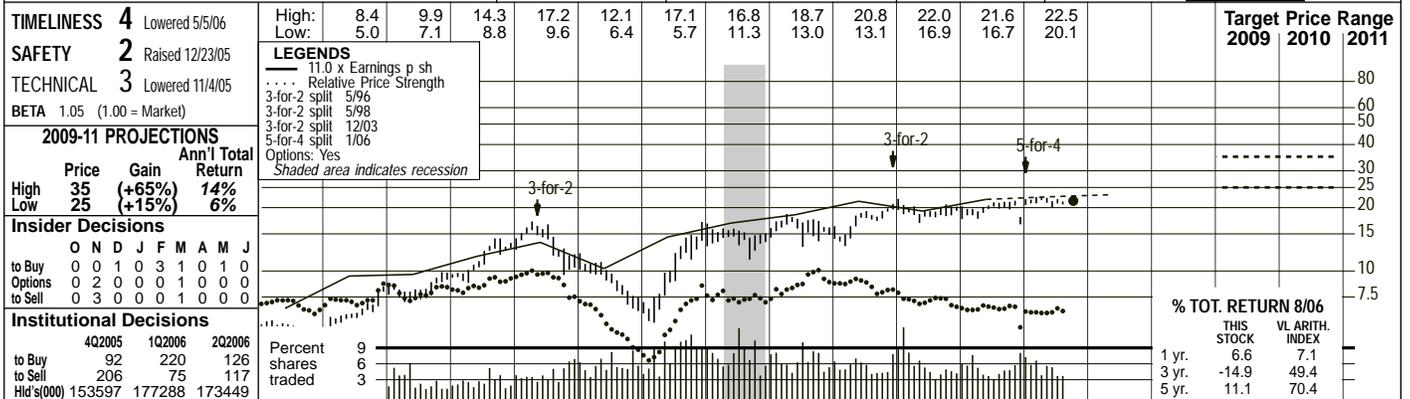
The stock's dividend yield is still competitive with the yields offered by many money market funds. But the issue doesn't stand out for the 3- to 5-year pull based on our slightly lowered and not very well-defined 2009-2011 earnings projections for the company.

Theresa Brophy September 22, 2006

(A) Based on diluted earnings per share. Excludes income (loss) from discontinued operations: '98, (\$0.17); '99, (\$0.09); '05, (\$0.22). Excl. unusual gain (charges): '00, (\$0.38); '01, (\$0.10); '02, \$0.13. Next earnings report due late October. (B) Dividends historically paid in mid-March, -June, -September and -December. Plus stock dividends: 5% in '92, '93, '95, '96, '97, '98, '99, '00, '01, '02, '03, '04, '05. Dividend reinvestment plan available. (C) In millions, adjusted for stock splits and dividends.

OLD REPUBLIC INT'L NYSE-ORI

RECENT PRICE **21.50** P/E RATIO **10.4** (Trailing: 10.6; Median: 9.5) RELATIVE P/E RATIO **0.59** DIV'D YLD **2.9%** 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
4.55	4.91	5.16	5.70	5.90	5.62	5.56	5.66	6.27	6.84	6.99	8.01	9.44	11.37	12.29	13.34	13.70	14.15	P/C Prem Earned p sh	17.15
1.06	1.11	1.04	1.01	1.05	1.13	1.07	1.05	1.09	1.15	1.24	1.23	1.21	1.23	1.23	1.28	1.35	1.45	Investment Inc p sh	1.95
d1.02	d1.03	d1.12	d1.02	d.67	d.45	d.35	d.23	d.49	d.87	d.32	d.29	d.23	--	d.11	.08	d.05	d.15	Underwriting Inc p sh ^D	d.10
.45	.59	.73	.64	.60	.86	.87	1.07	1.24	.93	1.32	1.54	1.69	1.95	1.75	1.99	2.05	2.10	Earnings per sh ^A	2.65
.08	.09	.09	.10	.11	.12	.18	.18	.21	.26	.29	.31	.34	.36	.40	.51	.59	.63	Div'ds Decl'd per sh ^B	.78
4.05	4.86	5.07	5.75	6.11	7.24	7.77	8.31	9.21	9.59	11.00	12.48	13.96	15.65	16.94	17.53	19.00	20.45	Book Value per sh	25.20
194.99	198.12	213.86	218.72	217.42	222.59	244.52	258.88	250.13	229.12	221.73	223.08	226.12	227.01	228.20	229.58	230.00	230.00	Common Shs Outst'g ^C	230.00
62%	71%	100%	101%	86%	88%	106%	137%	149%	95%	93%	117%	117%	110%	114%	114%	Bold figures are Value Line estimates		Price to Book Value	115%
5.6	5.9	6.9	9.1	8.7	7.4	9.5	10.7	11.1	9.7	7.8	9.5	9.7	8.8	11.0	10.1			Avg Ann'l P/E Ratio	11.0
.42	.38	.42	.54	.57	.50	.60	.62	.58	.55	.51	.49	.53	.50	.58	.54			Relative P/E Ratio	.75
3.2%	2.5%	1.8%	1.8%	2.1%	1.9%	2.1%	1.6%	1.5%	2.9%	2.9%	2.2%	2.1%	2.1%	2.1%	2.6%			Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 6/30/06				1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total Debt \$142.1 mill. Due in 5 Yrs \$142.1 mill.				1360.4	1464.6	1568.1	1567.2	1550.3	1786.8	2135.4	2582.1	2804.8	3062.3	3150	3250	P/C Premiums Earned	3950				
LT Debt \$142.1 mill. LT Interest \$9.0 mill.				55.3%	53.8%	49.9%	53.0%	49.0%	48.2%	45.7%	42.5%	46.5%	47.7%	48.5%	49.5%	Loss to Prem Earned ^D	48.0%				
Leases, Uncapitalized Annual rentals \$35.0 mill.				51.0%	50.2%	57.9%	59.8%	55.6%	55.4%	56.8%	57.5%	54.3%	51.7%	52.0%	52.0%	Expense to Prem Writ ^D	52.5%				
Pension Assets-12/05 \$195.6 mill.				-6.2%	-4.0%	-7.8%	-12.8%	-4.6%	-3.6%	-2.4%	--	-9%	6%	-5%	-1.5%	Underwriting Margin	-5%				
Oblig. \$230.9 mill.				31.7%	32.3%	31.3%	29.3%	30.7%	31.7%	29.8%	32.3%	33.0%	25.8%	30.0%	30.0%	Income Tax Rate	32.0%				
Pfd Stock None				234.8	283.9	323.7	226.8	297.5	346.9	383.8	447.2	404.1	463.2	475	490	Net Profit (\$mill)	615				
Common Stock 230,026,330 shs.				6.3%	6.2%	6.1%	5.9%	5.9%	5.3%	4.7%	4.4%	4.2%	4.1%	4.5%	5.0%	Inv Inc/Total Inv	5.5%				
MARKET CAP: \$4.9 billion (Mid Cap)				6656	6923	7020	6938	7281	7920	8715	9712	10571	11543	12300	13000	Total Assets (\$mill)	15300				
FINANCIAL POSITION (2004)				1920.6	2153.2	2305.4	2199.1	2438.7	2784.0	3155.8	3553.6	3865.6	4024.0	4365	4700	Shr. Equity (\$mill)	5800				
Bonds				12.2%	13.2%	14.0%	10.3%	12.2%	12.5%	12.2%	12.6%	10.5%	11.5%	11.0%	10.5%	Return on Shr. Equity	10.5%				
Stocks				10.1%	11.0%	11.7%	7.5%	9.5%	9.9%	9.8%	6.9%	8.1%	8.6%	8.0%	7.5%	Retained to Com Eq	7.5%				
Other				19%	16%	16%	28%	22%	20%	20%	18%	23%	25%	29%	30%	All Div'ds to Net Prof	29%				
Total Assets				10570.8	11543.2	11652.5															
Unearned Prems				903.1	1039.3	1070.8															
Reserves				4403.5	4939.8	5134.1															
Other				1398.5	1540.0	1317.0															
Total Liab'ties				6705.1	7519.1	7521.9															

BUSINESS: Old Republic International Corp. is a multiple lines insurance holding company. Its subsidiaries market, underwrite, and manage a wide range of specialty and general insurance programs in the property and liability, mortgage guaranty, title, and life and disability insurance fields. Mix of premiums earned as of 12/31/05: general insurance, 59%; title insurance, 25%; mortgage insurance, 14%; life insurance, 2%. The company has approximately 6,525 employees. Officers and directors own 3.1% of common stock; Franklin Mutual Advisors, 7.5% (4/06 proxy). Chairman, President & Chief Executive Officer: A.C. Zucaro. Incorporated: Delaware. Address: 307 North Michigan Avenue, Chicago, IL 60601-5382. Telephone: 312-346-8100. Internet: www.oldrepublic.com.

We've clipped \$0.05 off our 2006 share-net estimate for Old Republic, as the operating environment appears to be slowing more rapidly than we previously anticipated. We also cut our 2007 call by \$0.10 to a level we think is more realistic. Pricing competition should lead to a moderate showing within the General Insurance segment. Undoubtedly, ORI's largest segment has been benefiting from rate increases and tighter risk-selection standards applied in prior periods, as well as from geographic expansion. But pricing levels are weakening. This, coupled with other competitive pressures, will likely make it more difficult for new business to be acquired. Premium growth here may well be at the low end of the guided range of 6%-9% for 2006. On the upside, relatively stable claim and expense trends should keep the combined ratio healthy, in the low 90% range. Modest premium growth and an uptick in the loss ratio will likely temper segment profit advances next year. **As we expected, the slowdown within the Mortgage Guaranty and Title Insurance divisions is becoming more pronounced, largely due to a cooling housing market.** Rising interest rates have led to a decrease in home purchases and mortgage refinancings. This, in turn, has translated into lower mortgage originations and a decline in bulk business, restraining premium growth in the MG unit. Higher paid claims, meanwhile, have bumped up the combined ratio there. Weaker underwriting results are in store for the MG unit going forward, as the loss ratio is likely to rise over the next several months due to greater claim frequency, which ORI anticipates. Meanwhile, the TI division is being hurt by declining title orders, particularly in the western region of the U.S., which makes up a sizable portion of ORI's title book. Consequently, this is squeezing underwriting margins there. And since there is virtually no more room left for improvement on the expense side, performance in the TI unit will probably remain poor into 2007. A more stable P/C insurance environment and housing market support the modest profit advances we envision over the 3- to 5-year span. **All told, a well-covered dividend gives this untimely stock some appeal.**

Cal-endar	NET PREMIUMS EARNED (\$ mill.)	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2003	583.9	621.2	672.8	704.2	2582.1
2004	660.7	691.0	717.5	735.6	2804.8
2005	717.1	761.7	772.1	811.4	3062.3
2006	784.4	781.6	789	795	3150
2007	790	805	815	840	3250

Cal-endar	EARNINGS PER SHARE ^A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2003	.48	.50	.51	.46	1.95
2004	.42	.50	.46	.37	1.75
2005	.47	.51	.51	.50	1.99
2006	.49	.52	.52	.52	2.05
2007	.50	.52	.53	.55	2.10

Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2002	.08	.086	.086	.086	.34
2003	.086	.09	.09	.09	.36
2004	.09	.104	.104	.104	.40
2005	.104	.136	.136	.136	.51
2006	.14	.15	.15		

(A) Prim. egs. thru '96, then dil. Incl. cap. gains: '93, 11¢; '94, 2¢; '95, 14¢; '96, 3¢; '97, 6¢; '98, 13¢; '99, 8¢; '00, 10¢; '01, 7¢. Excl. cap. gains: '02, 4¢; '03, 6¢; '04, 14¢; '05, 18¢; '06, 4¢. Excl. n.r. gain: '97, 6¢; '05, 20¢. Qlty. egs. may not add due to round'g. Next egs. rpt. due late Oct. (B) Div'd historically paid mid-Mar., June, Sept., and Dec. Excl. special div'd: 12/03, \$.534; 12/05, \$.080. (C) Div'd reinv. plan avail. (D) In mill., adj. for stk. div./spl. Based on prems. earned only. Incl. title & other fees expenses.

Company's Financial Strength B++
 Stock's Price Stability 85
 Price Growth Persistence 55
 Earnings Predictability 80
To subscribe call 1-800-833-0046.

OVERSEAS SHIP. NYSE-OSG

RECENT PRICE **66.22** P/E RATIO **7.4** (Trailing: 6.9 Median: NMF) RELATIVE P/E RATIO **0.43** DIV'D YLD **1.5%** VALUE LINE

TIMELINESS 3 Raised 8/18/06
SAFETY 3 New 7/27/90
TECHNICAL 2 Lowered 9/8/06
BETA 1.10 (1.00 = Market)

High: 23.9 20.6 26.4 22.9 17.5 31.4 37.5 24.8 36.0 66.0 68.2 70.5
 Low: 17.0 15.8 16.3 13.1 10.5 13.8 19.5 14.8 15.0 31.5 45.9 46.9

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

2009-11 PROJECTIONS

Price	Gain	Ann'l Total Return
High 110	(+65%)	15%
Low 75	(+15%)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	1	8	2	0	0	0	0	0

Institutional Decisions

	3Q2005	4Q2005	1Q2006
to Buy	107	108	96
to Sell	109	105	105
Hlds(000)	28759	28328	28230

Percent shares traded: 21, 14, 7

% TOT. RETURN 7/06
 THIS STOCK VL ARITH. INDEX
 1 yr. 5.3 3.0
 3 yr. 206.9 52.3
 5 yr. 181.3 59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
12.10	12.71	11.35	11.91	10.06	11.43	12.58	13.07	11.18	10.41	13.72	13.69	8.63	12.65	20.58	25.36	27.10	23.35	Revenues per sh	28.40
3.37	3.37	2.13	2.43	1.49	1.59	2.03	2.64	2.17	1.87	3.73	4.87	2.49	5.96	10.76	15.64	13.30	10.40	"Cash Flow" per sh	13.90
1.63	1.67	.40	.64	d.17	d.24	.07	.52	.23	.15	2.10	2.80	.20	3.54	8.27	11.77	9.75	6.60	Earnings per sh ^A	9.20
.50	.55	.60	.60	.60	.60	.60	.60	.60	.60	.60	.60	.60	.65	.70	.70	.93	1.00	Div'ds Decl'd per sh ^B	1.40
.18	1.80	2.49	5.00	4.04	5.41	4.17	2.48	.52	5.27	3.14	3.27	4.43	2.42	1.51	.56	.75	2.55	Cap'l Spending per sh	4.05
21.40	23.05	23.33	23.50	22.36	21.66	21.23	21.19	19.35	19.63	22.01	23.73	22.76	25.54	36.20	47.56	56.35	62.70	Book Value per sh	80.00
33.04	32.99	32.68	32.70	36.21	36.23	36.24	36.79	36.56	33.67	34.08	34.28	34.45	35.91	39.40	39.45	39.50	39.00	Common Shs Outst'g ^C	37.00
12.3	11.4	41.5	29.5	--	--	NMF	40.2	NMF	NMF	11.0	9.5	NMF	6.4	5.4	4.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	10.0
.91	.73	2.52	1.74	--	--	NMF	2.32	NMF	NMF	.72	.49	NMF	.36	.29	.26			Relative P/E Ratio	.65
2.5%	2.9%	3.6%	3.2%	2.8%	2.9%	3.4%	2.9%	3.2%	4.4%	2.6%	2.2%	3.0%	2.9%	1.6%	1.2%			Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 6/30/06

Total Debt \$798.4 mill. Due in 5 Yrs \$28.2 mill.
 LT Debt \$770.2 mill. LT Interest \$60.5 mill.
 Incl. \$38.1 mill. capitalized leases.
 (Long term interest earned: 7.1x)

Pension Assets-12/05 \$20.9 mill.
 Obligations \$17.0 mill.
 Pfd Stock None

Common Stock 39,538,291 shs.
 as of 8/4/06
MARKET CAP: \$2.6 billion (Mid Cap)

455.9	481.1	408.8	350.6	467.6	469.3	297.3	454.1	810.8	1000.3	1070	910	Revenues (\$mill)	1050
25.8%	29.8%	26.5%	23.2%	40.5%	45.0%	41.7%	61.9%	69.5%	58.4%	49.0%	48.0%	Operating Margin	51.0%
71.0	77.9	70.8	57.9	55.2	69.9	78.9	90.0	100.1	152.3	140	145	Depreciation (\$mill)	175
2.5	19.0	8.5	5.2	72.0	97.2	6.9	123.8	323.8	464.8	385	260	Net Profit (\$mill)	340
26.3%	32.8%	--	--	35.2%	33.3%	58.4%	26.4%	32.7%	--	Nil	Nil	Income Tax Rate	Nil
.5%	4.0%	2.1%	1.5%	15.4%	20.7%	2.3%	27.3%	39.9%	46.5%	36.0%	28.6%	Net Profit Margin	32.4%
102.3	99.4	42.9	75.8	88.2	61.1	77.2	43.2	444.9	252.7	215	30.0	Working Cap'l (\$mill)	215
1093.5	1056.3	833.9	827.4	836.5	854.9	985.0	787.6	906.2	965.7	850	875	Long-Term Debt (\$mill)	1150
769.4	779.8	707.6	661.1	750.2	813.4	784.1	917.1	1426.4	1876.0	2225	2445	Share Equity (\$mill)	2960
2.1%	3.1%	2.7%	2.2%	6.5%	7.4%	2.0%	9.1%	15.5%	18.0%	13.5%	9.0%	Return on Total Cap'l	9.5%
.3%	2.4%	1.2%	.8%	9.6%	11.9%	.9%	13.5%	22.7%	24.8%	17.5%	10.5%	Return on Shr. Equity	11.5%
NMF	NMF	NMF	NMF	6.9%	9.4%	NMF	11.0%	20.8%	23.3%	15.5%	9.0%	Retained to Com Eq	9.5%
NMF	115%	NMF	NMF	28%	21%	NMF	18%	9%	6%	10%	10%	All Div'ds to Net Prof	15%

CURRENT POSITION

	2004	2005	6/30/06
Cash Assets	479.2	188.6	177.3
Receivables	144.2	157.3	124.5
Other	22.2	39.0	80.5
Current Assets	645.6	384.9	382.3
Accts Payable	4.0	105.2	125.8
Debt Due	25.0	20.1	28.2
Other	171.7	6.9	--
Current Liab.	200.7	132.2	154.0

BUSINESS: Overseas Shipholding Group, Inc. is a major shipping company with a fleet of 89 ships totaling 11.4 million deadweight tons as of 12/31/05. Tonnage under foreign flag about 96.6%. Tankers and petroleum product carriers account for 97.2% of total tonnage. Four jointly-owned Ultra Large tankers delivered July '04. Has four jointly-owned LNG tankers on order for delivery in '07 and

'08; 10 Jones Act product carriers for '06-'10. Established Aframax pool with PDV Marina in '96; Tankers International in '00. Acquired Stelmar 1/05. Has 3,337 employees. Officers and directors own 12.0% of common; Archer Daniels Midland, 12.9% (5/06 proxy). Inc.: DE. Pres. and CEO: Morten Arntzen. Address: 666 Third Ave., New York, NY 10017. Tel.: 212-953-4100. Web: www.osg.com.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-11
of change (per sh)	6.0%	10.5%	6.5%
Revenues	19.5%	33.0%	4.5%
"Cash Flow"	--	57.0%	2.5%
Earnings	1.5%	2.5%	12.5%
Dividends	5.0%	12.5%	14.0%
Book Value			

Tanker rates are holding firm, much to the joy of Overseas Shipholding. Crude oil and petroleum product freight rates took their normal dip in the recent second quarter. That seasonal pattern normally extends into the third quarter, but not this year. Rates actually rose in July and August. The market was shaken by an outbreak of hostilities in the Middle East, a partial shutdown in flows from Prudhoe Bay, and continued strong demand in China and other developing industrial economies. Even though Israel and Lebanon are not sources of oil, the fear was that the conflict would spread. This caused some companies and nations to store crude on floating vessels, effectively reducing shipping capacity. And the Prudhoe Bay outage is not as bad as it first appeared, but the news alone shows just how cloudy the supply and demand picture is. OSG, by the way, has an excellent relationship with BP, and would probably be the go-to company, should BP shift more crude exports from Alaska to oceangoing vessels. That highlights OSG's strategy of expanding its Jone's Act (domestic-only operations) fleet.

We think the party may be short-lived, however. The world tanker fleet has increased by nearly 4% since the start of this year. And the current orderbook represents over 37% of the existing global capacity. The product carrier orderbook stands at over 45%. So, even taking into consideration that many older vessels will be forced out of service because of stricter regulations, vessel capacity will likely grow substantially next year. That should pressure freight rates. **The company is aggressively exploring alternative-fuel businesses.** OSG has ordered four liquefied natural gas carriers for delivery from the third quarter of 2007 through early 2008. These vessels have already secured employment. The company has also entered into a partnership with TransCanada to move large quantities of compressed natural gas on OSG-owned and operated vessels from stranded gas fields throughout the world. **The shares are up nearly 30% since our last report in June.** Appreciation potential to 2009-2011 is now unexciting, in our view.
Craig Sirois
 September 8, 2006

QUARTERLY REVENUES (\$mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	126.9	126.2	90.1	110.9	454.1
2004	194.1	164.2	172.0	280.5	810.8
2005	275.4	238.4	203.2	283.3	1000.3
2006	291.0	230.8	250	298.2	1070
2007	290	230	180	210	910

EARNINGS PER SHARE ^A

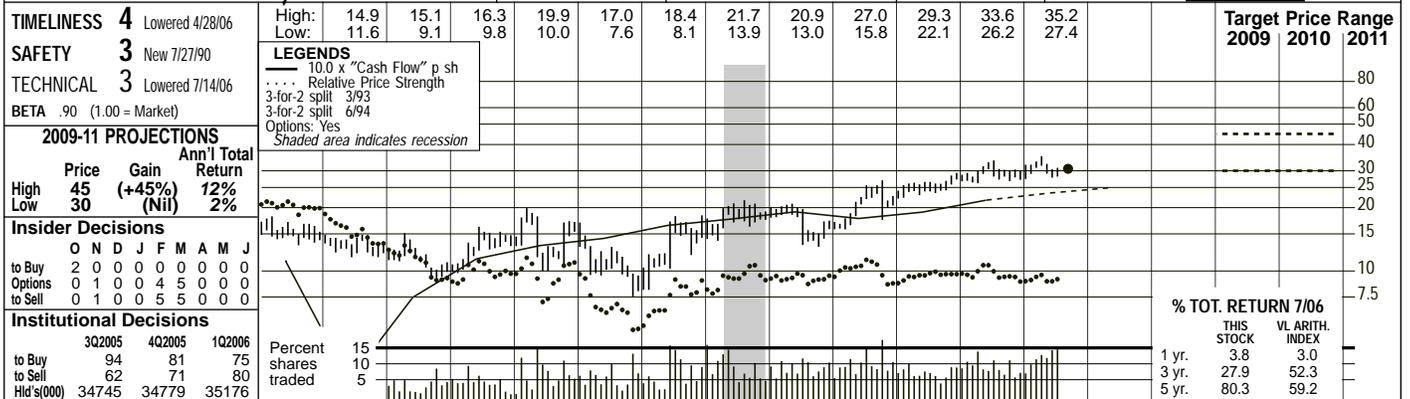
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.28	1.20	.40	.66	3.54
2004	1.98	1.15	1.74	3.39	8.27
2005	4.18	2.89	1.82	2.88	11.77
2006	3.32	1.52	2.40	2.51	9.75
2007	2.50	1.50	1.20	1.40	6.60

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.15	.15	.15	.15	.60
2003	.15	.15	.175	.175	.65
2004	.175	.175	.175	.175	.70
2005	.175	.175	.175	.175	.70
2006	.175	.25	.25		

(A) Based on diluted shares. Incl. net gains (loss) on ship and security sales in '93, 24¢; '94, 13¢; '95, 5¢; '96, 48¢; '97, 56¢; '98, 38¢; '00, 9¢; '01, 19¢; '02, (4¢); '03, 5¢; '04, 63¢; '05, \$1.40; '06, 1¢. Excl. net nonrecurring gains (losses) '92, 9¢; '93, (9¢); '98, (\$1.26); '99, 26¢; '00, 53¢; '01, 20¢; '02, (71¢); '04, \$1.95; '06 (8¢). 2004 quarterlies don't sum due to change in shares out. Next earnings report due late October. (B) Dividends historically paid early March, late May, August, and November. (C) In millions.

OWENS & MINOR, INC. NYSE-OMI **RECENT PRICE 30.62** **P/E RATIO 17.1** (Trailing: 17.9; Median: 17.0) **RELATIVE P/E RATIO 1.02** **DIV'D YLD 2.0%** **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
Price	42.91	35.33	40.05	45.91	77.88	96.45	94.62	96.76	94.49	97.41	105.59	112.59	116.08	108.88	114.50	122.02	126.80	132.80	Sales per sh	152.00
Gain	.49	.54	.72	.86	1.12	.30	.75	1.14	1.32	1.43	1.65	1.77	1.91	1.78	1.91	2.17	2.35	2.65	"Cash Flow" per sh	3.25
Return	.31	.33	.52	.60	.72	d.20	.25	.60	.75	.80	.94	1.03	1.30	1.42	1.53	1.66	1.72	1.95	Earnings per sh ^A	2.40
Options	.08	.09	.11	.14	.17	.18	.18	.18	.20	.23	.25	.27	.31	.35	.44	.52	.60	.68	Div'ds Decl'd per sh ^B	1.12
to Buy	.17	.20	.17	.21	.22	.69	.41	.37	.39	.68	.59	.50	.29	.45	.46	.86	.50	.55	Cap'l Spending per sh	.70
to Sell	2.99	3.34	3.97	4.50	4.59	3.90	3.99	4.48	4.94	5.58	6.41	6.97	7.96	10.53	11.65	12.96	13.85	14.90	Book Value per sh ^C	18.00
Hld's(000)	34745	34779	35176																Common Shs Outst'g ^D	42.50
3Q2005	94	81	75																Avg Ann'l P/E Ratio	15.0
4Q2005	62	71	80																Relative P/E Ratio	1.00
1Q2006	34745	34779	35176																Avg Ann'l Div'd Yield	2.9%

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	
Total Debt	\$197.7 mill.	Due in 5 Yrs Nil																		Sales (\$mill)	6460
LT Debt	\$197.7 mill.	LT Interest \$13.0 mill.																		Operating Margin	3.5%
Leases, Uncapitalized	Annual rentals \$28 mill.																			Depreciation (\$mill)	38.0
Pension Assets-12/05	\$23.5 mill.																			Net Profit (\$mill)	100
Pfd Stock	None																			Income Tax Rate	39.5%
Common Stock	40,180,897 shs.	as of 7/31/06																		Net Profit Margin	1.6%
MARKET CAP:	\$1.2 billion (Mid Cap)																			Working Cap'l (\$mill)	705
CURRENT POSITION	2004	2005	6/30/06																	Long-Term Debt (\$mill)	200
Cash Assets	55.8	71.9	74.1																	Shr. Equity (\$mill)	765
Receivables	344.6	353.1	377.3																	Return on Total Cap'l	11.0%
Inventory (LIFO)	435.7	439.9	470.2																	Return on Shr. Equity	13.0%
Other	28.4	29.7	32.1																	All Div'ds to Net Prof	48%
Current Assets	864.5	894.6	953.7																		
Accts Payable	336.3	387.8	443.5																		
Debt Due	--	--	--																		
Other	94.2	101.1	92.0																		
Current Liab.	430.5	488.9	535.5																		

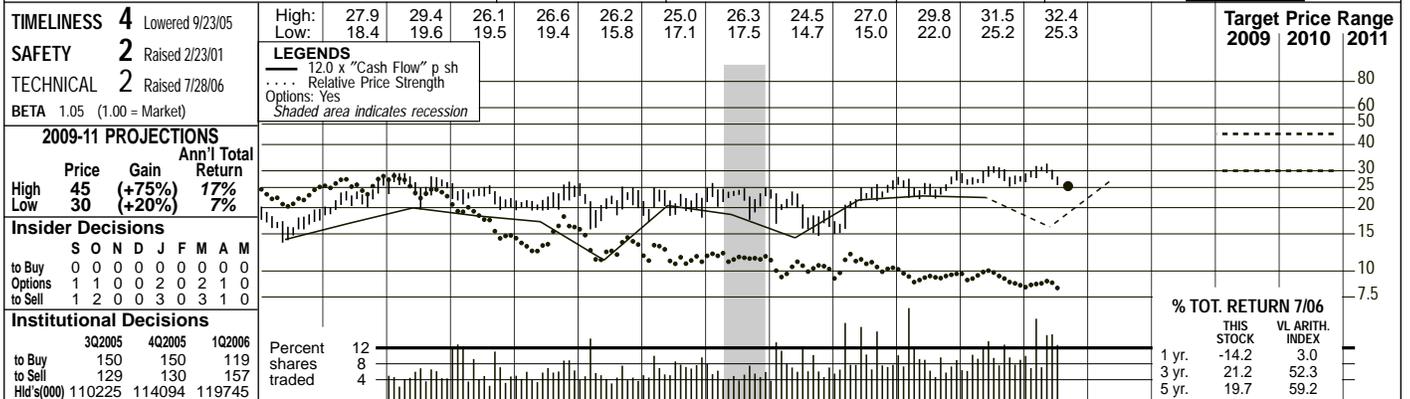
BUSINESS: Owens & Minor, Inc. distributes about 150,000 brand name medical and surgical supplies from 41 warehouses to acute care hospitals and hospital-based systems nationwide (approximately 4,000 customers). Deals mainly with acute care hospitals and integrated healthcare networks (90% of '05 sales). Acquired Stuart Medical in 5/94; Medix, 7/99. Wholesale drug div. discount. '91. Depreciation rate in 2005: 15.7%. Has 3,700 employees; 11,800 stockholders. Barclay's Global Investors owns 7.5%; Wellington Mgmt., 7.5%; T. Rowe Price, 6.9%; Vanguard, 5.5%; Off./Dir., 4.3% (3/06 proxy). Chairman: G.G. Minor III. CEO: Craig Smith, Inc.: V.A. Add.: 9120 Lockwood Blvd., Mechanicsville, V.A. 23116. Tel.: 804-723-7000. Internet: www.owens-minor.com.

Owens & Minor announced a large acquisition. It is purchasing McKesson's acute-care unit for \$170 million in cash. We estimate the division generates about \$800 million in sales and a modest operating profit. The company expects the transaction will penalize OMI's net income by \$10 million - \$15 million on a pretax basis for the first six months following the close, which should occur during the fourth quarter. We believe about half of this amount will be related to interest costs, as the company expects to purchase this business through both cash on hand and utilizing its revolving credit facility. The remainder would be related to the cost of integrating the acquisition (training, travel, etc.). We expect the deal to hurt earnings by about \$0.20 on a net basis for the first six months following the close, but it should become accretive thereafter. Should the transaction close in early October, we believe the McKesson unit would add \$0.04-\$0.05 to the bottom line in 2007. Investors should note that the impact of this investment will not be included in our estimates until consummated. That said, it is starting to look like McKesson will drive our earnings estimate to \$2.00 in 2007. **Access Diabetic Supply is recovering from its growing pains, but we are still disappointed.** The core distribution business sees gradual pricing pressure, and strategic actions must be taken to increase corporate margins. We believed Access would be that driver, but recent results have dampened our expectations. It appears that salespeople were added over the past few months. However, whether the increased hiring is finished for the near term is not clear. In any case, we remain cautious with our assumptions for Access over the next few quarters. **Shares of Owens & Minor are ranked Below Average (4) for Timeliness.** The acquisition of McKesson's distribution business is a positive, but will only boost earnings growth through 2007. We think this benefit is already reflected in the share price. Looking to the long term, we are anticipating that the company will look to Access for growth. Considering our declining expectations for that business, we believe upside potential is limited through 2009-2011. *Greg McGowan* *September 1, 2006*

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1018	1054	1063	1108	4244
2004	1106	1119	1134	1165	4525
2005	1194	1211	1202	1215	4822
2006	1262	1300	1275	1298	5135
2007	1335	1380	1350	1380	5445

(A) Primary thru '96, then diluted. Excl. non-rec.: '91, 8c; '92, 17c; '93, 5c; '94, (57c); '95, (33c); '98, (20c); '99, 2c; '01, (18c); '02, (5c); '03, (6c); '05, (5c); '06, (17c). Excludes extraordinary items: '01, (17c); '02, 1c. Next earnings rpt. due mid-Oct. (B) Divs. historically paid late March, June, Sept., Dec. Div'd reinvestment plan available. (C) Incl. intangibles; as of 12/31/05: \$261.0 million, \$6.54/share. (D) In millions, adjusted for stock splits. (E) Quarterly sales may not sum.

PALL CORP. NYSE:PLL										RECENT PRICE	25.36	P/E RATIO	18.5 (Trailing: 22.4 Median: 23.0)	RELATIVE P/E RATIO	1.09	DIV'D YLD	1.7%	VALUE LINE
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TIMELINESS	4	Lowered 9/23/05	High: 27.9	29.4	26.1	26.6	26.2	25.0	26.3	24.5	27.0	29.8	31.5	32.4	Target Price Range		
SAFETY	2	Raised 2/23/01	Low: 18.4	19.6	19.5	19.4	15.8	17.1	17.5	14.7	15.0	22.0	25.2	25.3	2009	2010	2011
TECHNICAL	2	Raised 7/28/06	LEGENDS — 12.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession														
BETA	1.05	(1.00 = Market)															
2009-11 PROJECTIONS																	
Price		Gain	Ann'l Total Return														
High	45	(+75%)	17%														
Low	30	(+20%)	7%														
Insider Decisions																	
S O N D J F M A M																	
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Options	1	1	0	0	2	0	2	1	0	0	0	0	0	0	0	0	0
to Sell	1	2	0	0	3	0	3	1	0	0	0	0	0	0	0	0	0
Institutional Decisions																	
3Q2005		4Q2005		1Q2006													
to Buy	150	150	119														
to Sell	129	130	157														
Hlds(000)	110225	114094	119745														
Percent shares traded																	
12 8 4																	
% TOT. RETURN 7/06																	
THIS STOCK		VL ARITH. INDEX															
1 yr.		-14.2		3.0													
3 yr.		21.2		52.3													
5 yr.		19.7		59.2													

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
4.87	5.62	5.93	5.92	6.08	7.19	8.35	8.34	8.68	9.23	9.94	10.09	10.51	12.91	13.97	15.30	15.85	16.40	Sales per sh ^A	21.15
.80	.96	1.08	1.13	1.18	1.41	1.67	1.52	1.43	.94	1.71	1.55	1.20	1.81	1.90	1.86	1.35	2.30	"Cash Flow" per sh	2.75
.57	.69	.77	.83	.88	1.04	1.21	1.03	.92	.41	1.18	.95	.59	1.16	1.20	1.12	1.30	1.45	Earnings per sh ^B	1.80
.19	.21	.26	.29	.36	.42	.47	.54	.56	.60	.66	.68	.52	.36	.36	.40	.44	.48	Div'ds Decl'd per sh ^C	.62
.71	.50	.49	.54	.64	.58	.72	.70	.68	.57	.54	.64	.57	.50	.48	.69	.60	.70	Cap'l Spending per sh	.85
3.81	4.18	4.72	4.68	5.09	5.70	6.37	6.47	6.11	5.88	6.18	6.29	6.67	7.48	8.32	9.17	10.10	11.05	Book Value per sh	13.90
115.95	116.84	115.61	116.06	115.32	114.43	114.98	127.40	125.33	124.21	123.12	122.38	122.84	124.98	126.74	124.34	124.00	123.00	Common Shs Outst'g ^D	120.00
19.7	20.0	25.3	23.5	20.1	19.1	20.7	23.7	23.1	52.7	18.1	23.4	36.5	16.1	20.3	24.1	21.5		Avg Ann'l P/E Ratio	21.0
1.46	1.28	1.53	1.39	1.32	1.28	1.30	1.37	1.20	3.00	1.18	1.20	1.99	.92	1.07	1.27	1.15		Relative P/E Ratio	1.30
1.7%	1.5%	1.3%	1.5%	2.0%	2.1%	1.9%	2.2%	2.6%	2.8%	3.1%	3.1%	2.4%	1.9%	1.5%	1.5%	1.6%		Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 4/30/06																	
Total Debt \$517.9 mill. Due in 5 Yrs \$29.1 mill.																	
LT Debt \$488.8 mill. LT Interest \$29.7 mill.																	
Includes \$13.5 million capitalized leases (Total interest coverage: 5.6x)																	
(28% of Cap'l)																	
Pension Assets 12/05 \$2.3 mil. Oblig. \$4.1 mil.																	
Leases, Uncapitalized Annual rentals \$23.2 mill.																	
Pfd Stock None																	
Common Stock 125,562,782 shs. as of 5/19/06																	
MARKET CAP: \$3.2 billion (Mid Cap.)																	
CURRENT POSITION																	
		2004	2005	4/30/06													
		(\$MILL.)															
Cash Assets	149.8	207.3	207.4														
Receivables	423.5	468.9	464.7														
Inventory (FIFO)	274.4	302.9	438.8														
Other	90.7	90.7	147.5														
Current Assets	938.4	1069.8	1258.4														
Accts Payable	94.1	117.7	137.8														
Debt Due	63.8	59.5	29.1														
Other	263.6	241.6	308.7														
Current Liab.	421.5	418.8	475.6														

ANNUAL RATES																	
Past		Past	Est'd	'03-'05													
of change (per sh)		10 Yrs.	5 Yrs.	to '09-'11													
Sales	8.0%	8.5%	7.0%														
"Cash Flow"	4.0%	6.5%	6.5%														
Earnings	2.5%	7.0%	7.5%														
Dividends	.5%	-9.5%	9.0%														
Book Value	5.0%	6.5%	9.0%														

QUARTERLY SALES (\$ mill.)^A																	
Fiscal Year Ends	Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year												
2003	332.2	388.5	421.5	471.4	1613.6												
2004	374.3	428.1	463.9	504.4	1770.7												
2005	414.7	469.5	493.5	524.5	1902.2												
2006	431.2	478.4	510.0	545.4	1965												
2007	440	495	520	560	2015												

EARNINGS PER SHARE^{A B}																	
Fiscal Year Ends	Oct.Per	Jan.Per	Apr.Per	Jul.Per	Full Fiscal Year												
2003	.14	.25	.33	.44	1.16												
2004	.19	.20	.37	.44	1.20												
2005	.17	.26	.35	.34	1.12												
2006	.20	.26	.37	.47	1.30												
2007	.23	.30	.45	.47	1.45												

QUARTERLY DIVIDENDS PAID^C																	
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2002	.17	.09	.09	.09	.44												
2003	.09	.09	.09	.09	.36												
2004	.09	.09	.09	.09	.36												
2005	.10	.10	.10	.10	.40												
2006	.11	.11	.11	.11	.44												

(A) Fiscal year ends about July 31. (B) Basic earnings until 1997; diluted thereafter. Excludes nonrecurring gains (losses): '92, 2c; '93, (15c); '94, (2c); '95, (1c); '97, (50c); '98, (54c); '02, 23c. Next earnings report due September 12th. (C) Dividends historically paid mid-February, May, August, and November. Dividend reinvestment plan available. (D) In millions.

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Despite Pall posting lower-than-expected fiscal third-quarter share net, we are leaving our full-year 2006 tally at \$1.30 (year ends July 31st). Pall registered share earnings of \$0.37 in the April quarter, compared to our call of \$0.40. Operating income at the General Industrial segment was down 28%, to \$17.2 million, and in the Medical operation, it declined 52%, to \$13 million. Moreover, currency translation shortcomings were also a factor. The Biopharmaceutical and Microelectronic segments, however, performed up to expectations. For the fiscal final quarter, we have raised our bottom-line estimate to \$0.47, from \$0.44. We have factored in an Aerospace group sales timing shift from the third interim to the fourth. We also expect lower interest expense, thanks to a lower weighted average cost of capital (as debt is paid down), decreased SG&A due to cost savings, and better-than-previously-anticipated Microelectronic division sales.

Ongoing restructuring costs appear to outweigh the benefits. Pall's flagship blood filtration business (in the Medical group) is maturing. Competition has been

increasing (from MacoPharma, Asahi Medical, Terumo Corp., Baxter Intl., and Bio-Merieux), and in order to hold on to market share, Pall has been giving up pricing for volume. To try and offset the decline, Pall has been restructuring to cut costs. The problem is, since fiscal year 2000, Pall has expended \$160 million in perpetual restructuring charges but has little to show for them in the form of profit advances. The latest two-year reorganization (announced in the April quarter) involves further facility shutdowns to reduce manufacturing overhead by 20% and the headcount by 10%. The company expects this to cost \$40 million, producing annual cost savings of \$50 million by 2008. Based on previous experience, however, we are skeptical of this cost/benefit analysis.

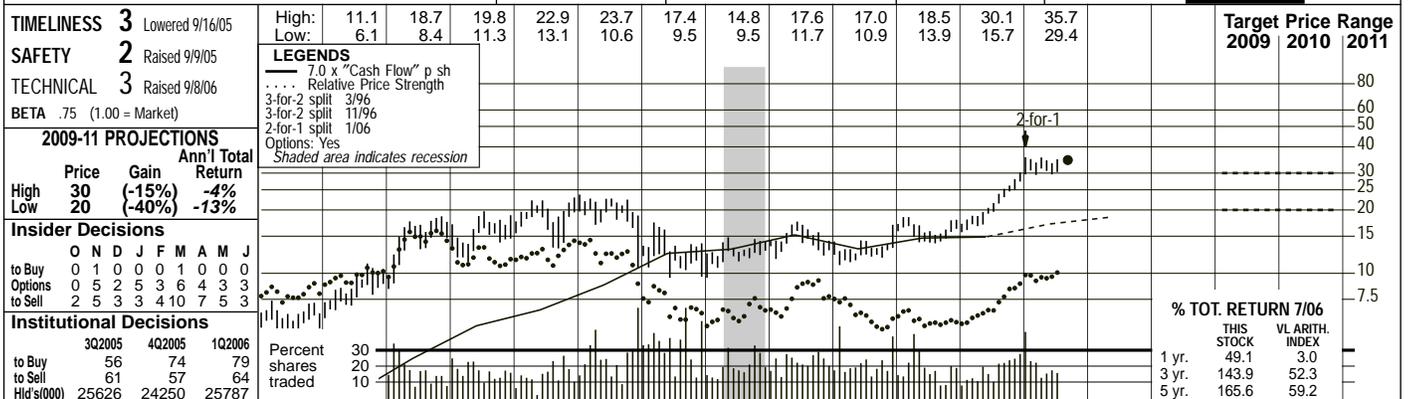
At the current quote, this good-quality, though untimely stock has decent long-term total return appeal. The dividend, although unexceptional, is secure. And the stock's recent pullback, after the release of second-quarter earnings, means it has decent recovery potential over the span to 2009-2011.

Jeremy J. Butler August 18, 2006

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

To subscribe call 1-800-833-0046.

PAPA JOHN'S INT'L NDC-PZZA **RECENT PRICE 34.56** **P/E RATIO 23.4** (Trailing: 26.4 Median: 17.0) **RELATIVE P/E RATIO 1.37** **DIV'D YLD Nil** **VALUE LINE**



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Revenues per sh	6.26	8.74	11.19	13.34	20.54	21.93	26.22	25.32	28.17	29.29	30.45	32.05	38.35
"Cash Flow" per sh	.56	.80	.96	1.26	1.77	1.86	2.18	1.87	2.10	2.12	2.45	2.65	3.25
Earnings per sh A	.33	.47	.63	.82	.95	1.04	1.16	1.02	1.12	1.21	1.45	1.60	2.00
Div'ds Decl'd per sh	---	---	---	---	---	---	---	---	---	---	Nil	Nil	Nil
Cap'l Spending per sh	.50	.74	1.16	1.34	1.29	.71	.52	.45	.63	.53	.60	.65	.65
Book Value per sh	3.14	3.66	4.39	4.84	3.62	4.42	3.38	4.40	4.16	4.88	6.00	7.50	12.90
Common Shs Outst'g B	57.48	58.18	59.83	60.39	45.99	44.30	36.08	36.23	33.46	33.08	32.50	32.00	30.00
Avg Ann'l P/E Ratio	44.1	33.4	29.9	24.3	13.1	12.2	12.7	12.7	14.3	17.7	Bold figures are Value Line estimates		13.0
Relative P/E Ratio	2.76	1.93	1.56	1.39	.85	.63	.69	.72	.76	.94			.85
Avg Ann'l Div'd Yield	---	---	---	---	---	---	---	---	---	---			Nil
Revenues (\$mill)	360.1	508.8	669.8	805.3	944.7	971.2	946.2	917.4	942.4	968.8	990	1025	1150
Operating Margin	10.9%	11.6%	11.1%	12.9%	12.3%	12.1%	12.0%	10.4%	10.4%	10.0%	11.0%	11.5%	11.5%
Depreciation (\$mill)	13.7	19.8	19.4	25.2	34.2	35.2	31.7	31.1	31.2	28.8	30.0	31.0	35.0
Net Profit (\$mill)	18.6	26.9	37.8	50.7	47.4	47.2	46.8	36.6	39.0	41.5	50.0	55.0	65.0
Income Tax Rate	37.0%	37.0%	37.0%	38.0%	38.2%	37.7%	37.5%	38.2%	37.3%	36.1%	37.5%	37.0%	37.5%
Net Profit Margin	5.2%	5.3%	5.6%	6.3%	5.0%	4.9%	4.9%	4.0%	4.1%	4.3%	5.1%	5.4%	5.7%
Working Cap'l (\$mill)	25.3	18.8	24.2	d22.7	d4.3	d1.3	d17.3	d18.4	d24.6	d9.5	d5.0	10.0	25.0
Long-Term Debt (\$mill)	1.5	---	---	.9	145.7	105.1	139.9	61.0	78.5	49.0	20.0	20.0	20.0
Shr. Equity (\$mill)	180.6	212.7	262.7	292.1	166.3	195.6	121.9	159.3	139.2	161.3	195	240	385
Return on Total Cap'l	10.2%	12.6%	14.4%	17.3%	16.4%	17.1%	19.3%	18.1%	19.0%	20.7%	23.5%	21.0%	15.5%
Return on Shr. Equity	10.3%	12.6%	14.4%	17.4%	28.5%	24.2%	38.4%	23.0%	28.0%	25.7%	25.0%	23.0%	17.0%
Retained to Com Eq	10.3%	12.6%	14.4%	17.4%	28.5%	24.2%	38.4%	23.0%	28.0%	25.7%	25.0%	23.0%	17.0%
All Div'ds to Net Prof	---	---	---	---	---	---	---	---	---	---	Nil	Nil	Nil

Papa John's opened its first pizza restaurant in 1985 in Jeffersonville, Indiana. The company operated as a subchapter S corporation from January, 1986, until its initial public offering in June, 1993. At that time, Montgomery Securities brought the company public by selling 1.5 mill. shares at a price of \$13 per share. The company netted \$18 million in its initial offering and raised a total of \$103 million through four subsequent offerings through August of 1996. All figures adjusted for splits.

CAPITAL STRUCTURE as of 6/25/06
Total Debt \$45.4 mill. Due in 5 Yrs. \$30.0 mill.
LT Debt \$35.5 mill. LT Interest \$1.5 mill.

Leases, Uncapitalized Annual rentals \$21.9 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 31,924,603 shs. as of 7/26/06

MARKET CAP: \$1.1 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2004	2005	6/25/06
Cash Assets	14.7	22.1	10.5
Receivables	28.4	21.3	21.4
Inventory (FIFO)	23.2	26.0	24.4
Other	22.8	22.6	19.6
Current Assets	89.1	92.0	75.9
Accts Payable	35.9	28.9	25.2
Debt Due	15.7	6.1	9.9
Other	62.1	66.5	67.3
Current Liab.	113.7	101.5	102.4

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	23.5%	13.0%	5.5%
"Cash Flow"	22.5%	9.0%	8.0%
Earnings	21.5%	7.0%	10.0%
Dividends	---	---	Nil
Book Value	13.5%	1.0%	19.5%

Cal-endar	QUARTERLY REVENUES (\$mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	232.3	226.5	219.6	239.0	917.4
2004	236.9	230.0	227.8	247.7	942.4
2005	248.6	238.7	233.1	248.4	968.8
2006	242.4	241.6	235	271	990
2007	255	250	245	275	1025

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.31	.30	.18	.23	1.02
2004	.26	.26	.24	.37	1.12
2005	.30	.31	.25	.35	1.21
2006	.37	.34	.29	.45	1.45
2007	.40	.38	.35	.47	1.60

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

BUSINESS: Papa John's Int'l. operates and franchises pizza delivery and takeout stores in 49 states and 22 international markets. At 12/25/05, there were 2,926 restaurants; 504 were owned by the company and 2,422 were franchised. Also has 112 Perfect Pizza restaurants in the U.K. Operates commissaries that distribute ingredients to individual stores. '05 revenue breakdown: company-

Papa John's is bucking poor industry trends. While others in the quick-serve pizza segment of the restaurant industry have experienced soft sales of late, due to a more cautious consumer, the company, in stark contrast, has been thriving. Indeed, comparable-restaurant sales advanced 4.7% in the recently-ended second quarter. This, combined with higher profitability, thanks to a decline in food and labor costs, and a lower share count, allowed Papa John's to post earnings of \$0.34 a share, which was 10% above the year-ago tally.

This business momentum ought to continue through the remainder of 2006 and into next year. Granted, macro conditions are likely to become more difficult, as consumers' spending continues to be pinched by high gasoline prices and increasing mortgage and credit card payments. However, the company's offerings will be hard to resist. Papa John's has consistently come out the winner in various consumer taste test surveys. Also helping to boost sales will be the use of innovative marketing, including Internet ads, online ordering, and the introduction of new

owned stores, 45% of total; commissary and equipment sales, 42%; franchise royalties and development fees, 6%; other, 7%. Has about 13,195 employees. Off/dir. own 27.7% of common; FMR, 12.1%; Goldman Sachs, 5.3% (4/06 proxy). CEO: Nigel Travis, Inc.: DE. Address: 11492 Bluegrass Pkwy., Louisville, KY 40299-2334. Telephone: 502-266-5200. Internet: www.papajohns.com.

menu items. Recent successes include the Sweet Treats Pizza, the Fajita Pizza, and the King Kong Pizza. As for margins, we think they will continue to widen, albeit modestly, thanks to further declines in cheese prices.

International expansion will be the primary vehicle for future growth. The pizza category is a lot less mature in markets outside of the United States. Because of this, we expect the bulk of the company's unit development to be overseas, especially in the U.K., South Korea, China, Mexico, and Russia. That said, Papa John's believes there are still growth opportunities in the U.S., though not in the form of traditional pizza stores. The company's recently-formed strategic partnership with Six Flags theme parks is an example of its investment in non-traditional venues.

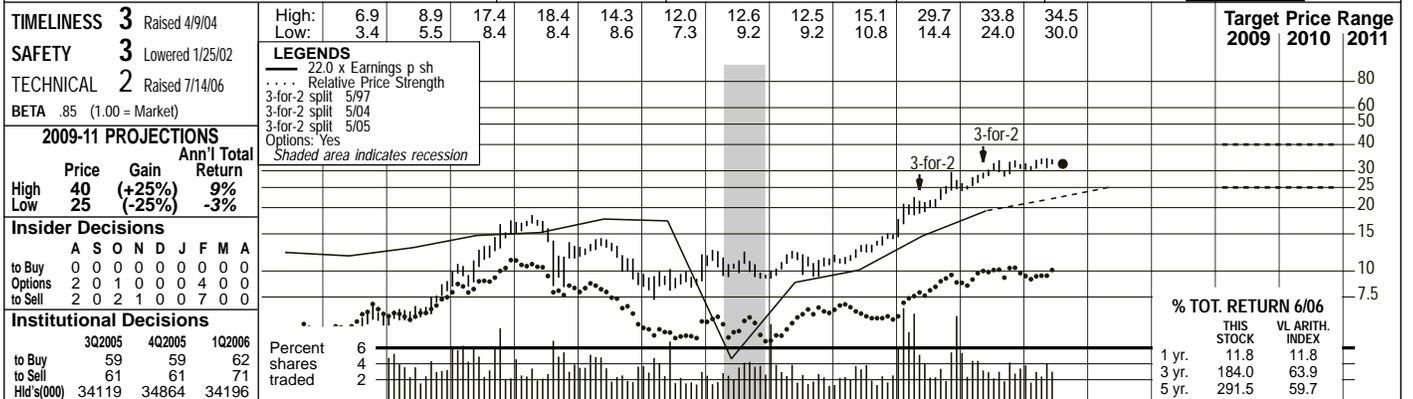
Papa John's stock lacks investment appeal at the current price. The issue is just an average selection for year-ahead relative price performance. Moreover, it's already trading above the high end of our 3- to 5-year Target Price Range.

Deborah Y. Fung September 8, 2006

(A) Diluted earnings from 1997; primary earnings '96. Excludes nonrecurring gains (losses): '99, (11c); '00, (63c); '03, (17c); '04, (99c); '05, 8c; 1Q '06, 10c. Excludes gain from discontinued operations: '05, 5c. Next earnings report due late October. (B) In millions, adjusted for stock splits. (C) Quarterly earnings don't add to full year due to change in shares outstanding.	Company's Financial Strength	B++
	Stock's Price Stability	85
	Price Growth Persistence	55
	Earnings Predictability	85

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PEOPLE'S BANK NDQ:PBCT **RECENT PRICE 32.32** **P/E RATIO 32.3** (Trailing: 35.5 / Median: 23.0) **RELATIVE P/E RATIO 1.87** **DIV'D YLD 3.1%** **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
50.00	42.98	41.74	44.86	40.63	35.43	37.92	39.16	45.21	50.67	60.77	64.27	66.52	68.30	66.56	67.18	70.40	73.25	Mortgage Loans per sh	81.50
52.04	47.25	44.56	42.53	37.42	39.13	38.32	42.28	48.39	52.28	56.27	57.69	60.70	62.47	62.92	64.14	65.90	67.85	Savings Deposits per sh	74.15
d.77	d.83	.04	.35	.56	.54	.59	.67	.69	.80	.79	.17	.40	.46	.67	.88	1.00	1.15	Earnings per sh ^A	1.55
.21	--	--	.02	.14	.19	.24	.30	.37	.46	.53	.60	.63	.68	.75	.85	.95	1.00	Div'ds Decl'd per sh ^B	1.15
3.43	2.72	2.79	3.23	3.53	4.32	4.52	5.16	5.95	5.68	6.39	6.76	6.77	7.18	8.52	9.10	9.55	10.05	Book Value per sh	12.20
109.94	110.02	110.10	110.33	123.58	123.58	136.87	137.62	143.36	137.54	137.93	138.38	138.83	139.50	140.85	141.60	142.00	142.00	Common Shs Outst'g ^C	142.00
--	--	38.0	6.7	6.4	9.3	11.3	18.1	20.9	14.9	11.6	61.3	27.0	27.8	32.3	33.0	33.0	33.0	Avg Ann'l P/E Ratio	22.0
--	--	2.30	4.0	4.2	6.2	.71	1.04	1.09	.85	.75	3.14	1.47	1.58	1.71	1.76	1.76	1.76	Relative P/E Ratio	1.45
12.4%	--	--	.8%	3.9%	3.8%	3.6%	2.5%	2.6%	3.8%	5.9%	5.6%	5.8%	5.3%	3.5%	2.9%	3.5%	2.9%	Avg Ann'l Div'd Yield	3.4%

CAPITAL STRUCTURE as of 3/31/06		2004	2005	3/31/06	2004	2005	3/31/06	2004	2005	3/31/06	2004	2005	3/31/06	2004	2005	3/31/06	2004	2005	3/31/06	2004	2005	3/31/06
ST Debt \$251.0 mill.	LT Debt \$108.7 mill.	(8% Debt + Equity)	37.4%	35.1%	34.5%	34.0%	36.0%	39.3%	30.5%	25.4%	18.7%	20.6%	21.0%	23.0%	Gross Income (\$mill)	940						
			80.1	92.4	99.7	112.0	108.4	24.0	55.4	63.8	93.7	124.4	145	160	Net Profit (\$mill)	220						
			20.8%	35.9%	37.1%	34.3%	34.5%	31.2%	31.1%	26.6%	21.4%	31.6%	32.0%	32.0%	Income Tax Rate	33.0%						
			12.2%	11.9%	11.2%	11.6%	10.2%	2.5%	6.4%	8.3%	15.9%	18.5%	20.0%	20.9%	Net Profit Margin	23.5%						
Pension Assets-12/05 \$180 mill.	Oblig. \$214 mill.		7645.2	8184.0	9918.7	10738	11571	11891	12261	11672	10718	10933	11250	11800	Total Assets (\$mill)	13900						
			836.8	777.3	1118.6	1465.5	1773.8	1324.4	1595.9	964.3	100.0	25.0	25.0	50.0	FHLB Advances (\$mill)	125.0						
Pfd Stock None			618.0	709.9	852.3	781.7	881.8	935.0	939.6	1002.0	1199.8	1288.6	1355	1430	Shr. Equity (\$mill)	1730						
Common Stock 141,930,384 shares as of 4/30/06			--	--	--	--	--	--	--	--	1824	1630	1710	1780	New Loan Volume (\$mill)	2100						
			--	--	--	--	--	--	--	--	--	--	.50%	.31%	Problem Assets to Lns	.45%						
MARKET CAP: \$4.6 billion (Mid Cap)			8.1%	8.7%	8.6%	7.3%	7.6%	7.9%	7.7%	8.6%	11.2%	11.8%	12.0%	12.0%	Shr. Eq. to Total Assets	12.5%						
			33.7%	41.2%	42.5%	42.7%	41.8%	46.4%	50.8%	56.5%	58.2%	50.4%	48.5%	44.5%	G&A Exp to Gross Inc	38.0%						
EARNINGS FACTORS			1.05%	1.13%	1.01%	1.04%	.94%	.20%	.45%	.55%	.87%	1.14%	1.30%	1.35%	Return on Total Assets	1.60%						
MARGIN (%)			13.0%	13.0%	11.7%	14.3%	12.3%	2.6%	5.9%	6.4%	7.8%	9.7%	10.5%	11.5%	Return on Shr. Equity	13.0%						

EARNINGS FACTORS		2004	2005	3/31/06
Earning Asset Yield	Cost of Funds	4.45	5.06	5.52
Yield-Cost Margin		1.20	1.47	1.86
NET CHANGES (\$mill)		2004	2005	3/31/06
Loans	Savings Deposits	-153	138	187
FHLB Advances	Other Borrowing	148	221	-60
		-864	-175	-25
		-442	29	-19

ANNUAL RATES Past		Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
change (per sh)				
Mortgage Lns	5.5%	5.0%	14.5%	
Savings Dep	5.0%	4.0%	2.5%	
Earnings	3.5%	-2.5%	15.0%	
Dividends	20.5%	11.0%	7.0%	
Book Value	8.5%	6.5%	6.5%	

Cal-endar	SAVINGS DEPOSITS (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	8492	8810	8693	8714	
2004	8793	8949	8812	8862	
2005	9046	9177	9086	9082	
2006	9252	9225	9300	9355	
2007	9425	9500	9560	9635	

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.11	.11	.11	.13	.46
2004	.14	.16	.17	.20	.67
2005	.21	.22	.24	.21	.88
2006	.24	.24	.25	.27	1.00
2007	.29	.28	.28	.30	1.15

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.151	.16	.16	.16	.63
2003	.16	.173	.173	.173	.68
2004	.173	.193	.193	.193	.75
2005	.193	.22	.22	.22	.85
2006	.22	.25			

People's Bank recorded a solid start to 2006. First-quarter earnings were higher, as we expected. Margins improved for the eighth consecutive quarter, as management continued to control interest expense by funding loans from investment securities runoff as opposed to paying up for higher-cost deposits. Loan quality remains good.

Sustainable margin expansion and loan growth are what is needed. A larger difference between short- and long-term interest rates would increase margins, and allow management to rely less on managing the margin and funding costs via investment portfolio runoff.

A recession would reduce loan volume and raise credit issues . . . Recent hints of further rate hikes by the Federal Reserve may possibly slow economic activity and loan demand. People's is dependent on its local economy for both loan origination and funding. If the local economy slows, profitability would probably suffer. Credit quality costs, in the form of charge-offs and lost interest income from nonaccrual loans, usually would increase. . . . particularly in the ARM portfolio.

brokerage, equipment leasing, asset management, and insurance services. People's Mutual Holdings owns 57.9% of stock; officers/directors, 1.2%; no 5% holders (3/06 proxy). Has about 12,000 stockholders, 2,800 employees. Chairman, President & CEO: John A. Klein. Inc.: CT. Address: 850 Main St., Bridgeport, CT 06604. Telephone: 203-338-7171. Internet: www.peoples.com.

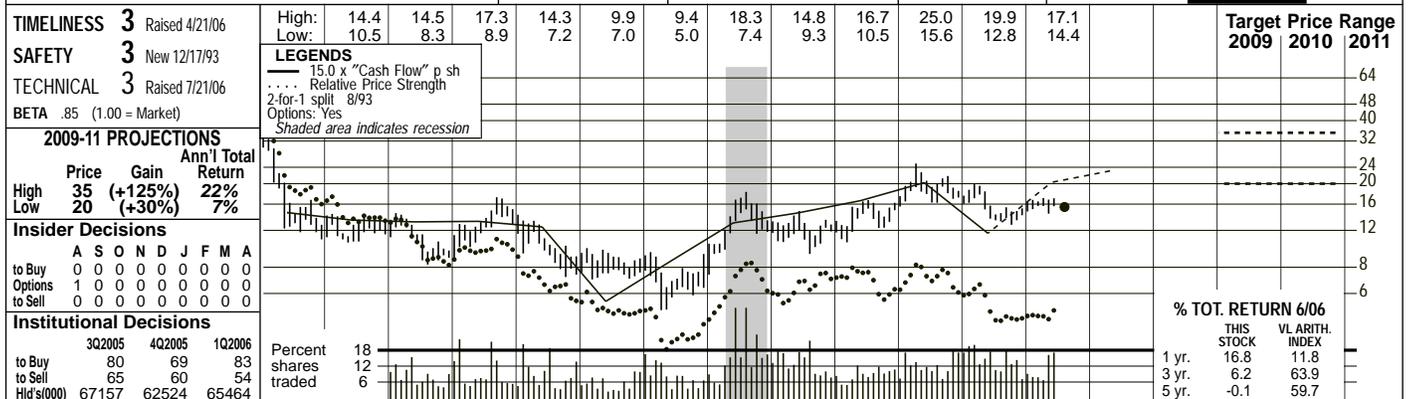
About 97% of the \$3.7 billion mortgage loan portfolio consists of adjustable-rate mortgages (ARMs). Rising interest rates would reset the borrower's rate at a higher level, increasing the likelihood of default. That said, all of the mortgages are in Connecticut, and most are in Fairfield County, locations which historically have exhibited above-average creditworthiness.

People's recently applied for a federal charter, signaling a more active growth plan. The shift from a state to a federally chartered mutual holding company structure, if approved, would allow People's to open offices nationwide. Management will initially focus its expansion efforts in the Northeast, and would be opening 15 de novo sites in Westchester County over the next three years.

This stock is ranked to mirror the year-ahead market. A steepening yield curve, new branch openings, and doing more business across state lines all provide earnings potential. That said, rising rates may also slow loan growth. In fact, these shares are already trading within our Target Price Range.

Douglas G. Maurer, CFA July 21, 2006

PERRIGO CO NDQ-PRGO
RECENT PRICE **15.52** P/E RATIO **18.9** (Trailing: 30.4 Median: 23.0) RELATIVE P/E RATIO **1.09** DIV'D YLD **1.3%** VALUE LINE



Perrigo, founded in 1887 by Luther Perrigo, entered the pharmaceutical business by repackaging and distributing drugs for resale by rural stores. It opened its first manufacturing plant in 1921 and built its sales force to 50 within a few years. After completing several acquisitions, the company was taken private via a leveraged buyout in 1988. Three years later, 8 million shares (adjusted for a subsequent split) were sold through an initial public offering led by Morgan Stanley & Co. and J.P. Morgan Securities Inc.

CAPITAL STRUCTURE as of 3/25/06
Total Debt \$621.4 mill. Due in 5 Yrs \$281.5 mill.
LT Debt \$594.4 mill. LT Interest \$29.9 mill.
Incl. \$400 mill. loan secured by \$400 mill. bank deposit.
(49% of Cap'l)
Leases, Uncapitalized Annual rentals \$7.1 mill.
No Defined Benefit Pension Plan

Common Stock 94,042,474 shares as of 4/21/06
MARKET CAP: \$1.5 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2004	2005	3/25/06
Cash Assets	171.7	34.5	35.9
Receivables	86.0	210.3	220.4
Inventory (FIFO)	174.3	273.0	273.7
Other	41.2	91.0	63.0
Current Assets	473.2	608.8	593.0
Accts Payable	88.9	142.8	163.5
Debt Due	9.5	25.3	27.0
Other	89.1	172.4	157.5
Current Liab.	187.5	340.5	348.0

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Past Est'd '03-'05 to '09-'11
Sales	3.0%	5%	9.0%
"Cash Flow"	2.0%	13.0%	13.0%
Earnings	1.5%	21.5%	13.0%
Dividends	--	--	14.5%
Book Value	6.0%	7.5%	7.0%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A					Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	Jun.Per	
2003	213.2	227.5	202.6	182.7		826.0
2004	211.8	247.4	232.9	206.1		898.2
2005	227.7	251.7	220.1	324.6		1024.1
2006	319.7	359.7	332.3	338.3		1350
2007	340	370	360	350		1420

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}					Full Fiscal Year
	Sep.Per	Dec.Per	Mar.Per	Jun.Per	Jun.Per	
2003	.23	.24	.20	.06		.73
2004	.23	.35	.24	.11		.93
2005	.23	.20	.15	d.09		.49
2006	.14	.24	.22	.15		.75
2007	.20	.25	.28	.17		.90

Calendar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	--	--	--	--	--
2003	.025	.025	.025	.035	.11
2004	.035	.035	.035	.04	.15
2005	.04	.04	.04	.043	.16
2006	.043	.043			

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11	
10.19	11.09	12.08	11.97	10.05	10.17	11.39	11.74	12.67	10.91	14.65	15.80	15.80	Sales per sh ^A	20.00
.88	.88	.83	.37	.57	.87	.97	1.11	1.35	.77	1.35	1.55	1.55	"Cash Flow" per sh	2.25
.52	.58	.47	.08	.26	.55	.59	.73	.93	.49	.75	.90	.90	Earnings per sh ^{A B}	1.50
--	--	--	--	--	--	--	--	.05	.13	.16	.17	.20	Div'ds Decl'd per sh ^C	.25
.23	.30	.95	.44	.20	.36	.38	.46	.40	.29	.30	.35	.35	Cap'l Spending per sh ^D	.50
4.99	5.59	4.62	4.54	4.79	5.21	5.74	6.38	7.57	6.29	6.85	7.50	7.50	Book Value per sh ^D	10.25
76.33	76.15	74.69	73.30	73.49	74.07	72.55	70.34	70.88	93.90	92.00	90.00	90.00	Common Shs Outst'g ^E	94.00
24.0	17.8	27.8	NMF	29.2	16.5	22.8	16.9	18.1	36.6	20.1			Avg Ann'l P/E Ratio	18.5
1.50	1.03	1.45	NMF	1.90	.85	1.25	.96	.96	1.92	1.05			Relative P/E Ratio	1.25
--	--	--	--	--	--	--	--	.4%	.8%	.9%	1.1%		Avg Ann'l Div'd Yield	Nil
778.1	844.6	902.6	877.6	738.6	753.5	826.3	826.0	898.2	1024.1	1350	1420	1420	Sales (\$mill) ^A	1875
12.3%	11.2%	9.6%	5.0%	7.8%	11.2%	11.6%	13.1%	14.6%	9.5%	13.0%	13.5%	13.5%	Operating Margin	14.5%
27.3	22.3	26.7	21.2	22.2	23.0	25.6	26.1	28.5	34.8	53.0	55.0	55.0	Depreciation (\$mill)	60.0
39.8	45.0	35.3	5.7	19.3	41.2	44.5	51.9	67.5	37.9	70.0	85.0	85.0	Net Profit (\$mill)	145
36.3%	36.5%	37.0%	43.8%	36.7%	36.4%	38.2%	37.6%	36.3%	39.3%	33.0%	32.5%	32.5%	Income Tax Rate	30.0%
5.1%	5.3%	3.9%	.7%	2.6%	5.5%	5.4%	6.3%	7.5%	3.7%	5.2%	6.0%	6.0%	Net Profit Margin	7.7%
167.0	169.6	231.0	249.4	154.8	141.3	186.9	212.7	285.7	268.3	285	350	350	Working Cap'l (\$mill)	625
48.8	1.5	81.6	135.0	--	--	--	--	--	656.1	595	590	590	Long-Term Debt (\$mill)	525
381.2	425.9	345.1	332.4	351.8	385.9	416.1	448.4	536.2	590.8	630	675	675	Shr. Equity (\$mill)	965
9.9%	10.7%	8.8%	2.3%	5.5%	10.7%	10.7%	11.6%	12.6%	3.1%	7.0%	8.0%	8.0%	Return on Total Cap'l	10.5%
10.5%	10.6%	10.2%	1.7%	5.5%	10.7%	10.7%	11.6%	12.6%	6.4%	11.0%	12.5%	12.5%	Return on Shr. Equity	15.0%
10.5%	10.6%	10.2%	1.7%	5.5%	10.7%	10.7%	10.8%	10.9%	4.4%	8.5%	10.0%	10.0%	Retained to Com Eq	12.5%
--	--	--	--	--	--	--	7%	14%	31%	23%	21%	21%	All Div'ds to Net Prof	17%

BUSINESS: Perrigo Company operates three segments: consumer healthcare makes private-label OTC drugs and nutritional products, 91% FY 2005 sales; Rx produces prescription generic drugs, 3%; and API makes active pharmaceutical ingredients under contract, 2%; other, 4%. Sells 1,300 products to about 300 retailers. Wal-Mart accounted for 26% of 2005 business; foreign customers, 16%.

2005 depreciation rate: 5.9%; R&D, 3.8% of sales. Est'd plant age: 8 years. Acquired Agis Inds. 3/05. Has 5,848 employees; 1,440 shareholders. Officers & directors own 18.5% of stock; other major investors, 31.9% (9/05 proxy). Chairman & CEO: D.T. Gibbons. Inc.: Michigan. Address: 515 Eastern Ave., Allegan, MI 49010. Telephone: 269-673-8451. Internet: www.perrigo.com.

Perrigo probably performed well at the close of fiscal 2006 (ended June 30th). The fourth quarter is typically slow, due to less demand for cough/cold products in the spring than in the winter. And a changeover from one decongestant (pseudoephedrine) to another (phenylephrine) industrywide probably disrupted sales of allergy medicines. (Overall, the company probably lost about \$90 million in sales from the switch.) On the other hand, the consumer health segment has been benefiting from new products, including smoking-cessation aids. Perrigo expanded the line recently with two strengths of gum, equivalent to GlaxoSmithKline's *Nicorette Fresh Mint*. And while R&D expenses probably rose, we think operations rebounded strongly in the June quarter.

profit growth to late decade. The corporate strategy of diversifying into generic drugs and contract manufacturing is paying off. Perrigo has filed to launch a generic copy of Pfizer's antidepressant *Zoloft*, and it has developed a version of Sanofi-Aventis's *Nasacort AQ* allergy medicine for Barr Pharmaceuticals. In another deal, the company gained the rights to an OTC form of the heartburn medicine *Prilosec*. But due to legal wrangling, this drug won't debut until fiscal 2009, about the same time as the generic *Nasacort AQ*. The contract manufacturing segment will likely offer other active ingredients, as drugs for sleep apnea and Alzheimer's disease may launch soon. Some will be produced in an enterprise zone that will limit the tax rate. Overall, we figure profits will rise about 15% annually to 2009-2011.

Two small plants will close, which have been manufacturing two unprofitable products. As a result, the company will take charges of \$8 million and \$3 million in the fourth quarter of fiscal 2006 and in fiscal 2007, respectively. Because the products are discontinued, we are not including the charges in our earnings estimates.

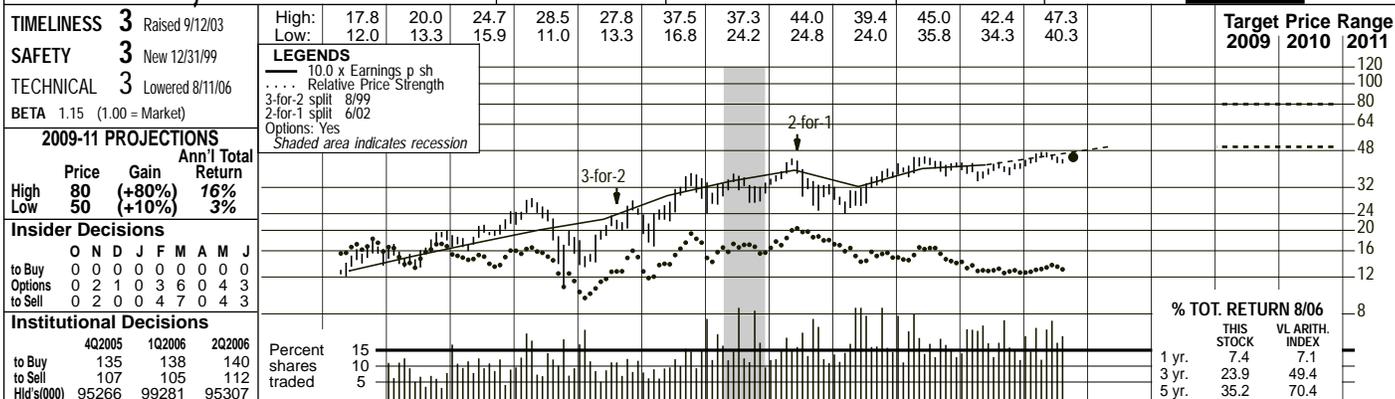
This stock has appeal for the long haul. A partial rebound in sales of cough/cold drugs, to \$115 million, and more contract manufacturing business should raise fiscal 2007 earnings close to the former peak. New entries also augur well for profits 3 to 5 years out.

New entries should support good

Keith A. Markey, Ph.D. July 21, 2006

(A) Fiscal year ends on Saturday closest to June 30th. Prior to 1999, ended on June 30th. (B) Primary earnings through fiscal '96, diluted thereafter. Excl. nonrecur. gains (losses): '98, (\$1.16); '99, (6c); '01, (18c); '02, 8c; '03, 3c; '04, 18c; '05, (\$5.06); '06, 3c. Next earnings report due August 9th. (C) Quarterly div'ds started 3/21/03. Div'd pay- ment dates: late March, June, Sept., and Dec. (D) Includes intang.; as of 6/25/05: \$298.3 million, \$3.18/share. (E) In millions, adjusted for stock split.

PMI GROUP, INC. NYSE-PMI **RECENT PRICE 44.62** **P/E RATIO 9.5** (Trailing: 10.4 Median: 9.5) **RELATIVE P/E RATIO 0.54** **DIV'D YLD 0.5%** **VALUE LINE**



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
P/C Prem Earned p sh	3.93	4.66	5.41	6.25	7.16	8.47	10.06	7.32	8.19	9.22	10.75	11.50	13.75
Investment Inc p sh	.64	.85	.93	1.06	1.35	1.68	1.37	1.57	1.79	2.02	2.30	2.50	3.00
Underwriting Inc p sh	1.58	1.50	1.68	2.19	3.05	3.21	3.31	2.34	2.59	3.07	3.80	4.30	4.95
Earnings per sh ^A	1.50	1.74	2.01	2.26	2.93	3.44	3.87	3.23	3.94	4.12	4.55	5.05	6.50
Div'ds Decl'd per sh ^B	.07	.07	.07	.07	.08	.08	.09	.11	.16	.19	.21	.24	.36
Book Value per sh	9.39	10.90	12.08	13.62	16.92	19.49	24.39	29.26	33.37	36.42	39.05	43.75	57.80
Common Shs Outst'g ^C	105.14	97.38	90.84	89.40	88.62	89.16	89.94	95.16	94.03	88.71	80.00	80.00	80.00
Price to Book Value	171%	178%	179%	146%	161%	161%	142%	108%	122%	108%			110%
Avg Ann'l P/E Ratio	10.7	11.1	10.7	8.8	9.3	9.1	8.9	9.8	10.3	9.6			10.0
Relative P/E Ratio	.67	.64	.56	.50	.60	.47	.49	.56	.54	.51			.65
Avg Ann'l Div'd Yield	4%	3%	3%	4%	3%	3%	3%	3%	4%	5%			.6%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
P/C Premiums Earned	412.7	454.0	491.2	558.6	634.4	754.8	904.5	696.9	770.4	817.6	860	920	1100
Loss to Prem Earned	41.9%	33.5%	27.6%	20.2%	16.2%	15.6%	18.5%	30.0%	30.8%	31.5%	30.5%	30.0%	31.0%
Expense to Prem Writ	18.4%	35.9%	41.5%	43.8%	40.9%	46.4%	48.6%	30.3%	37.6%	35.2%	34.0%	32.5%	33.0%
Underwriting Margin	39.7%	30.6%	30.9%	36.0%	42.8%	38.0%	33.0%	39.7%	31.6%	33.3%	35.5%	37.5%	36.0%
Income Tax Rate	28.9%	27.8%	28.7%	29.5%	30.5%	30.2%	28.4%	30.0%	21.6%	24.3%	25.5%	25.5%	24.0%
Net Profit (\$mill)	157.9	175.3	190.4	204.5	263.8	312.0	353.5	294.0	387.2	409.2	365	405	520
Inv Inc/Total Inv	5.6%	5.9%	5.7%	5.7%	6.1%	6.1%	5.0%	5.4%	5.3%	5.9%	6.2%	6.4%	7.0%
Total Assets (\$mill)	1510	1687	1778	2101	2393	2990	3517	4794	5146	5254	5400	5600	6400
Shr. Equity (\$mill)	986.9	1160.2	1196.6	1316.3	1598.3	1786.7	2242.3	2784.0	3137.8	3230.8	3125	3500	4625
Return on Shr. Equity	16.0%	15.1%	15.9%	15.5%	16.5%	17.5%	15.8%	10.6%	12.3%	12.7%	11.5%	11.5%	11.0%
Retained to Com Eq	15.3%	15.9%	16.8%	16.4%	17.1%	17.3%	15.7%	10.1%	11.8%	12.1%	11.0%	11.0%	10.5%
All Div'ds to Net Prof	4%	4%	3%	3%	3%	4%	2%	4%	4%	4%	5%	5%	6%

CAPITAL STRUCTURE as of 6/30/06
Total Debt \$819.5 mill. Due in 5 Yrs \$65.0 mill.
LT Debt \$819.5 mill. LT Interest \$28.0 mill.

(20% of Cap'l)

Leases, Uncapitalized \$29.9 million

Pension Assets-12/05 \$64.9 mill. Oblig. \$94.1 mill.

Pfd Stock None
Common Stock 86,495,590 shs. as of 7/31/06

MARKET CAP: \$3.9 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2004	2005	6/30/06
Bonds	2924.9	2813.6	2820.5
Stocks	129.3	238.4	324.0
Other	2091.8	2202.1	2169.0
Total Assets	5146.0	5254.1	5313.5
Unearned Prem.	484.8	490.9	490.9
Reserves	364.8	368.8	384.6
Other	1158.6	1163.6	1144.0
Total Liab.	2008.2	2023.3	2019.5

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	10.0%	5.5%	8.0%
Invest Income	12.0%	10.0%	9.0%
Earnings	11.5%	9.5%	9.5%
Dividends	16.5%	16.5%	15.5%
Book Value	15.0%	18.5%	8.5%

Cal-endar	NET PREMIUMS EARNED (\$mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	176.0	168.2	170.3	182.4	696.9
2004	185.3	187.7	195.1	202.3	770.4
2005	199.6	206.4	205.1	206.5	817.6
2006	206.2	213.6	217	223.2	860
2007	225	228	232	235	920

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.99	.76	.66	.82	3.23
2004	.92	1.00	1.03	.99	3.94
2005	1.00	1.04	.97	1.11	4.12
2006	1.10	1.14	1.15	1.16	4.55
2007	1.23	1.25	1.28	1.29	5.05

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.02	.02	.025	.025	.09
2003	.025	.025	.025	.038	.11
2004	.038	.038	.038	.046	.16
2005	.045	.045	.045	.053	.19
2006	.053	.053	.053		

BUSINESS: PMI Group, Inc. is a holding company which conducts residential mortgage insurance business through a number of direct wholly-owned subsidiaries. Provides mortgage insurance coverage to lenders who receive a down payment of less than 20% from a borrower. Also provides pool insurance to cover losses on defaulted mortgage loans above primary insurance. Licensed in all 50 states and DC. Also provides insurance in Australia, New Zealand, and in Europe. Has 1,015 employees. Officers and directors control 4.2% of common stock; CAM North America, 11.6%; FMR, 10.3%. (4/06 proxy). Chairman: W. Roger Haughton. CEO: Steve Smith. Inc.: DE. Add.: 3003 Oak Road, Walnut Creek, CA 94597. Telephone: 925-658-7878. Internet: www.pmigroup.com.

PMI Group reported solid results for the second quarter. Although growth in the overall housing market has slowed somewhat over the past several months, management notes that, thus far, this has been more noticeable on the refinancing side. Indeed, mortgage originations have remained relatively healthy over the past few quarters relative to refinancings. We believe that this is due to still-low mortgage rates relative to historical figures, coupled with a healthy employment picture. These factors enabled net premiums earned to inch up during the June interim. **We estimate favorable earnings comparisons over the next 18 months.** Although there are cracks in the foundation of the housing market, we believe that it will be more of a "soft landing" rather than a "bubble-bursting" scenario. We forecast a home sales decline in the vicinity of about 10%, year over year, for 2006. This should come as no big surprise given that the past five years were extremely strong for the housing sector, thanks to very low mortgage rates. Thus, we believe an orderly slowdown is in store. That said, we look for PMI to post a better combined

ratio this year than in 2005. It appears that the expense ratio will improve this year, thanks to a better persistency ratio. (This measures the number of policies that remain on a mortgage insurer's books from one year to the next.) This scenario is due to fewer refinancings, which help to lower expenses. What's more, we look for the loss ratio (which is a measure of delinquencies), to stay at a relatively favorable level, thanks to a decent economic backdrop and a solid employment picture. **The mortgage insurer has put its free cash to use.** In late August, the company repurchased \$345 million worth of its common shares from Goldman Sachs (leaving \$55 million from its original \$400 million authorization). We believe that this will help support earnings growth. **These shares are likely to mirror the broader market in the year ahead.** Capital gains potential for the 3- to 5-year pull appears worthwhile. We look for the company to boost its international exposure (Europe, Australia, and New Zealand, to name a few), which adds upside potential to our projections.

Alan G. House *September 22, 2006*

(A) Diluted earnings. Includes realized gains, (loss): '99, 2¢; '00, 1¢. Excludes capital gains and losses 2002 and henceforth. Excludes nonrecurring losses: '04, 19¢; '02, 16¢; '00, 8¢.	Excludes extraordinary loss/gain; '04, 28¢; '03, 6¢; '02, 8¢; '01, (10¢). Excludes 4¢ loss from discontinued op. in 2004. Next earnings report due early Nov.	(B) Div'ds. historically paid in mid-Jan., mid-April, mid-July, mid-Oct.	(C) In millions, adjusted for stock splits.	Company's Financial Strength	B++
				Stock's Price Stability	75
				Price Growth Persistence	70
				Earnings Predictability	85

PNC FINANCIAL NYSE-PNC				RECENT PRICE	P/E RATIO	Trailing: 14.9 Median: 13.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
TIMELINESS 3	Raised 10/7/05	High: 32.4	39.8	58.8	66.8	62.0	75.0	75.8	62.8	55.6	59.8	65.7	72.1	Target Price Range	2009	2010	2011																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
SAFETY 2	Raised 11/28/03	Low: 21.1	27.5	36.5	38.8	43.0	36.0	51.1	32.7	41.6	48.9	49.3	61.5	-----	-----	-----	-----																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
TECHNICAL 3	Lowered 8/18/06	LEGENDS --- 14.0 x Earnings p sh Relative Price Strength Options: Yes Shaded area indicates recession																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Oblig. \$1236 mill.</td><td>--</td><td>70.0</td><td>225.0</td><td>163.0</td><td>136.0</td><td>903.0</td><td>309.0</td><td>177.0</td><td>52.0</td><td>21.0</td><td>150</td><td>200</td><td>Loan Loss Prov'n (\$mill)</td><td>300</td></tr> <tr> <td colspan="2">Pfd Stock None.</td><td>1395.0</td><td>1808.0</td><td>2623.0</td><td>2680.0</td><td>2891.0</td><td>2543.0</td><td>3197.0</td><td>3257.0</td><td>3563.0</td><td>4162.0</td><td>4600</td><td>5100</td><td>Noninterest Inc (\$mill)</td><td>6170</td></tr> <tr> <td colspan="2">Common Stock 295,992,848 shs.</td><td>2312.0</td><td>2615.0</td><td>3261.0</td><td>3124.0</td><td>3071.0</td><td>3338.0</td><td>3227.0</td><td>3476.0</td><td>3735.0</td><td>4333.0</td><td>4500</td><td>4750</td><td>Noninterest Exp (\$mill)</td><td>5600</td></tr> <tr> <td colspan="2">MARKET CAP: \$21.2 billion (Large Cap)</td><td>992.0</td><td>1052.0</td><td>1115.0</td><td>1199.0</td><td>1214.0</td><td>377.0</td><td>1200.0</td><td>1029.0</td><td>1197.0</td><td>1325.0</td><td>1500</td><td>1640</td><td>Net Profit (\$mill)</td><td>1950</td></tr> <tr> <td colspan="2">ASSETS(\$Mill.)</td><td>35.0%</td><td>35.0%</td><td>34.8%</td><td>34.3%</td><td>34.3%</td><td>33.2%</td><td>34.1%</td><td>34.4%</td><td>31.0%</td><td>31.3%</td><td>33.0%</td><td>33.0%</td><td>Income Tax Rate</td><td>35.0%</td></tr> <tr> <td colspan="2">LIABILITIES(\$Mill.)</td><td>1.35%</td><td>1.40%</td><td>1.44%</td><td>1.59%</td><td>1.74%</td><td>.54%</td><td>1.81%</td><td>1.51%</td><td>1.50%</td><td>1.44%</td><td>1.45%</td><td>1.45%</td><td>Return on Total Assets</td><td>1.35%</td></tr> <tr> <td colspan="2">ANNUAL RATES</td><td>12094</td><td>6149.0</td><td>11232</td><td>7823.0</td><td>6958.0</td><td>7210.0</td><td>5248.0</td><td>6434.0</td><td>5663.0</td><td>8344.0</td><td>8000</td><td>9000</td><td>Long-Term Debt (\$mill)</td><td>13340</td></tr> <tr> <td colspan="2">of change (per sh)</td><td>5869.0</td><td>5384.0</td><td>6043.0</td><td>5946.0</td><td>6656.0</td><td>5823.0</td><td>6859.0</td><td>6645.0</td><td>7473.0</td><td>8563.0</td><td>8880</td><td>9625</td><td>Shr. Equity (\$mill)</td><td>12025</td></tr> <tr> <td colspan="2">10 Yrs.</td><td>8.0%</td><td>7.2%</td><td>7.8%</td><td>7.9%</td><td>9.5%</td><td>8.4%</td><td>10.3%</td><td>9.7%</td><td>9.4%</td><td>9.3%</td><td>9.0%</td><td>8.5%</td><td>Shr. Eq. to Total Assets</td><td>8.5%</td></tr> <tr> <td colspan="2">Past 5 Yrs.</td><td>69.1%</td><td>70.9%</td><td>73.7%</td><td>65.5%</td><td>71.5%</td><td>53.7%</td><td>52.4%</td><td>49.1%</td><td>53.8%</td><td>48.8%</td><td>51.0%</td><td>48.5%</td><td>Loans to Tot Assets</td><td>47.0%</td></tr> <tr> <td colspan="2">Past Est'd '03-'05 to '09-'11</td><td>16.9%</td><td>19.5%</td><td>18.5%</td><td>20.2%</td><td>18.2%</td><td>6.5%</td><td>17.5%</td><td>15.5%</td><td>16.0%</td><td>15.5%</td><td>16.5%</td><td>17.0%</td><td>Return on Shr. Equity</td><td>16.0%</td></tr> <tr> <td colspan="2">Loans</td><td>9.1%</td><td>11.1%</td><td>10.8%</td><td>12.1%</td><td>10.5%</td><td>NMF</td><td>9.5%</td><td>7.3%</td><td>8.4%</td><td>8.9%</td><td>9.5%</td><td>10.5%</td><td>Retained to Com Eq</td><td>11.0%</td></tr> <tr> <td colspan="2">Earnings</td><td>49%</td><td>46%</td><td>44%</td><td>43%</td><td>45%</td><td>NMF</td><td>46%</td><td>53%</td><td>47%</td><td>43%</td><td>42%</td><td>39%</td><td>All Div'ds to Net Prof</td><td>33%</td></tr> <tr> <td colspan="2">Dividends</td><td colspan="16"> BUSINESS: PNC Financial Services Group is one of the largest bank holding companies in the U.S. based on assets. Primary markets include DE, FL, IN, KY, MA, NJ, OH, and PA. Businesses include regional & corp. banking, real estate finance, asset-based lending, wealth & asset mgmt., and global fund services. Net loan losses, .32% of avg. loans in 2005. As of 12/31/05, loan loss reserves, .47% of loans; nonperforming assets, .42% of loans. Loan breakdown: Comm., 39%; Consumer, 32%; Residential mortgage, 15%; Comm. real estate, 6%; Other 8%. Off. & dir. own 1.9% of common stock. (3/06 proxy). Chrmn., Pres., & CEO: James Rohr, Inc.: PA. Address: One PNC Plaza, 249 Fifth Ave., Pittsburgh, PA 15222. Tel.: 412-762-8257. Internet: www.pnc.com. </td> </tr> <tr> <td colspan="2">Book Value</td><td colspan="16"> PNC Financial's focus on cutting costs is giving the top and bottom lines a boost. Notably, the company's ONE PNC initiative will likely continue to reduce expenses, mainly through the planned elimination of about 3,000 positions, of which about 2,400 have already been eliminated. </td> </tr> <tr> <td colspan="2">Total Assets</td><td colspan="16"> The merger of BlackRock and Merrill Lynch's asset management segment will leave PNC with a 49.8% stake in the new company. The deal will likely be immediately accretive for PNC once it is completed in the fourth quarter. We believe this ought to boost PNC's share net by about 3%-5% over the first year, and the company should realize a \$1.6 billion aftertax gain from the deal. </td> </tr> <tr> <td colspan="2">Deposits</td><td colspan="16"> PNC's high level of noninterest income separates it from the pack. In fact, second-quarter noninterest income increased by 14% from the year-ago period. Fee income was helped by corporate services and gains from venture capital fees. A strong pipeline of deals at Harris Williams & Co., PNC's merger and acquisition advisor that it acquired in late 2005, augurs well for continued fee income over the coming quarters. Too, earnings from BlackRock increased by 19%, to \$63 million. </td> </tr> <tr> <td colspan="2">Funds Borrowed</td><td colspan="16"> Continued share buybacks over the next few years are likely. We believe a significant, accelerated share repurchase is likely (10 million to 15 million) once the BlackRock deal is complete, as the company has about 19 million shares left to be repurchased on its current buyback authorization. In sum, </td> </tr> <tr> <td colspan="2">Net Debt</td><td colspan="16"> We have increased our 2006 share-net estimate by \$0.15, to \$5.15. The company has done a solid job of increasing and diversifying its revenue streams. For 2007, we look for earnings to increase at a low-teen rate, with help from continued share buybacks and double-digit growth from noninterest income. </td> </tr> <tr> <td colspan="2">Net Worth</td><td colspan="16"> Investors have rewarded PNC's stock price over the past year. Notably, these shares are up about 25% in the past 12 months with help from the solid earnings improvement. Even so, this neutrally ranked equity still offers solid total return potential out to 2009-2011, aided by its attractive dividend yield. </td> </tr> <tr> <td colspan="2">Other</td><td colspan="16"> <i>George Y. Lee August 25, 2006</i> </td> </tr> <tr> <td colspan="2">Total</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">Loan Loss Reserv.</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">Cal-endar</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2003</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2004</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2005</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2006</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2007</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">Cal-endar</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2003</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2004</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2005</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2006</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2007</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">Cal-endar</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2002</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2003</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2004</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2005</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2006</td><td colspan="16"> </td> </tr> <tr> <td colspan="2">2007</td><td colspan="16"> </td> </tr> </tbody> </table>																		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11	.37	1.98	2.37	3.14	2.57	2.29	2.87	3.28	3.60	3.93	4.09	1.24	4.20	3.55	4.21	4.55	5.15	5.75	Earnings per sh ^A	7.20	1.06	1.06	1.08	1.18	1.31	1.40	1.42	1.50	1.58	1.68	1.83	1.92	1.92	2.00	2.00	2.15	2.25	2.40	Div'ds Decl'd per sh ^B	2.40	13.40	15.27	15.94	18.34	18.76	16.87	17.13	16.87	18.86	19.22	21.87	20.57	24.07	23.99	26.57	29.23	31.40	34.40	Book Value per sh	44.90	191.10	214.82	232.57	234.71	233.25	340.86	324.12	300.43	303.70	293.00	290.00	283.00	285.00	277.00	281.25	293.00	283.00	280.00	Common Shs Outst'g ^C	268.00	42.1	9.1	10.9	9.7	10.5	11.4	11.2	13.8	14.9	13.8	13.0	51.9	11.8	13.5	12.9	12.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0	3.13	.58	.66	.57	.69	.76	.70	.80	.77	.79	.85	2.66	.64	.77	.68	.66			Relative P/E Ratio	.98	6.9%	5.9%	4.2%	3.8%	4.9%	5.4%	4.4%	3.3%	2.9%	3.1%	3.4%	3.0%	3.9%	4.0%	3.7%	3.6%			Avg Ann'l Div'd Yield	3.1%	CAPITAL STRUCTURE as of 6/30/06		73260	75120	77207	75413	69844	69568	66377	68168	79723	91954	102500	115000	Total Assets (\$mill)	145000	Total Debt \$15.7 bill.		50632	53273	56897	49372	49926	37344	34777	33448	42888	44877	52500	56000	Loans (\$mill)	68000	Leases, Uncapitalized Annual rentals \$135 mill.		2444.0	2495.0	2573.0	2433.0	2164.0	2262.0	2197.0	1996.0	1969.0	2154.0	2280	2300	Net Interest Inc (\$mill)	2725	Pension Assets-12/05 \$1627 mill. Oblig. \$1236 mill.		--	70.0	225.0	163.0	136.0	903.0	309.0	177.0	52.0	21.0	150	200	Loan Loss Prov'n (\$mill)	300	Pfd Stock None.		1395.0	1808.0	2623.0	2680.0	2891.0	2543.0	3197.0	3257.0	3563.0	4162.0	4600	5100	Noninterest Inc (\$mill)	6170	Common Stock 295,992,848 shs.		2312.0	2615.0	3261.0	3124.0	3071.0	3338.0	3227.0	3476.0	3735.0	4333.0	4500	4750	Noninterest Exp (\$mill)	5600	MARKET CAP: \$21.2 billion (Large Cap)		992.0	1052.0	1115.0	1199.0	1214.0	377.0	1200.0	1029.0	1197.0	1325.0	1500	1640	Net Profit (\$mill)	1950	ASSETS(\$Mill.)		35.0%	35.0%	34.8%	34.3%	34.3%	33.2%	34.1%	34.4%	31.0%	31.3%	33.0%	33.0%	Income Tax Rate	35.0%	LIABILITIES(\$Mill.)		1.35%	1.40%	1.44%	1.59%	1.74%	.54%	1.81%	1.51%	1.50%	1.44%	1.45%	1.45%	Return on Total Assets	1.35%	ANNUAL RATES		12094	6149.0	11232	7823.0	6958.0	7210.0	5248.0	6434.0	5663.0	8344.0	8000	9000	Long-Term Debt (\$mill)	13340	of change (per sh)		5869.0	5384.0	6043.0	5946.0	6656.0	5823.0	6859.0	6645.0	7473.0	8563.0	8880	9625	Shr. Equity (\$mill)	12025	10 Yrs.		8.0%	7.2%	7.8%	7.9%	9.5%	8.4%	10.3%	9.7%	9.4%	9.3%	9.0%	8.5%	Shr. Eq. to Total Assets	8.5%	Past 5 Yrs.		69.1%	70.9%	73.7%	65.5%	71.5%	53.7%	52.4%	49.1%	53.8%	48.8%	51.0%	48.5%	Loans to Tot Assets	47.0%	Past Est'd '03-'05 to '09-'11		16.9%	19.5%	18.5%	20.2%	18.2%	6.5%	17.5%	15.5%	16.0%	15.5%	16.5%	17.0%	Return on Shr. Equity	16.0%	Loans		9.1%	11.1%	10.8%	12.1%	10.5%	NMF	9.5%	7.3%	8.4%	8.9%	9.5%	10.5%	Retained to Com Eq	11.0%	Earnings		49%	46%	44%	43%	45%	NMF	46%	53%	47%	43%	42%	39%	All Div'ds to Net Prof	33%	Dividends		BUSINESS: PNC Financial Services Group is one of the largest bank holding companies in the U.S. based on assets. Primary markets include DE, FL, IN, KY, MA, NJ, OH, and PA. Businesses include regional & corp. banking, real estate finance, asset-based lending, wealth & asset mgmt., and global fund services. Net loan losses, .32% of avg. loans in 2005. As of 12/31/05, loan loss reserves, .47% of loans; nonperforming assets, .42% of loans. Loan breakdown: Comm., 39%; Consumer, 32%; Residential mortgage, 15%; Comm. real estate, 6%; Other 8%. Off. & dir. own 1.9% of common stock. (3/06 proxy). Chrmn., Pres., & CEO: James Rohr, Inc.: PA. Address: One PNC Plaza, 249 Fifth Ave., Pittsburgh, PA 15222. Tel.: 412-762-8257. Internet: www.pnc.com.																Book Value		PNC Financial's focus on cutting costs is giving the top and bottom lines a boost. Notably, the company's ONE PNC initiative will likely continue to reduce expenses, mainly through the planned elimination of about 3,000 positions, of which about 2,400 have already been eliminated.																Total Assets		The merger of BlackRock and Merrill Lynch's asset management segment will leave PNC with a 49.8% stake in the new company. The deal will likely be immediately accretive for PNC once it is completed in the fourth quarter. We believe this ought to boost PNC's share net by about 3%-5% over the first year, and the company should realize a \$1.6 billion aftertax gain from the deal.																Deposits		PNC's high level of noninterest income separates it from the pack. In fact, second-quarter noninterest income increased by 14% from the year-ago period. Fee income was helped by corporate services and gains from venture capital fees. A strong pipeline of deals at Harris Williams & Co., PNC's merger and acquisition advisor that it acquired in late 2005, augurs well for continued fee income over the coming quarters. Too, earnings from BlackRock increased by 19%, to \$63 million.																Funds Borrowed		Continued share buybacks over the next few years are likely. We believe a significant, accelerated share repurchase is likely (10 million to 15 million) once the BlackRock deal is complete, as the company has about 19 million shares left to be repurchased on its current buyback authorization. In sum,																Net Debt		We have increased our 2006 share-net estimate by \$0.15, to \$5.15. The company has done a solid job of increasing and diversifying its revenue streams. For 2007, we look for earnings to increase at a low-teen rate, with help from continued share buybacks and double-digit growth from noninterest income.																Net Worth		Investors have rewarded PNC's stock price over the past year. Notably, these shares are up about 25% in the past 12 months with help from the solid earnings improvement. Even so, this neutrally ranked equity still offers solid total return potential out to 2009-2011, aided by its attractive dividend yield.																Other		<i>George Y. Lee August 25, 2006</i>																Total																		Loan Loss Reserv.																		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1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
.37	1.98	2.37	3.14	2.57	2.29	2.87	3.28	3.60	3.93	4.09	1.24	4.20	3.55	4.21	4.55	5.15	5.75	Earnings per sh ^A	7.20																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
1.06	1.06	1.08	1.18	1.31	1.40	1.42	1.50	1.58	1.68	1.83	1.92	1.92	2.00	2.00	2.15	2.25	2.40	Div'ds Decl'd per sh ^B	2.40																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
13.40	15.27	15.94	18.34	18.76	16.87	17.13	16.87	18.86	19.22	21.87	20.57	24.07	23.99	26.57	29.23	31.40	34.40	Book Value per sh	44.90																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
191.10	214.82	232.57	234.71	233.25	340.86	324.12	300.43	303.70	293.00	290.00	283.00	285.00	277.00	281.25	293.00	283.00	280.00	Common Shs Outst'g ^C	268.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
42.1	9.1	10.9	9.7	10.5	11.4	11.2	13.8	14.9	13.8	13.0	51.9	11.8	13.5	12.9	12.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
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CAPITAL STRUCTURE as of 6/30/06		73260	75120	77207	75413	69844	69568	66377	68168	79723	91954	102500	115000	Total Assets (\$mill)	145000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Total Debt \$15.7 bill.		50632	53273	56897	49372	49926	37344	34777	33448	42888	44877	52500	56000	Loans (\$mill)	68000																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Leases, Uncapitalized Annual rentals \$135 mill.		2444.0	2495.0	2573.0	2433.0	2164.0	2262.0	2197.0	1996.0	1969.0	2154.0	2280	2300	Net Interest Inc (\$mill)	2725																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Pension Assets-12/05 \$1627 mill. Oblig. \$1236 mill.		--	70.0	225.0	163.0	136.0	903.0	309.0	177.0	52.0	21.0	150	200	Loan Loss Prov'n (\$mill)	300																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Pfd Stock None.		1395.0	1808.0	2623.0	2680.0	2891.0	2543.0	3197.0	3257.0	3563.0	4162.0	4600	5100	Noninterest Inc (\$mill)	6170																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Common Stock 295,992,848 shs.		2312.0	2615.0	3261.0	3124.0	3071.0	3338.0	3227.0	3476.0	3735.0	4333.0	4500	4750	Noninterest Exp (\$mill)	5600																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
MARKET CAP: \$21.2 billion (Large Cap)		992.0	1052.0	1115.0	1199.0	1214.0	377.0	1200.0	1029.0	1197.0	1325.0	1500	1640	Net Profit (\$mill)	1950																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
ASSETS(\$Mill.)		35.0%	35.0%	34.8%	34.3%	34.3%	33.2%	34.1%	34.4%	31.0%	31.3%	33.0%	33.0%	Income Tax Rate	35.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
LIABILITIES(\$Mill.)		1.35%	1.40%	1.44%	1.59%	1.74%	.54%	1.81%	1.51%	1.50%	1.44%	1.45%	1.45%	Return on Total Assets	1.35%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
ANNUAL RATES		12094	6149.0	11232	7823.0	6958.0	7210.0	5248.0	6434.0	5663.0	8344.0	8000	9000	Long-Term Debt (\$mill)	13340																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
of change (per sh)		5869.0	5384.0	6043.0	5946.0	6656.0	5823.0	6859.0	6645.0	7473.0	8563.0	8880	9625	Shr. Equity (\$mill)	12025																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
10 Yrs.		8.0%	7.2%	7.8%	7.9%	9.5%	8.4%	10.3%	9.7%	9.4%	9.3%	9.0%	8.5%	Shr. Eq. to Total Assets	8.5%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Past 5 Yrs.		69.1%	70.9%	73.7%	65.5%	71.5%	53.7%	52.4%	49.1%	53.8%	48.8%	51.0%	48.5%	Loans to Tot Assets	47.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Past Est'd '03-'05 to '09-'11		16.9%	19.5%	18.5%	20.2%	18.2%	6.5%	17.5%	15.5%	16.0%	15.5%	16.5%	17.0%	Return on Shr. Equity	16.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Loans		9.1%	11.1%	10.8%	12.1%	10.5%	NMF	9.5%	7.3%	8.4%	8.9%	9.5%	10.5%	Retained to Com Eq	11.0%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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Deposits		PNC's high level of noninterest income separates it from the pack. In fact, second-quarter noninterest income increased by 14% from the year-ago period. Fee income was helped by corporate services and gains from venture capital fees. A strong pipeline of deals at Harris Williams & Co., PNC's merger and acquisition advisor that it acquired in late 2005, augurs well for continued fee income over the coming quarters. Too, earnings from BlackRock increased by 19%, to \$63 million.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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Net Debt		We have increased our 2006 share-net estimate by \$0.15, to \$5.15. The company has done a solid job of increasing and diversifying its revenue streams. For 2007, we look for earnings to increase at a low-teen rate, with help from continued share buybacks and double-digit growth from noninterest income.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
Net Worth		Investors have rewarded PNC's stock price over the past year. Notably, these shares are up about 25% in the past 12 months with help from the solid earnings improvement. Even so, this neutrally ranked equity still offers solid total return potential out to 2009-2011, aided by its attractive dividend yield.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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(A) Diluted earnings. Excludes accounting charge: '92, \$0.46. Excludes discontinued operations: '00, 22¢; '01, 2¢; '02, (5¢); '04, (15¢). Next earnings report due mid-October. Incl. ac-
 (B) Dividends historically paid in January, April, July, and October.
 (C) In millions, adjusted for split.
 Company's Financial Strength B++
 Stock's Price Stability 90
 Price Growth Persistence 70
 Earnings Predictability 45
 To subscribe call 1-800-833-0046.

POGO PRODUCING NYSE:PPP

RECENT PRICE **48.00** P/E RATIO **10.3** (Trailing: 9.3 Median: 20.0) RELATIVE P/E RATIO **0.61** DIV'D YLD **0.6%** VALUE LINE

TIMELINESS 4 Lowered 8/11/06	High: 29.0, 48.4, 49.9, 34.7, 23.4, 33.2, 34.5, 39.3, 50.0, 51.3, 59.7, 60.4	Target Price Range 2009 2010 2011
SAFETY 3 Raised 11/26/99	Low: 16.0, 24.4, 27.0, 9.8, 8.9, 18.0, 20.5, 23.0, 33.8, 39.3, 41.6, 39.3	
TECHNICAL 4 Raised 8/18/06	LEGENDS — 5.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession	
BETA 1.00 (1.00 = Market)		

2009-11 PROJECTIONS

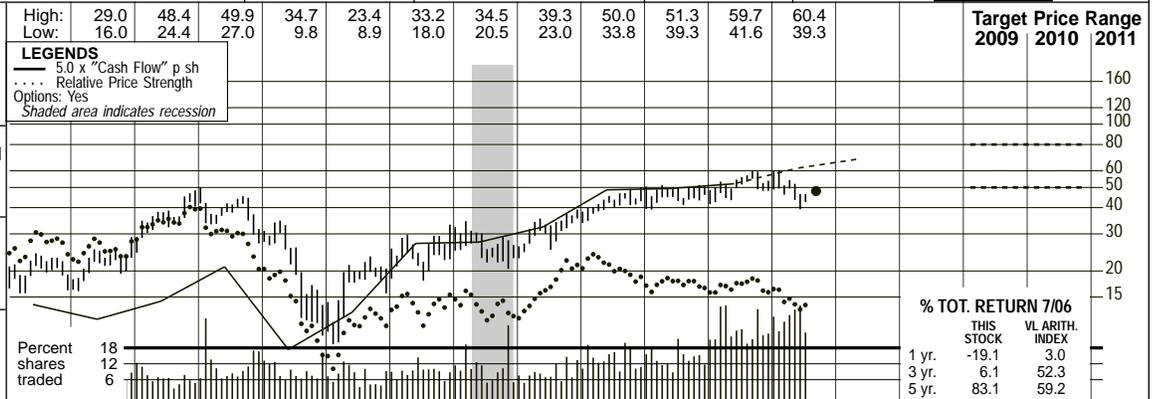
Price	Gain	Ann'l Total Return
High 80	(+65%)	14%
Low 50	(+5%)	2%

Insider Decisions

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

Institutional Decisions

3Q2005	4Q2005	1Q2006
to Buy 130	124	127
to Sell 91	100	103
Hlds(000) 56240	55452	55633



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB, INC.	09-11
4.83	4.53	4.33	4.21	5.29	4.77	6.12	8.50	5.05	5.90	12.25	11.28	12.31	18.23	20.83	21.17	27.05	30.50	Sales per sh ^B	33.35
2.51	1.74	1.84	1.97	2.76	2.35	2.86	4.18	1.69	2.54	5.42	5.49	6.47	9.74	9.87	10.40	12.35	13.70	"Cash Flow" per sh	14.15
.08	.37	.62	.72	.82	.28	.98	1.11	d1.14	d.05	1.99	1.62	1.77	4.60	4.06	4.76	4.65	5.35	Earnings per sh ^{AB}	5.40
--	--	--	--	.06	.12	.12	.12	.12	.12	.12	.12	.12	.20	.21	.25	.30	.32	Div'ds Decl'd per sh ^C	.32
1.37	1.87	.94	1.92	2.60	2.92	5.16	5.88	5.03	5.02	3.42	7.19	6.03	5.26	6.97	6.48	13.75	13.55	Cap'l Spending per sh	10.50
1.91	d2.06	.18	1.04	1.95	2.17	3.22	4.36	6.22	6.67	8.81	15.36	17.65	22.80	27.20	36.24	47.20	51.65	Book Value per sh	63.90
27.43	27.46	32.10	32.45	32.83	33.01	33.32	33.54	40.12	40.28	40.66	53.69	61.06	63.76	63.53	57.91	58.25	59.00	Common Shs Outst'g ^D	60.00
95.6	16.7	12.3	22.4	24.6	76.7	36.9	34.6	--	--	12.3	16.3	17.9	9.1	11.4	10.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	12.0
7.10	1.07	.75	1.32	1.61	5.13	2.31	1.99	--	--	.80	.84	.98	.52	.60	.57			Relative P/E Ratio	.80
--	--	--	--	.3%	.6%	.3%	.3%	.5%	.7%	.5%	.5%	.4%	.5%	.5%	.5%			Avg Ann'l Div'd Yield	.5%

CAPITAL STRUCTURE as of 6/30/06

Total Debt \$2011.6 mill. Due in 5 Yrs \$646.0 mill.
LT Debt \$2011.6 mill. LT Interest \$144.0 mill.
(Total interest coverage: 9.0x) (43% of Cap'l)
Leases, Uncapitalized Annual rentals \$16.7 mill.

Pension Assets 12/05 \$35.7 mill. Oblig.\$35.7 mill.
Common Stock 58,032,847 shs.
as of 7/25/06
MARKET CAP: \$2.8 billion (Mid Cap)

CURRENT POSITION (SMILL.)

	2004	2005	6/30/06
Cash Assets	221.5	57.7	26.9
Receivables	141.0	198.8	181.3
Inventory (LCM)	22.9	32.3	44.0
Other	60.0	58.0	23.4
Current Assets	445.4	346.8	275.6
Accts Payable	72.2	167.3	159.0
Debt Due	--	--	--
Other	207.8	227.9	347.5
Current Liab.	280.0	395.2	506.5

204.0	285.2	202.8	237.8	498.0	605.5	751.4	1162.0	1323.0	1225.7	1575	1800	Sales (\$mill)	2000
60.3%	63.2%	26.5%	50.9%	62.4%	63.8%	70.3%	75.2%	67.2%	67.0%	58.0%	58.0%	Operating Margin	53.0%
61.9	103.2	110.9	104.3	131.2	206.6	287.8	325.8	365.1	312.2	450	495	Depreciation (\$mill)	525
33.6	37.1	d43.1	d2.1	89.0	88.0	107.0	295.1	261.8	290.1	270	315	Net Profit (\$mill)	325
35.9%	32.8%	--	--	42.9%	41.2%	47.7%	42.7%	47.3%	36.7%	31.0%	35.0%	Income Tax Rate	38.0%
16.5%	13.0%	NMF	NMF	17.9%	14.5%	14.2%	25.4%	19.8%	23.7%	17.1%	17.5%	Net Profit Margin	16.3%
6.6	9.1	d22.1	4.2	108.3	121.7	138.0	170.8	165.4	d48.4	d75.0	d40.0	Working Cap'l (\$mill)	250
246.2	348.2	434.9	375.0	365.0	795.0	722.9	487.3	755.0	1643.5	1895	1795	Long-Term Debt (\$mill)	1595
107.3	146.1	249.7	268.5	358.3	824.9	1077.8	1453.7	1727.9	2098.6	2750	3045	Shareholders' Equity (\$mill)	3835
11.4%	9.5%	NMF	2.4%	14.7%	7.1%	7.5%	16.4%	11.1%	8.7%	6.5%	7.0%	Return on Total Cap'l	6.5%
31.3%	25.4%	NMF	NMF	24.8%	10.7%	9.9%	20.3%	15.1%	13.8%	10.0%	10.5%	Return on Shr. Equity	8.5%
27.6%	22.7%	NMF	NMF	23.5%	9.9%	9.3%	19.4%	14.4%	13.1%	9.0%	10.0%	Retained to Com Eq	8.0%
12%	11%	NMF	NMF	5%	7%	6%	4%	5%	5%	6%	6%	All Div'ds to Net Prof	6%

BUSINESS: Pogo Producing Co. explores for and produces oil and natural gas in the U.S. and Canada. Also has undeveloped interests in New Zealand and Vietnam. 2005 average daily production: oil, 29,897 barrels; natural gas, 250.2 mill. cubic feet. Reserves as of 12/31/05: oil, 144 mill. barrels; natural gas, 1.2 trillion cubic feet equivalent. Estimated pretax present value of reserves at 12/05: \$6.6 bill. Acquired Northrock Resources, '05. Sold Thailand interests, '05. Has 260 employees; about 2,125 stockholders. Four institutions own a combined 43.0% of stock; officers and directors, 2.6% (3/06 Proxy). Chairman, CEO, & Pres.: Paul Van Wageningen, Inc.: DE. Address: 5 Greenway Plaza, P.O. Box 2504, Houston, TX 77252. Tel.: 713-297-5000. Internet: www.pogoproducing.com.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
of change (per sh)	15.5%	21.0%	9.0%
Sales	15.5%	25.5%	6.0%
"Cash Flow"	22.0%	--	3.0%
Earnings	14.0%	13.0%	6.5%
Dividends	32.5%	32.0%	14.0%
Book Value			

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	310.8	295.6	277.9	277.7	1162.0
2004	307.9	326.9	364.2	324.0	1323.0
2005	248.3 ^B	274.6	283.2	419.6	1225.7
2006	373.5	366.3	395	440.2	1575
2007	450	430	430	490	1800

EARNINGS PER SHARE^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.44	1.24	1.06	.86	4.60
2004	1.12	1.01	1.35	.59	4.06
2005	.61	1.20	1.01	1.94	4.76
2006	1.16	1.01	1.05	1.43	4.65
2007	1.25	1.30	1.30	1.50	5.35

QUARTERLY DIVIDENDS PAID^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.03	.03	.03	.03	.12
2003	.05	.05	.05	.05	.20
2004	.05	.05	.05	.0625	.21
2005	.0625	.0625	.0625	.0625	.25
2006	.075	.075	.075		

Pogo Producing's stock price has drifted down this year, but is off its low. Lower natural gas prices and rising costs have been concerns. Wholesale changes to the corporate makeup also prompted caution. The company sold its Gulf of Thailand interests in 2005 and subsequently bought a large stake in western Canadian oil and gas reserves. This year, Pogo Producing sold a 50% interest in its once mainstay Gulf of Mexico operations, for \$500 million, and purchased privately held Latigo Petroleum, based in Texas, for \$750 million. These moves make Pogo primarily a North American land-based driller, with good prospects for a sizable increase in production, but the benefit to earnings is taking longer to accrue. **Boosting volume is the priority.** One of the company's main areas of focus is now in the Permian Basin of west Texas—one of the few places where more oil can be found in the continental United States. The ramping up of operations there, and in Canada, should lead to 30%-35% higher oil and gas production in 2007. There should be enough momentum to rack up another 10%-15% rise in production in

2007, as well. The volume increase, while impressive, has been expensive to achieve. **Cost control is proving difficult.** Rising lease operating expenses have been a thorn for Pogo in the side over the past two years. The company even halted development drilling at one point, but has since restarted those activities. Higher depreciation charges, owing to high-priced acquisitions, and added interest expense, as a result of debt financing, are also taking a toll. In view of rising costs and the dip in natural gas prices, we now estimate more or less flat earnings in 2006. Assuming improved price realizations on higher gas consumption in 2007, share net has the potential to rise 15% next year. **The shares, poorly ranked for the year ahead, haven't enjoyed the advance that some others in this group have.** But some of the pieces may be starting to come together. Development of Pogo's large reserve base points to steadily higher production, and debt reduction would reduce interest expense. That might lead to the type of sustained profit acceleration investors like to see by 2007. *Robert Mitkowski, Jr. August 18, 2006*

(A) Primary earnings until 1996, then diluted. Excludes nonrecurring gains (losses): '90, 62¢; '91, 5¢; '92, 4¢; '93, 4¢; '94, (1¢); '99, 60¢; '00, (4¢); '03, (6¢); '05, \$7.56. Earnings may not sum due to rounding. Next earnings report due mid-October. (C) Dividends historically paid near the middle of February, May, August, and November. (D) In millions. Company's Financial Strength B++ Stock's Price Stability 60 Price Growth Persistence 50 Earnings Predictability 20

POLO RALPH LAUREN NYSE-RL

RECENT PRICE **56.58** P/E RATIO **17.8** (Trailing: 19.7 Median: NMF) RELATIVE P/E RATIO **1.03** DIV'D YLD **0.4%** VALUE LINE

TIMELINESS 3 Lowered 2/17/06
SAFETY 3 New 5/22/98
TECHNICAL 3 Raised 6/23/06
BETA 1.05 (1.00 = Market)

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

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+35%)	8%
Low	50	(-10%)	-2%

Insider Decisions

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

Institutional Decisions

	3Q2005	4Q2005	1Q2006	Percent shares traded
to Buy	126	136	129	45
to Sell	100	113	107	30
Hld's(000)	59288	59796	60250	15

Polo Ralph Lauren Corporation was established in 1967 as an independent menswear company offering a line of premium quality clothing and sportswear. In 1971, the first shop-within-a-shop boutique opened along with the launch of womenswear products. On June 17, 1997, an initial public offering of 98.504 million shares was completed at \$26.00 a share and was led by Goldman, Sachs, Merrill Lynch, and Morgan Stanley Dean Witter.

	1996	1997 ^D	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Revenues per sh ^A	13.26	14.67	17.17	20.07	22.90	24.06	24.71	26.33	32.05	35.54	39.35	42.25	47.85
"Cash Flow" per sh	1.07	1.47	1.72	2.19	2.52	2.57	2.66	2.66	3.50	4.13	4.65	5.15	6.15
Earnings per sh ^{A B}	.89	1.20	1.25	1.49	1.71	1.71	1.85	1.83	2.47	2.87	3.30	3.75	4.55
Div'ds Decl'd per sh ^E	--	--	--	--	--	--	--	.15	.20	.20	.20	.20	.30
Cap'l Spending per sh	.40	.63	1.42	1.25	1.08	.90	1.00	1.22	1.69	1.50	1.95	1.80	1.75
Book Value per sh	2.93	5.83	6.40	7.93	8.33	10.16	12.24	14.13	16.25	19.45	22.60	26.25	37.90
Common Shs Outst'g ^C	89.00	100.27	99.78	97.43	97.18	98.23	98.72	100.63	103.12	105.40	108.00	110.00	115.00
Avg Ann'l P/E Ratio	--	22.0	18.9	12.4	11.8	15.0	12.2	15.3	15.0	17.3	Bold figures are Value Line estimates		14.0
Relative P/E Ratio	--	1.27	.98	.71	.77	.77	.67	.87	.79	.92			.95
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	.5%	.5%	.4%			.5%

CAPITAL STRUCTURE as of 4/1/06

Total Debt \$280.4 mill.

Leases, Uncapitalized Annual rentals \$143.3 mill.

No Defined Benefit Pension Plan
Pfd Stock None

Common Stock 105,551,852 shs. as of 6/13/06
MARKET CAP: \$6.0 billion (Large Cap)

	2003	2004	4/1/06	
Revenues (\$mill) ^A	1180.4	1470.9	1713.1	1955.5
Operating Margin	14.5%	15.4%	14.4%	16.9%
Depreciation (\$mill)	13.8	27.4	46.4	66.3
Net Profit (\$mill)	81.3	120.1	125.3	147.5
Income Tax Rate	42.0%	40.8%	40.7%	40.8%
Net Profit Margin	6.9%	8.2%	7.3%	7.5%
Working Cap'l (\$mill)	212.3	354.2	331.5	446.7
Long-Term Debt (\$mill)	71.9	--	44.2	342.7
Shr. Equity (\$mill)	260.7	584.3	658.9	772.4
Return on Total Cap'l	26.2%	20.6%	18.0%	13.7%
Return on Shr. Equity	31.2%	20.6%	19.0%	19.1%
Retained to Com Eq	31.2%	20.6%	19.0%	19.1%
All Div'ds to Net Prof	--	--	--	--

CURRENT POSITION

	2003	2004	4/1/06
Cash Assets	343.5	350.5	285.7
Receivables	441.7	455.7	484.2
Inventory (FIFO)	363.7	430.1	485.5
Other	122.4	177.5	123.1
Current Assets	1271.3	1413.8	1378.5
Accts Payable	187.4	184.4	202.2
Debt Due	--	--	280.4
Other	313.7	438.0	360.9
Current Liab.	501.1	622.4	843.5

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	--	9.5%	7.5%
"Cash Flow"	--	10.0%	10.0%
Earnings	--	10.0%	11.5%
Dividends	--	--	8.5%
Book Value	--	17.0%	14.5%

BUSINESS: Polo Ralph Lauren Corporation designs apparel for men and women, home products, accessories, and fragrances. Business segments: wholesale, retail and licensing. Polo's name brands include *Polo*, *Polo by Ralph Lauren*, *RL Purple Label*, *RL Black Label*, *Blue Label*, *Lauren* and others. Polo's products are sold primarily in specialty and department stores. Operates 137 full-price retail stores, including 68 Ralph Lauren stores as of 4/1/06. Merchandise include extensive collections of menswear, womenswear, and children's clothing. Has about 12,800 employees. Off./dir. own 45% of common stock (7/05 Proxy). Chairman & CEO: Ralph Lauren, Inc.: DE. Addr.: 650 Madison Avenue, New York, NY 10022. Tel.: 212-318-7000. Internet:www.polo.com.

price retail stores, including 68 Ralph Lauren stores as of 4/1/06. Merchandise include extensive collections of menswear, womenswear, and children's clothing. Has about 12,800 employees. Off./dir. own 45% of common stock (7/05 Proxy). Chairman & CEO: Ralph Lauren, Inc.: DE. Addr.: 650 Madison Avenue, New York, NY 10022. Tel.: 212-318-7000. Internet:www.polo.com.

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Begins	Jun.	Per Sept.	Per Dec.	Per Mar.	Per	Full Fiscal Year
2003	477.7	707.8	645.4	818.8		2649.7
2004	606.0	895.6	901.6	902.2		3305.4
2005	751.9	1027	995.5	971.6		3746.3
2006	930	1150	1100	1070		4250
2007	1000	1250	1200	1200		4650

EARNINGS PER SHARE^{A B}

Fiscal Year Begins	Jun.	Per Sept.	Per Dec.	Per Mar.	Per	Full Fiscal Year
2003	.04	.54	.47	.78		1.83
2004	.15	.79	.72	.81		2.47
2005	.48	.97	.84	.58		2.87
2006	.65	1.05	.90	.70		3.30
2007	.75	1.20	1.00	.80		3.75

QUARTERLY DIVIDENDS PAID^E

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	--	--	--	--	--
2003	--	--	.05	.05	.10
2004	.05	.05	.05	.05	.20
2005	.05	.05	.05	.05	.20
2006	.05	.05	.05	.05	.20

Polo Ralph Lauren is poised to have another solid year in fiscal 2006 (ends March 31, 2007). In late June, the retailer raised its first-quarter sales guidance due to higher full-price sell-throughs at both the retail and wholesale segments. As a result, margins are now expected to expand by 200-300 basis points from a year ago. Additional information is limited, but it is apparent that the company's merchandising initiatives are gaining traction.

Fashion wins have enabled the company to expand its women's business. This is worth noting since the women's business was a just small part of operations several years ago. The success of the upscale *Blue Label* collection has led to greater contributions from the women's category. Too, the retailer is benefiting from the increased popularity of the *Lauren* line, taken over from Jones Apparel in 2003. Notably, Polo has done a better job of marketing the *Lauren* collection than the former licensee.

Children's wear seems to be providing a good growth opportunity. Indeed, the strategy to broaden luxury merchandise

within the children's category has helped to improve sales and margins in the retail segment. Further, it is the fastest-growing category within the e-commerce channel. On a similar note, Polo recently launched its *Chaps* boy's and women's line at all Kohl's department stores, which total roughly 700 locations.

Rugby, the company's newest brand, is doing well. The five *Rugby* retail stores currently open have been exceeding management's plan, with a strong performance in men's and women's merchandise. Another eight shops are scheduled to open this year.

Some of the latest acquisitions have helped to widen the product assortment. Specifically, the purchase of Polo Jeans and Ralph Lauren Footwear should complement the existing core apparel business. Expenses related to the acquisitions should weigh on margins in the short term, but the broader selections are good for the brands' competitive positions.

We like the company's business prospects. But much of the projected profits are discounted by the current quote.

Charles W. Noh August 11, 2006

(A) Fiscal year ends Saturday closest to March 31st of the following calendar year. (B) Diluted earnings. Next earnings report due early Nov. Excl. nonrecurring gain/(loss): '02, \$(0.09); '03, \$0.08; '04 \$(0.64). (C) In millions. (D) Results prior to fiscal 1997 are pro forma. (E) Dividends paid mid-Jan., Apr., July, and Oct.

Company's Financial Strength	A
Stock's Price Stability	60
Price Growth Persistence	75
Earnings Predictability	80

POPULAR, INC. NDQ-BPOP				RECENT PRICE	P/E RATIO	(Trailing: 11.4)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE										
TIMELINESS 5 Lowered 4/28/06 SAFETY 2 Raised 8/26/05 TECHNICAL 1 Raised 8/25/06 BETA .80 (1.00 = Market)				18.80	12.1	(Median: 13.0)	0.68	3.5%	Target Price Range 2009 2010 2011										
2009-11 PROJECTIONS Price Gain Return High 40 (+115%) 23% Low 30 (+60%) 15%				LEGENDS --- 15.0 x Earnings p sh Relative Price Strength 2-for-1 split 7/96 2-for-1 split 7/98 2-for-1 split 7/04 Options: Yes Shaded area indicates recession				Percent shares traded 3 2 1		% TOT. RETURN 7/06 THIS STOCK VL ARITH. INDEX 1 yr. -28.2 3.0 3 yr. 3.8 52.3 5 yr. 16.7 59.2									
Insider Decisions O N D J F M A M J to Buy 0 4 0 0 0 0 0 2 0 Options 0 0 15 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0				Institutional Decisions 302005 402005 102006 to Buy 70 100 67 to Sell 69 58 73 Hld's(000) 75933 84548 80628				2009-11 PROJECTIONS Price Gain Return High 40 (+115%) 23% Low 30 (+60%) 15%				Insider Decisions O N D J F M A M J to Buy 0 4 0 0 0 0 0 2 0 Options 0 0 15 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 0 0		Institutional Decisions 302005 402005 102006 to Buy 70 100 67 to Sell 69 58 73 Hld's(000) 75933 84548 80628					
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11	
.39	.27	.35	.40	.46	.52	.67	.75	.83	.92	.99	1.09	1.31	1.74	1.79	1.96	1.55	1.70	Earnings per sh ^A	2.30
.10	.10	.10	.11	.13	.14	.17	.20	.25	.30	.32	.38	.40	.51	.62	.64	.64	.64	Div'ds Decl'd per sh ^B	.78
2.46	2.62	2.88	3.19	3.44	3.95	4.40	5.18	5.93	5.75	6.41	7.97	9.10	9.66	10.95	11.78	12.55	13.50	Book Value per sh	17.40
239.54	240.75	261.24	261.86	262.71	263.59	264.35	270.73	271.27	271.31	272.00	272.72	264.88	265.78	266.58	276.96	280.00	282.00	Common Shs Outst'g ^C	288.00
8.4	8.2	9.1	9.1	8.6	8.3	9.3	13.8	18.6	16.6	11.6	13.8	12.0	11.1	13.1	12.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
.62	.52	.55	.54	.56	.56	.58	.80	.97	.95	.75	.71	.66	.63	.69	.67			Relative P/E Ratio	1.00
3.0%	4.5%	3.2%	3.1%	3.2%	3.2%	2.8%	1.9%	1.6%	2.0%	2.8%	2.5%	2.5%	2.6%	2.6%	2.6%			Avg Ann'l Div'd Yield	2.3%
CAPITAL STRUCTURE as of 6/30/06 Total Debt \$10198.7 mill. Due in 5 Yrs \$2867 mill. LT Debt \$10198.7 mill. LT Interest \$500.0 mill.				16764	19301	23160	25461	28057	30745	33660	36435	44402	48624	51000	54000	Total Assets (\$mill)		67500	
Leases, Uncapitalized: None. Pension Assets \$521.7 mill. Pension Oblig. \$596.5 mill.				9338.3	10900	12167	13996	14943	16892	18116	21922	27554	30549	33200	35500	Loans (\$mill)		45000	
Pfd Stock None \$186.9 mill. Pfd. Div'd \$11.9 mill. Common Stock 278,609,514 shs. As of 8/2/06 MARKET CAP: \$5.2 billion (Large Cap)				681.3	784.0	873.0	953.7	982.8	1077.0	1180.3	1284.7	1375.5	1424.2	1460	1600	Net Interest Inc (\$mill)		2100	
ASSETS(\$MILL.)				88.8	110.6	137.2	149.0	194.6	213.3	205.6	195.9	178.7	195.3	230	250	Loan Loss Prov'n (\$mill)		260	
LIABILITIES(\$MILL.)				205.5	247.6	282.3	372.9	465.1	465.5	523.7	626.0	608.8	785.3	850	950	Noninterest Inc (\$mill)		1250	
Deposits 20593.2 22638.0 23449.5 Funds Borrowed 9576.5 11402.7 10583.7 Long-Term Debt 10305.7 9893.6 10198.7 Net Worth 3104.6 3449.2 3463.0 Other 821.6 1240.2 704.6 Total 44401.6 48623.7 48399.5 Loan Loss Resrv. 437.1 461.7 483.8				541.9	636.9	710.8	837.5	877.5	920.1	1029.0	1113.1	1171.0	1328.2	1510	1670	Noninterest Exp (\$mill)		2200	
ANNUAL RATES				185.2	209.6	232.4	257.6	276.1	304.5	351.9	470.9	489.9	537.1	430	480	Net Profit (\$mill)		660	
Cal-endar				27.7%	26.2%	24.3%	25.0%	26.8%	25.7%	25.0%	21.7%	22.8%	21.7%	25.0%	25.0%	Income Tax Rate		24.0%	
Mar.31 Jun.30 Sep.30 Dec.31 Full Year				1.10%	1.09%	1.00%	1.01%	.98%	.99%	1.05%	1.29%	1.10%	1.10%	.84%	.90%	Return on Total Assets		1.02%	
2003 19161 20141 20942 21922 2004 22938 23935 26806 27554 2005 27753 28203 29224 30549 2006 30426 31126 32500 33200 2007 34000 34500 35000 35500				1141.7	1528.7	1432.2	1977.6	1451.9	4009.2	4567.9	7117.0	10306	9893.6	10200	11000	Long-Term Debt (\$mill)		12000	
Cal-endar				1262.5	1653.1	1859.1	1811.0	1993.6	2272.8	2410.9	2754.4	3104.6	3449.2	3700	4000	Shr. Equity (\$mill)		5200	
Mar.31 Jun.30 Sep.30 Dec.31 Full Year				7.5%	8.6%	8.0%	7.1%	7.1%	7.4%	7.2%	7.6%	7.0%	7.1%	7.5%	7.0%	Shr. Eq. to Total Assets		8.0%	
2003 .37 .50 .48 .39 1.74 2004 .43 .47 .42 .47 1.79 2005 .59 .48 .42 .47 1.96 2006 .42 .34 .38 .41 1.55 2007 .40 .42 .44 .44 1.70				14.7%	12.7%	12.5%	14.2%	13.8%	13.4%	14.6%	17.1%	15.8%	15.6%	11.5%	12.0%	Return on Shr. Equity		12.5%	
Cal-endar				11.3%	10.5%	10.0%	10.9%	10.4%	9.1%	10.1%	13.1%	11.0%	10.9%	7.0%	8.0%	Retained to Com Eq		8.5%	
Mar.31 Jun.30 Sep.30 Dec.31 Full Year				29%	30%	31%	34%	35%	35%	31%	29%	34%	34%	31%	39%	All Div'ds to Net Prof		34%	
QUARTERLY DIVIDENDS PAID ^B				BUSINESS: Popular, Inc. is a bank-holding co., which offers various financial services. Its principal subsidiary is Banco Popular, which operates primarily in Puerto Rico, with nearly 280 branches and 478 ATMs. Banco Popular North America has nearly 135 branches throughout The U.S. Banco Popular and its subsidiaries offers auto leasing, mortgages, personal loans, and information processing. Acquired GM Group, Inc., 6/99; Centro Finance, 5/00. Net loan losses, .62% of avg. loans in '05. As of 3/31/06 loan loss reserve 1.5% of loans. Non performing assets, 1.37% of total assets. Chrmn Pres & CEO: Richard L. Carrion, Inc.: Puerto Rico. Addr.: Popular Center Building, 209 Munoz Rivera Ave. Hato Ray, Puerto Rico 00918 Phone: 787-765-9800. Internet: www.bpop.com.															
2002 .10 .10 .10 .10 .40 2003 .10 .10 .135 .135 .47 2004 .135 .135 .160 .160 .57 2005 .160 .160 .160 .160 .64 2006 .160 .160 .160 .160				Poplar, Inc. continues to report weak bottom-line results. Earnings per share declined about 29% during the June quarter, due in large part to a less profitable loan portfolio. Although loans increased about 10% during the quarter, thanks to strong commercial and consumer lending, the net interest margin remained narrow. A competitive lending environment in Puerto Rico, as well as rising interest rates, will likely keep profits under pressure in the second half of 2006. Credit quality has also weakened. Nonperforming asset levels rose in the June quarter, due in part to weaker credit quality at the consumer loan portfolio. The company has had to increase its provision for loan losses during the June quarter, which also hurt bottom-line results. We expect there will likely be some additional credit quality problems in the real estate and mortgage loan segments, particularly if housing prices decline further. Elsewhere, operating costs have increased. Expenses related to personnel, fees, and promotional items rose during the quarter. Some of the increase was a result of the acquisition of E-Loan, an Internet lending business, which was purchased in the fourth quarter of 2005. Comparisons may not improve until 2007. We are reducing our earnings estimates for both 2006 and 2007 by \$0.15 per diluted share. In addition to weaker credit quality, Popular Inc. will have to pay more taxes as a result of new laws in Puerto Rico. Nonetheless, we continue to expect results to recover in 2007, given the growing Spanish-speaking population in the United States, as well as the company's more aggressive efforts to capture market share. These shares are ranked to underperform the year-ahead market. A difficult economic environment in Puerto Rico, as well as the weak outlook for 2006, has caused concern among investors. Nonetheless, Popular's stock trades at a price-to-earnings multiple that is lower than the average bank stock, and offers a relatively attractive dividend yield. As a result, our projections indicate that the stock offers above-average appreciation potential for the 3- to 5-year horizon.															
2002 .10 .10 .10 .10 .40 2003 .10 .10 .135 .135 .47 2004 .135 .135 .160 .160 .57 2005 .160 .160 .160 .160 .64 2006 .160 .160 .160 .160				Adam Rosner August 25, 2006															

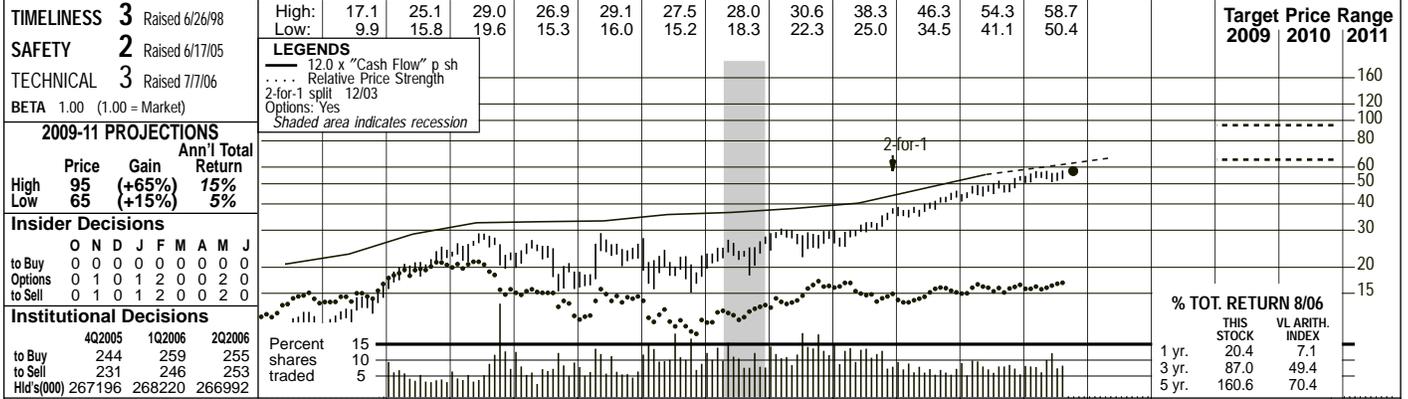
(A) Diluted earnings. Next earnings report due late Oct.
 (B) Dividends historically paid in early Jan., April, July, Oct. ■ Dividend reinvestment plan
 (C) In millions, adjusted for splits.

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Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	90

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PRAXAIR INC NYSE-PX
RECENT PRICE 57.37 **P/E RATIO 19.2** (Trailing: 21.2; Median: 17.0) **RELATIVE P/E RATIO 1.13** **DIV'D YLD 1.7%** **VALUE LINE**



Praxair Inc. was incorporated in Delaware during 1988 under the name Union Carbide Industrial Gases Inc. On June 30, 1992, 128,297,841 shares of common stock along with associated rights of Praxair were distributed to Union Carbide shareholders on a one-for-one basis.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Price	14.12	15.04	14.96	14.58	15.82	15.91	15.80	17.21	20.38	23.72	25.80	28.35	Sales per sh
High	2.40	2.71	2.74	2.77	2.97	3.04	3.18	3.36	3.94	4.61	5.05	5.55	"Cash Flow" per sh
Low	1.06	1.27	1.30	1.36	1.49	1.50	1.67	1.75	2.10	2.50	2.90	3.25	Earnings per sh ^A
Div	.19	.22	.25	.28	.31	.34	.38	.46	.60	.72	1.00	1.10	Div'ds Decl'd per sh ^B
Cap	2.84	2.87	2.42	2.05	2.21	1.83	1.53	3.01	2.06	2.72	3.25	3.10	Cap'l Spending per sh
Book	6.11	6.74	7.22	7.20	7.39	7.64	7.21	9.47	11.15	12.09	13.40	14.75	Book Value per sh ^C
Market	314.98	314.75	323.03	318.10	318.76	324.29	324.54	326.09	323.62	322.78	322.50	322.00	Common Shs Outst'g ^D
P/E	19.2	19.5	16.7	16.4	13.5	15.8	16.7	17.7	18.8	19.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio
Rel P/E	1.20	1.12	.87	.93	.88	.81	.91	1.01	.99	1.02			Relative P/E Ratio
Yield	.9%	.9%	1.2%	1.3%	1.5%	1.4%	1.4%	1.5%	1.5%	1.5%			Avg Ann'l Div'd Yield

	2004	2005	2006	2007	2008	2009	2010	2011
Total Debt	\$3166.0 mill.	\$3166.0 mill.	\$3166.0 mill.	\$3166.0 mill.	\$3166.0 mill.	\$3166.0 mill.	\$3166.0 mill.	\$3166.0 mill.
LT Debt	\$2579.0 mill.	\$2579.0 mill.	\$2579.0 mill.	\$2579.0 mill.	\$2579.0 mill.	\$2579.0 mill.	\$2579.0 mill.	\$2579.0 mill.
LT Interest	\$150.0 mill.	\$150.0 mill.	\$150.0 mill.	\$150.0 mill.	\$150.0 mill.	\$150.0 mill.	\$150.0 mill.	\$150.0 mill.
Incl. \$3.5 mill. capitalized leases.								
(LT interest earned: 6.9x; total int. cov.: 5.8x)								
(38% of Cap'l)								
Leases, Uncapitalized	Annual rentals \$96 mill.							
Pension Assets-12/05	\$929.0 mill.							
Oblig.	\$1242 mill.							
Pfd Stock	None							
Common Stock	322,358,375 shs.							
MARKET CAP	\$18.5 billion (Large Cap)							

CURRENT POSITION (\$MILL.)	2004	2005	6/30/06
Cash Assets	25	173	21
Receivables	1231	1386	1453
Inventory (LIFO)	328	373	396
Other	160	201	216
Current Assets	1744	2133	2086
Accts Payable	502	639	576
Debt Due	649	521	587
Other	724	841	1170
Current Liab.	1875	2001	2333

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Past Est'd '03-'05 to '09-'11
Sales	7.5%	6.0%	9.5%
"Cash Flow"	8.5%	7.0%	10.5%
Earnings	11.5%	9.0%	13.5%
Dividends	15.5%	16.0%	14.0%
Book Value	13.5%	8.5%	12.0%

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	1337	1401	1414	1461	5613.0
2004	1531	1603	1674	1786	6594.0
2005	1827	1919	1890	2020	7656.0
2006	2026	2076	2050	2173	8325
2007	2200	2275	2300	2350	9125

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.39	.44	.45	.47	1.75
2004	.49	.53	.53	.55	2.10
2005	.59	.63	.61	.67	2.50
2006	.68	.75	.72	.75	2.90
2007	.77	.83	.82	.83	3.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.095	.095	.095	.095	.38
2003	.108	.108	.108	.135	.46
2004	.15	.15	.15	.15	.60
2005	.18	.18	.18	.18	.72
2006	.25	.25	.25		

(A) Primary thru '96, diluted thereafter. Excl. nonrecurr. gains and (losses): '96, (18¢); '97, (4¢); '98, (6¢); '99, (3¢); '03, (2¢); '05, (30¢). Next earnings report due late October.
(B) Dividends historically paid mid-March, June, September, December.
(C) Incl. intangibles: At 6/30/06: \$1,664 mill.; \$5.16/share.
(D) In millions, adjusted for stock split.

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BUSINESS: Praxair Inc. is the world's second largest supplier of industrial gases. Its products (atmospheric, process, and specialty gases) are used to enhance performance applications. Distribution methods are: on-site and packaged. Major markets are: metal fabrication, primary metals, chemicals, healthcare, electronics, glass, pulp and paper, and environmental. Surface Technologies unit markets thermal coatings (6% of 2005 sales). Acq'd. Liquid Carbonics, 1/96. Depr. rate: 5.3%. Had approx. 27,306 employees as of 12/31/05. Off. & dirs. own 1.3% of common; FMR Corp., 8.2% (3/06 proxy). Chrmn. & CEO: Dennis H. Reilley; Pres. & COO, Stephen F. Angel. Inc.: DE. Addr.: 39 Old Ridgebury Rd., Danbury, CT 06810. Tel.: 800-PRAXAIR. Internet: www.praxair.com.

Praxair's business trends appear solid. The company has been winning roughly two-thirds of its contractual bids over the past few years. Given that track record, the company's very large backlog should be well supplemented. We expect revenues to grow in the area of 10% both this year and next. In North America, pricing increases should benefit the company, mirroring the strong demand in Canada and Mexico. However, on-site hydrogen volumes remain low in part due to the BP refinery outage earlier this year. Meanwhile, in South America, two new projects starting soon should pace this momentum. Despite some pricing pressure in Asia, China's infrastructure growth will drive demand in the region as that country's need for industrial gases climbs as it looks to further develop its economy. **Operating margins will likely remain fairly flat.** The company is including more cost-recovery clauses in its customer agreements to guard against sudden increases in materials costs. It also has entered into dollar-denominated contracts to guard against foreign currency risk in weaker-currency countries. In addition, Praxair has adopted network optimization and efficiency programs aimed at reducing sourcing costs and increasing supply chain efficiency. In all, the company has cut plant costs an average of 21% since 2001. We expect about \$175 million in annual savings out to 2009-2011. **Praxair's consistent track record of earnings growth should continue both this year and next.** We are forecasting double-digit gains in both years. The strong sales growth we project, along with a consistent operating margin, drives our expectations. Further gains in Brazil and Asia, along with strong demand for the company's core industrial gases, should support growth for years to come. **Nevertheless, investors should look elsewhere for now.** These shares offer below-average potential for capital gains to the 2009-2011 period. Moreover, the issue is only ranked to perform in line with the market for the year ahead. The company's stock price continues to rise, mirroring its track record of sustainable earnings growth. To date, the equity's price is nearing an all-time high.

Eric M. Gottlieb September 15, 2006

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	85
Earnings Predictability	100

To subscribe call 1-800-833-0046.

PRINCIPAL FIN'L NYSE-PFG RECENT PRICE **53.98** P/E RATIO **16.1** (Trailing: 16.9 Median: NMF) RELATIVE P/E RATIO **0.91** DIV'D YLD **1.2%** VALUE LINE



	1996	1997	1998	1999	2000	2001 ^c	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Premium Inc per sh	--	--	--	10.91	11.08	11.45	11.61	11.33	12.34	14.17	15.95	17.75	22.40
Investment Inc per sh	--	--	--	8.51	8.79	9.40	9.88	10.66	10.86	11.98	13.50	15.00	18.95
Earnings per sh ^A	--	--	--	1.32	1.74	1.05	1.77	2.34	2.46	2.96	3.35	3.70	4.70
Div'ds Decl'd per sh ^D	--	--	--	--	--	--	.25	.45	.55	.65	.75	.83	1.05
Book Value per sh	--	--	--	17.33	18.94	19.91	22.79	25.10	27.82	34.85	38.15	49.10	49.10
Common Shs Outst'g ^B	--	--	--	360.80	360.80	360.10	334.40	321.20	304.70	280.60	268.00	265.00	260.00
Price to Book Value	--	--	--	--	--	119%	138%	136%	143%	141%	141%	141%	130%
Avg Ann'l P/E Ratio	--	--	--	--	--	21.5	15.5	13.2	14.1	14.9	14.1	14.9	13.5
Relative P/E Ratio	--	--	--	--	--	1.10	.85	.90	.74	.78	.78	.78	.90
Avg Ann'l Div'd Yield	--	--	--	--	--	--	.9%	1.5%	1.5%	1.5%	1.5%	1.5%	1.7%
Premium Inc (\$mill)	--	--	--	3937.6	3996.4	4122.3	3881.8	3634.8	3710.0	3975.0	4280	4710	5825
Investment Inc (\$mill)	--	--	--	3072.0	3172.3	3383.6	3304.7	3420.3	3226.5	3360.7	3620	3980	4925
Other Income (\$mill)	--	--	--	1287.3	1576.3	1600.7	1636.0	2351.0	1472.0	1683.2	1800	1980	2450
Total Income (\$mill)	--	--	--	8296.9	8745.0	9338.6	9312.8	9453.8	8632.5	9016.4	9700	10670	13200
Loss Reserves (\$mill)	--	--	--	5260.9	5232.3	5482.1	5216.9	4861.1	4960	5282.9	5690	6250	7725
Income Tax Rate	--	--	--	28.1%	28.3%	18.0%	6.9%	23.7%	20.3%	20.7%	26.0%	26.5%	26.5%
Net Profit (\$mill)	--	--	--	475.2	628.1	380.7	619.9	746.6	739.5	919.9	900	985	1220
Insur in Force (\$bill)	--	--	--	--	80.0	84.5	84.5	75.0	76.0	102.6	90.0	95.0	120
Total Assets (\$mill)	--	--	--	--	84405	88351	89861	107754	113798	127035	131300	144430	178590
Shr. Equity (\$mill)	--	--	--	--	6252.5	6820.3	6657.2	7309.7	7544.3	7807.2	9340	10100	12775
Return on Shr. Equity	--	--	--	10.0%	5.6%	9.3%	10.2%	9.8%	10.2%	9.5%	9.5%	9.5%	9.5%
Retained to Com Eq	--	--	--	10.0%	5.6%	8.1%	8.2%	7.7%	7.9%	7.5%	7.5%	7.5%	7.5%
All Div'ds to Net Prof	--	--	--	--	--	14%	19%	20%	20%	22.5%	22.5%	22.5%	22.5%

The Principal Financial Group, organized as an individual life insurer in 1879, was created by the demutualization of Principal Mutual Holding Company on 10/26/01. The initial public offering was concurrent with the demutualization and resulted in the issuance of 115 million shares to the public at \$18.50 each through a syndicate headed by Goldman Sachs. Policy holders received an additional 261 million shares in the demutualization.

CAPITAL STRUCTURE as of 6/30/06
 Total Debt \$1530.5 mill. Due in 5 Yrs \$800 mill.
 LT Debt \$894.2 mill. LT Interest \$65.0 mill. (12% of Cap'l)

Leases, Uncapitalized: Annual rentals \$153.3 mill.

Pension Assets-12/05 \$1297.8 mill. Oblig. \$1441.7 mill.

Perpetual Pfd Stock \$542 mill. Pfd Div'd \$8.3 mill.

Common Stock 269,286,643 shs.

MARKET CAP: \$14.5 billion (Large Cap)

FINANCIAL POSITION 2004 2005 6/30/06 (\$MILL.)

Cash Assets	452.5	1641.3	1216.9
Fin. Receivables	628.5	592.7	626.8
Securities (for sale)	56918.6	57470.0	58124.0
Other	55798.5	67331.4	71461.7
Total Assets	113798.1	127035.4	131429.4
Deposits	32183.3	33612.1	35512.6
Long-Term Debt	1860.1	898.8	894.2
Other	72210.4	84717.3	88177.9
Total Liab.	106253.8	119228.2	124584.7

ANNUAL RATES Past Past Est'd '03-'05 of change (per sh) 10 Yrs. 5 Yrs. to '09-'11

Premium Inc	--	--	NMF
Invest Income	--	--	6.5%
Earnings	--	--	13.0%
Dividends	--	--	21.0%
Book Value	--	--	11.5%

BUSINESS: The Principal Financial Group is a leading provider of retirement, savings, investment, and insurance products and services, with \$120 billion in assets under management and approximately 13 million customers. Has two major segments: Asset Management & Accumulation contributed 52% of 2005 revenues and 71% of earnings. Life & Health Insurance (48%, 29%). Mortgage

Banking was sold in 2004. About 7% of revenues are from overseas. Has about 14,500 employees. Officers & Directors own less than 1% of common stock; Northern Trust Corp., 7.0%. (4/06 Proxy). Chairman, President, and CEO, J. Barry Griswell; CFO, Michael H. Gersie, Inc.: DE. Address: 711 High Street, Des Moines, IA 50392. Telephone: 515-247-5111. Internet: www.principal.com.

Principal Financial Group is on pace to deliver earnings improvement in the 10%-15% range in 2006. The company had over \$206 billion in assets under management (AUM) in the second quarter, a 14% increase from the year-ago period. The retirement solutions specialist should continue to generate solid AUM over the next few quarters.

The U.S. Asset Management & Accumulation division is the key to the company's top- and bottom-line growth. The segment's Principal Global Investors was the main driver in the second quarter, as earnings there increased by 50% compared to the year-ago period. We look for the segment to continue to grow earnings at a high single-digit rate over the next few quarters, with help from steadily increasing AUM.

Performance at the company's other divisions will likely be mixed. Results from the Full Service Accumulation and Life Insurance divisions were somewhat disappointing in the June period. However, the International Asset Management and Accumulation segment offers some bright long-term growth possibilities. The

Cal-endar	TOTAL INCOME (\$mill.) ^C				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2003	2296.8	2412.4	2266.1	2478.5	9453.8
2004	2257.1	2047.9	2111.8	2215.7	8632.5
2005	2148.6	2200.7	2221.9	2445.2	9016.4
2006	2391.7	2448.4	2409.9	2450	9700
2007	2600	2650	2660	2760	10670

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2003	.63	.62	.63	.46	2.34
2004	.60	.54	.66	.66	2.46
2005	.68	.76	.75	.77	2.96
2006	.85	.82	.83	.85	3.35
2007	.91	.90	.93	.96	3.70

Cal-endar	QUARTERLY DIVIDENDS PAID ^D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	--	--	--	.25	.25
2003	--	--	--	.45	.45
2004	--	--	--	.55	.55
2005	--	--	--	.65	.65
2006	--	--	--	--	--

increase of pension assets in Mexico and Brazil hold solid prospects for Principal Financial. Too, the company continues to seek expansion in China, where it has formed some beneficial joint ventures. China holds some significant growth potential for mutual fund and retirement investments, partly due to its large population and also because many of the people there still uses bank deposits for savings. Other parts of Asia, including Hong Kong and India, should help the division's bottom line as well.

We look for 2007 share net to increase by about 10%, to \$3.70, aided by steady AUM growth in most of Principal's business segments.

Neutrally ranked Principal shares are not a compelling choice right now. Wall Street has rewarded this stock with a 15% run-up over the past 12 months, partly thanks to the strong earnings performance over that span. Although we look for share net to steadily improve out to 2009-2011, the recent advance has already accounted for much of the bottom-line gains we expect.

George Y. Lee
August 25, 2006

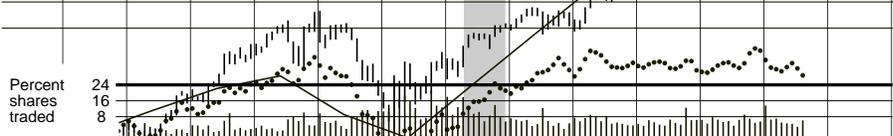
Banking was sold in 2004. About 7% of revenues are from overseas. Has about 14,500 employees. Officers & Directors own less than 1% of common stock; Northern Trust Corp., 7.0%. (4/06 Proxy). Chairman, President, and CEO, J. Barry Griswell; CFO, Michael H. Gersie, Inc.: DE. Address: 711 High Street, Des Moines, IA 50392. Telephone: 515-247-5111. Internet: www.principal.com.

(A) Diluted earnings. Excludes non-recurring items: '00, (28¢); '01, (9¢). Excludes capital gains/(losses): '99, 74¢; '00, 26¢; '01, (88¢); '03, (5¢); '04, 4¢, '1Q '06 (11¢). Next earnings report due late October.	(D) Dividend historically paid in early December.	Company's Financial Strength	B++
(B) In millions.	(C) Pro-forma from 1/99 through 9/01.	Stock's Price Stability	90
		Price Growth Persistence	90
		Earnings Predictability	75

PROGRESSIVE CP. NYSE-PGR

RECENT PRICE **23.98** P/E RATIO **12.6** (Trailing: 13.3; Median: 17.0) RELATIVE P/E RATIO **0.72** DIV'D YLD **0.2%** VALUE LINE

TIMELINESS 4 Lowered 9/1/06	High: 4.1	6.0	10.1	14.3	14.5	9.3	12.6	15.1	21.2	24.3	31.2	30.1	Target Price Range	2009	2010	2011
SAFETY 2 Raised 6/24/05	Low: 2.9	3.4	5.1	7.8	5.7	3.8	6.8	11.2	11.6	18.3	20.3	22.2				128
TECHNICAL 3 Raised 9/22/06	LEGENDS — 14.0 x Earnings p sh ... Relative Price Strength 3-for-1 split 4/02 4-for-1 split 5/06 Options: Yes Shaded area indicates recession															
BETA .90 (1.00 = Market)	2009-11 PROJECTIONS Price Gain Ann'l Total High 30 (+25%) 6% Low 25 (+5%) 2%															
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 0 0 0 0 Options 0 1 0 0 0 4 3 0 0 to Sell 1 1 0 0 0 2 3 0 0																
Institutional Decisions 4Q2005 1Q2006 2Q2006 to Buy 177 160 162 to Sell 150 202 188 Hld's(000) 602260 582180 560004																



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
1.43	1.69	1.77	1.93	2.56	3.15	3.73	4.83	5.69	6.48	7.20	8.13	10.19	12.32	15.44	16.15	18.85	19.75	P/C Prem Earned p sh ^A	22.15
.17	.20	.19	.16	.19	.23	.26	.32	.34	.39	.44	.47	.52	.51	.57	.63	.85	.80	Investment Inc p sh ^B	1.00
.01	d.06	.06	.21	.21	.18	.32	.32	.48	.12	d.32	.39	.78	1.57	2.30	1.92	1.95	1.85	Underwriting Inc p sh ^B	2.00
.09	.05	.15	.30	.25	.27	.35	.44	.51	.33	.08	.46	.81	1.41	1.85	1.75	2.00	1.80	Earnings per sh ^C	1.90
.01	.01	.02	.02	.02	.02	.02	.02	.02	.02	.02	.02	.03	.03	.03	.03	.03	.04	Div's Decl'd per sh ^D	.10
.49	.61	.66	1.05	1.25	1.61	1.95	2.46	2.94	3.14	3.25	3.69	4.32	5.47	6.05	7.17	8.05	9.60	Book Value per sh	14.00
831.60	759.60	805.20	865.20	854.40	865.20	858.00	867.60	870.00	877.20	882.00	880.80	872.00	920.40	852.80	852.40	770.00	760.00	Common Shs Outst'g ^E	700.00
241%	242%	255%	285%	233%	212%	226%	301%	367%	319%	198%	275%	310%	308%	351%	345%			Price to Book Value	200%
13.3	28.7	10.9	10.0	11.7	12.6	12.7	16.8	21.2	30.1	NMF	22.2	16.6	11.9	11.5	14.2			Avg Ann'l P/E Ratio	14.0
.99	1.83	.66	.59	.77	.84	.80	.97	1.10	1.72	NMF	1.14	.91	.68	.61	.76			Relative P/E Ratio	.95
1.1%	1.0%	.9%	.6%	.6%	.5%	.4%	.3%	.2%	.2%	.3%	.2%	.2%	.1%	.1%	.1%			Avg Ann'l Div'd Yield	.1%

CAPITAL STRUCTURE as of 6/30/06				2004	2005	6/30/06	BUSINESS: The Progressive Corporation of Ohio is an insurance holding company that writes standard and nonstandard (i.e., high risk) private passenger automobile coverage. Also writes recreational vehicle, mobile home, nonstandard commercial vehicle, and credit-related insurance. 2005 geographical premium breakdown: Florida, 12.7%; Texas, 8.0%; New York, 7.0%; California, 7.0%; Georgia, 5.4% Ohio, 5.3%; other states, 54.6%. Statutory surplus, \$4.7 billion at 12/05. Has 28,336 employees. Peter B. Lewis controls 6.7% of common stock; other off./dirs., 1.5%; Ruane, Cunniff, 13.0%; (3/06 Proxy). Chrmn.: Peter B. Lewis. President and CEO: Glenn Renwick. Inc.: Ohio. Addr.: 6300 Wilson Mills, Mayfield Village, Ohio 44143. Tel.: 216-461-5000. Web: www.progressive.com.															
Total Debt \$1185.2 mill. Due in 5 Yrs Nil				3199.3	4189.5	4948.0	Progressive Corp. continues to face a challenging operating environment. In the June period, growth of net premiums earned slowed to only 3%, year over year, compared to almost 5% in the March quarter. We believe that the slowdown was mostly attributed to increased competition. Other companies have allocated increased funds for advertising and marketing and have reduced insurance rates to attract additional customers. In response, PGR has lowered its rates, which caused the average earned premium per policy to fall by 3% over the last six months and has been largely unsuccessful at attracting sizable new business. For the year, we look for premiums earned to increase by only 4%, since competition remains fierce. However, The company's Commercial Auto segment continues to perform well. In the June interim, earnings per share from this division increased to \$0.10, compared to \$0.06 in the year-ago period, an advance of over 65%. The strong results mostly reflected PGR's recent expansion into the New Jersey and West Virginia markets. But, looking out to decade's end, we estimate that annual growth at this division will slow considerably, since further expansion opportunities seem limited and competition should become more intense. Progressive continues to repurchase its shares. In the June period, it bought back about 7.1 million shares for approximately \$270 million. Currently, it is authorized to repurchase an additional 60 million shares, and we believe that the company generates a sufficient amount of cash to complete this program by the end of the 2009-2011 period. These shares are ranked 4 (Below Average) For Timeliness. This issue has decreased in price by almost 10% since our June report and weak premium growth may continue to impact the stock over the next several months. Furthermore, looking ahead, we estimate that income advances from the Commercial Auto segment will slow considerably and annual premium growth may remain at a low single-digit rate out to decade's end. Thus, Progressive's stock already trades near the low end of our projected Target Price Range out to the 2009-2011 period. Ian Gendler September 22, 2006															
LT Debt \$1185.2 mill. LT Interest \$80.0 mill. (17% of Cap'l)				69.9%	70.8%	68.2%																
Leases, Uncapitalized Annual rentals \$26.0 mill.				20.1%	20.2%	21.8%																
No Defined Pension Benefit Plan				10.0%	8.9%	10.0%																
Pfd Stock None				28.8%	30.9%	30.9%																
Common Stock 772,229,334 shs. as of 7/31/06				316.6	400.0	456.7																
Market Cap: \$18.5 billion (Large Cap)				5.3%	5.7%	5.6%																
FINANCIAL POSITION (\$MILL)				6184	7560	8463																
Bonds				1676.9	2135.9	2557.1																
Stocks				18.9%	18.7%	17.9%																
Premiums Due				17.7%	17.9%	17.2%																
Other				6%	4%	4%																
Total Assets				6%	4%	4%																
Loss Reserves				17.7%	17.9%	17.2%																
Unearned Prens				6%	4%	4%																
Other				6%	4%	4%																
Total Liabilities				17.7%	17.9%	17.2%																

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
of change (per sh)	10 Yrs.	5 Yrs.	'03-'05 to '09-'11
Premium Inc	19.0%	18.0%	8.0%
Invest Income	11.5%	8.0%	10.0%
Earnings	20.0%	NMF	1.5%
Dividends	4.5%	5.0%	24.0%
Book Value	17.0%	15.0%	21.5%

Cal-endar	NET PREM. EARNED (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	2598	2775	2928	3040	11341
2004	3094	3234	3277	3565	13170
2005	3350	3454	3479	3481	13764
2006	3501	3564	3650	3685	14400
2007	3600	3700	3750	3950	15000

Cal-endar	EARNINGS PER SHARE ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.33	.31	.37	.40	1.41
2004	.48	.44	.43	.50	1.85
2005	.51	.49	.39	.36	1.75
2006	.55	.51	.50	.44	2.00
2007	.45	.45	.45	.45	1.80

Cal-endar	QUARTERLY DIVIDENDS PAID ^D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.006	.006	.006	.006	.03
2003	.006	.006	.006	.006	.03
2004	.006	.006	.008	.008	.03
2005	.008	.008	.008	.008	.03
2006	.008	.008	.009		

(A) Includes some D&O liability insurance. (B) Before income taxes. (C) Diluted Operating Earnings starting in 2002. Excluding n/r gains (losses): '91, (21c); '94, 21c; '96, (1c); '99 (4c); '00 (9c). Included capital gains/(losses): '92, 5c; '93, 32c; '94, 7c; '95, 13c; '96, 2c; '97, 28c; '98, 3c; '99, 14c; '00, 8c; '01 (32c). (D) Dividend historically paid in late March, June, September, and December. (E) In millions, adjusted for stock splits. Next quarterly earnings report due early Nov.

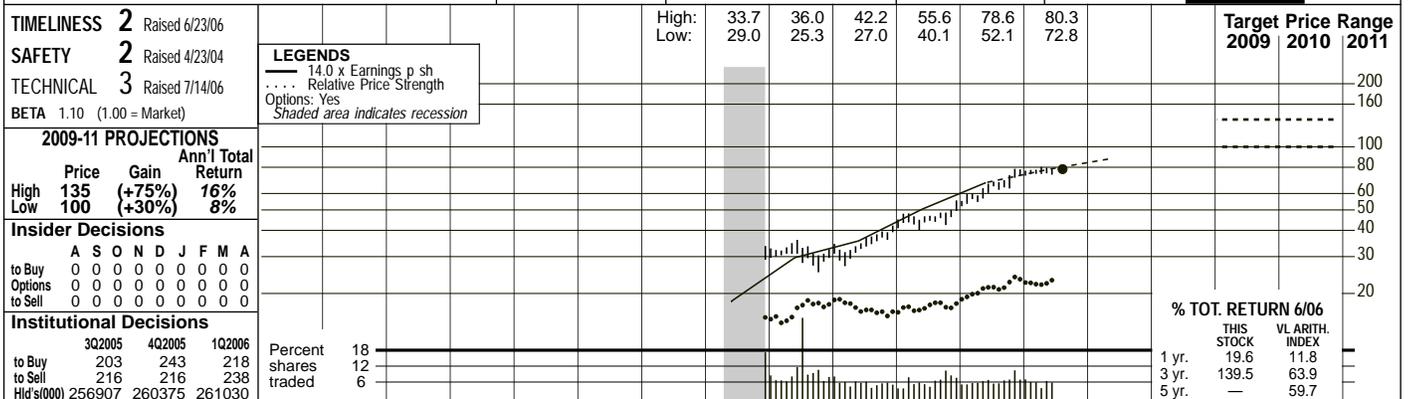
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PROTECTIVE LIFE CORP NYSE-PL				RECENT PRICE	P/E RATIO	Trailing: 12.5 Median: 13.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE										
TIMELINESS	4	Lowered 2/18/05	High: 15.7 Low: 10.7	46.44	11.9	32.8	0.69	1.9%	Target Price Range 2009 2010 2011										
SAFETY	2	Raised 1/21/05	20.8 15.1			41.3 28.0			120 100 80 64 48										
TECHNICAL	3	Lowered 4/14/06	LEGENDS --- 11.5 x Earnings p sh ... Relative Price Strength 2-for-1 split 6/95 2-for-1 split 4/98 Options: Yes Shaded area indicates recession			40.8 27.8			32 24 20 16 12										
BETA	.95	(1.00 = Market)				32.3 19.0			8										
2009-11 PROJECTIONS						35.0 24.8													
	Price	Gain	Ann'l Total			33.9 26.0													
High	75	(+60%)	15%			34.3 24.7													
Low	55	(+20%)	7%			43.2 33.7													
Insider Decisions						45.3 37.2													
	A	S	O	N	D	J	F	M	A										
to Buy	0	0	0	0	0	0	0	0	0										
Options	1	0	0	0	0	0	0	0	0										
to Sell	1	3	0	2	0	0	4	0	0										
Institutional Decisions						50.8 43.2													
	3Q2005	4Q2005	1Q2006																
to Buy	111	110	114	Percent	6														
to Sell	105	105	104	shares	4														
Hld's(000)	54359	54671	55160	traded	2														
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
4.55	5.01	5.90	6.77	7.34	6.06	8.03	8.47	10.29	11.80	12.91	9.03	11.40	10.67	10.06	10.42	11.45	11.90	Premium Inc per sh	15.40
2.51	4.27	5.19	6.61	7.62	7.79	8.41	9.59	9.88	10.49	11.42	12.91	15.02	14.94	15.61	16.87	17.85	19.15	Investment Inc per sh	23.10
.52	.66	.78	1.03	1.29	1.34	1.47	1.78	2.04	2.32	2.08	2.01	2.43	2.79	3.32	3.70	3.90	4.35	Earnings per sh ^A	5.80
.18	.21	.23	.25	.28	.31	.35	.39	.43	.47	.51	.55	.59	.63	.69	.76	.84	.92	Div'ds Decl'd per sh ^B	1.16
4.07	4.60	5.14	6.59	4.93	8.62	10.00	12.30	14.65	13.41	17.26	20.44	25.06	29.02	31.19	31.21	34.30	37.85	Book Value per sh ^D	51.05
54.63	54.68	54.76	54.77	54.85	61.09	61.55	61.64	64.44	64.50	64.56	68.50	68.68	68.99	69.45	69.96	70.00	70.50	Common Shs Outst'g ^C	71.50
81%	104%	125%	149%	217%	152%	180%	198%	239%	259%	155%	148%	122%	100%	122%	133%	140%	130%	Price to Book Value	125%
6.3	7.3	8.2	9.5	8.3	9.8	12.2	13.7	17.2	15.0	12.8	15.0	12.6	10.5	11.4	11.2			Avg Ann'l P/E Ratio	11.5
.47	.47	.50	.56	.54	.66	.76	.79	.89	.86	.83	.77	.69	.60	.60	.60			Relative P/E Ratio	.75
5.6%	4.3%	3.5%	2.6%	2.6%	2.4%	1.9%	1.6%	1.2%	1.4%	1.9%	1.8%	1.9%	2.2%	1.8%	1.8%			Avg Ann'l Div'd Yield	1.8%
CAPITAL STRUCTURE as of 3/31/06				494.2 522.3 662.8 761.3 833.7 618.7 783.1 735.9 698.7 728.9 800 840 Premium Inc (\$mill) 1100															
Total Debt \$797.8 mill. Due in 5 Yrs \$450.0 mill.				517.5 591.4 636.4 676.4 737.3 884.0 1031.2 1030.8 1084.2 1180.5 1250 1350 Investment Inc (\$mill) 1650															
LT Debt \$797.8 mill. LT Interest \$65.0 mill.				26.4 33.6 67.2 96.2 138.2 111.5 100.2 120.3 157.8 181.3 200 110 Other Income (\$mill) 150															
(LT interest earned: 7.9x) (27% of Cap'l)				1038.0 1147.3 1366.4 1533.9 1709.1 1614.2 1914.5 1886.9 1940.7 2090.7 2250 2340 Total Income (\$mill) 2900															
Leases, Uncapitalized Annual rentals \$7.7 mill.				645.0 683.1 785.8 864.6 989.6 972.6 1162.2 1151.6 1130.4 1253.4 1330 1400 Benefits & Reserves (\$m) 1740															
Pension Assets-12/05 \$113.7 mill. Oblig. \$111.3 mill.				34.0% 34.0% 35.3% 36.0% 35.8% 32.7% 34.4% 22.7% 30.0% 26.5% 33.0% 33.0% Income Tax Rate 33.0%															
Prd Stock None				89.0 112.0 130.8 153.1 137.5 141.1 171.3 197.0 236.0 263.7 280 310 Net Profit (\$mill) 425															
Common Stock 69,889,419 shs. as of 5/9/06				50.5 55.1 45.1 37.3 42.0 42.8 51.5 53.8 55.0 73.5 80.0 85.0 Insur in Force (\$bill) 100															
MARKET CAP: \$3.2 billion (Mid Cap)				8263 10512 11989 12994 15146 19719 21953 24574 27211 28967 30550 32050 Total Assets (\$mill) 37000															
FINANCIAL POSITION 2004 2005 3/31/06 (\$MILL)				615.3 758.2 944.2 865.2 1114.1 1400.1 1720.7 2002.1 2166.3 2183.7 2400 2670 Shr. Equity (\$mill) ^D 3650															
Bonds 14412.6 15472.4 14965.9				14.5% 14.8% 13.9% 17.7% 12.3% 10.1% 10.0% 9.8% 10.9% 12.1% 11.5% 11.5% Return on Shr. Equity 11.5%															
Stocks 58.9 121.0 123.5				11.1% 11.6% 11.0% 14.2% 9.4% 7.4% 7.6% 7.7% 8.7% 9.7% 9.0% 9.0% Retained to Com Eq 9.5%															
Mortgages 3005.4 3287.7 3411.3				23% 22% 21% 20% 24% 26% 24% 22% 20% 20% 21% 21% All Div'ds to Net Prof 20%															
Other 9734.5 10085.8 10451.3				BUSINESS: Protective Life Corp. is an insurance holding company whose subsidiaries acquire, create, sell, and administer a wide variety of insurance and investment products. 2005 pre-tax income derived from: individual life, 41%; acquisitions, 20%; guaranteed investment contracts, 14%; investment products, 8%; credit insurance and service contracts, 6%; and other, 11%. Acquired West Coast Life, 1997; sold dental insurance business, 1/02. Has about 2,190 employees, 1,895 stockholders. Officers and directors own 1.3% of common stock; Barclays Global Investors, 6.0% (3/06 proxy). Chairman, President & CEO: John D. Johns. Incorporated: Delaware. Address: 2801 Highway 280 South, Birmingham, AL 35223. Telephone: 205-268-1000. Internet: www.protective.com.															
Total Assets 27211.4 28966.9 28952.0				<p>Protective Life has completed its acquisition of the Chase Insurance Group. The purchase, made along with Goldman Sachs and Wilton RE for \$1.2 billion, closed in early July and ought to be accretive to earnings in the September quarter. The Chase business should more than double Protective's fixed-annuities revenue, as well as add to its term and universal life sales. The addition is also likely to help turn around the company's Acquisitions division, which has experienced a steady decline in operating income over the last few years. We look for this addition to add between \$0.10 and \$0.15 a share to the bottom line in the second half of this year, and \$0.25 to \$0.30 a share in 2007. Further, the company is in the process of negotiating an opportunity to sell fixed annuities through the JP Morgan Chase retail system. If this deal goes through, we expect it to add about \$0.05 to earnings in 2007.</p> <p>The company has agreed to purchase the vehicle extended-service contract business of Western General. Protective will pay \$33 million in cash for the operations at closing, which is expected to occur sometime in the third quarter. We expect this addition to contribute modestly to the bottom line this year.</p> <p>Investment income might be constrained somewhat. Growth in account balances and higher asset yields have been more than offset by higher funding costs associated with the increase in the LIBOR interest rate. Indeed, the company's investment spreads were almost 20% lower in the first quarter than they had been in the prior year.</p> <p>The Annuity businesses are in an improving trend. Annuity sales were up 21% in the first quarter versus the prior-year period, and likely continued to gain ground in the second quarter. Moreover, the aforementioned Chase Insurance Group purchase should benefit this business in the second half. A JP Morgan Chase distribution deal would also boost this line.</p> <p>These shares are untimely. They also offer below-average price appreciation potential to 2009-2011. Moreover, the stock's dividend yield is only a hair above the Value Line average.</p>															
Reserves 19707.1 21340.8 21418.6				<p><i>Jerry W. Gray Jr.</i> July 21, 2006</p>															
Policy Claims -- -- --				<p>Company's Financial Strength B++</p> <p>Stock's Price Stability 95</p> <p>Price Growth Persistence 85</p> <p>Earnings Predictability 90</p>															
Other 5338.0 5442.5 5429.2				<p>To subscribe call 1-800-833-0046.</p>															
Total Liab. 25045.1 26783.3 26847.8																			
ANNUAL RATES Past Past Est'd '03-'05																			
of change (per sh)																			
10 Yrs. 5 Yrs. to '09-'11																			
Premium Inc 4.5% -2.5% 5.0%																			
Invest Income 8.0% 8.5% 7.5%																			
Earnings 10.5% 9.0% 10.0%																			
Dividends 9.5% 8.0% 8.0%																			
Book Value 16.5% 15.0% 8.5%																			
Cal-endar																			
QUARTERLY INCOME (\$ mill.)																			
Mar.31 Jun.30 Sep.30 Dec.31 Full Year																			
2003 480.7 495.1 461.6 449.5 1886.9																			
2004 496.5 474.2 504.2 465.8 1940.7																			
2005 518.6 500.0 558.0 514.1 2090.7																			
2006 574.6 550 560 565.4 2250																			
2007 570 580 590 600 2340																			
Cal-endar																			
EARNINGS PER SHARE ^A																			
Mar.31 Jun.30 Sep.30 Dec.31 Full Year																			
2003 .65 .67 .70 .77 2.79																			
2004 .80 .84 .88 .80 3.32																			
2005 .88 .90 .90 1.02 3.70																			
2006 .90 .95 1.00 1.05 3.90																			
2007 1.05 1.05 1.10 1.15 4.35																			
Cal-endar																			
QUARTERLY DIVIDENDS PAID ^B																			
Mar.31 Jun.30 Sep.30 Dec.31 Full Year																			
2002 .14 .15 .15 .15 .59																			
2003 .15 .16 .16 .16 .63																			
2004 .16 .175 .175 .175 .69																			
2005 .175 .175 .195 .195 .74																			
2006 .195 .215																			

(A) Primary eggs. through '96; diluted thereafter. Includes realized capital gains (losses): '01, (20c); '00, (7c); '99, (3c); '98, 2c; '96, 3c; '94, 10c; '93, 3c; '91, (4c); '90, (4c). Excludes realized gains (losses): '06, 11c; '05, 24c; '04, 20c; '03, (28c); '02, 9c; '01, (54c); '00, 32c. Excludes non-recurring gains (losses): '04, (22c). Next eggs. report due in mid-Aug. (B) Dividends historically paid in early March, June, Sept., and Dec. Dividend reinvestment plan available. (C) In mill., adjusted for stock splits. (D) Reflects SFAS 115 starting with 1993.

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PRUDENTIAL FIN'L NYSE-PRU RECENT PRICE **78.26** P/E RATIO **14.0** (Trailing: 15.6 Median: NMF) RELATIVE P/E RATIO **0.81** DIV'D YLD **1.2%** VALUE LINE



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
Prudential Financial, Inc. was first established in 1896, and completed its initial public offering of 126.5 million shares at \$27.50 on December 21, 2001, after the demutualization of The Prudential Insurance Company of America. Goldman, Sachs & Co. was the lead underwriter in the IPO.	--	--	--	--	--	14.10	16.27	17.52	16.80	20.23	23.15	26.30	Premium Inc per sh	34.10
	--	--	--	--	--	8.98	8.88	9.44	10.30	13.75	15.15	15.70	Investment Inc per sh	17.25
	--	--	--	--	--	1.31	2.12	2.54	3.61	4.83	5.60	6.30	Earnings per sh A D	8.50
	--	--	--	--	--	.31	.40	.50	.63	.78	.90	1.00	Div'ds Decl'd per sh B	1.40
	--	--	--	--	--	33.66	35.18	38.03	40.48	43.53	46.30	50.00	Book Value per sh	64.75
	--	--	--	--	--	583.58	584.51	534.85	524.00	497.49	475.00	460.00	Common Shs Outst'g C	440.00
	--	--	--	--	--	93%	89%	91%	114%	147%	170%	175%	Price to Book Value	185%
	--	--	--	--	--	23.9	14.7	13.7	12.8	13.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
	--	--	--	--	--	1.22	.80	.78	.68	.70			Relative P/E Ratio	.93
	--	--	--	--	--	1.0%	1.3%	1.4%	1.3%	1.2%			Avg Ann'l Div'd Yield	1.2%
CAPITAL STRUCTURE as of 3/31/06 Total Debt \$16969 mill. Due in 5 Yrs \$11845 mill. LT Debt \$7284 mill. LT interest \$400 mill. (LT interest earned: 13.0x) (26% of Cap'l)	--	--	--	--	5826.0	8227.0	9509.0	9373.0	8804.0	10066	11000	12100	Premium Inc (\$mill) D	15000
Leases, Uncapitalized: Annual rentals \$192 mill.	--	--	--	--	5224.0	5239.0	5193.0	5049.0	5398.0	6839.0	7200	7225	Investment Inc (\$mill) D	7600
Pension Assets- 12/05 \$9945 mill. Oblig. \$8091 mill.	--	--	--	--	6835.0	--	--	5659.0	5904.0	6038.0	6210	6325	Other Income (\$mill) D	6800
Pfd Stock None	--	--	--	--	17885	13466	14702	20081	20106	22943	24410	25650	Total Income (\$mill) D	29400
Common Stock 492,000,000 shs. as of 3/31/06 MARKET CAP: \$38.5 billion (Large Cap)	--	--	--	--	7721.0	9929.0	11104	11091	11158	12616	13100	14000	Benefits & Reserves (\$m)	16500
	--	--	--	--	35.2%	39.5%	33.6%	32.5%	27.0%	21.8%	29%	30%	Income Tax Rate	30%
	--	--	--	--	1116.0	764.0	1182.0	1331.0	1831.0	2542.0	2930	3275	Net Profit (\$mill)	4450
	--	--	--	--	1259	1681	1692	1800	1812	1896	1950	2000	Insur in Force (\$bill)	2200
	--	--	--	--	202826	231305	223300	252538	329478	345291	380000	400000	Total Assets (\$mill)	525000
	--	--	--	--	13741	19646	20562	20340	21209	21654	22000	23000	Shr. Equity (\$mill)	28500
	--	--	--	--	8.1%	3.9%	5.7%	6.5%	8.6%	11.7%	13.5%	14.0%	Return on Shr. Equity	15.5%
	--	--	--	--	8.1%	3.0%	4.8%	5.2%	7.1%	10.0%	11.5%	12.0%	Retained to Com Eq	13.5%
	--	--	--	--	--	24%	16%	21%	18%	15%	15.0%	14.5%	All Div'ds to Net Prof	14.0%

	2004	2005	3/31/06
FINANCIAL POSITION (\$MILL.)			
Bonds	119413	124245	124516
Mortgages	17092	17177	17721
Policy Loans	2919	2967	3094
Other	190054	200902	215560
Total Assets	329478	345291	360891
Res'ves, Claims	125401	122546	123907
Unearn Prems	--	--	--
Separate Accounts	115568	157561	170134
Other	67300	43530	45621
Total Liab.	308269	323637	339662

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Premium Inc	--	--	11.0%
Invest Income	--	--	8.0%
Earnings	--	--	15.0%
Dividends	--	--	14.0%
Book Value	--	--	8.0%

Cal-endar	QUARTERLY INCOME (\$ mill.) D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	5048	5224	4841	4968	20081
2004	4769	4764	5234	5339	20106
2005	5570	5944	5833	5596	22943
2006	5960	6100	6200	6150	24410
2007	6200	6400	6600	6450	25650

Cal-endar	EARNINGS PER SHARE A D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.56	.66	.68	.64	2.54
2004	.75	.98	.92	.96	3.61
2005	1.18	1.13	1.46	1.06	4.83
2006	1.36	1.35	1.50	1.39	5.60
2007	1.50	1.50	1.75	1.55	6.30

Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	--	--	--	.40	.40
2003	--	--	--	.50	.50
2004	--	--	--	.63	.63
2005	--	--	--	.78	.78
2006	--	--	--	--	--

BUSINESS: Prudential Financial, Inc. is one of the largest life insurance companies in the United States. The company provides a wide range of insurance, investment management, and other financial products and services. It has over 15 million individual and institutional clients in the United States and over 30 foreign countries. Prudential conducts its principal businesses through four segments:

We expect share earnings at Prudential Financial to grow by about 16% in 2006. In 2007, share net should advance by roughly 13%. Prudential's profitability and attractive growth potential are enhanced by its strong brand name and diverse product mix, which enable it to thrive within the competitive markets it serves. Strong earnings-per-share growth is likely to continue to the end of the decade. Return on equity ought to continue to increase during this time period, as well. We also anticipate a significant reduction in the share count, as the board has authorized the repurchase of up to \$2.5 billion of stock in the current year alone.

We anticipate strong results in most of Prudential's businesses. The company has particularly good growth prospects on the international scene. Prudential's Life Planner business continues to be successful in Japan and Korea. As a result, we look for the International Insurance and Investments division to continue to increase adjusted-operating income in the coming years. We also expect solid performance from the Insurance Division, due

to higher fees from growth in account values and increasing sales from third-party distribution.

Prudential remains active on the acquisition front. The company has completed the integration of the retirement business acquired from CIGNA in 2004. Its acquisition of Allstate for roughly \$560 million closed recently. Over the next two years, the company will take over the administration of Allstate's variable annuities. As part of the agreement, Prudential will have exclusive distribution rights to sell variable annuity products through Allstate's distribution force. This move should help Prudential strengthen its position in the variable annuity market. We expect the company to continue to look for attractive acquisitions in the coming years.

Shares of Prudential are ranked to outperform the broader market in the coming year. The stock may also appeal to patient investors. As the company has solid projected earnings growth for the coming years, the shares have worthwhile total return potential to late decade.

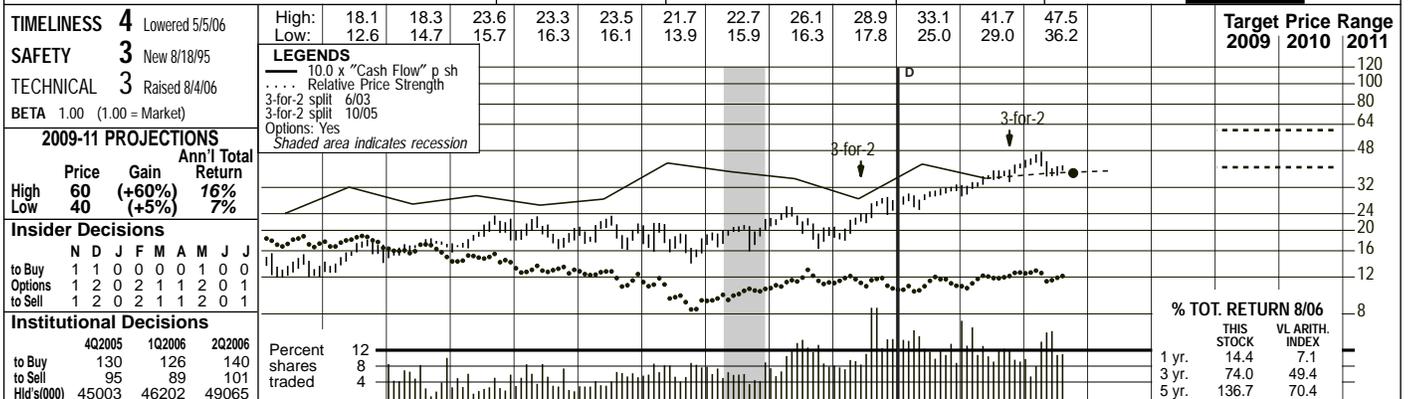
Michael F. Napoli July 21, 2006

(A) Diluted operating earnings of Financial Service Businesses. Earnings per sh were \$6.34 in 2005, \$3.31 in 2004, \$1.98 in 2003, and \$1.25 in 2002.
 (B) Dividends historically paid in mid-December.
 (C) In millions.
 (D) Includes Financial Services Business. Excludes Closed Block Business.

To subscribe call 1-800-833-0046.

RAYONIER INC. NYSE-RYN

RECENT PRICE **37.46** P/E RATIO **20.8** (Trailing: 23.9 Median: 18.0) RELATIVE P/E RATIO **1.18** DIV'D YLD **5.0%** VALUE LINE



TIMELINESS 4 Lowered 5/5/06
SAFETY 3 New 8/18/95
TECHNICAL 3 Raised 8/4/06
BETA 1.00 (1.00 = Market)

2009-11 PROJECTIONS

Ann'l Total	
Price	Gain
High 60	(+60%)
Low 40	(+5%)
Return	16%
	7%

Insider Decisions

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

Institutional Decisions

4Q2005			1Q2006			2Q2006		
to Buy	130	126	140	140	140	140	140	140
to Sell	95	89	101	101	101	101	101	101
Hld's(000)	45003	46202	49065	49065	49065	49065	49065	49065

Rayonier's origins can be traced to the founding of Rainier Pulp and Paper Company in Shelton, WA, in 1926. With the consolidation of several pulp companies in 1937, the company became Rayonier Incorporated. In 1968, Rayonier became a wholly owned subsidiary of ITT Corporation and in February of 1994 again became an independent company when ITT distributed all of the common shares to stockholders.

CAPITAL STRUCTURE as of 6/30/06
Total Debt \$556.5 mill. **Due in 5 Yrs** \$295.0 mill.
LT Debt \$554.7 mill. **LT Interest** \$50.0 mill.
 (Total interest coverage: 4.2x) (39% of Cap'l)

Leases, Uncapitalized Annual rentals \$4.1 mill.
Pension Assets-12/05 \$206 mill. **Oblig.** \$244 mill.

Pfd Stock None
Common Stock 76,570,449 shs. as of 7/21/06

MARKET CAP: \$2.8 billion (Mid Cap)

CURRENT POSITION (\$MILL.)			
	2004	2005	6/30/06
Cash Assets	84.1	146.2	165.0
Receivables	91.5	88.4	105.6
Inventory (FIFO)	90.9	85.5	74.5
Other	34.2	34.0	58.2
Current Assets	300.7	354.1	403.3
Accts Payable	76.3	66.4	80.0
Debt Due	48.6	3.3	1.8
Other	117.6	100.4	110.0
Current Liab.	242.5	170.1	191.8

ANNUAL RATES				
	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05	to '09-'11
change (per sh)				
Sales	-5%	-2.5%	5.0%	5.0%
"Cash Flow"	3.5%	1.5%	4.5%	4.5%
Earnings	2.0%	6.0%	9.5%	9.5%
Dividends	17.5%	17.0%	8.0%	8.0%
Book Value	.5%	--	2.5%	2.5%

QUARTERLY SALES (\$ mill.)					
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	265.9	295.9	267.6	271.5	1100.9
2004	293.7	336.9	278.9	297.5	1207.0
2005	275.0	290.3	299.5	315.9	1180.7
2006	277.2	312.1	336	349.7	1275
2007	330	335	345	365	1375

EARNINGS PER SHARE A					
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.13	.49	.13	.02	.77
2004	.99	.57	.31	.18	2.05
2005	.32	.45	.46	.34	1.57
2006	.30	.47	.50	.48	1.75
2007	.35	.50	.50	.50	1.85

QUARTERLY DIVIDENDS PAID B					
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.16	.16	.16	.16	.64
2003	.16	.18	.18	.18	.70
2004	.373	.373	.373	.373	1.49
2005	.413	.413	.413	.471	1.71
2006	.47	.47	.47		

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
Sales per sh	17.88	17.35	16.14	16.80	20.12	18.93	17.92	14.97	16.10	15.65	16.60	17.95		20.85
"Cash Flow" per sh	2.67	2.93	2.64	2.82	4.18	3.80	3.53	2.83	4.14	3.57	3.75	3.85		4.50
Earnings per sh A	1.17	1.32	.99	1.08	1.25	.93	.85	.77	2.05	1.57	1.75	1.85		2.50
Div'ds Decl'd per sh B	.52	.53	.55	.57	.64	.64	.64	.70	1.49	1.71	1.88	1.96		2.04
Cap'l Spending per sh	2.66	2.08	1.43	1.49	1.45	1.25	1.23	1.16	1.19	1.13	1.55	1.65		1.70
Book Value per sh	9.46	9.94	10.23	10.59	11.15	11.52	11.38	9.67	10.62	11.70	11.55	11.50		12.30
Common Shs Outst'g C	65.89	63.64	62.48	61.67	60.99	61.53	62.37	73.53	74.97	75.50	76.70	76.70		76.70
Avg Ann'l P/E Ratio	14.3	14.6	19.7	18.1	14.2	20.9	25.3	30.0	14.3	22.5			Bold figures are Value Line estimates	20.0
Relative P/E Ratio	.90	.84	1.02	1.03	.92	1.07	1.38	1.71	.76	1.20				1.35
Avg Ann'l Div'd Yield	3.1%	2.8%	2.8%	2.9%	3.6%	3.3%	3.0%	3.0%	5.1%	4.8%				4.3%
Sales (\$mill)	1178.0	1104.2	1008.6	1035.9	1226.9	1164.9	1117.4	1100.9	1207.0	1180.7	1275	1375		1600
Operating Margin	32.2%	23.4%	22.0%	22.6%	31.0%	27.7%	26.2%	22.9%	26.2%	25.0%	26.5%	26.5%		26.5%
Depreciation (\$mill)	96.9	99.3	101.1	105.4	176.9	177.1	165.7	157.9	153.8	147.4	150	150		150
Net Profit (\$mill)	78.8	87.3	63.6	68.7	78.2	56.9	54.2	50.0	156.9	121.8	135	145		195
Income Tax Rate	29.1%	27.6%	29.4%	30.0%	28.0%	30.5%	22.4%	10.4%	10.4%	--	16.0%	25.0%		25.0%
Net Profit Margin	6.7%	7.9%	6.3%	6.6%	6.4%	4.9%	4.8%	4.5%	13.0%	10.3%	11.0%	11.0%		12.0%
Working Cap'l (\$mill)	128.8	104.0	109.0	77.7	74.8	82.2	57.1	97.3	58.2	184.0	210	200		200
Long-Term Debt (\$mill)	430.7	421.3	485.9	1132.9	970.4	842.2	649.6	614.9	610.3	555.2	555	525		400
Shr. Equity (\$mill)	623.4	632.7	639.0	652.9	680.1	708.8	709.7	711.1	796.4	884.9	885	880		945
Return on Total Cap'l	8.7%	9.5%	7.1%	5.0%	7.2%	5.8%	6.2%	5.5%	12.8%	10.0%	11.0%	12.0%		16.0%
Return on Shr. Equity	12.6%	13.8%	10.0%	10.5%	11.5%	8.0%	7.6%	7.0%	19.7%	13.8%	15.5%	16.5%		20.5%
Retained to Com Eq	7.2%	8.3%	4.5%	5.1%	5.7%	2.5%	2.0%	.8%	5.7%	NMF	NMF	NMF		4.0%
All Div'ds to Net Prof	43%	40%	55%	52%	50%	69%	74%	89%	71%	NMF	NMF	NMF		NMF

BUSINESS: Rayonier Inc. became a REIT in 1/04; formerly a leading international forest products company engaged in the trading, merchandising and manufacturing of logs, timber and wood products (47% of '05 sales), and in the production and sale of chemical, fluff and paper pulps (53%). The company manages 2.2 million acres of timberland in the U.S. and New Zealand. It operates two

pulp mills and three lumber manufacturing facilities in the U.S. 37% of '05 sales were exports, primarily to Asia Pacific (18%) and Western Europe (11%). Has about 2,000 empls. Officers & directors own about 3.77% of common stock ('05-10K). Chrmn., Pres. & CEO: W.L. Nutter, Inc.: NC. Addr.: 50 North Laura Street, Jacksonville, FL 32202. Tel.: 904-357-9100. Web: www.rayonier.com.

Rayonier is well positioned for a good share-net recovery in 2006. Its real estate segment has not yet seen any signs of a slowdown in demand for rural properties in the corporation's Florida and Georgia markets. In fact, we expect the division to perform particularly well in the second half of the year, reflecting many development contracts that RYN already has or that are likely to finalize soon. Also, its performance fibers business is on solid footing. Rayonier has made good progress shifting its fiber product mix to higher-margin, less price-sensitive specialty cellulose (from 55% to 63% of total production), and signing numerous supply contracts (see below) with end users. Indeed, the company commented that its landholdings sector and performance-fibers unit ought to produce solid results for the next few quarters. In 2007, we look for a moderate earnings expansion.

The company has finalized many long-term contracts to supply specialty cellulose fibers. With the signing of a five-year \$500 million contract with China National Tobacco, Rayonier has secured purchase commitments from many of the

world's largest manufacturers of acetate-based products. These agreements, many of which extend out to 2011, lock up 80% of the corporation's production for the next five years, representing two million tons and more than \$2 billion in revenue. RYN has attained a leading position in cellulose specialties by developing technical expertise that allows it to customize products to precise customer specifications.

Rayonier should be able to raise its dividend and pay down debt for years to come. As a REIT, the company is required to distribute a substantial portion of income to shareholders. Given the favorable earnings prospects we envision, further dividend hikes are likely. Additionally, we expect the company to also have sufficient financial wherewithal to lower its debt burden, starting in 2007.

Rayonier shares may appeal to investors seeking current income, although the issue is ranked to underperform the broader market over the next six to 12 months. The total return potential merits consideration, based on modest share price appreciation and higher dividends.

Dominic B. Silva *October 6, 2006*

(A) Diluted earnings. Excl. non-recurring gain (losses): '92, (\$2.06); '95, \$0.35; '96, (\$2.63); '05, \$1.11. Discontinued operations loss: '05, \$0.32. Next earnings report due late Oct.
 (B) Dividends historically paid late March, June, Sept., and Dec. Special cash dividend of \$61 million, \$.96 a share, paid December 19, 2003 for REIT conversion.
 (C) In millions, adjusted for stock splits.
 (D) Became REIT in 1/04.

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

REGIONS FINANCIAL NYSE-RF										RECENT PRICE	36.79	P/E RATIO	13.6 (Trailing: 14.8 Median: 13.0)	RELATIVE P/E RATIO	0.77	DIV'D YLD	3.9%	VALUE LINE				
TIMELINESS	3	Raised 1/27/06	High: 18.2	21.9	36.4	37.0	33.7	22.7	26.7	31.1	30.7	36.0	35.5	37.4	Target Price Range							
SAFETY	1	Raised 2/24/06	Low: 12.6	16.4	20.8	23.4	18.8	14.8	20.8	22.0	24.2	27.3	29.2	32.4	2009	2010	2011					
TECHNICAL	3	Lowered 8/4/06	LEGENDS — 13.0 x Earnings p sh ... Relative Price Strength 10% Div 3/93 2-for-1 split 6/97 23% Div 7/04 Options: Yes Shaded area indicates recession										80 60 50 40 30 25 20 15 10 7.5									
BETA	1.00	(1.00 = Market)	2009-11 PROJECTIONS										Ann'l Total									
Price		Gain	High										45	(+20%)	9%							
Low			Low										40	(+10%)	6%							
Insider Decisions										to Buy				0	0	1	0	0	0	0	0	
Options										to Sell				1	3	0	2	5	3	2	0	1
Institutional Decisions										to Buy				157	160	128	Percent					
to Sell										148				157				182				
Hld's(000)										145156				155607				158145				
3Q2005										4Q2005				1Q2006				9				
to Buy										to Sell				Hld's(000)				3				

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11	
.77	.88	1.05	1.22	1.38	1.52	1.50	1.78	1.82	1.90	1.86	1.88	2.20	2.35	2.32	2.15	2.70	2.80	Earnings per sh ^A	
.34	.32	.37	.42	.49	.53	.57	.65	.75	.81	.87	.91	.94	1.00	1.33	1.36	1.40	1.44	Div'ds Decl'd per sh ^B	
5.89	6.38	7.85	8.40	9.12	10.02	10.33	11.33	11.02	11.23	12.74	14.21	15.29	16.15	23.01	23.26	24.15	25.45	Book Value per sh	
89.01	89.76	83.66	101.36	111.13	112.25	154.71	168.76	272.17	272.93	271.32	284.06	273.26	275.75	467.08	456.35	453.00	450.00	Common Shs Outst'g ^C	
7.9	10.6	11.0	11.1	9.8	10.0	12.6	15.2	17.6	14.7	9.7	12.8	12.4	12.0	13.5	15.4	Bold figures are Value Line estimates		Ann'l P/E Ratio	
.59	.68	.67	.66	.64	.67	.79	.88	.92	.84	.63	.66	.68	.68	.71	.82			Relative P/E Ratio	
5.6%	3.4%	3.2%	3.1%	3.6%	3.5%	3.0%	2.4%	2.3%	2.9%	4.8%	3.8%	3.5%	3.6%	4.2%	4.1%			Avg Ann'l Div'd Yield	

CAPITAL STRUCTURE as of 6/30/06										18930	23034	36832	42714	43688	45383	47939	48598	84106	84786	86750	89500	Total Assets (\$mill)		105000		
LT Debt \$6293.4 mill. LT Interest \$360.0 mill. Due in 5 Yrs \$3838 mill.										13136	16201	24050	27806	31000	30466	30549	31730	56772	57621	59000	61000	Loans (\$mill)		70000		
Leases, Uncapitalized None										700.5	828.9	1324.8	1425.9	1388.8	1425.5	1497.6	1474.6	2113.0	2820.6	2950	3000	Net Interest Inc (\$mill)		3400		
Pension Assets-12/05 \$402 mill. Oblig. \$465 mill. Common Stock 454,034,000 shares										29.0	41.8	60.5	113.7	127.1	165.4	127.5	121.5	128.5	165.0	120	180	Loan Loss Prov'n (\$mill)		250		
MARKET CAP: \$16.7 billion (Large Cap)										220.7	258.6	474.7	537.1	574.0	981.9	1258.9	1398.8	1654.4	1813.4	1925	2000	Noninterest Inc (\$mill)		2250		
ASSETS(\$Mill.)										553.8	600.3	982.3	1064.3	1121.2	1500.7	1759.7	1840.3	2401.7	3047.0	2950	2975	Noninterest Exp (\$mill)		3300		
LIABILITIES(\$Mill.)										229.7	299.7	502.4	525.4	509.7	526.7	619.9	651.8	870.3	1000.5	1250	1280	Net Profit (\$mill)		1450		
Loans										32.1%	32.7%	33.6%	33.1%	28.7%	28.9%	28.5%	28.5%	29.7%	29.6%	31.0%	31.0%	Income Tax Rate		31.0%		
Funds Sold										1.21%	1.30%	1.36%	1.23%	1.17%	1.16%	1.29%	1.34%	1.03%	1.18%	1.45%	1.45%	Return on Total Assets		1.40%		
Securities										447.3	400.2	571.0	1750.9	4478.0	4747.7	5386.1	5711.8	7239.6	6971.7	6200	6500	Long-Term Debt (\$mill)		7500		
Other Earning										1598.7	1912.9	3000.4	3065.1	3457.9	4035.8	4178.4	4452.1	10749	10614	10950	11450	Shr. Equity (\$mill)		13150		
Other										8.4%	8.3%	8.1%	7.2%	7.9%	8.9%	8.7%	9.2%	12.8%	12.5%	12.5%	12.5%	Shr. Eq. to Total Assets		12.5%		
Deposits										69.4%	70.3%	65.3%	65.1%	71.0%	67.1%	63.7%	65.3%	67.5%	68.0%	68.0%	68.0%	Loans to Tot Assets		66.5%		
Funds Borrowed										14.4%	15.7%	16.7%	17.1%	14.7%	13.1%	14.8%	14.6%	8.1%	9.4%	11.5%	11.0%	Return on Shr. Equity		11.0%		
Long-Term Debt										8.9%	10.0%	10.4%	9.9%	7.8%	6.9%	8.6%	8.5%	3.5%	3.5%	5.5%	5.5%	Retained to Com Eq		5.5%		
Net Worth										38%	36%	38%	42%	47%	48%	42%	42%	56%	63%	51%	51%	All Div'ds to Net Prof		48%		
Other										84106.4	84785.6	86062.8														
Total										754.7	783.5	777.8														
Loan Loss Reserv.																										

ASSETS(\$Mill.) 2004 2005 6/30/06
 Loans 56772.2 57621.4 58352.8
 Funds Sold 717.6 710.3 733.5
 Securities 13514.1 12971.4 12844.5
 Other Earning 147.0 92.1 31.6
 Other 12955.5 13390.4 14100.4

LIABILITIES(\$Mill.)
 Deposits 58667.0 60378.4 61404.8
 Funds Borrowed 5995.6 4966.3 5728.6
 Long-Term Debt 7239.6 6971.7 6293.4
 Net Worth 10749.5 10614.3 10698.4
 Other 1454.7 1854.9 1937.6
 Total 84106.4 84785.6 86062.8
 Loan Loss Reserv. 754.7 783.5 777.8

BUSINESS: Regions Financial Corp. (formerly First Alabama Bancshares) has over 1,300 banking offices in AL, AR, FL, GA, IL, IN, IA, KY, LA, MS, MO, NC, SC, TN & TX. Merged with Union Planters, TN 7/04. Acq'd Morgan Keegan, 3/01, First Commercial, AR 7/98; Allied Bancshares, GA, 1/97. Net loan losses, 23% of avg. loans in 2005. Loan loss reserves, 1.32% of loans (6/30/06); problem assets, 0.67%. Loan portfolio as of 12/31/05: resid. mort., 22%; other RE, 24%; construction, 13%; consumer, 15%; commercial, 26%. Had 24,457 full-time equivalent employees on 6/30/06. Off. & dir. own 3.7% of shs. (4/06 proxy). Chrmn.: C. E. Jones, Jr. Pres. & CEO: J. Moore, Inc.: DE. Addr.: 417 N. 20th St., Birmingham, AL 35202. Tel.: 205-944-1300. Web: regionsbank.com.

ANNUAL RATES										Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-11
of change (per sh)										4.5%	3.5%	5.0%
Loans										5.0%	4.0%	6.0%
Earnings										10.0%	8.5%	4.5%
Dividends										8.5%	12.5%	6.0%
Book Value										4.5%	3.5%	5.0%
Total Assets												
Cal-endar	LOANS (\$ mill.)				EARNINGS PER SHARE ^{AD}				Full Year			
	Mar.31	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30	Sep.30	Dec.31				
2003	31111	31259	31128	31730	.58	.59	.59	.59	2.35			
2004	32314	33184	56340	56772	.61	.58	.57	.56	2.32			
2005	57205	57580	57572	57621	.51	.53	.55	.55	2.15			
2006	57678	58353	58500	59000	.64	.75	.65	.66	2.70			
2007	59500	60000	60500	61000	.66	.69	.71	.74	2.80			
Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year							
	Mar.31	Jun.30	Sep.30	Dec.31								
2002	.29	.29	.29	.29	1.16							
2003	.29	.30	.30	.32	1.21							
2004	.32	.41	.74	.33	1.80							
2005	.34	.34	.34	.34	1.36							
2006	.35	.35	.35									

Initially, the merger offer represented a 2% discount to the price of AmSouth shares on the day prior to the announcement, but now represents a slight premium. Although another bidder could top Regions' offer, or AmSouth shareholders might reject the deal, we think both possibilities are unlikely. **Meantime, Regions' earnings have rebounded smartly thus far in 2006,** without last year's \$0.06-\$0.07-a-share in quarterly charges related to the Union Planters merger. But loan growth is weak. The net interest margin may be squeezed as higher-cost deposits comprise more of the funding mix. And investment banking activity may not remain quite as healthy as in the June interim. Although we have raised our share-net estimates for 2006 and 2007 by \$0.15 and \$0.10, respectively, earnings in the next several quarters may not match the strong June-period showing. Absent the merger with AmSouth, Regions shares don't stand out for the year ahead or for their appreciation potential to 2009-2011. But the good dividend yield may interest income-oriented investors.

Theresa Brophy August 25, 2006

(A) Based on avg. shs. outstanding prior to 1997, diluted thereafter. Excludes non-recurring gain/(loss): '98, (37c), '00, 8c, '01, (8c). Next egs. report due mid-October. (B) Dividends paid in mid-Feb., May, Aug., and Nov. ■ Div'd reinvestment plan available. (C) In mill., adj. for stock split and div'd. (D) Qtrly. egs. may not sum due to rounding. (E) Dividends declared in '04 adjusted for shares issued in merger with Union Planters.

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

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REINSURANCE GROUP NYSE-RGA

RECENT PRICE **49.10** P/E RATIO **11.3** (Trailing: 13.2; Median: 13.0) RELATIVE P/E RATIO **0.65** DIV'D YLD **0.7%** VALUE LINE

TIMELINESS 3 Raised 11/4/05	High: 16.3	22.2	31.1	47.1	49.2	38.4	42.2	33.7	42.6	48.7	48.7	49.5	Target Price Range		
SAFETY 2 Raised 7/21/06	Low: 10.6	15.1	19.7	25.1	22.1	15.4	28.0	24.0	24.8	36.4	40.8	45.6	2009	2010	2011
TECHNICAL 3 Lowered 6/23/06	LEGENDS — 8.5 x Earnings p.sh ... Relative Price Strength 3-for-2 split 9/97 3-for-2 split 3/99 Options: No Shaded area indicates recession														
BETA 1.00 (1.00 = Market)	3-for-2 														
2009-11 PROJECTIONS Price Gain Ann'l Total High 65 (+30%) 8% Low 45 (-10%) -1%													120		
Insider Decisions A S O N D J F M A to Buy 0 0 0 0 0 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 0 0 1 0 0 0 0 0 0 0 to Sell 0 0 0 0 0 0 0 1 0 0 0 0 0 0													80		
Institutional Decisions 3Q2005 4Q2005 1Q2006 to Buy 69 78 76 to Sell 73 65 60 Hld's(000) 31414 32049 31254													64		
Percent shares traded 9 6 3													48		
% TOT. RETURN 6/06 THIS STOCK VL ARITH. INDEX 1 yr. 6.5 11.8 3 yr. 56.4 63.9 5 yr. 34.6 59.7													32		

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
--	--	--	15.74	11.87	14.59	17.27	22.10	22.43	26.34	28.48	33.55	40.05	42.52	53.61	63.31	67.75	73.00	Premium Inc per sh	89.05
--	--	--	2.29	1.87	2.31	3.50	4.98	6.66	6.81	6.62	6.88	7.57	7.49	9.30	10.47	11.15	11.90	Investment Inc per sh	13.70
--	--	--	1.00	1.05	1.24	1.44	1.90	2.08	1.15	2.12	.80	2.58	3.22	3.56	3.54	4.35	4.80	Earnings per sh A	6.40
--	--	--	.05	.11	.12	.13	.15	.17	.22	.24	.24	.24	.24	.27	.36	.36	.36	Div'ds Decl'd per sh B	.50
--	--	--	11.58	7.28	9.65	10.89	13.21	16.52	14.68	17.51	20.30	24.72	31.33	36.50	41.38	44.85	48.10	Book Value per sh	54.10
--	--	--	24.13	38.04	39.07	39.07	37.81	45.31	49.94	49.29	49.53	49.46	62.16	62.45	61.08	62.00	63.00	Common Shs Outst'g C	73.00
--	--	--	116%	149%	136%	165%	187%	219%	247%	165%	175%	118%	106%	113%	109%			Price to Book Value	102%
--	--	--	13.5	10.4	10.5	12.5	13.0	17.4	31.5	13.7	44.4	11.3	10.3	11.6	12.8			Avg Ann'l P/E Ratio	8.5
--	--	--	.80	.68	.70	.78	.75	.90	1.80	.89	2.28	.62	.59	.61	.68			Relative P/E Ratio	.55
--	--	--	4%	1.0%	.9%	.7%	.6%	.5%	.6%	.8%	.7%	.8%	.7%	.7%	.8%			Avg Ann'l Div'd Yield	.9%

CAPITAL STRUCTURE as of 3/31/06		2004	2005	3/31/06	Pension Assets-12/05		Pfd Stock none		Common Stock 61,181,349 shs. as of 4/30/06		MARKET CAP: \$3.0 billion (Mid Cap)		CURRENT POSITION (SMILL.)		ANNUAL RATES of change (per sh)		Cal-endar		EARNINGS PER SHARE A		QUARTERLY DIVIDENDS PAID B			
Total Debt \$799.7 mill. Due in 5 Yrs \$100.0 mill.		674.9	835.5	1016.4	\$16.1 mill. Oblig. \$30.9 mill.		None		61,181,349		\$3.0 billion		Bonds 6023.7 6874.2 6781.9		10 Yrs. 14.0% 15.5% 9.0%		Mar.31 Jun.30 Sep.30 Dec.31		Mar.31 Jun.30 Sep.30 Dec.31		Mar.31 Jun.30 Sep.30 Dec.31			
LT Debt \$699.7 mill. LT Interest \$40.0 mill. (LT interest earned: 12.4x)		136.8	188.3	301.8	36.4% 28.2% 35.5% 42.0% 39.5% 39.7% 33.8% 34.3% 33.6% 33.9%		168.3 227.3 330.6 446.9 545.9 616.0 758.9 1252.2 1458.8 1736.6		674.9 835.5 1016.4 1315.6 1404.1 1661.8 1980.7 2643.2 3347.4 3866.8		12.9% 14.5% 12.0% 7.2% 12.3% 4.0% 10.5% 8.5% 9.9% 8.9%		Mortgages 609.3 648.1 669.4		5 Yrs. 15.5% 6.5% 7.0%		2003 545.2 582.6 572.9 942.5		10 Yrs. 12.0% 14.0% 11.0%		2003 .78 .82 .76 .85		2003 .06 .06 .06 .06	
Total Assets		829.1	1071.2	1341.4	55.1 72.6 89.7 53.1 105.8 39.9 128.5 166.2 224.6 225.5		2894 4674 6319 5124 6062 6894 8893 12113 14048 16194		674.9 835.5 1016.4 1315.6 1404.1 1661.8 1980.7 2643.2 3347.4 3866.8		11.8% 13.4% 11.0% 5.9% 10.9% 2.8% 9.5% 7.9% 9.1% 8.0%		Other 7415.1 8671.6 9112.6		to '03-'05		2004 813.9 797.3 819.4 916.8		10 Yrs. 14.5% 17.5% 7.0%		2004 .83 .91 .95 .87		2004 .06 .06 .06 .06	
Reserves		560.5	732.1	797.9	36.4% 28.2% 35.5% 42.0% 39.5% 39.7% 33.8% 34.3% 33.6% 33.9%		425.6 499.3 748.5 733.0 862.9 1005.6 1222.5 1947.7		674.9 835.5 1016.4 1315.6 1404.1 1661.8 1980.7 2643.2 3347.4 3866.8		9%		Total Assets		to '03-'05		2005 901.8 931.4 973.5 1060.1		10 Yrs. 12.0% 14.0% 11.0%		2005 .95 .32 1.13 1.15		2005 .09 .09 .09 .09	
Unearned Premiums		36.4%	28.2%	35.5%	55.1 72.6 89.7 53.1 105.8 39.9 128.5 166.2 224.6 225.5		425.6 499.3 748.5 733.0 862.9 1005.6 1222.5 1947.7		674.9 835.5 1016.4 1315.6 1404.1 1661.8 1980.7 2643.2 3347.4 3866.8		8%		Reserves		to '03-'05		2006 992.4 1020 1060 1127.6		10 Yrs. 14.5% 17.5% 7.0%		2006 1.09 1.10 1.10 1.06		2006 .09 .09 .09 .09	
Other		36.4%	28.2%	35.5%	55.1 72.6 89.7 53.1 105.8 39.9 128.5 166.2 224.6 225.5		425.6 499.3 748.5 733.0 862.9 1005.6 1222.5 1947.7		674.9 835.5 1016.4 1315.6 1404.1 1661.8 1980.7 2643.2 3347.4 3866.8		8%		Total Assets		to '03-'05		2007 1150 1150 1150 1150		10 Yrs. 14.5% 17.5% 7.0%		2007 1.10 1.20 1.25 1.25		2007 .09 .09 .09 .09	
Total Liab.		11769.1	13666.4	14079.1	55.1 72.6 89.7 53.1 105.8 39.9 128.5 166.2 224.6 225.5		425.6 499.3 748.5 733.0 862.9 1005.6 1222.5 1947.7		674.9 835.5 1016.4 1315.6 1404.1 1661.8 1980.7 2643.2 3347.4 3866.8		9%		Total Assets		to '03-'05		2007 1150 1150 1150 1150		10 Yrs. 14.5% 17.5% 7.0%		2007 1.10 1.20 1.25 1.25		2007 .09 .09 .09 .09	

BUSINESS: Reinsurance Group of America, Incorporated is an insurance holding company. It is engaged primarily in life reinsurance and international life and disability insurance on a direct and reinsurance basis. In addition, it provides reinsurance of non-traditional business, including asset-intensive products and financial reinsurance. In 2005, United States operations generated about 63% of net premium income; Asia Pacific (14%); Canada (9%); Other international (14%). Officers and directors own approximately 1.3% of common stock; MetLife, 52.8% (2005 10K). President and Chief Executive Officer: A. Greig Woodring, Incorporated. MO. Address: 1370 Timberlake Manor Parkway, Chesterfield, MO 63017. Telephone: 636-736-7439. Internet: www.rgare.com.

Things are going quite well for Reinsurance Group of America these days. This can be attributed primarily to good showings from businesses in the United States (accounting for the biggest portion of premium income), Europe, and South Africa. And it should be noted that the competitive landscape around the globe has tended to support a fairly stable pricing environment. **But profits are being held back by a couple of factors.** The Canadian operations (around one-tenth of premium income) have had a difficult time lately, stemming from negative mortality experience. Too, foreign currency translations have been unfavorable, in general. **Nevertheless, we believe that earnings per share will surge about 23%, to \$4.35, in 2006.** Further expansion in operating margins should enable Reinsurance Group's bottom line to advance an additional 10%, to \$4.80 a share, next year. **We are optimistic about the company's operating performance over the 2009-2011 horizon, as well.** With a host of well-established life insurance firms as

clients, RGA is one of the largest life reinsurers in the nation. And it appears that this industry will continue to exhibit steady growth, attributable partially to primary insurers outsourcing mortality risk to life reinsurers. Moreover, the company's international operations have sound prospects, overall. They comprise roughly 35% of premium income at present, and more expansionary efforts could raise this figure even higher. Lastly, results should be bolstered by product enhancements and additional improvements in operational efficiency. The above-mentioned factors ought to enable annual share-net advances to be in the low double-digit range over the 3- to 5-year timeframe. **But the shares of Reinsurance Group are just an average selection for relative price performance in the next six to 12 months.** Furthermore, long-term capital appreciation potential is un-spectacular, since the recent quotation accounts for some of the healthy share-net growth we project for the company out to 2009-2011.

Frederick L. Harris, III July 21, 2006

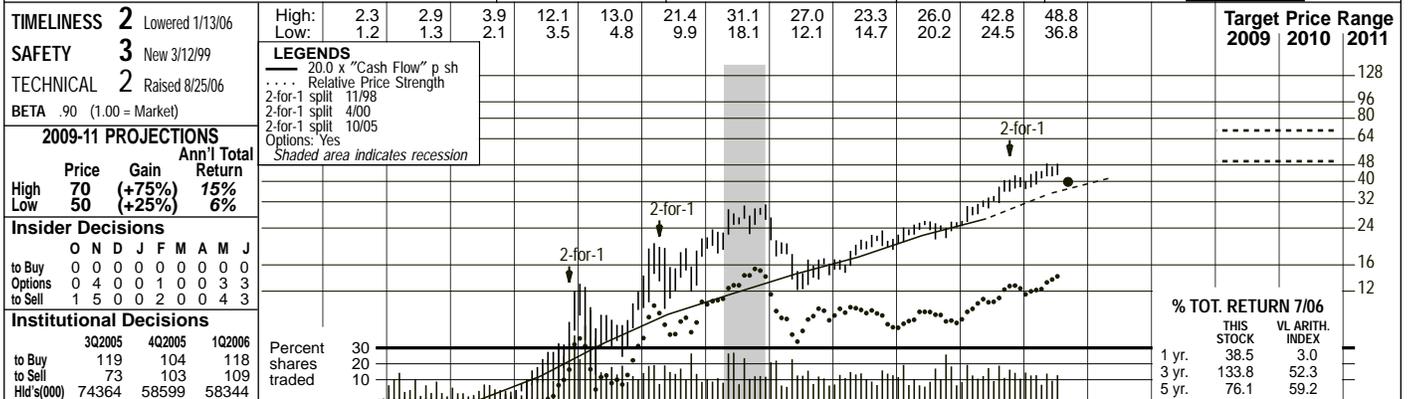
(A) Basic earnings until 1997, diluted thereafter. Includes realized investment gains and losses through '02, excluded thereafter. Excludes nonrecurring gain (losses): '97, (\$0.70); '03, \$0.01; '04, (\$0.01). Excludes losses from discontinued operations: '98, \$0.60; '99, \$0.27; '00, \$0.56; '01, \$0.14; '02, \$0.11; '03, \$0.11; '04, \$0.37; '05, \$0.18; '06, \$0.03. Qtrs may not sum due to rounding. Next earnings report late Oct. (B) Dividends historically paid in late Feb., May, Aug., and Nov. (C) In millions, adjusted for stock splits.	Company's Financial Strength B++ Stock's Price Stability 85 Price Growth Persistence 85 Earnings Predictability 45
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REPUBLIC SERVICES NYSE-RSG		RECENT PRICE	P/E RATIO		Trailing: 20.7 Median: NMF		RELATIVE P/E RATIO	DIV'D YLD		VALUE LINE																																																																																																																																																																																																				
TIMELINESS 3 Raised 8/4/06 SAFETY 3 New 9/18/98 TECHNICAL 3 Lowered 6/16/06 BETA .80 (1.00 = Market)		High: 27.4 Low: 13.4	25.5 8.9	17.5 9.6	20.9 13.8	22.3 16.3	26.1 18.3	34.0 24.5	38.3 30.1	44.2 36.7	Target Price Range 2009 2010 2011																																																																																																																																																																																																			
2009-11 PROJECTIONS Price Gain Ann'l Total High 50 (+30%) 8% Low 35 (-10%) -1%											128 96 80 64 48 40 32 24 16 12																																																																																																																																																																																																			
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REPUBLIC SERVICES was spun off from Republic Industries (since renamed AutoNation) in July 1998. The initial public offering was for 50,600,000 domestic shares and 12,650,000 international shares, both at a price of \$24 per share. The offering was through a syndicate led by Merrill Lynch; Deutsche Bank; and Donaldson, Lufkin & Jenrette. AutoNation sold its controlling 64% stake in the company in April 1999.		<table border="1"> <thead> <tr> <th>1996</th><th>1997</th><th>1998</th><th>1999</th><th>2000</th><th>2001</th><th>2002</th><th>2003</th><th>2004</th><th>2005</th><th>2006</th><th>2007</th><th>© VALUE LINE PUB., INC. 09-11</th> </tr> </thead> <tbody> <tr> <td>--</td><td>--</td><td>7.81</td><td>10.48</td><td>12.23</td><td>13.31</td><td>14.45</td><td>15.95</td><td>17.98</td><td>20.66</td><td>24.65</td><td>26.90</td><td>Revenues per sh</td><td>32.75</td> </tr> <tr> <td>--</td><td>--</td><td>1.62</td><td>2.11</td><td>2.46</td><td>2.52</td><td>2.66</td><td>2.96</td><td>3.39</td><td>3.95</td><td>4.70</td><td>5.15</td><td>"Cash Flow" per sh</td><td>6.40</td> </tr> <tr> <td>--</td><td>--</td><td>1.01</td><td>1.18</td><td>1.29</td><td>1.24</td><td>1.42</td><td>1.33</td><td>1.53</td><td>1.75</td><td>1.97</td><td>2.20</td><td>Earnings per sh ^A</td><td>2.95</td> </tr> <tr> <td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>.12</td><td>.36</td><td>.52</td><td>.60</td><td>Div'ds Decl'd per sh ^D</td><td>.72</td> </tr> <tr> <td>--</td><td>--</td><td>1.10</td><td>1.65</td><td>1.21</td><td>1.47</td><td>1.58</td><td>1.73</td><td>1.88</td><td>2.37</td><td>2.40</td><td>2.50</td><td>Cap'l Spending per sh</td><td>2.95</td> </tr> <tr> <td>--</td><td>--</td><td>7.41</td><td>8.56</td><td>9.74</td><td>10.35</td><td>11.49</td><td>12.07</td><td>12.44</td><td>11.59</td><td>10.40</td><td>10.85</td><td>Book Value per sh</td><td>14.55</td> </tr> <tr> <td>--</td><td>--</td><td>175.41</td><td>175.48</td><td>172.01</td><td>169.64</td><td>163.66</td><td>157.83</td><td>150.58</td><td>138.60</td><td>125.00</td><td>120.00</td><td>Common Shs Outst'g ^B</td><td>110.00</td> </tr> <tr> <td>--</td><td>--</td><td>19.4</td><td>14.2</td><td>10.7</td><td>14.5</td><td>13.8</td><td>16.9</td><td>18.7</td><td>19.9</td><td colspan="2"><i>Bold figures are Value Line estimates</i></td><td>Avg Ann'l P/E Ratio</td><td>14.0</td> </tr> <tr> <td>--</td><td>--</td><td>1.01</td><td>.81</td><td>.70</td><td>.74</td><td>.75</td><td>.96</td><td>.99</td><td>1.07</td><td colspan="2"></td><td>Relative P/E Ratio</td><td>.95</td> </tr> <tr> <td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>.5%</td><td>1.3%</td><td>1.5%</td><td colspan="2"></td><td>Avg Ann'l Div'd Yield</td><td>1.7%</td> </tr> </tbody> </table>										1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11	--	--	7.81	10.48	12.23	13.31	14.45	15.95	17.98	20.66	24.65	26.90	Revenues per sh	32.75	--	--	1.62	2.11	2.46	2.52	2.66	2.96	3.39	3.95	4.70	5.15	"Cash Flow" per sh	6.40	--	--	1.01	1.18	1.29	1.24	1.42	1.33	1.53	1.75	1.97	2.20	Earnings per sh ^A	2.95	--	--	--	--	--	--	--	--	.12	.36	.52	.60	Div'ds Decl'd per sh ^D	.72	--	--	1.10	1.65	1.21	1.47	1.58	1.73	1.88	2.37	2.40	2.50	Cap'l Spending per sh	2.95	--	--	7.41	8.56	9.74	10.35	11.49	12.07	12.44	11.59	10.40	10.85	Book Value per sh	14.55	--	--	175.41	175.48	172.01	169.64	163.66	157.83	150.58	138.60	125.00	120.00	Common Shs Outst'g ^B	110.00	--	--	19.4	14.2	10.7	14.5	13.8	16.9	18.7	19.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	14.0	--	--	1.01	.81	.70	.74	.75	.96	.99	1.07			Relative P/E Ratio	.95	--	--	--	--	--	--	--	.5%	1.3%	1.5%			Avg Ann'l Div'd Yield	1.7%																																										
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CAPITAL STRUCTURE as of 6/30/06 Total Debt \$1662.0 mill. Due in 5 Yrs \$125.0 mill. LT Debt \$1659.1 mill. LT Interest \$85.0 mill. (Total interest coverage: 6.1x) (53% of Cap'l) Leases, Uncapitalized Annual rentals \$4.5 mill.		<table border="1"> <thead> <tr> <th>1996</th><th>1997</th><th>1998</th><th>1999</th><th>2000</th><th>2001</th><th>2002</th><th>2003</th><th>2004</th><th>2005</th><th>2006</th><th>2007</th><th>© VALUE LINE PUB., INC. 09-11</th> </tr> </thead> <tbody> <tr> <td>953.3</td><td>1127.7</td><td>1369.1</td><td>1838.5</td><td>2103.2</td><td>2257.5</td><td>2365.1</td><td>2517.8</td><td>2708.1</td><td>2863.9</td><td>3080</td><td>3230</td><td>Revenues (\$mill)</td><td>3600</td> </tr> <tr> <td>19.9%</td><td>25.5%</td><td>28.5%</td><td>30.5%</td><td>30.3%</td><td>27.9%</td><td>27.6%</td><td>26.4%</td><td>26.8%</td><td>26.9%</td><td>27.0%</td><td>27.5%</td><td>Operating Margin</td><td>28.0%</td> </tr> <tr> <td>75.3</td><td>86.1</td><td>106.3</td><td>163.2</td><td>197.4</td><td>215.4</td><td>199.6</td><td>251.8</td><td>273.1</td><td>293.3</td><td>320</td><td>340</td><td>Depreciation (\$mill)</td><td>375</td> </tr> <tr> <td>57.4</td><td>116.2</td><td>177.6</td><td>206.8</td><td>225.1</td><td>211.6</td><td>236.2</td><td>215.4</td><td>237.9</td><td>253.7</td><td>265</td><td>275</td><td>Net Profit (\$mill)</td><td>330</td> </tr> <tr> <td>41.8%</td><td>36.2%</td><td>36.0%</td><td>38.5%</td><td>38.0%</td><td>38.0%</td><td>38.0%</td><td>38.0%</td><td>38.0%</td><td>38.0%</td><td>38.0%</td><td>38.0%</td><td>Income Tax Rate</td><td>38.0%</td> </tr> <tr> <td>6.0%</td><td>10.3%</td><td>13.0%</td><td>11.2%</td><td>10.7%</td><td>9.4%</td><td>10.0%</td><td>8.6%</td><td>8.8%</td><td>8.9%</td><td>8.6%</td><td>8.5%</td><td>Net Profit Margin</td><td>9.2%</td> </tr> <tr> <td>d229.9</td><td>d260.2</td><td>.2</td><td>d53.3</td><td>24.0</td><td>d61.6</td><td>60.1</td><td>d116.0</td><td>49.9</td><td>d184.7</td><td>d125</td><td>d100</td><td>Working Cap'l (\$mill)</td><td>50.0</td> </tr> <tr> <td>109.5</td><td>64.3</td><td>557.2</td><td>1152.1</td><td>1200.2</td><td>1334.1</td><td>1439.3</td><td>1289.2</td><td>1351.9</td><td>1472.1</td><td>1500</td><td>1500</td><td>Long-Term Debt (\$mill)</td><td>1500</td> </tr> <tr> <td>494.5</td><td>750.8</td><td>1299.1</td><td>1502.7</td><td>1674.9</td><td>1755.9</td><td>1881.1</td><td>1904.5</td><td>1872.5</td><td>1605.8</td><td>1300</td><td>1300</td><td>Shr. Equity (\$mill)</td><td>1600</td> </tr> <tr> <td>9.5%</td><td>14.3%</td><td>9.7%</td><td>8.9%</td><td>9.2%</td><td>8.1%</td><td>8.2%</td><td>7.8%</td><td>8.6%</td><td>9.6%</td><td>11.0%</td><td>11.5%</td><td>Return on Total Cap'l</td><td>12.0%</td> </tr> <tr> <td>11.6%</td><td>15.5%</td><td>13.7%</td><td>13.8%</td><td>13.4%</td><td>12.1%</td><td>12.6%</td><td>11.3%</td><td>12.7%</td><td>15.8%</td><td>20.5%</td><td>21.0%</td><td>Return on Shr. Equity</td><td>20.5%</td> </tr> <tr> <td>11.6%</td><td>15.5%</td><td>13.7%</td><td>13.8%</td><td>13.4%</td><td>12.1%</td><td>12.6%</td><td>10.3%</td><td>10.2%</td><td>11.3%</td><td>14.5%</td><td>15.0%</td><td>Retained to Com Eq</td><td>15.5%</td> </tr> <tr> <td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>--</td><td>9%</td><td>19%</td><td>28%</td><td>28%</td><td>28%</td><td>All Div'ds to Net Prof</td><td>24%</td> </tr> </tbody> </table>										1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11	953.3	1127.7	1369.1	1838.5	2103.2	2257.5	2365.1	2517.8	2708.1	2863.9	3080	3230	Revenues (\$mill)	3600	19.9%	25.5%	28.5%	30.5%	30.3%	27.9%	27.6%	26.4%	26.8%	26.9%	27.0%	27.5%	Operating Margin	28.0%	75.3	86.1	106.3	163.2	197.4	215.4	199.6	251.8	273.1	293.3	320	340	Depreciation (\$mill)	375	57.4	116.2	177.6	206.8	225.1	211.6	236.2	215.4	237.9	253.7	265	275	Net Profit (\$mill)	330	41.8%	36.2%	36.0%	38.5%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	Income Tax Rate	38.0%	6.0%	10.3%	13.0%	11.2%	10.7%	9.4%	10.0%	8.6%	8.8%	8.9%	8.6%	8.5%	Net Profit Margin	9.2%	d229.9	d260.2	.2	d53.3	24.0	d61.6	60.1	d116.0	49.9	d184.7	d125	d100	Working Cap'l (\$mill)	50.0	109.5	64.3	557.2	1152.1	1200.2	1334.1	1439.3	1289.2	1351.9	1472.1	1500	1500	Long-Term Debt (\$mill)	1500	494.5	750.8	1299.1	1502.7	1674.9	1755.9	1881.1	1904.5	1872.5	1605.8	1300	1300	Shr. Equity (\$mill)	1600	9.5%	14.3%	9.7%	8.9%	9.2%	8.1%	8.2%	7.8%	8.6%	9.6%	11.0%	11.5%	Return on Total Cap'l	12.0%	11.6%	15.5%	13.7%	13.8%	13.4%	12.1%	12.6%	11.3%	12.7%	15.8%	20.5%	21.0%	Return on Shr. Equity	20.5%	11.6%	15.5%	13.7%	13.8%	13.4%	12.1%	12.6%	10.3%	10.2%	11.3%	14.5%	15.0%	Retained to Com Eq	15.5%	--	--	--	--	--	--	--	9%	19%	28%	28%	28%	All Div'ds to Net Prof	24%
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57.4	116.2	177.6	206.8	225.1	211.6	236.2	215.4	237.9	253.7	265	275	Net Profit (\$mill)	330																																																																																																																																																																																																	
41.8%	36.2%	36.0%	38.5%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	Income Tax Rate	38.0%																																																																																																																																																																																																	
6.0%	10.3%	13.0%	11.2%	10.7%	9.4%	10.0%	8.6%	8.8%	8.9%	8.6%	8.5%	Net Profit Margin	9.2%																																																																																																																																																																																																	
d229.9	d260.2	.2	d53.3	24.0	d61.6	60.1	d116.0	49.9	d184.7	d125	d100	Working Cap'l (\$mill)	50.0																																																																																																																																																																																																	
109.5	64.3	557.2	1152.1	1200.2	1334.1	1439.3	1289.2	1351.9	1472.1	1500	1500	Long-Term Debt (\$mill)	1500																																																																																																																																																																																																	
494.5	750.8	1299.1	1502.7	1674.9	1755.9	1881.1	1904.5	1872.5	1605.8	1300	1300	Shr. Equity (\$mill)	1600																																																																																																																																																																																																	
9.5%	14.3%	9.7%	8.9%	9.2%	8.1%	8.2%	7.8%	8.6%	9.6%	11.0%	11.5%	Return on Total Cap'l	12.0%																																																																																																																																																																																																	
11.6%	15.5%	13.7%	13.8%	13.4%	12.1%	12.6%	11.3%	12.7%	15.8%	20.5%	21.0%	Return on Shr. Equity	20.5%																																																																																																																																																																																																	
11.6%	15.5%	13.7%	13.8%	13.4%	12.1%	12.6%	10.3%	10.2%	11.3%	14.5%	15.0%	Retained to Com Eq	15.5%																																																																																																																																																																																																	
--	--	--	--	--	--	--	9%	19%	28%	28%	28%	All Div'ds to Net Prof	24%																																																																																																																																																																																																	
No Defined Benefit Pension Plan Pfd Stock None Common Stock 131,850,290 shs. as of 7/31/06 MARKET CAP: \$5.1 billion (Large Cap)		BUSINESS: Republic Services, Inc. is one of the largest non-hazardous solid waste companies in the U.S., providing collection, processing, recycling, and disposal services. The company owns and operates 59 solid waste landfills and 92 transfer stations ('05 10-K). Provides collection services for municipal, industrial, commercial, and residential customers in 21 states. Internalization rate: 55%. Acquired Marpal Co., 8/98; Olympic Disposal, 8/98; Imperial Sanitation, 8/98; Rapid Disposal, 8/98. Has approximately 13,000 employees. Officers/directors own .9% of common stock (3/06 Proxy). Chairman & CEO: James E. O'Connor. Inc.: Delaware. Address: 110 S.E. 6th St., 28th Floor, Fort Lauderdale, FL 33301. Telephone: 954-769-2400. Internet: www.republic.com.																																																																																																																																																																																																												
ANNUAL RATES Past 5 Yrs. Past 10 Yrs. Est'd '03-'05 to '09-'11 Revenues -- 12.5% 10.5% "Cash Flow" -- 10.5% 11.0% Earnings -- 6.0% 11.5% Dividends -- -- NMF Book Value -- 7.0% 3.0%		Republic Services is generating strong internal revenue growth these days. Though the U.S. economy is showing numerous signs of slowing, the waste hauler's business continues to boom. Volumes are advancing at a strong pace (they were up 3.7% in the second quarter), thanks to ongoing strength in the core residential operations and a rebound in the commercial/industrial construction market. Even better, the price environment continues to improve, which is helping Republic to offset margin pressure from hefty fuel and insurance costs. Landfill pricing, in particular, has started to pick up after a lengthy slump. Top- and bottom-line trends should remain favorable over the long haul. The company's high exposure to Sunbelt states, which continue to experience population increases well above the national average, ought to keep volumes headed in the right direction for years to come. In addition, Republic's relatively low waste internalization rate means that margins still have plenty of room to expand. This metric, representing the percentage of collected trash that a hauler disposes of in its own landfills, stood at just 55% at the end of last year. But we expect it to top the 60% mark by decade's end, as the company works to boost capacity at its existing landfills and bring more disposal sites into the fold (via acquisitions and/or asset swaps with competitors). Dividends and stock buybacks are high up on the agenda. In fact, Republic's board of directors recently hiked the quarterly cash payout by 14%, from \$0.14 to \$0.16 a share. New commitments to this neutrally ranked equity are best deferred for now, since the current quotation appears to discount much of the earnings growth we envision for the company out to 2009-2011. We advise patient investors to accumulate the shares on any material price pullback, however. Republic is a well-managed waste hauler, with solid business prospects, a sound balance sheet, and an enviable track record of returning capital to its shareholders. Moreover, the issue is a good defensive play, in our view, given the company's focus on the not-so-cyclical residential collection business.																																																																																																																																																																																																												
QUARTERLY REVENUES (\$mill.) Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2003 594.6 637.3 648.0 637.9 2517.8 2004 637.3 683.2 699.9 687.7 2708.1 2005 677.2 718.6 730.0 738.1 2863.9 2006 737.5 779.8 772.7 790 3080 2007 775 815 810 830 3230		EARNINGS PER SHARE ^A Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2003 .33 .37 .28 .35 1.33 2004 .36 .39 .41 .38 c1.53 2005 .43 .44 .45 .43 1.75 2006 .46 .52 .51 .48 1.97 2007 .51 .58 .57 .54 2.20																																																																																																																																																																																																												
QUARTERLY DIVIDENDS PAID ^D Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2002 -- -- -- -- .06 2003 -- -- -- -- .06 2004 .06 .06 .06 .12 .30 2005 .12 .12 .12 .14 .50 2006 .14 .14 .14 .16 .50		Justin Hellman September 8, 2006																																																																																																																																																																																																												

(A) Diluted earnings. Excludes nonrecurring losses: '99, 4¢; '01, 51¢. Excludes gain: '02, 2¢. Next earnings report due in late October.
 (B) In millions.
 (C) Quarterly share net does not sum to year-end total in 2004 due to rounding.
 (D) Quarterly cash dividend initiated in July 2003. Payments typically made in October, January, April, and July.
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Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	90
Earnings Predictability	95

RESMED INC. NYSE-RMD RECENT PRICE **39.84** P/E RATIO **27.9** (Trailing: 31.4 Median: 28.0) RELATIVE P/E RATIO **1.66** DIV/D YLD **Nil** 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
High	--	--	--	--	--	.90	.60	.85	1.13	1.50	1.89	2.46	3.11	4.10	5.01	6.08	8.05	9.35	Sales per sh ^A	13.60
Low	--	--	--	--	--	.13	.10	.18	.24	.34	.47	.58	.72	.87	1.11	1.33	1.75	2.10	"Cash Flow" per sh	3.15
	--	--	--	--	--	.16	.08	.13	.18	.26	.35	.45	.55	.67	.82	.91	1.21	1.50	Earnings per sh ^B	2.30
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Div'ds Decl'd per sh	Nil
	--	--	--	--	--	.07	.03	.07	.17	.35	.26	.44	.43	.38	.85	.57	1.20	1.50	Cap'l Spending per sh	1.30
	--	--	--	--	--	1.10	.68	.77	.87	1.21	1.54	1.59	2.94	4.29	5.34	6.77	9.80	11.30	Book Value per sh ^C	17.70
	--	--	--	--	--	26.14	57.38	57.62	58.62	59.23	61.19	62.96	65.61	66.74	67.72	70.00	75.50	76.00	Common Shs Outst'g ^D	77.50
	--	--	--	--	--	NMF	22.5	19.2	21.9	29.7	33.0	43.9	41.7	24.3	27.2	29.5	33.0		Avg Ann'l P/E Ratio	26.0
	--	--	--	--	--	NMF	1.41	1.11	1.14	1.69	2.15	2.25	2.28	1.39	1.44	1.55	1.86		Relative P/E Ratio	1.75
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Avg Ann'l Div'd Yield	Nil

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
	--	--	--	--	--	.90	.60	.85	1.13	1.50	1.89	2.46	3.11	4.10	5.01	6.08	8.05	9.35	Sales (\$mill)	1055
	--	--	--	--	--	.13	.10	.18	.24	.34	.47	.58	.72	.87	1.11	1.33	1.75	2.10	Operating Margin	31.0%
	--	--	--	--	--	.16	.08	.13	.18	.26	.35	.45	.55	.67	.82	.91	1.21	1.50	Depreciation (\$mill)	60.0
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Net Profit (\$mill)	185
	--	--	--	--	--	.07	.03	.07	.17	.35	.26	.44	.43	.38	.85	.57	1.20	1.50	Income Tax Rate	32.0%
	--	--	--	--	--	1.10	.68	.77	.87	1.21	1.54	1.59	2.94	4.29	5.34	6.77	9.80	11.30	Net Profit Margin	17.5%
	--	--	--	--	--	26.14	57.38	57.62	58.62	59.23	61.19	62.96	65.61	66.74	67.72	70.00	75.50	76.00	Working Cap'l (\$mill)	695
	--	--	--	--	--	NMF	22.5	19.2	21.9	29.7	33.0	43.9	41.7	24.3	27.2	29.5	33.0		Long-Term Debt (\$mill)	100
	--	--	--	--	--	NMF	1.41	1.11	1.14	1.69	2.15	2.25	2.28	1.39	1.44	1.55	1.86		Shr. Equity (\$mill)	1370
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Return on Total Cap'l	12.5%
	--	--	--	--	--	22.5	19.2	21.9	29.7	33.0	43.9	41.7	24.3	27.2	29.5	33.0			Return on Shr. Equity	13.5%
	--	--	--	--	--	1.41	1.11	1.14	1.69	2.15	2.25	2.28	1.39	1.44	1.55	1.86			Retained to Com Eq	13.5%
	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	All Div'ds to Net Prof	Nil

CAPITAL STRUCTURE as of 6/30/06
 Total Debt \$121.1 mill. Due in 5 Yrs \$121.1 mill.
 LT Debt \$116.2 mill. LT Interest \$4.5 mill.
 (LT Debt includes about \$0.6 million of capital leases.)
 (14% of Capital)
Leases, Uncapitalized Annual rentals \$5.6 mill.
No Defined Benefit Pension Plan
Preferred Stock None
Common Stock 75,406,842 shares as of 5/1/06
MARKET CAP: \$3.0 billion (Mid Cap)

ResMed ended fiscal 2006 on a solid note (years end June 30th). It posted share earnings of \$1.21 (excluding a four-cent tax charge related to the repatriation of foreign earnings) on sales of about \$607 million. Note, too, the share-net figure includes \$0.21 worth of stock option expenses and the amortization of acquired intangible assets. **This fiscal year should be another record-setter.** Increased public and physician awareness of sleep-disordered breathing, especially in the U.S., ought to continue to fuel the strong demand for nasal and full-face masks. All told, we have left our 2007 estimates unchanged. We look for ResMed to post share net of \$1.50 on revenues of \$710 million. **The company remains focused on product enhancement and development.** It recently announced that it will launch *Swift2*, a second-generation nasal mask that is quieter than the original offering, before the end of this calendar year. ResMed is also planning to roll out a full-face version of the *Swift* mask and a lower-end CPAP (continuous positive airway pressure) device within the coming 12 months. Importantly, the anticipated CPAP generator will be the company's first product offering that serves the lower-end market. **Shares of ResMed are on an upward trajectory.** They have already appreciated more than 15% since early January, and are up about 25% from their 52-week low. Additionally, we think the robust demand that ResMed is currently experiencing for sleep-disordered breathing devices will enable it to aggressively expand its top and bottom lines. The upcoming, new product introductions should also make healthy contributions. All told, we are looking for a nearly 25% share-net gain this fiscal year despite the difficult comparison. ResMed stock remains favorably ranked for relative price performance over the coming six to 12 months, and we recommend this timely issue to momentum-oriented investors. Nevertheless, **we think this equity's long-term appeal is not exceptional even after the stock's recent falloff.** Indeed, its 3- to 5-year appreciation potential is only about average.

Fiscal Year Ends	2003	2004	2005	2006	2007	Full Fiscal Year
QUARTERLY SALES (\$mill.) ^A						
Sep.30	58.6	65.3	69.0	80.7	80.7	273.6
Dec.31	72.9	82.3	91.2	92.9	92.9	339.3
Mar.31	87.7	103.9	108.5	125.4	125.4	425.5
Jun.30	127.1	146.4	162.3	171.2	171.2	607.0
Full Fiscal Year	160	175	180	195	195	710

Fiscal Year Ends	2003	2004	2005	2006	2007	Full Fiscal Year
EARNINGS PER SHARE ^B						
Sep.30	.14	.16	.18	.19	.19	.67
Dec.31	.18	.20	.22	.22	.22	.82
Mar.31	.20	.25	.25	.21	.21	.91
Jun.30	.23	.30	.34	.34	.34	1.21
Full Fiscal Year	.34	.36	.39	.41	.41	1.50

Calendar	2002	2003	2004	2005	2006	Full Year
QUARTERLY DIVIDENDS PAID						
Mar.31						
Jun.30						
Sep.30						
Dec.31						
Full Year						

(A) Fiscal years end on June 30th. (B) Diluted earnings. Excludes nonrecurring losses: '01, 27c; '05, 3c; '06, 4c. Includes options expense from '06. Next earnings report due early November. (C) Includes intangibles. In '06: \$244.5 million or \$3.25 a share. (D) In millions, adjusted for splits.

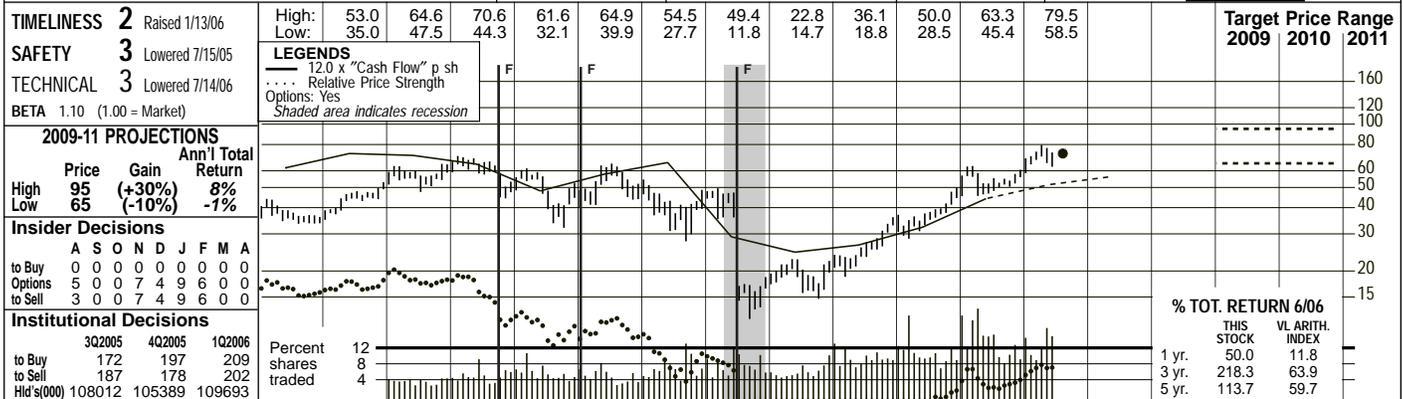
Company's Financial Strength B++
Stock's Price Stability 65
Price Growth Persistence 95
Earnings Predictability 100
To subscribe call 1-800-833-0046.

RLI CORP. NYSE:RLI				RECENT PRICE	P/E RATIO	Trailing: 17.0 (Median: 13.0)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
TIMELINESS	4	Lowered 7/28/06	High: 10.0	51.17	14.9	30.2	0.85	1.5%	
SAFETY	2	Raised 6/28/02	Low: 6.5			22.2			
TECHNICAL	4	Raised 9/8/06	13.4			38.2			
BETA	.75	(1.00 = Market)	20.1			43.7			
2009-11 PROJECTIONS			22.8			56.5			
Price	Gain	Ann'l Total	19.4			57.5			
High	70	(+35%)	13.1			44.8			
Low	50	(Nil)	23.1						
Options to Buy	0	0	22.5						
Options to Sell	0	0	23.1						
Insider Decisions			22.8						
Institutional Decisions			19.4						
CAPITAL STRUCTURE as of 6/30/06			22.8						
MARKET CAP: \$1.3 billion (Mid Cap)			19.4						
ANNUAL RATES			22.8						
FINANCIAL POSITION			19.4						
BUSINESS			22.8						
RLI Corp's second-quarter earnings			19.4						
the June quarter			22.8						
These shares aren't enticing for the			19.4						
To subscribe call 1-800-833-0046.			22.8						

(A) Dil. egs. Incl. cap. gains: '01, 13c; '00, 9c; '99, 15c; '98, 5c; '97, 10c; '96, 3c; '95, 1c; Excludes cap. gains and losses beginning in 2002. Excludes extraordinary gain; '01, 8c. Excludes nonrecurring charge of 11c in '02. Next egs. report due early Nov. (B) Div'ds. historically paid in mid-Jan., April, July, and Oct. ■ Div'd. reinvestment plan available. (C) In mill., adj. for stock splits and div'ds. (D) GAAP ratios '98 and beyond. (E) Based on year-end equity. Company's Financial Strength B++ Stock's Price Stability 85 Price Growth Persistence 95 Earnings Predictability 75

ROCKWELL AUTO. NYSE-ROK

RECENT PRICE **72.53** P/E RATIO **22.0** (Trailing: 24.2; Median: 20.0) RELATIVE P/E RATIO **1.24** DIV'D YLD **1.2%** 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
Price	51.82	52.27	49.52	49.05	50.88	59.82	47.47	37.53	35.43	36.89	38.97	23.29	21.04	22.11	24.00	27.84	30.90	32.95	Sales per sh ^A	38.00
Gain	5.21	5.19	4.73	4.76	5.16	6.05	5.93	5.38	4.01	4.81	5.48	2.42	2.05	2.21	2.69	3.68	4.30	4.70	"Cash Flow" per sh	5.65
Loss	2.53	2.47	2.14	2.51	2.82	3.37	3.45	2.89	2.31	3.01	3.35	.94	.90	1.12	1.61	2.63	3.25	3.60	Earnings per sh ^B	4.40
Div	.80	.86	.92	.96	1.04	1.08	1.16	1.16	1.02	1.02	1.02	.66	.66	.66	.66	.78	.90	.90	Div'ds Decl'd per sh ^C	.90
Cap	2.25	2.12	1.75	1.96	2.60	3.16	3.96	3.30	2.14	1.97	1.72	.85	.56	.59	.53	.69	.65	.75	Cap'l Spending per sh	.75
Book	17.49	18.47	12.61	13.38	15.32	17.40	19.48	23.26	17.03	13.81	14.55	8.71	8.66	8.55	10.13	9.18	10.85	12.95	Book Value per sh ^D	18.00
Common	238.90	228.20	220.30	221.00	218.60	217.00	218.50	206.80	190.60	190.90	183.50	183.70	185.80	185.60	183.80	179.70	178.00	177.00	Common Shs Outst'g ^E	175.00
P/E	9.5	10.8	11.8	12.3	13.2	12.1	15.7	21.6	21.9	16.5	12.6	37.9	20.6	19.9	21.2	19.4	18.0	18.0	Avg Ann'l P/E Ratio	18.0
Relative	.71	.69	.72	.73	.87	.81	.98	1.25	1.14	.94	.82	1.94	1.13	1.13	1.12	1.02	1.12	1.02	Relative P/E Ratio	1.20
Yield	3.3%	3.2%	3.6%	3.1%	2.8%	2.6%	2.1%	1.9%	2.0%	2.0%	2.4%	1.9%	3.6%	3.0%	1.9%	1.5%	1.9%	1.5%	Avg Ann'l Div'd Yield	1.2%

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
Debt	10373	7762.0	6752.0	7043.0	7151.0	4279.0	3909.0	4104.0	4411.1	5003.2	5500	5830	Sales (\$mill) ^A	6650						
Interest	14.9%	17.6%	14.2%	17.1%	18.4%	12.9%	12.5%	13.2%	15.7%	18.6%	20.0%	20.0%	Operating Margin	20.5%						
LT	542.0	484.0	306.0	337.0	369.0	272.0	206.0	198.0	186.7	171.2	185	195	Depreciation (\$mill)	220						
Interest	753.0	628.0	459.0	582.0	636.0	173.0	174.0	213.0	307.8	490.3	590	665	Net Profit (\$mill)	740						
Coverage	33.9%	35.7%	32.7%	34.6%	32.6%	28.5%	21.6%	28.8%	29.7%	32.3%	33.5%	33.5%	Income Tax Rate	34.0%						
Cap	7.3%	8.1%	6.8%	8.3%	8.9%	4.0%	4.5%	5.2%	7.0%	9.8%	10.7%	11.4%	Net Profit Margin	11.1%						
Rentals	1077.0	1714.0	2113.0	1474.0	1386.0	830.0	809.0	916.0	1162.5	1245.7	1300	1450	Working Cap'l (\$mill)	2250						
Assets	161.0	156.0	908.0	911.0	924.0	922.0	767.0	764.0	757.7	748.2	725	705	Long-Term Debt (\$mill)	625						
Assets	4256.0	4811.0	3245.0	2637.0	2669.0	1600.0	1609.0	1587.0	1861.0	1649.1	1930	2290	Shr. Equity (\$mill)	3150						
Div	17.0%	12.8%	11.6%	17.2%	18.5%	8.0%	8.5%	10.1%	12.6%	21.4%	23.0%	23.0%	Return on Total Cap'l	20.0%						
Div	17.7%	13.1%	14.1%	22.1%	23.8%	10.8%	10.8%	13.4%	16.5%	29.7%	30.5%	29.0%	Return on Shr. Equity	23.5%						
Div	11.7%	7.9%	7.9%	14.7%	16.6%	.2%	3.2%	5.7%	10.0%	21.1%	22.0%	22.0%	Retained to Com Eq	18.5%						
Div	34%	39%	44%	33%	30%	98%	70%	57%	40%	29%	27%	24%	All Div'ds to Net Prof	23%						

CAPITAL STRUCTURE as of 3/31/06
 Total Debt \$847.3 mill. Due in 5 Yrs \$445.7 mill.
 LT Debt \$745.8 mill. LT Interest \$45.0 mill.
 (LT interest earned: 17.1x; total interest coverage: 16.1x)

Leases, Uncapitalized Annual rentals \$51.5 mill.

Pfd Stock None
Pension Assets-9/05 \$1.68 bill. **Oblig.** \$2.52 bill.
Common Stock 177,512,501 shs.

MARKET CAP: \$12.9 billion (Large Cap)

CURRENT POSITION 2004 2005 3/31/06 (\$MILL.)

Cash Assets	473.8	463.6	302.3
Receivables	719.9	799.6	849.5
Inventory (LIFO)	574.3	569.9	606.2
Other	258.1	353.4	340.2
Current Assets	2026.1	2186.5	2098.2
Accts Payable	362.2	388.5	388.5
Debt Due	.2	1.2	101.5
Other	501.2	551.1	615.4
Current Liab.	863.6	940.8	1105.4

BUSINESS: Rockwell Automation is a world leader in electronic controls. It has two operating segments: Control Systems (82% of 2005 sales) and Power Systems (18%). Sold graphic systems unit, 10/96; aerospace and defense ops., 12/96. Spun off Automotive business (called Meritor Automotive), 9/97; Semiconductor business (called Conexant Systems), 12/98; Avionics business (called

Rockwell Automation remains active on the acquisition front. In May, the company signed a definitive agreement to purchase GEPA mbH, a European provider of change management software for industrial automation, process control, and industrial information technology. The deal is part of ROK's strategy for expanding the asset management offerings within its FactoryTalk integrated production and performance suite. Management did not disclose the terms of this agreement. The deal follows two other purchases this fiscal year. In December, ROK acquired Datasweep, Inc., a provider of production management software and, in January, it purchased Caribbean Integration Engineers, Inc., which offers engineering services in control systems integration, process automation, computer system validation, and IT solutions.

At the same time, the company has announced its plan to sell some of its businesses. Management wants to divest the Dodge mechanical and Reliance Electric motors and motor repair services, the main businesses of ROK's Power Systems segment. Power Systems is expected to generate about \$1 billion in revenue in fiscal 2006, or about 18% of the company's total. The proceeds will likely be used to pay dividends, repurchase shares, and continue making acquisitions. The company has indicated that, assuming board approval, it will increase stock buybacks. Our top- and bottom-line estimates will not reflect the divestiture until the company classifies these operations as discontinued. We will also wait until the completion of the sale to factor the impact into our projections.

Rockwell continues to turn in solid results. In the March period, share net increased roughly 36% on a year-over-year basis. The June-quarter comparison was probably a bit weaker, but still strong at nearly 18%. For the full year, ROK will likely earn \$3.25 per share, which is \$0.10 higher than we were previously anticipating. We have also raised our fiscal 2007 projection to \$3.60 per share.

This equity is ranked to outperform the broader market in the year ahead. But long-term prospects are not exciting at the recent share price.

Marina Livson July 14, 2006

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	984.0	1029.0	1033.0	1058.0	4104.0
2004	990.3	1079.6	1135.0	1206.2	4411.1
2005	1184.9	1218.4	1264.7	1335.2	5003.2
2006	1301.4	1377.9	1375	1445.7	5500
2007	1350	1515	1440	1525	5830

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.22	.26	.31	.33	1.12
2004	.27	.39	.48	.47	1.61
2005	.65	.61	.68	.69	2.63
2006	.80	.83	.80	.82	3.25
2007	.85	.90	.90	.95	3.60

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.165	.165	.165	.165	.66
2003	.165	.165	.165	.165	.66
2004	.165	.165	.165	.165	.66
2005	.165	.165	.225	.225	.78
2006	.225	.225			

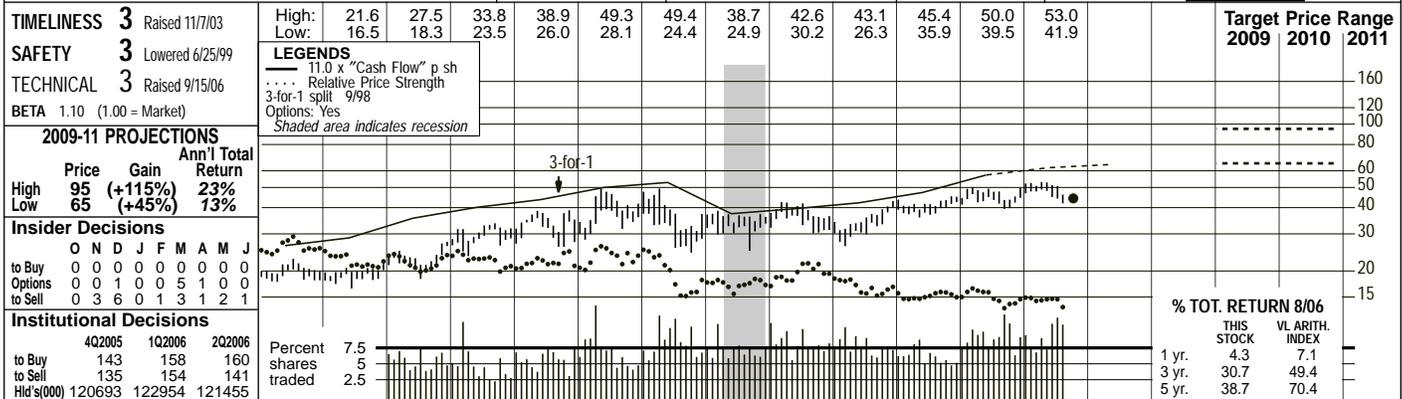
(A) Fsc. yr. ends Sept. 30th. (B) Dil. egs. Excl. n/r gains (losses): '91, 7c; '92, (\$6.70); '96, (11c); '97, 8c; '98, (\$3.47); '99, (11c); '00, 35c; '01, 71c; '02, (30c); '03, 37c; '04, 24c; '05, 14c. Excl. disc. op.: '03, 2c; '04, 32c; '05, 11c; '06, (2c). Next egs. rpt. due late July. (C) Dividends historically paid in March, June, Sept., and Dec. ■ Div'd reinvest. plan avail. (D) Inc. intg. In '05: \$6.23/sh. (E) In mill. (F) Spun off Automotive unit, 9/97; Semi. unit, 12/98; Avionics unit, 7/01.

Company's Financial Strength A
 Stock's Price Stability 65
 Price Growth Persistence 100
 Earnings Predictability 45

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ROHM AND HAAS NYSE-ROH

RECENT PRICE **44.39** P/E RATIO **13.1** (Trailing: 13.3; Median: 18.0) RELATIVE P/E RATIO **0.77** DIV'D YLD **3.0%** 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
Price	14.14	14.36	15.11	16.11	17.40	19.23	21.02	21.90	22.20	28.16	33.18	25.70	25.90	28.86	32.41	36.03	37.75	39.10	Sales per sh	45.10
Gain	1.83	1.68	2.02	1.93	2.40	2.61	3.24	3.65	3.97	4.54	4.79	3.41	3.60	3.83	4.29	5.22	5.65	5.85	"Cash Flow" per sh	6.75
Return	1.03	.70	1.03	.77	1.26	1.41	1.80	2.04	2.20	2.09	1.73	.86	1.53	1.68	2.17	3.02	3.35	3.50	Earnings per sh ^A	4.00
Div'd	.41	.41	.43	.45	.48	.52	.57	.63	.70	.74	.78	.80	.82	.86	.97	1.12	1.28	1.44	Div'ds Decl'd per sh ^B	2.10
Spending	2.06	1.38	1.40	1.88	1.67	2.06	1.76	1.39	1.37	1.70	1.89	1.82	1.84	1.52	1.43	1.58	1.95	1.95	Cap'l Spending per sh	1.95
Book Value	6.17	6.40	6.37	6.43	7.32	8.16	8.43	9.15	8.88	18.33	17.62	17.31	14.10	15.09	16.41	17.65	19.50	21.35	Book Value per sh ^C	26.00
Outst'g	199.74	192.47	202.69	202.93	203.08	201.98	189.43	182.63	167.59	189.61	207.31	220.43	221.13	222.45	225.26	221.90	220.50	220.00	Common Shs Outst'g ^D	215.00
P/E Ratio	10.3	19.9	17.3	23.6	15.6	13.6	12.7	14.4	15.0	18.0	20.0	39.7	23.8	20.3	18.7	15.0	15.0	15.0	Avg Ann'l P/E Ratio	20.0
Relative P/E	.77	1.27	1.05	1.39	1.02	.91	.80	.83	.78	1.03	1.30	2.03	1.30	1.16	.99	.79	.79	.79	Relative P/E Ratio	1.35
Yield	3.8%	3.0%	2.4%	2.5%	2.4%	2.7%	2.5%	2.1%	2.1%	2.0%	2.3%	2.3%	2.3%	2.5%	2.4%	2.5%	2.5%	2.5%	Avg Ann'l Div'd Yield	2.2%

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
Total Debt	3982.0	3999.0	3720.0	5339.0	6879.0	5666.0	5727.0	6421.0	7300.0	7994.0	8325.0	8600.0	9700.0	9700.0	9700.0	9700.0	9700.0	9700.0	Sales (\$mill)	9700
LT Debt	21.4%	22.4%	24.1%	24.4%	20.7%	17.2%	18.6%	19.7%	17.2%	19.8%	20.0%	20.5%	20.0%	20.5%	20.0%	20.5%	20.0%	20.5%	Operating Margin	20.0%
Depreciation	262.0	279.0	276.0	451.0	613.0	562.0	478.0	481.0	481.0	505.0	515.0	590.0	590.0	590.0	590.0	590.0	590.0	590.0	Depreciation (\$mill)	590
Net Profit	359.2	394.0	395.0	410.0	381.0	189.0	339.0	374.0	486.0	676.8	740.0	770.0	865.0	865.0	865.0	865.0	865.0	865.0	Net Profit (\$mill)	865
Income Tax Rate	33.4%	32.9%	37.5%	34.6%	38.9%	17.5%	31.8%	30.6%	30.6%	27.8%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	Income Tax Rate	30.0%
Net Profit Margin	9.0%	9.9%	10.6%	7.7%	5.5%	3.3%	5.9%	5.8%	6.7%	8.5%	8.8%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	8.9%	Net Profit Margin	8.9%
Working Cap'l	570.0	547.0	412.0	413.0	587.0	797.0	922.0	730.0	1507.0	1470.0	1700.0	1890.0	2280.0	2280.0	2280.0	2280.0	2280.0	2280.0	Working Cap'l (\$mill)	2280
Long-Term Debt	562.0	509.0	409.0	3122.0	3225.0	2720.0	2468.0	2563.0	2074.0	1825.0	1795.0	1750.0	1750.0	1750.0	1750.0	1750.0	1750.0	1750.0	Long-Term Debt (\$mill)	1750
Return on Total Cap'l	1728.0	1797.0	1561.0	3475.0	3653.0	3815.0	3119.0	3357.0	3697.0	3917.0	4270.0	4650.0	5590.0	5590.0	5590.0	5590.0	5590.0	5590.0	Return on Total Cap'l	12.5%
Return on Shr. Equity	16.5%	18.1%	20.9%	7.1%	7.0%	4.2%	6.7%	7.5%	8.8%	12.3%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	Return on Shr. Equity	15.5%
Retained to Com Eq	20.8%	21.9%	25.3%	11.8%	10.4%	5.0%	10.9%	11.1%	13.1%	17.3%	17.5%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%	Retained to Com Eq	7.5%
All Div'ds to Net Prof	15.2%	16.3%	18.1%	7.7%	5.9%	5.1%	5.1%	5.5%	7.3%	10.9%	11.0%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	All Div'ds to Net Prof	5.2%

CAPITAL STRUCTURE as of 6/30/06
 Total Debt \$2198 mill. Due in 5 Yrs \$925 mill.
 LT Debt \$1802 mill. LT Interest \$110 mill.
 (Total interest coverage: 10.6x) (31% Cap'l)
Leases, Uncapitalized Annual rentals \$78.0 mill.
Pension Assets-12/05 \$2.10 bill. **Oblig.** \$2.41 bill.
Common Stock 220,848,522 shares as of 7/21/06
Market Cap: \$9.8 billion (Large Cap)

Year	2004	2005	6/30/06
Cash Assets	674.0	570.0	495.0
Receivables	1469.0	1507.0	1616.0
Inventory (LIFO)	841.0	825.0	851.0
Other	263.0	303.0	344.0
Current Assets	3247.0	3205.0	3306.0
Accts Payable	542.0	617.0	594.0
Debt Due	77.0	121.0	396.0
Other	1121.0	997.0	919.0
Current Liab.	1740.0	1735.0	1909.0

Year	2003	2004	2005	2006	2007
Cal-endar	1613	1570	1591	1647	6421
2003	1832	1801	1803	1864	7300
2004	2022	2007	1953	2012	7994
2005	2083	2081	2070	2091	8325
2006	2130	2150	2140	2180	8600

Year	2003	2004	2005	2006	2007
Cal-endar	.37	.41	.45	.45	1.68
2003	.51	.52	.53	.61	2.17
2004	.70	.77	.76	.79	3.02
2005	.93	.87	.77	.78	3.35
2006	.98	.92	.79	.81	3.50

Year	2002	2003	2004	2005	2006
Cal-endar	.20	.20	.21	.21	.82
2002	.21	.21	.22	.22	.86
2003	.22	.25	.25	.25	.97
2004	.25	.29	.29	.29	1.12
2005	.29	.33	.33		

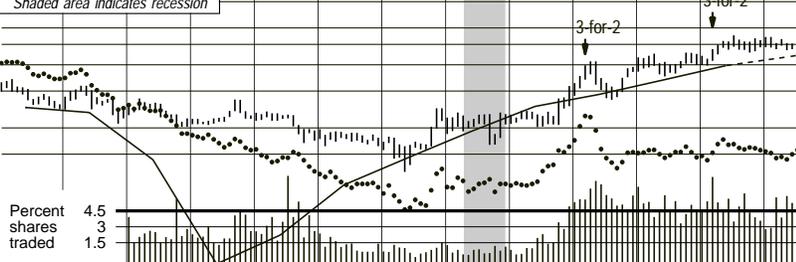
ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 to '09-'11
 of change (per sh) 6.0%, 4.0%, 5.5%
 Sales "Cash Flow" 6.5%, -0.5%, 7.0%
 Earnings 6.0%, -3.0%, 9.5%
 Dividends 7.0%, 5.0%, 13.5%
 Book Value 8.5%, 4.5%, 8.0%

ROHM AND HAAS reported second-quarter earnings right on target with our estimate. Revenues advanced 5% versus the year-ago period, to \$2.1 billion, driven by increased demand and higher selling prices, which offset rising raw material and energy costs. The strongest performance was turned in by the Electronic Materials unit, where revenues increased nearly 21% year over year, while earnings advanced 58%. The segment experienced strong demand across all businesses. This is likely to persist as Rohm continues to increase its investments in R&D (discussed below) to meet the needs of its customers. Also, sales in Asia and other emerging markets should represent a greater percentage of the total in the coming years as it expands its global footprint. **The company is divesting its Automotive Coatings business.** Rohm sold its global Automotive Coatings business to Nippon Paint for approximately \$230 million in cash, and is scheduled to close on the deal shortly. The company is currently pursuing offers to sell its European Automotive Coatings business, too. **Rohm and Haas continues to boost its R&D expenditures.** In the second quarter, spending increased 9% from the year-ago period to \$71 million. This includes products in its Electronic Materials, Coatings, and Performance Chemicals markets. We think Electronics still has much room for growth. Many customers have been testing the *VisionPad VP 3100* and four customers have adopted the technology. Additional versions of this product are also being tested. In addition, the company is benefiting from strength of ion exchange resins at its Process Chemicals unit. This should help drive the top-line performance over the next few years as Rohm solidifies its market position. **This neutrally ranked stock offers above average total return potential out to late decade.** The company generates solid cash flow, which should support spending on product innovations. Also, the balance sheet contains \$495 million in cash. Moreover, the cash generated from the sale of its Automotive Coatings business may be used to reduce the debt load, fund an acquisition, and possibly increase dividends. *Evan I. Blatter* September 15, 2006

ROLLINS, INC. NYSE-ROL

RECENT PRICE **21.32** P/E RATIO **23.4** (Trailing: 28.1 Median: 35.0) RELATIVE P/E RATIO **1.37** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS 3 Raised 8/4/06	High: 12.7	11.1	10.9	9.6	7.9	9.9	9.5	12.7	16.6	18.3	22.1	22.1	Target Price Range		
SAFETY 3 Lowered 6/11/04	Low: 8.4	8.1	8.3	6.8	6.6	4.9	6.7	8.1	10.9	14.1	15.9	18.8	2009	2010	2011
TECHNICAL 3 Raised 9/8/06	LEGENDS 14.0 x "Cash Flow" p sh Relative Price Strength 3-for-2 split 3/03 3-for-2 split 3/05 Options: No Shaded area indicates recession														
BETA .85 (1.00 = Market)	2009-11 PROJECTIONS Ann'l Total Price Gain Return High 30 (+40%) 10% Low 19 (-10%) -1%														
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 0 0 0 Options 0 1 0 0 1 0 0 1 to Sell 0 0 0 0 0 0 0 0													% TOT. RETURN 7/06 THIS STOCK VL ARITH. INDEX 1 yr. 2.3 3.0 3 yr. 74.7 52.3 5 yr. 153.5 59.2		
Institutional Decisions 3Q2005 4Q2005 1Q2006 to Buy 43 58 64 to Sell 76 57 57 Hld's(000) 26632 24310 25391													Percent shares traded 4.5 3 1.5		



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
5.47	5.95	6.59	7.17	7.51	7.69	8.06	7.20	8.01	8.73	9.58	9.64	9.90	10.00	10.87	11.80	13.20	14.30	Revenues per sh	17.20
.44	.49	.57	.66	.72	.68	.40	d1.29	.18	.31	.41	.55	.73	.83	.97	1.13	1.25	1.40	"Cash Flow" per sh	1.70
.34	.39	.48	.56	.62	.58	.28	d1.37	.04	.11	.14	.25	.40	.51	.62	.76	.85	1.00	Earnings per sh A	1.20
.17	.17	.18	.20	.22	.22	.26	.27	.22	.09	.09	.09	.09	.13	.16	.20	.25	.28	Div'ds Decl'd per sh B	.35
.10	.10	.08	.10	.10	.11	.13	.12	.15	.28	.21	.13	.15	.16	.21	.38	.20	.22	Cap'l Spending per sh	.24
1.09	1.32	1.62	2.00	2.40	2.66	2.44	1.95	1.17	1.07	1.16	1.26	1.35	2.05	2.43	2.60	3.10	3.65	Book Value per sh C	6.10
79.82	79.95	80.08	80.26	80.61	80.68	77.84	74.82	68.60	67.23	67.83	67.66	67.20	67.74	69.06	68.01	65.90	64.40	Common Shs Outst'g D	64.00
15.6	17.8	19.0	19.6	18.6	18.6	33.4	--	NMF	67.4	48.3	33.6	23.2	26.5	26.4	25.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.0
1.16	1.14	1.15	1.16	1.22	1.24	2.09	--	NMF	3.84	3.14	1.72	1.27	1.51	1.39	1.35			Relative P/E Ratio	1.35
3.1%	2.5%	2.0%	1.8%	1.9%	2.1%	2.7%	3.0%	2.6%	1.2%	1.3%	1.1%	0.9%	1.0%	1.0%	1.0%			Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 6/30/06				2004	2005	6/30/06	2004	2005	6/30/06	2004	2005	6/30/06	2004	2005	6/30/06	2004	2005	6/30/06	2004	2005	6/30/06
Total Debt None				627.4	538.6	549.1	586.6	649.6	652.3	665.4	677.0	750.9	802.4	870	920	Revenues (\$mill)	1100				
Leases, Uncapitalized Annual rentals \$1.1 mill.				6.3%	NMF	.9%	3.7%	5.1%	7.3%	9.8%	11.8%	12.9%	13.1%	13.5%	14.0%	Operating Margin	14.5%				
Pension Assets-12/05 \$123.7 mill. Oblig. \$148.9 mill.				8.6	8.4	8.9	13.4	18.4	20.3	21.6	20.2	23.0	24.3	26.0	27.5	Depreciation (\$mill)	33.0				
Pfd Stock None				22.8	d104.8	3.2	7.2	9.6	16.9	27.1	35.8	43.7	52.8	56.0	64.0	Net Profit (\$mill)	77.0				
Common Stock 67,880,545 shs. as of 7/15/06				38.0%	--	38.0%	38.0%	38.0%	38.0%	38.0%	40.4%	41.0%	40.0%	40.0%	40.0%	Income Tax Rate	40.0%				
MARKET CAP: \$1.4 bill. (Mid Cap)				3.6%	NMF	.6%	1.2%	1.5%	2.6%	4.1%	5.3%	5.8%	6.6%	6.4%	7.0%	Net Profit Margin	7.0%				
CURRENT POSITION (SMILL.)				126.2	170.9	84.0	d3.6	d21.8	d8.0	d3.7	25.4	d40.2	d53.5	d40.0	d30.0	Working Cap'l (\$mill)	75.0				
Cash Assets				12.2	9.2	6.1	2.5	.3	--	--	--	.3	--	Nil	Nil	Long-Term Debt (\$mill)	Nil				
Receivables				190.3	145.6	80.2	71.8	78.6	85.5	90.7	138.8	167.5	177.0	205	235	Shr. Equity (\$mill)	390				
Inventory (FIFO)				11.3%	NMF	3.7%	9.6%	12.1%	19.8%	29.9%	25.8%	26.1%	29.8%	27.5%	27.0%	Return on Total Cap'l	19.5%				
Other				12.0%	NMF	4.0%	10.0%	12.2%	19.8%	29.9%	25.8%	26.1%	29.8%	27.5%	27.0%	Return on Shr. Equity	19.5%				
Current Assets				91%	NMF	NMF	85%	63%	36%	22%	25%	25%	26%	29%	19.5%	19.5%	Retained to Com Eq	14.0%			
Accts Payable				91%	NMF	NMF	85%	63%	36%	22%	25%	25%	26%	29%	19.5%	19.5%	All Div'ds to Net Prof	29%			
Debt Due				BUSINESS: Rollins, Inc. owns and operates Orkin Exterminating, one of the nation's largest pest- and termite-control service providers. Services approximately 1.7 million customers in the United States, Canada, Mexico, and the Caribbean. Sold off Orkin Lawn Care and Orkin Landscaping in July, 1997, and Rollins Protective Services in Oct., 1997. Acq'd PRISM, 5/99 and PCO Svcs., 10/99, both subsidiaries of Johnson Prof. Western Pest Svcs, 4/04; Industrial Fumigant Co., 10/05. Has 7,800 employees. Rollins family & directors own about 56.8% of com.; M. Gabelli, 9.0% (3/06 proxy). Chrmn.: R. Rollins. Pres., CEO, & COO: G. Rollins. Inc.: DE. Address: 2170 Piedmont Rd., N.E., Atlanta, GA 30324. Telephone: 404-888-2000. Internet: www.rollinscorp.com.																	

Most of Rollins business segments are functioning well. The commercial business is leading the way, as it increased revenues 17% in the June period, thanks to both the recent acquisition of Industrial Fumigant Company (IFC) and organic growth. The residential segment registered a modest increase of 5%. Only the termite line reported lackluster results, as it gained less than one percent. Looking forward, the commercial business should continue to drive results. Demand for these services is growing at a good clip, and Rollins seems adept at providing the detail-oriented services its customers require. For the full year, we are expecting revenue growth of 8%, to \$870 million. Coupled with a modest margin improvement, our 2006 bottom-line expectation is for earnings of \$0.85 a share.

Cal-endar	QUARTERLY REVENUES (\$mill.)	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2003	155.1	185.1	178.3	158.5	677.0
2004	158.7	207.7	202.3	183.8	750.9
2005	184.4	214.3	209.3	194.4	802.4
2006	194.2	232.2	235	208.6	870
2007	205	250	245	220	920

Cal-endar	EARNINGS PER SHARE A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2003	.11	.20	.14	.07	.51
2004	.14	.18	.19	.11	.62
2005	.17	.27	.22	.10	.76
2006	.16	.28	.25	.16	.85
2007	.22	.29	.27	.22	1.00

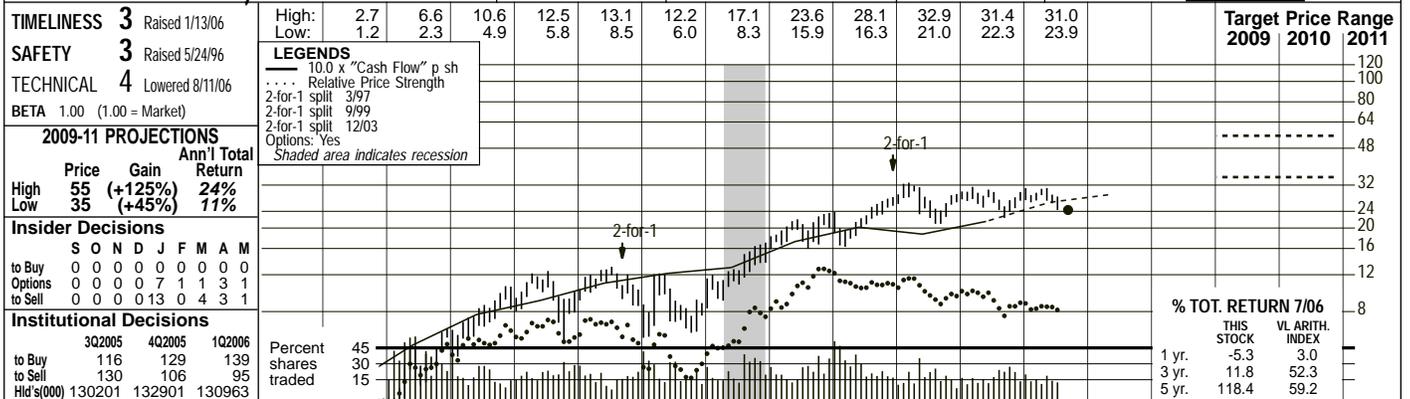
Cal-endar	QUARTERLY DIVIDENDS PAID B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
2002	.022	.022	.022	.022	.09
2003	.033	.033	.033	.033	.13
2004	.04	.04	.04	.04	.16
2005	.05	.05	.05	.05	.20
2006	.063	.063	.063		

Conditions ought to remain similar in 2007. Additional cost cutting efforts should lead to a 50 basis point operating margin improvement. The top line should advance 6%, to \$920 million. Earnings for the year are expected to reach \$1.00 a share, a 18% year-over-year improvement. **Share repurchases remain a priority for management.** The company bought back 668,000 shares in the April to June interim, at an average price of \$19.26. Furthermore, ROL is currently authorized by its board of directors to repurchase an additional 2,385,000 shares. Given past trends, we expect this activity to continue this year, as well as down the line. **Recent acquisitions are proving successful.** In the most recent quarter, IFC, which was purchased last October, made a meaningful contribution to revenue and was accretive to earnings. The company has successfully negotiated a number of new contracts in the high-end food manufacturing market. Elsewhere, Western Pest Control, acquired in 2004, is continuing to gain market share in its east coast pest control operations. **This issue offers below-average growth prospects, however.** Looking out to 2009-2011, we expect earnings growth to be modest. A contraction of the stock's P/E multiple may well also limit its price appreciation prospects. Finally, the stock is ranked to perform in line with the broader market over the next year.

(A) Avg. shrs through 1997, diluted after '02, '03, and '04 eqs. don't sum due to rounding. Excl. nonrecurring gains (charges): '95, (14¢); '97, \$2.09; '98, 7¢; '04, 12¢; '05, 3¢.	Next eqs. report due late October.	(C) Incl. intang. in '05: \$121.5 mill., \$1.76/sh.	Company's Financial Strength	B++
(B) Dividends historically paid in mid-February, May, August, and November.	(D) In mill., adj. for stock splits.	(E) Rev. does not sum due to acctg. change.	Stock's Price Stability	65
Dividend reinvestment plan available.			Price Growth Persistence	70
			Earnings Predictability	80

ROSS STORES, INC. NDQ-ROST

RECENT PRICE **24.36** P/E RATIO **14.8** (Trailing: 16.9 Median: 14.0) RELATIVE P/E RATIO **0.86** DIV'D YLD **1.1%** 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
4.32	4.73	5.12	5.68	6.46	7.25	8.56	10.38	11.80	13.90	16.82	18.91	22.79	25.93	28.90	34.31	39.95	44.45	Sales per sh ^A	70.35
.16	.22	.26	.25	.28	.36	.56	.77	.90	1.09	1.22	1.30	1.73	2.02	1.87	2.15	2.65	2.90	"Cash Flow" per sh	4.75
.09	.14	.16	.14	.16	.22	.39	.59	.70	.85	.91	.96	1.26	1.47	1.19	1.36	1.65	1.80	Earnings per sh ^C	3.00
--	--	--	.01	.03	.03	.04	.05	.06	.07	.08	.09	.10	.13	.18	.22	.26	.30	Div'ds Decl'd per sh ^D	.45
.67	.83	1.03	1.16	1.30	1.48	1.67	1.99	2.30	2.67	2.90	3.45	4.15	5.00	5.22	5.80	6.45	7.30	Book Value per sh	11.05
184.79	195.93	203.69	197.56	195.46	196.81	197.33	191.67	185.00	177.55	161.05	157.92	154.98	151.21	146.72	144.11	139.00	135.00	Common Shs Outst'g ^E	123.00
12.1	12.4	12.6	13.8	11.6	8.3	11.8	13.5	14.0	12.4	9.5	13.8	15.8	15.4	22.5	20.1	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	15.0
.90	.79	.76	.82	.76	.56	.74	.78	.73	.71	.62	.71	.86	.88	1.19	1.08			Relative P/E Ratio	1.00
--	--	--	.3%	1.5%	1.7%	.8%	.6%	.6%	.6%	.9%	.7%	.5%	.6%	.7%	.8%			Avg Ann'l Div'd Yield	1.0%

CAPITAL STRUCTURE as of 4/29/06				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 None				1689.8	1988.7	2182.4	2468.6	2709.0	2986.6	3531.3	3920.6	4240.0	4944.2	5550	6000	Sales (\$mill) ^A	8650							
Leases, Uncapitalized Annual rentals \$245.4 mill.				29.3%	30.2%	30.6%	31.0%	30.9%	30.7%	25.6%	25.6%	9.2%	8.8%	9.0%	9.0%	Gross Margin	23.5%							
No Defined Benefits Pension Plan				9.7%	11.4%	11.6%	11.9%	11.0%	10.3%	11.2%	11.5%	9.2%	8.8%	9.0%	9.0%	Operating Margin	9.5%							
Pfd Stock None				309	325	349	378	409	452	507	568	649	734	795	865	Number of Stores	1150							
Common Stock 142,872,573 shs. as of 5/18/06				80.9	117.5	133.8	155.6	151.8	155.0	201.2	228.1	179.5	199.6	235	250	Net Profit (\$mill)	390							
MARKET CAP: \$3.5 billion (Mid Cap)				40.0%	40.0%	39.0%	39.1%	39.1%	39.1%	39.1%	39.1%	39.1%	39.2%	39.0%	39.0%	Income Tax Rate	39.0%							
CURRENT POSITION				4.8%	5.9%	6.1%	6.3%	5.6%	5.2%	5.7%	5.8%	4.2%	4.0%	4.2%	4.2%	Net Profit Margin	4.5%							
CASH ASSETS (\$MILL.)				134.8	174.6	170.8	190.7	197.0	225.4	295.7	408.7	411.1	349.9	345	370	Working Cap'l (\$mill)	675							
RECEIVABLES				--	--	--	--	30.0	--	25.0	50.0	50.0	50.0	Nil	Nil	Long-Term Debt (\$mill)	Nil							
INVENTORY (Retail)				328.8	380.7	424.7	473.4	467.5	544.5	643.2	755.4	765.6	836.2	900	985	Shr. Equity (\$mill)	1360							
OTHER				24.6%	30.9%	31.5%	32.9%	30.8%	28.7%	30.1%	28.3%	22.0%	23.9%	26.0%	25.5%	Return on Total Cap'l	28.5%							
CURRENT ASSETS				24.6%	30.9%	31.5%	32.9%	32.5%	28.5%	31.3%	30.2%	23.5%	23.9%	26.0%	25.5%	Return on Shr. Equity	28.5%							
ACCTS PAYABLE				22.5%	28.5%	29.1%	30.4%	29.8%	26.0%	29.0%	27.9%	20.2%	20.2%	22.0%	21.5%	Retained to Com Eq	24.5%							
DEBT DUE				9%	7%	8%	8%	8%	9%	7%	8%	14%	15%	15%	16%	All Div'ds to Net Prof	14%							
OTHER																								
CURRENT LIAB.				711.6	879.0	890.5																		

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05
of change (per sh)			
Sales	16.5%	16.0%	15.5%
"Cash Flow"	21.0%	13.5%	15.5%
Earnings	23.0%	10.5%	14.5%
Dividends	23.5%	21.0%	17.0%
Book Value	15.0%	15.5%	13.0%

Fiscal Year Begins	QUARTERLY SALES (\$mill.) ^{A B}				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2003	879.3	965.6	977.0	1098.7	3920.6
2004	991.9	1008.6	1027.7	1211.8	4240.0
2005	1124	1172	1237	1411	4944.2
2006	1292	1308	1330	1620	5550
2007	1400	1435	1470	1695	6000

Fiscal Year Begins	EARNINGS PER SHARE ^{A C}				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2003	.32	.35	.33	.48	1.47
2004	.32	.29	.25	.33	1.19
2005	.34	.29	.25	.49	1.36
2006	.41	.32	.29	.63	1.65
2007	.46	.38	.35	.61	1.80

Calendar	QUARTERLY DIVIDENDS PAID ^D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.022	.024	.024	.024	.09
2003	.024	.029	.029	.029	.11
2004	.029	.043	.043	.043	.16
2005	.043	.05	.05	.05	.19
2006	.06	.06			

BUSINESS: Ross Stores, Inc. operates a chain of 726 off-price retail stores, mostly in the West and Southeast. Stores offer primarily first-quality, in-season apparel, shoes, cosmetics, apparel-related accessories, fragrances, giftware, linens, & a variety of home merchandise, sold 20%-60% below department- & specialty-store prices. Also has 20 dd's DISCOUNTS stores in California. Has 33,200 full- & part-time employees. Officers & directors own 3.3% of stock; Capital Research, 10.4%; AMVESCAP PLC, 7.7% (4/06 proxy). Chairman: Norman A. Ferber. Vice Chairman, CEO & President: Michael Balmuth. Incorporated: Delaware. Address: 4440 Rosewood Dr., Bldg. 4, Pleasanton, California 94588-3050. Tel.: 925-965-4400. Internet: www.rossstores.com.

Ross Stores' share earnings ought to advance about 20% in fiscal 2006 (begin January 29th). Same-store sales are likely to improve by 3%-4% this year thanks to higher unit volume. Customers are responding favorably to the retailer's offerings, driving our expected sales gains. Also, the bottom line is likely to benefit from the company's recently updated distribution system, which enables it to operate with lower inventory levels. This approach allows Ross to respond more quickly to customer buying preferences and reduces the need for markdowns, which are a drag on margins. Earnings this year should also benefit from having a 53rd week in the fiscal year. We anticipate that the extra week will add roughly \$0.07 a share to the bottom line. The extra week, however, will make earnings comparisons tough in fiscal 2007, leading us to believe Ross won't reach its goal of a 15%-20% annual earnings gain that year.

The company is developing a new IT system. Ross is working on a new micro-merchandising initiative in order to address the needs of its customers at a more local level. This program will allow stores to plan their own inventories in order to better capitalize on buying trends in their individual areas. Management believes that regional planning has caused performance in markets such as the Southeast and Mid-Atlantic to lag expectations. Scheduled for completion in the first half of 2008, this project should help boost operating profit. Also, this initiative should be of benefit when the company begins to expand into new geographies.

Ross is likely to continue buying back shares. After repurchasing about \$50 million worth of shares in the first quarter, the company has about \$350 million left under a two-year program, authorized by the board in the final quarter of 2005. We expect Ross to use the full authorization by the end of 2007.

These neutrally ranked shares are an above-average selection for 3- to 5-year appreciation potential. A combination of decent same-store sales growth, new store openings, margin improvements, and share repurchases should enable Ross to achieve mid-double-digit annual earnings advances to 2009-2011.

Jerry W. Gray Jr.
August 11, 2006

Company's Financial Strength	A
Stock's Price Stability	60
Price Growth Persistence	85
Earnings Predictability	80

(A) Fiscal year ends on Saturday closest to Jan. 31 of following calendar year. (B) Excl. sales of leased departments. (C) Diluted earnings. Next earnings report due mid-Aug. Excl. nonrecurring gain (losses): '94, 3c; '99, (3c); '04, (6c). '03 EPS don't add to full-year total due to changes in shares outstanding, '05 due to rounding. (D) Dividends historically paid in early January, April, July, and October. Two dividends paid in 3Q of '05. (E) In millions, adj. for stock splits.

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RUDDICK CORP. NYSE-RDK										RECENT PRICE	P/E RATIO	Trailing: 16.1 (Median: 14.0)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE				
TIMELINESS 4 Raised 5/12/06	High: 14.1	15.4	21.4	23.0	23.0	15.8	17.2	18.0	18.3	22.5	28.2	24.8	Target Price Range 2009 2010 2011						
SAFETY 3 New 7/27/90	Low: 9.4	10.6	13.3	15.0	15.1	10.3	9.8	13.4	12.0	17.7	19.3	20.8							
TECHNICAL 2 Lowered 7/28/06	LEGENDS --- 7.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 10/95 Options: No Shaded area indicates recession																		
BETA .85 (1.00 = Market)	2009-11 PROJECTIONS Price Gain Ann'l Total High 40 (+70%) 15% Low 30 (+25%) 8%																		
Insider Decisions S O N D J F M A M to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 2 0 0 2 0 0 0 to Sell 0 0 1 0 0 0 0 0 2																			
Institutional Decisions 3Q2005 4Q2005 1Q2006 to Buy 63 64 57 to Sell 69 76 65 Hld's(000) 28392 28694 30242 Percent shares traded 9 6 3																			
MARKET CAP: \$1.1 billion (Mid Cap) © VALUE LINE PUB, INC. 09-11																			
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 1 yr. -2.6 11.8 3 yr. 64.9 63.9 5 yr. 60.3 59.7	
36.17	32.13	34.02	37.63	41.17	44.65	46.11	49.36	53.43	56.51	58.04	59.23	56.92	58.95	61.39	61.91	70.85	75.45	Sales per sh ^A	92.40
1.34	1.25	1.41	1.52	1.55	1.78	1.96	2.28	2.43	2.61	2.77	2.77	2.85	2.97	3.04	3.06	3.50	3.85	"Cash Flow" per sh	5.00
.54	.59	.65	.70	.68	.84	.92	1.02	1.00	1.08	1.10	1.03	1.21	1.29	1.38	1.44	1.55	1.75	Earnings per sh ^B	2.65
.18	.19	.20	.22	.22	.25	.26	.32	.32	.33	.36	.36	.36	.36	.40	.44	.44	.48	Div'ds Decl'd per sh ^C	.52
4.65	5.05	5.51	5.95	6.28	6.82	7.47	8.17	8.82	9.55	10.23	9.61	9.85	10.71	11.76	12.72	13.90	15.10	Book Value per sh	21.00
39.32	46.00	46.12	46.04	46.35	46.37	46.46	46.60	46.55	46.45	46.22	46.32	46.45	46.22	46.73	47.89	46.00	46.00	Common Shs Outst'g ^D	45.00
12.6	11.0	13.0	14.4	14.7	12.5	13.5	14.5	17.7	17.1	12.3	13.4	13.5	11.3	13.9	16.0	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	13.0
.94	.70	.79	.85	.96	.84	.85	.84	.92	.97	.80	.69	.74	.64	.73	.85			Relative P/E Ratio	.85
2.6%	2.9%	2.3%	2.1%	2.2%	2.4%	2.1%	2.2%	1.8%	1.8%	2.7%	2.6%	2.2%	2.5%	2.1%	1.9%			Avg Ann'l Div'd Yield	1.5%
CAPITAL STRUCTURE as of 4/2/06 Total Debt \$187.8 mill. Due in 5 Yrs \$40.0 mill. LT Debt \$166.8 mill. LT Interest \$12.0 mill. (Total interest coverage: 8.8x) (20% of Cap'l)																			
Leases, Uncapitalized Annual rentals \$62.0 mill. Pension Assets-10/05 \$202.6 mill. Oblig. \$282.4 mill.																			
Pfd. Stock None																			
Common Stock 47,609,000 shs.																			
MARKET CAP: \$1.1 billion (Mid Cap)																			
CURRENT POSITION (SMILL.)																			
Cash Assets	107.1	62.1	16.8																
Receivables	70.0	78.2	87.1																
Inventory (LIFO)	230.9	247.4	256.9																
Other	37.9	37.6	42.7																
Current Assets	445.9	425.3	403.5																
Accts Payable	148.2	165.0	172.1																
Debt Due	11.2	19.0	21.0																
Other	98.5	107.2	106.2																
Current Liab.	257.9	291.2	299.3																
ANNUAL RATES Past Past Est'd '03-'05 of change (per sh) 10 Yrs. 5 Yrs. to '09-'11 Sales 4.0% 1.5% 6.0% "Cash Flow" 6.5% 3.0% 8.5% Earnings 6.5% 5.5% 12.5% Dividends 6.0% 3.5% 5.0% Book Value 6.5% 4.0% 11.0%																			
QUARTERLY SALES (\$ mill.)^A Full Fiscal Year Dec.Per Mar.Per Jun.Per Sep.Per 2003 678.4 685.2 685.0 676.1 2724.7 2004 692.4 700.8 702.7 772.7 2868.6 2005 726.9 735.5 749.8 752.5 2964.7 2006 796.6 800.7 820 842.7 3260 2007 830 840 860 940 3470																			
EARNINGS PER SHARE^{A B} Full Fiscal Year Dec.Per Mar.Per Jun.Per Sep.Per 2003 .28 .31 .35 .35 1.29 2004 .30 .34 .36 .38 1.38 2005 .35 .40 .37 .32 1.44 2006 .36 .42 .39 .38 1.55 2007 .39 .46 .44 .46 1.75																			
QUARTERLY DIVIDENDS PAID^C Full Fiscal Year Mar.31 Jun.30 Sep.30 Dec.31 2002 .09 .09 .09 .09 .36 2003 .09 .09 .09 .09 .36 2004 .10 .10 .10 .10 .40 2005 .11 .11 .11 .11 .44 2006 .11 .11																			
BUSINESS: Ruddick Corp. is a holding co. with two wholly owned subsidiaries: Harris Teeter, Inc. (89% of FY '05 sales, 97% of operating profit), a southeastern regional supermarket chain; and American & Efrid, Inc. (11%, 3%), a manufacturer and distributor of industrial sewing thread, with manufacturing ops. in N.C. and eight foreign countries. The Jordan Graphics, Inc. subsid. was sold in Jan. of 1996. Assets from Threads USA were acq. in June of 1996. Has abt. 5,867 shareholders; 20,400 employees. Officers & directors own 10.1% of com.; T. Rowe Price, 16.1% (12/05 Proxy). Chairman, President, and CEO: Thomas W. Dickson, Inc.: North Carolina. Address: 301 S. Tryon St., Suite 1800, Charlotte, N.C. 28202. Telephone: 704-372-5404. Website: www.ruddickcorp.com.																			
Ruddick Corp. is gaining top-line momentum. The company increased sales by 8.9% in the second quarter of fiscal 2006 (ended April 2, 2006). The top line was primarily helped by improved sales of over 9% in the Harris Teeter (HT) segment, due to new store activity.																			
The company's two segments offer very different opportunities. The two divisions essentially operate as completely different businesses and therefore offer Ruddick some diversity. American & Efrid, the company's thread manufacturer, is currently operating in a tough environment. However, the segment made a couple of domestic acquisitions in 2005, which helped A&E's March-period sales increase by 6.9%. That said, we look for the majority of the thread division's future acquisitions to be made overseas, particularly in China and Central America. In fact, Ruddick currently has more capacity in China than it does domestically. Overseas sales accounted for about 50% of A&E's sales in the second quarter and management views A&E as a long-term growth business. That said,																			
HT will continue to be the driving force behind the company's modest growth in coming years. The supermarket division currently makes up over 90% of Ruddick's top and bottom lines. The company is looking to expand the division's reach, and expects to open a total of 18-20 stores this year and next, mainly in the core markets of northern Virginia and Washington D.C. We would not be surprised to see Ruddick expand its geographical reach into regions where HT does not have much of a presence.																			
We look for fiscal 2006 and 2007 share net to improve at a high single-digit to low-teen rate. This assumes that both A&E and HT continue to grow at a steady pace. In particular, we look for new HT store openings and an eventual improvement in the domestic apparel industry to give the segment's top and bottom lines somewhat of a boost over the next few years. For now,																			
Ruddick stock does not offer much investment appeal. These shares garner a Below-Average rank for Timeliness (4) and offer a cut below-average 3- to 5-year price appreciation potential.																			
<i>George Y. Lee August 4, 2006</i>																			

(A) Periods end on last Sunday in calendar quarter. Fiscal year ends on Sunday closest to Sept. 30th. (B) Pro-forma through '96, diluted thereafter. (C) Dividends historically paid in January, April, July, and October. Div'd reinvestment plan available. (D) In millions, adjusted for stock split.

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Company's Financial Strength	B+
Stock's Price Stability	85
Price Growth Persistence	75
Earnings Predictability	95

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SCRIPPS (E.W.) 'A' NYSE-SSP				RECENT PRICE	40.90	P/E RATIO	18.6	(Trailing: 20.3 Median: 27.0)	RELATIVE P/E RATIO	1.09	DIV'D YLD	1.2%	VALUE LINE						
TIMELINESS	3	Raised 5/5/06	High: 20.3	26.2	24.5	29.3	26.5	31.6	35.8	43.8	47.6	54.7	52.9	50.6	Target Price Range	2009	2010	2011	
SAFETY	2	Raised 11/22/02	Low: 13.4	16.4	16.1	19.3	20.3	21.2	27.3	32.6	36.9	44.7	44.8	40.9					
TECHNICAL	4	Lowered 8/18/06	LEGENDS — 19.0 x "Cash Flow" p unit Relative Price Strength 2-for-1 split 9/04 Options: Yes Shaded area indicates recession																
BETA	.85	(1.00 = Market)	2009-11 PROJECTIONS Price Gain Ann'l Total High 95 (+130%) 24% Low 70 (+70%) 15%																
Insider Decisions			S O N D J F M A M to Buy 0 Options 0 0 1 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 to Sell 0																
Institutional Decisions			3Q2005 4Q2005 1Q2006 to Buy 113 161 130 to Sell 78 81 115 Hld's(000) 87885 88304 84525 Percent shares traded 12 8 4																
1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007																			
8.70	8.72	8.47	8.06	7.64	6.43	6.95	7.70	9.26	10.05	10.92	9.07	9.59	11.58	13.28	15.40	15.30	16.25	Sales per sh	21.00
1.20	1.23	1.23	1.27	1.50	1.00	1.13	1.50	1.60	1.73	1.53	1.84	1.95	2.19	2.47	2.95	2.47	3.20	"Cash Flow" per sh	4.25
.47	.48	.42	.46	.81	.59	.71	.82	.81	.93	1.03	.90	1.44	1.52	1.75	1.89	2.20	2.45	Earnings per sh AF	3.25
.20	.20	.20	.22	.23	.25	.26	.26	.26	.28	.28	.30	.30	.30	.39	.43	.47	.50	Div'ds Decl'd per sh B	.56
.57	1.01	.97	.69	.60	.36	.33	.35	.43	.51	.47	.43	.55	.55	.47	.44	.70	.75	Cap'l Spending per sh C	.80
4.28	4.52	4.91	5.75	6.78	7.44	5.85	6.50	6.80	7.45	8.11	8.53	9.47	11.25	12.84	14.01	15.75	17.75	Book Value per sh	25.25
149.05	149.07	149.23	149.52	159.69	160.13	161.53	161.26	157.09	156.28	157.48	158.40	160.07	161.94	163.19	163.28	163.50	163.00	Common Shs Outst'g D	162.00
19.4	21.3	30.3	29.0	17.7	28.0	24.4	24.2	31.1	25.2	24.3	35.6	26.3	28.0	28.4	25.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	26.0
1.44	1.36	1.84	1.71	1.16	1.87	1.53	1.39	1.62	1.44	1.58	1.82	1.44	1.60	1.50	1.35			Relative P/E Ratio	1.75
2.2%	2.0%	1.6%	1.7%	1.6%	1.5%	1.5%	1.3%	1.0%	1.2%	1.1%	.9%	.8%	.7%	.8%	.9%			Avg Ann'l Div'd Yield	.6%
CAPITAL STRUCTURE as of 3/31/06				Total Debt \$1089.0 mill. Due in 5 Yrs \$400.0 mill. LT Debt \$1048.5 mill. LT Interest \$50.0 mill. (Total interest coverage: 15.8x) (27% of Cap'l)															
Pension Assets-12/05 \$407.5 mill. Oblig. \$432.2 mill.				Leases, Uncapitalized \$15.6 mill. Pfd Stock None Common Stock 163,535,184 common shs. as of 4/30/06 (incl. 126,966,958 Class A shs.)															
MARKET CAP: \$6.7 billion (Large Cap)				CURRENT POSITION 2004 2005 3/31/06 (\$MILL.) Cash Assets 20.9 32.0 56.1 Receivables 404.8 493.1 454.5 Inventory (FIFO) 40.8 43.3 11.2 Other 176.7 228.2 498.3 Current Assets 643.2 796.6 1020.1 Accts Payable 106.5 92.2 68.7 Debt Due -- -- 40.5 Other 268.8 256.2 360.4 Current Liab. 375.3 348.4 469.6															
ANNUAL RATES				Past 10 Yrs. Past 5 Yrs. Est'd '02-'04 of change (per sh) to '09-'11 Sales 3.5% 5.0% 9.0% "Cash Flow" 4.0% 6.5% 10.5% Earnings 11.0% 13.0% 10.0% Dividends 4.5% 4.5% 8.0% Book Value 7.0% 10.0% 12.0%															
QUARTERLY SALES (\$ mill.)				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2003 445.2 474.8 440.5 514.3 1874.8 2004 513.7 547.3 499.8 606.7 2167.5 2005 585.1 627.3 594.7 706.9 2514.0 2006 589.7 641.9 575 693.4 2500 2007 625 680 610 735 2650															
EARNINGS PER SHARE AF				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2003 .33 .42 .32 .45 1.52 2004 .37 .49 .34 .55 1.75 2005 .42 .58 .35 .54 1.89 2006 .48 .64 .42 .66 2.20 2007 .53 .70 .48 .74 2.45															
QUARTERLY DIVIDENDS PAID B				Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2002 .075 .075 .075 .075 .30 2003 .075 .075 .075 .075 .30 2004 .087 .10 .10 .10 .39 2005 .10 .11 .11 .11 .43 2006 .11 .12															
BUSINESS:				E.W. Scripps Co. publishes 21 daily newspapers (total circulation: 1.3 million), incl.: Denver Rocky Mountain News (305,000 morning circulation). Owns 10 TV stations — 9 are network-affiliated, including ABC, 6; NBC, 3. Operates cable TV networks: Home & Garden Television (HGTV), Do-It-Yourself (DIY), Food Network, Fine Living, Great American Country and HGTVPro. Acquired Shopzilla '05, uSwitch '06. United Media subsid. distributes news and features, owns comic strips and licenses characters. Employs 9,600. Edward W. Scripps Trust owns 30.9% of Cl. A and 87.5% of the Voting Com. stk. (3/06 proxy). President & CEO: Kenneth W. Lowe. Inc.: DE. Addr.: 312 Walnut St., Cincinnati, OH 45202. Telephone: 513-977-3000. Internet: www.scripps.com.															
E.W. Scripps posted solid second-quarter results.				Earnings increased 10%, year over year, to \$0.64 a share, on a revenue advance of about 2%, to \$641.9 million. The company's cost-control initiatives implemented during the June period helped to drive bottom-line growth. Indeed, the newspaper, broadcasting, and interactive media segments all reported lower-than-expected operating costs. Consequently, we have raised our full-year 2006 earnings estimate by a nickel, to \$2.20 a share.															
Performance by Interactive Media was impressive.				Revenues generated by the newly formed group, consisting of Shopzilla and uSwitch, have been good, and we expect them to continue to strengthen in the back half of the year, as Scripps has been aggressively prompting the Shopzilla brand throughout its various media outlets. However, Shopzilla's European expansion beyond the British, French, and German markets, combined with the segment's increased technology spending, will retard margin improvement and profitability in the near term. Looking ahead, we believe Interactive Media's foot-															
				print within the organization will continue to expand, which ought to drive the top line in an environment where both Scripps' cable networks and newspaper businesses are facing increasingly difficult operating conditions. The company has completed the exit strategy for the Shop At Home (SAH) business. In June, Scripps sold the asset to the Jewelry Television network for \$17 million in cash. The five affiliated television stations, acquired from SAH in 2004, will probably be sold by the end of the third quarter. Until then, the company will continue to incur costs associated with operating the five stations, though that should be offset by revenue generated from airing Jewelry TV. This neutrally ranked equity is trading near its 52-week low. Investors seem discouraged by the likelihood of a slowdown in the growth of Scripps' cable networks. That said, based on the success of the Interactive Media group, we believe earnings growth will pick up in 2007 and beyond. This equity offers above-average long-term capital appreciation. William W. Lee August 18, 2006															

(A) Diluted earnings. Excl. nonrecurring gains (charges): '92, 30¢; '93, 40¢; '96, 10¢; '97, 14¢; '01, (4¢); '02, (26¢); '03, 14¢; '04, 8¢; '05, (38¢). Excl. earns. from discontinued business: '95, 50¢; '96, 34¢; '06, (4¢). Next egs. report due late October. (B) Dividends historically paid in early Mar., June, Sept., Dec. #Div'd reinvestment plan available. (C) Incl. in- tangibles at 12/31/05: \$12.49/sh. (D) In mill. (E) Change in Cash Flow mult. reflects cable TV as discontinued business begin. '95. (F) Start- ing in '06, incl. options expense.

Company's Financial Strength B+
 Stock's Price Stability 100
 Price Growth Persistence 85
 Earnings Predictability 85

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SELECTIVE INSUR. NDQ-SIG										RECENT PRICE	P/E RATIO		Trailing: 10.9 Median: 12.0		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range								
										53.76	11.7				0.67	1.6%		2009	2010	2011						
TIMELINESS	3	Lowered 1/13/06		High:	19.2	19.4	28.4	29.3	22.5	25.9	28.2	31.5	33.0	46.0	59.3	58.4										
SAFETY	3	New 7/27/90		Low:	12.3	15.5	18.3	16.7	16.5	14.6	19.9	19.4	21.8	31.7	41.8	49.8										
TECHNICAL	4	Lowered 8/25/06		LEGENDS — 11.0 x Earnings p sh ···· Relative Price Strength 2-for-1 split 12/97 Options: Yes Shaded area indicates recession																						
BETA	.90	(1.00 = Market)																								
2009-11 PROJECTIONS																										
	Price	Gain	Ann'l Total Return																							
High	85	(+60%)	13%																							
Low	60	(+10%)	4%																							
Insider Decisions																										
	O	N	D	J	F	M	A	M	J																	
to Buy	0	0	0	0	0	0	0	1	0																	
Options	0	5	0	2	0	0	0	0	0																	
to Sell	0	6	0	0	1	0	0	2	1																	
Institutional Decisions																										
	4Q2005	1Q2006	2Q2006																							
to Buy	94	82	85																							
to Sell	73	81	80																							
Hlds(000)	21697	21315	21709																							
				Percent																						
				shares																						
				traded																						
				12																						
				8																						
				4																						
				% TOT. RETURN 8/06 THIS STOCK VL ARITH. INDEX 1 yr. 11.7 7.1 3 yr. 86.4 49.4 5 yr. 127.9 70.4																						
© VALUE LINE PUB., INC. 09-11																										
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007									
17.65	18.72	19.95	21.63	24.01	25.77	23.89	22.92	25.35	30.09	32.58	34.59	36.85	41.50	47.14	49.88	52.05	57.85	P/C Prem Earned p sh	78.95							
2.46	2.58	2.73	2.81	2.85	3.18	3.33	3.41	3.48	3.63	3.95	3.79	3.84	4.20	4.31	4.78	5.00	5.90	Investment Inc p sh	7.85							
d1.46	d1.43	d1.22	d1.57	d1.23	d.56	d.66	d.05	d.90	d2.06	d2.46	d2.31	d1.48	d.98	1.39	2.42	1.85	2.35	Underwriting Inc p sh	4.30							
1.10	.95	.99	1.01	1.33	1.81	1.86	2.27	1.74	1.87	1.01	1.00	1.49	2.10	3.59	4.47	4.60	4.80	Earnings per sh ^A	6.00							
.51	.52	.55	.56	.56	.56	.56	.56	.56	.59	.60	.60	.62	.70	.79	.88	.88	.88	Div'ds Decl'd per sh ^B	1.00							
9.45	10.17	11.59	11.74	11.62	15.15	16.31	19.16	21.30	21.46	22.92	23.15	24.31	27.46	31.54	34.51	36.20	40.00	Book Value per sh	46.80							
26.26	26.55	26.89	27.51	28.34	28.83	29.09	29.51	28.52	26.56	25.21	25.53	26.82	27.30	27.97	28.43	29.00	28.00	Common Shs Outst'g ^C	28.00							
85%	78%	87%	112%	114%	106%	105%	124%	108%	87%	78%	104%	101%	99%	119%	142%	Bold figures are Value Line estimates		Price to Book Value	155%							
7.3	8.3	10.2	13.0	9.9	8.9	9.2	10.5	13.2	9.9	17.7	24.1	16.5	13.0	10.5	10.9			Avg Ann'l P/E Ratio	12.0							
.54	.53	.62	.77	.65	.60	.58	.61	.69	.56	1.15	1.24	.90	.74	.55	.58			Relative P/E Ratio	.80							
6.3%	6.6%	5.5%	4.2%	4.2%	3.5%	3.3%	2.4%	2.4%	3.2%	3.4%	2.5%	2.4%	2.3%	1.9%	1.6%			Avg Ann'l Div'd Yield	1.4%							
CAPITAL STRUCTURE as of 6/30/06																										
Total Debt \$261.8 mill. Due in 5 Yrs \$73.5 mill.																										
LT Debt \$261.8 mill. LT Interest \$13.6 mill.																										
Includes: \$57.4 mill. 4.25% senior unsecured notes ('32), convertible into common stock at \$29.29/sh. (26% of Cap'l)																										
Leases, Uncapitalized \$10.0 million.																										
Pension Assets-12/05 \$122 mill. Oblig. \$148 mill.																										
Pfd Stock None																										
Common Stock 29,172,974 shs.																										
Market Cap: \$1.6 billion (Mid Cap)																										
FINANCIAL POSITION (\$MILL)				2004	2005	6/30/06																				
Bonds				2366.9	2667.2	2662.7																				
Stocks				331.9	338.8	349.1																				
Mortgages				-	-	-																				
Other				1230.6	1387.6	1477.8																				
Total Assets				3929.4	4393.6	4489.6																				
Unearned Prems				702.1	752.5	829.8																				
Reserves				1835.2	2084.0	2186.9																				
Other				510.1	576.0	469.0																				
Total Liab'ties				3047.4	3412.5	3485.7																				
ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11																				
of change (per sh)				7.0%	9.5%	9.5%																				
Premium Inc				4.0%	4.0%	10.0%																				
Invest Income				9.5%	17.0%	8.5%																				
Earnings				2.5%	4.0%	6.0%																				
Dividends				9.5%	7.5%	7.0%																				
Book Value																										
Cal-endar	NET PREM. EARNED (\$ mill.)					Full Year																				
	Mar.31	Jun.30	Sep.30	Dec.31																						
2003	267.0	276.1	289.7	300.3	1133.1																					
2004	315.3	326.0	337.1	340.0	1318.4																					
2005	342.7	350.5	361.1	363.7	1418.0																					
2006	370.2	374.8	380	385.0	1510																					
2007	400	400	410	410	1620																					
Cal-endar	EARNINGS PER SHARE ^A					Full Year																				
	Mar.31	Jun.30	Sep.30	Dec.31																						
2003	.20	.64	.51	.75	2.10																					
2004	.77	.92	.87	1.03	3.59																					
2005	1.04	1.01	1.16	1.26	4.47																					
2006	1.13	1.06	1.14	1.27	4.60																					
2007	1.14	1.15	1.20	1.31	4.80																					
Cal-endar	QUARTERLY DIVIDENDS PAID ^B					Full Year																				
	Mar.31	Jun.30	Sep.30	Dec.31																						
2002	.15	.15	.15	.15	.60																					
2003	.15	.15	.15	.17	.62																					
2004	.17	.17	.17	.19	.70																					
2005	.19	.19	.19	.22	.79																					
2006	.22	.22	.22																							
Business: Selective Insurance Group, Inc. is a holding company for five property/casualty insurance companies. (Main subsidiary: Selective Insurance Company of America.) Markets products primarily in the East and Midwest. New Jersey accounted for 34% of premiums written in '05; 37% in '05. Mix of 2005 premiums written: personal lines, 14%; commercial lines, 86%. Commercial premiums by industry (as percentage of total): automobile, 26%; general liability, 30%; workers' compensation, 25%; other, 19%. Has about 2,000 employees. Officers/directors own 4.2% of common stock (4/06 Proxy). Chairman, President & CEO: Gregory E. Murphy, Inc.: N.J.. Address: 40 Wantage Ave., Branchville, N.J. 07890. Telephone: 973-948-3000. Internet: www.selective.com.																										
Selective Insurance made modest second-quarter gains. Share earnings rose 5%, year over year, helped by a 7% increase in net premiums earned. Average property/casualty renewal price hikes of 2% lifted Commercial Lines premium growth, which represented 86% of total premiums. Nevertheless, the statutory combined ratio deteriorated by 70 basis points, to 95.6%, due in part to greater catastrophe losses. Meanwhile, heightened competition in the New Jersey automobile business caused premiums earned in this division to decline, and we believe that this will limit Selective's premium growth over the coming quarters. That said, the company is trying to use a new pricing structure and to leverage its technology in order to improve results in the state.																										
We expect the bottom line to inch up around 4% in 2007. Additional growth in the Commercial lines should continue to be the primary driver of the insurer's top line. The policy-retention rate should also remain around current levels. Moreover, our expectations for stronger economic growth in the next year will likely help investment income to steadily increase.																										
However, although there should be adequate reserve coverage, greater losses incurred would lead to deterioration in the combined ratio.																										
We are optimistic that Selective will perform decently over the 3- to 5-year haul. Premium prices ought to rise at a moderate pace over this timeframe. Nonetheless, we think that underwriting losses, especially in the Personal Lines, will decrease as the division increases profitability, especially in operating environments like the New Jersey automobile market. Given historical trends, though, greater catastrophe losses will probably keep Selective Insurance's loss ratio around current levels.																										
These shares are neutrally ranked for year-ahead price performance. Higher losses and continued weakness in the New Jersey automobile market are the main reasons the price has been under pressure in recent months. Although the stock offers subpar appreciation potential over the pull to 2009-2011, we do believe it has the ability to perform more solidly if the above issues are contained.																										
<i>Randy Shrikishun September 22, 2006</i>																										
(A) Diluted eps. Excludes cap'l gains/losses beginning in 2002: '05, 18¢. Excl. extraord. gain: '93, 9¢; "fresh start" tax benefits: '90, 18¢; '91, 9¢. Excl. nonrec. loss: '93, 40¢. Excl. loss from discontinued ops.: '01, 2¢. Next eps. report due late October. (B) Dividends historically paid in early-March, June, September, December. ■ Div'd reinvestment plan available.										(C) In mill., adj. for stock splits.																
Company's Financial Strength										B+																
Stock's Price Stability										80																
Price Growth Persistence										80																
Earnings Predictability										55																
To subscribe call 1-800-833-0046.																										

SERVICEMASTER NYSE-SVM										RECENT PRICE	11.26	P/E RATIO	17.1	(Trailing: 18.2 Median: 21.0)	RELATIVE P/E RATIO	1.00	DIV'D YLD	4.3%	VALUE LINE																																							
TIMELINESS	3	Raised 3/10/06	High:	9.0	11.8	19.7	25.5	22.2	14.9	14.2	15.5	12.1	13.9	14.3	13.6	Target Price Range																																										
SAFETY	3	New 7/27/90	Low:	6.4	8.6	10.9	16.0	10.1	8.3	9.8	8.9	9.0	10.6	11.7	9.7	2009	2010	2011																																								
TECHNICAL	3	Raised 8/25/06	LEGENDS 9.0 x "Cash Flow" p unit until 12/97 15.0 x "Cash Flow" p unit from 01/98 Relative Price Strength 3-for-2 split 2/92 3-for-2 split 6/93 3-for-2 split 6/96 3-for-2 split 6/97 3-for-2 split 8/98 Options: Yes Shaded area indicates recession 3-for-2																																																							
BETA	85	(1.00 = Market)	2009-11 PROJECTIONS <table border="1"> <tr> <td>Price</td> <td>25</td> <td>Gain</td> <td>(+120%)</td> <td>Ann'l Total Return</td> <td>25%</td> </tr> <tr> <td>High</td> <td>17</td> <td>Low</td> <td>(+50%)</td> <td>Return</td> <td>15%</td> </tr> </table>																Price	25	Gain	(+120%)	Ann'l Total Return	25%	High	17	Low	(+50%)	Return	15%																												
Price	25	Gain	(+120%)	Ann'l Total Return	25%																																																					
High	17	Low	(+50%)	Return	15%																																																					
Insider Decisions			<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>0</td> <td>1</td> <td>0</td> <td>1</td> <td>0</td> <td>4</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>to Sell</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>3</td> <td>0</td> <td>0</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	0	1	0	1	0	4	0	0	0	to Sell	0	0	0	0	1	3	0	0	0
	O	N	D	J	F	M	A	M	J																																																	
to Buy	0	0	0	0	0	0	0	0	0																																																	
Options	0	1	0	1	0	4	0	0	0																																																	
to Sell	0	0	0	0	1	3	0	0	0																																																	
Institutional Decisions			<table border="1"> <tr> <td></td> <td>3Q2005</td> <td>4Q2005</td> <td>1Q2006</td> <td>Percent shares traded</td> <td>4.5</td> </tr> <tr> <td>to Buy</td> <td>109</td> <td>123</td> <td>102</td> <td>3</td> <td></td> </tr> <tr> <td>to Sell</td> <td>97</td> <td>109</td> <td>140</td> <td>1.5</td> <td></td> </tr> <tr> <td>Hld's(000)</td> <td>171278</td> <td>174069</td> <td>185506</td> <td></td> <td></td> </tr> </table>																	3Q2005	4Q2005	1Q2006	Percent shares traded	4.5	to Buy	109	123	102	3		to Sell	97	109	140	1.5		Hld's(000)	171278	174069	185506																		
	3Q2005	4Q2005	1Q2006	Percent shares traded	4.5																																																					
to Buy	109	123	102	3																																																						
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Hld's(000)	171278	174069	185506																																																							

The format on this page has been adjusted to reflect ServiceMaster's change from a master limited partnership (M.L.P.) to a corporation on 12/31/97. The statistical array after 1997 reflects ServiceMaster operating in the corporate form. Prior to 1997, the array reflects the company's status as an limited partnership. Note: Corporate and M.L.P. results are not necessarily comparable.

CAPITAL STRUCTURE as of 6/30/06
 Total Debt \$804.1 mill. Due in 5 Yrs \$390.0 mill.
 LT Debt \$783.9 mill. LT Interest \$55.0 mill.
 (Total interest coverage: 5.7x) (43% of Cap'l)

Leases, Uncapitalized: Annual rentals \$79.0 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 290,852,000 shrs as of 7/28/06

MARKET CAP: \$3.3 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2004	2005	6/30/06
Cash Assets	360.3	219.3	227.8
Receivables	369.0	309.6	444.6
Inventory (FIFO)	66.7	159.7	69.0
Other	182.8	135.1	284.4
Current Assets	978.8	823.7	1025.8
Accts Payable	76.1	75.0	122.7
Debt Due	23.2	19.2	20.2
Other	928.6	861.5	950.0
Current Liab.	1027.9	955.7	1092.9

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-11
Revenues	1.0%	-8.0%	5.0%
"Cash Flow"	.5%	-7.0%	8.0%
Earnings	.5%	-2.5%	9.0%
Dividends	4.5%	4.0%	2.0%
Book Value	8.0%	-2.5%	8.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	712.3	1031.5	1018.3	806.5	3568.6
2004	756.9	1088.7	1053.9	859.1	3758.6
2005	623.8	970.6	925.5	719.6	3239.5
2006	662.4	1024.6	985	778	3450
2007	710	1090	1050	825	3675

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.02	.22	.22	.08	.54
2004	.04	.24	.23	.08	.59
2005	.05	.25	.23	.08	.61
2006	.04	.25	.26	.10	.65
2007	.05	.29	.29	.12	.75

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.10	.10	.105	.105	.41
2003	.105	.105	.105	.105	.42
2004	.105	.105	.11	.11	.43
2005	.11	.11	.11	.11	.44
2006	.11	.11	.12		

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
Revenues per sh	10.79	14.15	15.85	18.55	20.00	11.98	12.03	12.19	12.94	11.14	11.90	12.65	14.85
"Cash Flow" per sh	1.01	1.28	.99	1.18	1.15	.80	.76	.73	.78	.79	.90	.95	1.25
Earnings per sh ^A	.76	.89	.64	.72	.61	.38	.56	.54	.59	.61	.65	.75	1.00
Div'ds Decl'd per sh ^B	.30	.31	.33	.36	.38	.40	.41	.42	.43	.44	.46	.48	.48
Cap'l Spending per sh	.13	.17	.25	.29	.26	.13	.20	.13	.18	.14	.20	.20	.20
Book Value per sh	2.49	1.87	3.21	3.92	3.89	4.06	4.09	2.79	3.41	3.63	3.85	4.15	5.40
Common Shs Outst'g ^C	320.40	279.94	298.03	307.53	298.47	300.53	298.25	292.87	290.52	290.90	290.00	290.00	290.00
Avg Ann'l P/E Ratio	13.4	17.1	32.2	23.3	18.1	30.4	22.2	19.2	20.5	21.5	<i>Bold figures are Value Line estimates</i>		21.0
Relative P/E Ratio	.84	.99	1.67	1.33	1.18	1.56	1.21	1.09	1.08	1.15			1.40
Avg Ann'l Div'd Yield	2.9%	2.1%	1.6%	2.1%	3.4%	3.5%	3.3%	4.1%	3.6%	3.4%			2.3%
Revenues (\$mill)	3458.3	3961.5	4724.1	5703.5	5970.6	3601.4	3589.1	3568.6	3758.6	3239.5	3450	3675	4300
Operating Margin	10.8%	11.0%	10.6%	10.6%	9.6%	12.1%	11.1%	10.4%	10.4%	12.0%	12.5%	13.0%	13.5%
Depreciation (\$mill)	79.0	93.1	104.6	138.4	157.7	126.9	57.9	55.8	55.6	49.8	55.0	60.0	70.0
Net Profit (\$mill)	245.1	264.1	190.0	224.6	185.0	114.5	170.1	158.3	172.2	180.6	200	225	290
Income Tax Rate	2.9%	3.7%	40.4%	41.2%	41.9%	41.4%	35.5%	38.2%	39.2%	38.7%	38.5%	38.5%	38.5%
Net Profit Margin	7.1%	6.7%	4.0%	3.9%	3.1%	3.2%	4.7%	4.4%	4.6%	5.6%	5.8%	6.1%	6.7%
Working Cap'l (\$mill)	73.7	35.9	d83.5	113.4	151.4	336.3	80.1	72.6	d49.1	d132.0	d150.0	d160.0	d175.0
Long-Term Debt (\$mill)	482.3	1247.8	1076.2	1697.6	1756.8	1105.5	804.3	785.5	781.8	638.9	625	625	625
Shr. Equity (\$mill)	796.8	524.4	956.5	1205.7	1161.6	1221.0	1218.7	816.5	991.5	1054.6	1120	1200	1570
Return on Total Cap'l	20.7%	17.1%	11.6%	9.6%	8.4%	7.3%	10.3%	11.9%	11.4%	12.3%	13.0%	13.5%	14.5%
Return on Shr. Equity	30.8%	50.4%	19.9%	18.6%	15.9%	9.4%	14.0%	19.4%	17.4%	17.1%	18.0%	18.5%	18.5%
Retained to Com Eq	12.4%	20.6%	12.0%	9.4%	6.1%	NMF	3.8%	4.1%	4.7%	5.0%	6.0%	7.5%	9.5%
All Div'ds to Net Prof	60%	59%	40%	50%	62%	104%	72%	79%	73%	71%	67%	52%	48%

BUSINESS: ServiceMaster Company is one of the nation's premier outsourcing companies. Through a network of over 5,400 company-owned and franchised centers, it provides a variety of services, such as lawn care, landscaping, termite and pest control, plumbing, drain cleaning, heating and air conditioning maintenance, warranty contracts for homes, and cleaning to residential and commercial

customers in the U.S. and around the world. Off./dir. own 4.0% of common stock; Ariel Capital Mgmt., 10.2%; Capital Research and Management, 13.9% (4/06 Proxy). '05 depreciation rate: 13.7%. Has about 39,000 employees. CEO: J. Patrick Spainhour. Incorporated: DE. Address: 3250 Lacey Road, Downers Grove, IL 60515. Tel.: 630-663-2000. Internet: www.servicemaster.com.

ServiceMaster has a new leader. J. Patrick Spainhour, who was serving as interim CEO following the departure of Jon Ward in May, has taken over the role permanently. Importantly, we don't expect the company to deviate from the goals laid out by Mr. Ward, namely an increased focus on growing the business. The difference, in our view, is that Mr. Spainhour will speed up the pace of change.

Getting the company back on track won't be easy. Business at ServiceMaster's various operating units has been lackluster for awhile. The problem appears to be marketing. Specifically, the implementation of federal and state "do-not-call lists" has severely hampered the company's sales efforts. This is especially troublesome for TruGreen-ChemLawn and TruGreen-LandCare, the divisions that provide lawn maintenance and landscaping services to residential and commercial customers, respectively. Indeed, they've encountered difficulty recruiting and retaining customers. Salesforce productivity is also an issue at Terminex, the termite and pest control operation. Over the years, the company has implemented

numerous cross-selling, service-quality, and employee satisfaction initiatives. Yet, none have made much of an impact on sales. That said, Mr. Spainhour will be fine tuning some of ServiceMaster's efforts, which continue to focus on increasing sales production, maintaining pricing discipline, controlling costs, and improving customer service.

We remain cautious. In addition to the abovementioned difficulties, ServiceMaster will have to contend with some macro headwinds. Rising interest rates and high gas prices will put a damper on consumer spending. Too, the housing market is softening, which will lead to lower demand for the company's residential services.

Meanwhile, ServiceMaster continues to return capital to shareholders. It recently raised the annual dividend to \$0.48 a share. The company indicated that share repurchases are likely as well.

This neutrally ranked stock offers good total-return potential to 2009-2011. But it is only suitable for venture-some accounts given the uncertainty of future growth.

Deborah Y. Fung September 8, 2006

(A) Diluted eps beg. in '97. Excl. nonrecurring gains (losses): '97, 33c; '99, 17c; '00, (4c); '01, (93c); '02, (3c); '03, (\$1.30); '04, 49c. Gains from discontinued operations: '01, \$1.06; '04, 2c; '05, 6c; '06, 1c. Next eps rpt. late October.	(B) Div'ds. paid late Feb., May, Aug., & Nov.	(C) Div'd reinvestment plan available.	(D) Heavy vertical line distinguishes SVM's change from a MLP to corporate form.	Company's Financial Strength	B+
				Stock's Price Stability	85
				Price Growth Persistence	15
				Earnings Predictability	70

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SIGMA-ALDRICH NDQ-SIAL RECENT PRICE **72.02** P/E RATIO **17.9** (Trailing: 19.0 Median: 20.0) RELATIVE P/E RATIO **1.05** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS 3 Lowered 2/24/06	High: 25.9 32.1 41.1 42.8 35.3 40.9 51.5 52.8 57.9 61.6 67.1 73.6	Target Price Range 2009 2010 2011																																								
SAFETY 2 Raised 6/22/01	Low: 16.3 23.8 26.9 25.8 24.5 20.2 36.3 38.2 40.9 53.2 55.3 62.5																																									
TECHNICAL 3 Raised 6/30/06	LEGENDS 16.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 1/97 Options: Yes Shaded area indicates recession																																									
BETA .85 (1.00 = Market)																																										
2009-11 PROJECTIONS																																										
Price	Gain	Ann'l Total Return																																								
High 105	(+45%)	11%																																								
Low 75	(+5%)	3%																																								
Insider Decisions																																										
<table border="1"> <tr><th></th><th>O</th><th>N</th><th>D</th><th>J</th><th>F</th><th>M</th><th>A</th><th>M</th><th>J</th></tr> <tr><td>to Buy</td><td>0</td><td>1</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>3</td><td>7</td><td>0</td><td>0</td><td>4</td><td>2</td><td>0</td><td>4</td><td>0</td></tr> <tr><td>to Sell</td><td>5</td><td>4</td><td>0</td><td>0</td><td>7</td><td>2</td><td>0</td><td>3</td><td>0</td></tr> </table>				O	N	D	J	F	M	A	M	J	to Buy	0	1	0	0	0	0	0	0	0	Options	3	7	0	0	4	2	0	4	0	to Sell	5	4	0	0	7	2	0	3	0
	O	N	D	J	F	M	A	M	J																																	
to Buy	0	1	0	0	0	0	0	0	0																																	
Options	3	7	0	0	4	2	0	4	0																																	
to Sell	5	4	0	0	7	2	0	3	0																																	
Institutional Decisions																																										
<table border="1"> <tr><th></th><th>4Q2005</th><th>1Q2006</th><th>2Q2006</th></tr> <tr><td>to Buy</td><td>164</td><td>138</td><td>141</td></tr> <tr><td>to Sell</td><td>153</td><td>161</td><td>173</td></tr> <tr><td>Hlds(000)</td><td>53197</td><td>52510</td><td>53247</td></tr> </table>				4Q2005	1Q2006	2Q2006	to Buy	164	138	141	to Sell	153	161	173	Hlds(000)	53197	52510	53247																								
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1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
5.33	5.92	6.57	7.42	8.54	9.62	10.34	11.23	11.87	10.29	11.12	16.15	16.97	18.25	20.50	24.43	26.35	28.35	Sales per sh ^A	34.95
.96	1.07	1.25	1.40	1.47	1.73	1.93	2.13	2.27	2.14	2.10	2.90	2.77	3.69	4.46	5.11	5.35	5.60	"Cash Flow" per sh	6.50
.72	.80	.96	1.08	1.11	1.32	1.48	1.66	1.65	1.47	1.66	1.87	1.78	2.68	3.34	3.76	3.95	4.15	Earnings per sh ^B	5.00
.11	.12	.13	.15	.17	.19	.23	.26	.28	.29	.31	.33	.34	.43	.51	.76	.84	.90	Div'ds Decl'd per sh ^C	1.04
.33	.26	.31	.75	.73	.60	.94	1.08	1.30	.91	.70	1.50	.85	.76	1.02	1.35	1.05	1.10	Cap'l Spending per sh	1.20
3.71	4.43	5.14	5.93	7.02	8.27	9.42	10.56	12.09	12.48	8.72	11.09	12.40	14.05	17.63	18.08	20.00	21.65	Book Value per sh	27.10
99.32	99.49	99.55	99.61	99.66	99.75	100.04	100.38	100.62	100.91	98.57	73.01	71.12	71.14	68.73	68.20	67.00	67.00	Common Shs Outst'g ^D	66.00
20.6	24.8	25.8	22.9	18.5	16.8	18.9	19.9	20.9	20.9	18.7	23.2	26.5	19.1	17.1	16.4	16.4	16.4	Avg Ann'l P/E Ratio	18.0
1.53	1.58	1.56	1.35	1.21	1.12	1.18	1.15	1.09	1.19	1.22	1.19	1.45	1.09	.90	.88	.88	.88	Relative P/E Ratio	1.20
.7%	.6%	.5%	.6%	.8%	.9%	.8%	.8%	.8%	.9%	1.0%	.8%	.7%	.8%	.8%	.9%	1.2%	1.2%	Avg Ann'l Div'd Yield	1.2%

CAPITAL STRUCTURE as of 6/30/06	1034.6	1127.1	1194.3	1037.9	1096.3	1179.4	1207.0	1298.1	1409.2	1666.5	1765	1900	Sales (\$mill) ^A	2305	
Total Debt \$590.3 mill. Due in 5 Yrs \$334.7 mill.	26.7%	26.8%	25.6%	26.1%	25.3%	24.5%	26.8%	27.8%	28.2%	26.9%	26.5%	24.0%	Operating Margin	22.0%	
LT Debt \$255.6 mill. LT Interest \$21.5 mill. (16% of Cap'l)	45.2	48.1	61.8	66.9	67.6	71.4	66.3	69.3	73.4	90.1	95.0	100	Depreciation (\$mill)	100	
No Defined Benefit Pension Plan	147.9	166.1	166.3	148.6	139.1	140.7	130.7	193.1	232.9	258.3	265	280	Net Profit (\$mill)	330	
Leases, Uncapitalized Annual rentals \$12.9 mill.	35.6%	34.3%	31.4%	27.1%	31.5%	30.2%	52.0%	29.2%	25.3%	24.8%	29.0%	30.0%	Income Tax Rate	27.0%	
Pfd Stock None	14.3%	14.7%	13.9%	14.3%	12.7%	11.9%	10.8%	14.9%	16.5%	15.5%	15.0%	14.6%	Net Profit Margin	14.3%	
Common Stock 67,593,294 shs. as of 7/21/06	556.3	587.2	630.3	669.0	378.3	329.7	429.2	557.6	662.5	489.5	500	500	Working Cap'l (\$mill)	650	
MARKET CAP: \$4.9 billion (Mid Cap)	3.8	.6	.4	.2	100.8	177.7	176.8	176.3	177.1	283.2	250	280	Long-Term Debt (\$mill)	300	
CURRENT POSITION	942.3	1060.3	1216.4	1259.4	859.3	809.7	882.2	999.3	1211.7	1233.4	1340	1450	Shr. Equity (\$mill)	1790	
Cash Assets	169.2	98.6	165.9											Return on Total Cap'l	16.0%
Receivables	190.0	207.2	256.6											Return on Shr. Equity	18.5%
Inventory (LIFO)	446.8	550.4	585.6											Retained to Com Eq	15.0%
Other	87.4	94.0	96.3											All Div'ds to Net Prof	21%
Current Assets	893.4	950.2	1104.4												
Accts Payable	86.7	83.8	91.3												
Debt Due	9.0	218.0	334.7												
Other	135.2	158.9	172.8												
Current Liab.	230.9	460.7	598.8												

BUSINESS: Sigma-Aldrich Corp. develops, manufactures, and distributes a wide range of biochemicals, organic chemicals, chromatography products and diagnostic reagents. The company distributes more than 90,000 products in over 160 countries. These products are used in research and development in universities, in the chemical industry, in the diagnosis of disease, and as specialty chemicals for manufacturing processes. Foreign sales about 57% of '05 rev. Has about 7,230 employees. Offs. and dirs. own less than 1% of shares; AMVESCAP PLC, 10.2%; State Farm Mutual Fund, 10.5%; (3/06 proxy). Chairman: David Harvey; Pres. & CEO: Jai Nagarkatti. Inc.: DE. Address: 3050 Spruce St., St. Louis, MO 63103. Tel.: 314-771-5765. Internet: www.sigma-aldrich.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 to '09-'11					
of change (per sh)	9.5%	13.5%	9.0%	9.0%	
Sales	11.0%	15.5%	6.5%	6.5%	
"Cash Flow"	11.0%	15.5%	7.5%	7.5%	
Earnings	13.0%	14.0%	10.5%	10.5%	
Dividends	9.0%	8.5%			
Book Value					
Cal-endar	QUARTERLY SALES (\$mill.)^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	334.6	327.1	314.2	322.2	1298.1
2004	368.1	348.6	340.6	351.9	1409.2
2005	399.8	444.0	412.2	410.5	1666.5
2006	443.1	448.5	435	438.4	1765
2007	470	480	480	470	1900
Cal-endar	EARNINGS PER SHARE^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.67	.68	.66	.67	2.68
2004	.89	.85	.81	.79	3.34
2005	1.07	.91	.94	.84	3.76
2006	.98	1.04	.97	.96	3.95
2007	1.05	1.05	1.05	1.00	4.15
Cal-endar	QUARTERLY DIVIDENDS PAID^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.17	.0850	.0850	--	.34
2003	.18	.0880	.16	--	.43
2004	.17	.17	.17	--	.51
2005	.19	.19	.19	.19	.76
2006	.21	.21	.21		

(A) Incl. the acquisitions of the Supelco chromatography division of Rohm and Haas from 5/93; and Circle AW Products Company from 6/93. **(B)** Basic earnings until end of '97, diluted thereafter. Excludes loss from discontinued operations: '02, \$0.76. Next earnings report due early October. **(C)** Dividends historically paid in mid-March, June, September and December. **(D)** In millions, adjusted for stock splits.

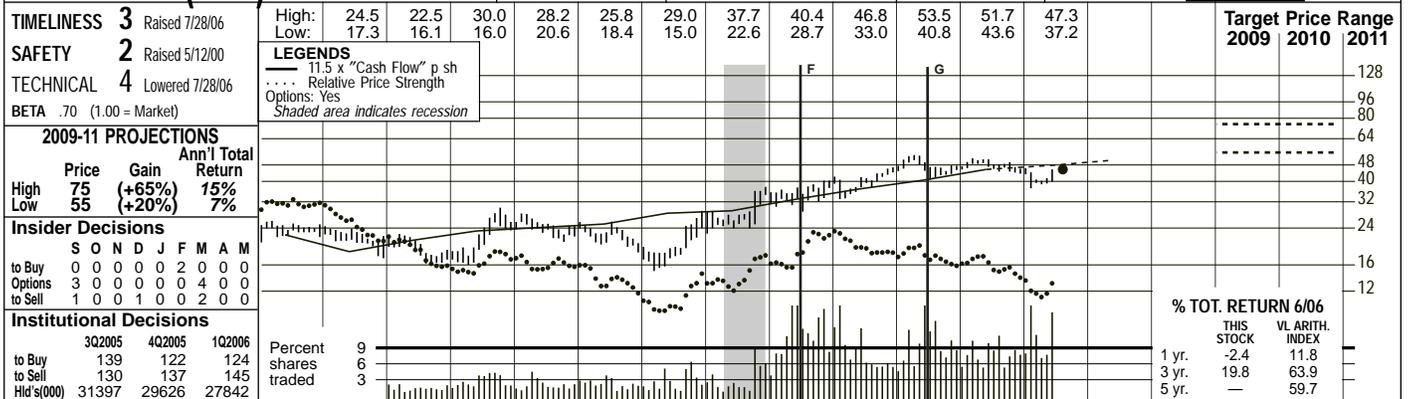
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Sigma is rolling some of this debt over to fixed rates. **This good-quality stock is best suited to patient, conservative investors looking for modest but well defined returns over time.** Investors should note that the float is extremely slim—less than 1% of the shares outstanding are available to the individual retail investor. The vast majority (98%) is owned by large institutional investors. And given that this is the type of equity that doesn't need to be watched closely on a daily basis (Stock Price Stability rating of 90), it is best suited to a portfolio with a long-term perspective. Moreover, the dividend is safe and growing and is a pleasant supplement to modest long-term stock-price growth. **Our long-term share-earnings growth projection is only on a par with the sales growth rate.** This is because R&D costs required to boost sales at the core Scientific Research division, and the higher SG&A expense needed to increase the salesforce as it penetrates the Chinese and Indian markets, will likely keep margins under some pressure. *Jeremy J. Butler* September 15, 2006

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SMUCKER (J.M.) CO. NYSE-SJM

RECENT PRICE **45.63** P/E RATIO **16.2** (Trailing: 17.2; Median: 18.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **2.5%** 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
Price	15.40	16.37	16.83	17.57	21.54	18.12	18.77	19.40	20.66	22.33	26.73	27.63	26.36	28.24	34.91	37.84	39.90	42.55	Sales per sh ^A	51.85
Gain	1.47	1.59	1.73	1.66	1.94	1.61	1.83	2.02	2.10	2.18	2.46	2.52	2.86	3.20	3.52	3.97	4.15	4.40	"Cash Flow" per sh	5.75
Return	1.08	1.16	1.27	1.13	1.25	1.02	1.06	1.25	1.29	1.26	1.28	1.37	2.19	2.40	2.60	2.65	2.80	3.00	Earnings per sh ^{A,B}	4.10
Options	.35	.37	.41	.47	.51	.52	.52	.53	.57	.59	.63	.64	.83	.92	1.02	1.08	1.12	1.16	Div's Decl'd per sh ^C	1.30
to Buy	.59	.59	.72	.64	.65	.88	.54	1.00	1.33	1.14	1.21	.94	1.00	2.00	1.50	1.11	1.15	1.25	Cap'l Spending per sh	1.55
to Sell	6.44	7.18	7.55	8.05	8.85	9.47	10.10	10.37	11.12	11.07	10.14	11.26	22.59	24.13	28.88	30.34	31.75	33.30	Book Value per sh ^D	40.60
Hld's(000)	29.54	29.54	29.20	29.11	29.16	29.17	28.91	29.14	29.16	28.33	24.36	24.87	49.77	50.17	58.54	56.95	56.00	55.00	Common Shs Outst'g ^E	54.00
to Buy	19.1	25.6	21.9	20.8	18.5	20.4	17.0	19.4	18.1	16.2	17.7	22.4	16.5	18.4	18.1	17.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.0
to Sell	1.42	1.64	1.33	1.23	1.21	1.37	1.06	1.12	.94	.92	1.15	1.15	.90	1.05	.96	.91			Relative P/E Ratio	1.05
Hld's(000)	1.7%	1.2%	1.5%	2.0%	2.2%	2.5%	2.9%	2.2%	2.4%	2.9%	2.8%	2.1%	2.3%	2.1%	2.2%	2.4%			Avg Ann'l Div'd Yield	2.0%

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
Total Debt	542.6	565.5	602.5	632.5	651.2	687.1	1311.7	1417.0	2043.9	2154.7	2235	2340	Sales (\$mill) ^A	2800						
LT Debt	13.8%	14.1%	13.7%	12.9%	12.8%	12.9%	16.3%	16.1%	15.0%	15.1%	15.2%	15.2%	Operating Margin	16.0%						
Leases	21.8	22.5	23.4	26.2	26.9	28.6	37.8	39.9	56.0	71.1	73.0	75.0	Depreciation (\$mill)	88.0						
Pension Assets	30.9	36.3	37.8	35.6	33.0	34.1	104.4	120.9	150.1	155.0	160	168	Net Profit (\$mill)	220						
Common Stock	41.8%	40.2%	38.7%	36.4%	32.8%	38.3%	37.5%	35.8%	35.7%	35.7%	35.0%	35.5%	Income Tax Rate	35.0%						
MARKET CAP	5.7%	6.4%	6.3%	5.6%	5.1%	5.0%	8.0%	8.5%	7.3%	7.2%	7.2%	7.2%	Net Profit Margin	7.9%						
CURRENT POSITION	106.5	116.6	98.5	160.9	162.0	199.4	299.4	250.4	247.6	336.1	375	400	Working Cap'l (\$mill)	500						
2003	--	--	--	75.0	135.0	135.0	135.0	135.0	431.6	428.6	430	450	Long-Term Debt (\$mill)	525						
2004	291.9	302.2	324.3	313.5	247.1	280.1	1124.2	1210.7	1690.8	1728.1	1780	1835	Shr. Equity (\$mill)	2195						
2005	10.9%	12.0%	11.6%	9.5%	9.6%	9.3%	8.6%	9.2%	7.6%	7.7%	8.0%	8.0%	Return on Total Cap'l	8.5%						
2006	10.6%	12.0%	11.6%	11.4%	13.4%	12.2%	9.3%	10.0%	8.9%	9.0%	9.0%	9.0%	Return on Shr. Equity	10.0%						
2007	5.4%	7.0%	6.6%	5.9%	6.6%	6.6%	6.3%	6.2%	5.6%	5.3%	5.5%	5.5%	Retained to Com Eq	7.0%						
2008	49%	42%	43%	48%	51%	46%	32%	38%	37%	40%	40%	39%	All Div'ds to Net Prof	32%						

Year	2003	2004	4/30/06
Cash Assets	121.7	75.8	86.8
Receivables	102.7	145.7	148.0
Inventory (LIFO)	189.0	284.5	297.6
Other	11.9	49.9	39.1
Current Assets	425.3	555.9	571.5
Accts Payable	66.3	105.3	89.0
Debt Due	--	50.4	28.6
Other	108.6	152.6	117.8
Current Liab.	174.9	308.3	235.4

Year	Past 10 Yrs	Past 5 Yrs	Est'd '03-'05 to '09-'11
Sales	6.0%	7.5%	7.5%
"Cash Flow"	7.5%	9.5%	8.5%
Earnings	8.5%	15.0%	8.0%
Dividends	7.0%	11.0%	4.5%
Book Value	12.0%	21.0%	6.5%

Fiscal Year Begins	Jul.31	Oct.31	Jan.31	Apr.30	Full Fiscal Year
2003	350.3	386.0	355.3	325.4	1417.0
2004	413.3	588.9	550.2	491.5	2043.9
2005	510.3	606.3	536.5	501.6	2154.7
2006	530	630	555	520	2235
2007	555	660	580	545	2340

Fiscal Year Begins	Jul.31	Oct.31	Jan.31	Apr.30	Full Fiscal Year
2003	.55	.68	.65	.52	2.40
2004	.57	.75	.70	.58	2.60
2005	.56	.79	.62	.68	2.65
2006	.58	.88	.68	.66	2.80
2007	.62	.95	.73	.70	3.00

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.16	.16	.20	.20	.72
2003	.20	.23	.23	.23	.89
2004	.23	.25	.25	.25	.98
2005	.25	.27	.27	.27	1.06
2006	.27	.28			

BUSINESS: The J.M. Smucker Co. is the leading maker of jams, jellies, and peanut butter in the U.S. Also produces cooking oils, ice-cream toppings, and juices. In addition to the Smucker's brand, the company markets products under numerous other brands including Jif, Crisco, Pillsbury, Dickinson's, Uncrustables, Laura Scudder's, Adams, IXL, Double Fruit, Knudsen, Hungry Jack, and

J.M. Smucker has performed admirably in less-than-ideal operating conditions. The company has done a good job of managing rising costs, particularly for energy and ingredients. A solid performance from its traditional fruit spread lines and the Jif peanut butter brand helped support recent earnings growth. Strength in the traditional businesses has offset struggles at the International Multifoods (IMC) unit, with Smucker holding margins steady during a tough stretch. Based on these factors, we have added a dime to our fiscal 2006 share-earnings estimate, which now stands at \$2.80.

The company has its hands full with the struggling IMC business. Since its addition to SJM's portfolio in June, 2004, the unit has performed poorly. The lack of significant high-growth products remains a main concern there, as the segment's anemic results have been compounded by rising operating costs. The baking oils category, led by the Crisco line, has not performed well either. The business has been hurt by a highly competitive marketplace and elevated raw material costs. Although Smucker typically attempts to

hedge commodity-based costs through the fall baking season, expenditures will likely run higher in fiscal 2006, especially for fuel and sugar. Accordingly, we are leaving our fiscal 2007 earnings forecast at \$3.00 a share.

We believe that Smucker's long-term sales growth target of 8% is a bit aggressive, given the struggles at the baking and oils segments. Too, the Uncrustables (frozen peanut butter and jelly sandwich) line is yet to turn a profit. The company, though, expects big things from this product once operational issues are rectified. Moreover, half of the annual growth management expects is to come via acquisitions, which tends to lead to some volatility at the bottom line. **This issue does not stand out for the year-ahead period.** Lackluster top-line projections and the likelihood of higher operating (i.e., fuel and ingredient) costs in the months ahead bear watching. This good-quality stock, however, does offer an attractive dividend yield for income-oriented investors. Smucker has raised its quarterly payout to \$0.28 a share.

William G. Ferguson August 4, 2006

(A) FY ends April 30th of the following calendar year. (B) Beginning in '97; dil. earnings. Excl. nonrecur. gain/(loss): '92, (15¢); '95, (1¢); '97, (10¢); '99, (34¢); '00, (9¢); '01, (13¢); '02, (17¢); '03, (19¢); '04 (34¢); '05, (14¢). Excl. disc. item: '04, (2¢) Next eqs. rpt. due late August. (C) Div'd. paid in early Mar., June, Sept., Dec. ■ Div'd reinvest. plan available.	(D) Incl. intang. At 1/06: \$1422.7 mill., \$24.44/sh. (E) In mill., adjstd. for splts. (F) Acq. P&G's Jif and Crisco units. (G) Acq. Int'l Multifoods.	Company's Financial Strength Stock's Price Stability Price Growth Persistence Earnings Predictability	B++ 85 60 80
--	---	--	-----------------------

SONIC CORP. NDC-SONC		RECENT PRICE 21.99		P/E RATIO 22.2 (Trailing: 25.7; Median: 18.0)		RELATIVE P/E RATIO 1.30		DIV'D YLD Nil		VALUE LINE			
TIMELINESS 3 Lowered 8/12/05	High: 3.2	3.5	4.0	5.1	6.7	8.0	11.2	14.6	14.2	20.7	24.0	23.7	Target Price Range
SAFETY 3 New 9/15/00	Low: 1.7	1.9	1.7	2.1	4.3	4.5	6.4	8.7	8.8	13.4	17.8	18.1	2009 2010 2011
TECHNICAL 2 Raised 7/21/06	LEGENDS --- 13.5 x "Cash Flow" p sh ... Relative Price Strength 3-for-2 split 8/95 3-for-2 split 5/98 3-for-2 split 12/00 3-for-2 split 2/02 3-for-2 split 5/04 3-for-2 split 5/06 Options: Yes Shaded area indicates recession												
BETA .70 (1.00 = Market)	2009-11 PROJECTIONS												
	Price	Gain	Ann'l Total										
	High 30	(+35%)	8%										
	Low 20	(-10%)	-2%										
Insider Decisions													
O N D J F M A M J													
to Buy	0	1	0	0	0	0	0	0	0	0	0	0	
Options	1	1	0	4	2	3	0	0	0	0	0	0	
to Sell	1	2	1	1	5	0	0	1					
Institutional Decisions													
3Q2005 4Q2005 1Q2006													
to Buy	77	77	90										
to Sell	86	80	74										
Hld's(000)	71970	72123	71503										
Percent shares traded													
24 16 8													

Sonic Corp. traces its roots to 1953, when Troy Smith opened his first Top Hat Drive-In, in Shawnee Oklahoma. The company changed its name to Sonic in 1958. Sonic Corp, incorporated in Delaware in 1990, went public in February 1991, raising \$52 million dollars. The lead underwriter was First Boston Corporation. A secondary offering raised \$28 million in September 1995.

CAPITAL STRUCTURE as of 5/31/06
Total Debt \$168.9 mill. Due in 5 Yrs \$98.7 mill.

LT Debt \$162.7 mill. **LT Interest** \$7.5 mill.
(Includes \$38.9 mill. in capital leases)
(LT interest earned: 15.0x; total interest coverage: 15.5x) (31% of Cap'l)
Leases, Uncapitalized: Annual rentals \$11.1 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 85,415,456 shs.
as of 5/31/06
MARKET CAP: \$1.9 billion (Mid Cap)

CURRENT POSITION (\$MILL.)	2004	2005	5/31/06
Cash Assets	8.0	6.4	25.4
Receivables	18.1	18.8	18.2
Inventory (Avg Cst)	3.6	3.8	--
Other	4.9	6.2	11.3
Current Assets	34.6	35.2	54.9
Accts Payable	7.7	14.1	16.8
Debt Due	6.0	6.5	6.2
Other	35.4	44.7	57.9
Current Liab.	49.1	65.3	80.7

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	18.0%	17.0%	10.5%
"Cash Flow"	21.5%	17.0%	11.0%
Earnings	20.5%	19.5%	13.0%
Dividends	--	--	Nil
Book Value	20.0%	18.5%	17.5%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.)^A				Full Fiscal Year
	Nov.Per	Feb.Per	May.Per	Aug.Per	
2003	98.6	90.4	122.6	135.0	446.6
2004	118.7	111.6	145.9	160.2	536.4
2005	142.2	132.6	167.7	180.6	623.1
2006	159.8	148.9	186.5	199.8	695
2007	176	166	206	217	765

Fiscal Year Ends	EARNINGS PER SHARE^{A B}				Full Fiscal Year
	Nov.Per	Feb.Per	May.Per	Aug.Per	
2003	.12	.09	.18	.18	.57
2004	.14	.11	.21	.22	.68
2005	.17	.13	.24	.27	.81
2006	.18	.16	.28	.30	.92
2007	.22	.19	.31	.33	1.05

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

(A) Fiscal year ends August 31st.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
1.48	1.90	2.29	2.74	3.15	3.64	4.48	5.06	6.01	7.00	8.00	8.80	Revenues per sh ^A
.25	.33	.39	.49	.59	.69	.83	.92	1.07	1.25	1.40	1.55	"Cash Flow" per sh
.16	.19	.22	.28	.35	.41	.50	.57	.68	.81	.92	1.05	Earnings per sh ^B
--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh
.40	.50	.70	.49	.39	.68	.57	.62	.65	.97	.85	.85	Cap'l Spending per sh
1.07	1.22	1.38	1.59	1.74	2.21	2.58	3.01	3.75	4.32	5.30	6.20	Book Value per sh
102.27	96.63	95.49	94.07	89.05	90.74	89.42	88.24	89.28	88.97	85.00	85.00	Common Shs Outst'g ^C
17.0	14.7	17.4	17.5	16.4	18.3	22.5	18.4	20.8	25.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio
1.06	.85	.90	1.00	1.07	.94	1.23	1.05	1.10	1.34			Relative P/E Ratio
--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield
151.1	184.0	219.1	257.6	280.1	330.6	400.2	446.6	536.4	623.1	695	765	Total Revenues (\$mill) ^A
27.0%	28.2%	27.7%	29.1%	31.3%	31.4%	31.1%	30.0%	25.8%	25.7%	26.0%	26.0%	Operating Margin
8.9	12.3	14.8	18.5	20.3	23.9	26.1	29.2	32.5	35.8	39.0	42.0	Depreciation (\$mill)
16.9	19.1	22.2	27.4	32.6	39.0	47.7	52.3	63.0	75.4	78.0	89.0	Net Profit (\$mill)
36.9%	37.3%	37.1%	37.2%	37.2%	37.3%	37.2%	37.2%	36.8%	36.3%	37.5%	37.5%	Income Tax Rate
11.1%	10.4%	10.1%	10.6%	11.7%	11.8%	11.9%	11.7%	11.7%	12.1%	11.2%	11.6%	Net Profit Margin
3.5	3.5	d7.3	d7.7	d6.4	d3.4	d12.9	d3.2	d14.5	d30.1	d35.0	d25.0	Working Cap'l (\$mill)
20.9	45.7	68.8	79.6	90.5	121.8	121.2	165.9	116.7	92.2	145	145	Long-Term Debt (\$mill)
109.7	118.2	132.0	149.8	155.3	200.7	230.7	265.4	334.8	384.5	460	550	Shr. Equity (\$mill)
13.4%	12.3%	11.9%	13.0%	14.5%	13.1%	14.5%	12.9%	14.7%	16.4%	13.5%	13.0%	Return on Total Cap'l
15.4%	16.1%	16.8%	18.3%	21.0%	19.4%	20.7%	19.7%	18.8%	19.6%	17.0%	16.0%	Return on Shr. Equity
15.4%	16.1%	16.8%	18.3%	21.0%	19.4%	20.7%	19.7%	18.8%	19.6%	17.0%	16.0%	Retained to Com Eq
--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof

BUSINESS: Sonic Corporation franchises and operates the largest chain of drive-in restaurants in the United States. As of August 31, 2005, there were 3,039 Sonic drive-ins, of which 2,465 were franchised and 574 were company-owned through a limited liability partnership. Sonic offers made-to-order sandwiches, an assortment of frozen and fountain drinks, as well as dessert items. The average

Sonic has between 24 to 36 covered parking spaces and features an intercom speaker system through which orders are placed. Has roughly 330 corporate employees. Officers and directors own 8.1% of common stock (12/05 proxy). Chairman: E. Dean Werries, Inc.: DE. Address: 101 Park Avenue, Oklahoma City, OK 73102. Telephone: 405-280-7654. Internet: www.sonicdrivein.com.

Sonic likely posted a 14% year-to-year share-net gain in fiscal 2006 (year ended August 31st). By the time the restaurant chain reports its fiscal-fourth quarter results, this review will already be in the hands of our subscribers. We look for fourth-quarter share earnings to rise by roughly \$0.03 over that of last year. The company is benefiting from a solid growth strategy of expansion and heavy marketing to support new products, while maintaining a focus on cost restraint. We believe these efforts will enable Sonic to advance earnings at a steady clip in the coming years.

boost volume and operating results. Too, the company continues to boost the top line through strong promotion of new menu items. A wide array of menu options is an effective strategy alone, but the heavy marketing of these items is notably improving the results. We believe that rising brand awareness will be a significant growth factor over the long term. Meanwhile, the chain's expansion is progressing, and management very likely met its goal of 180 openings in fiscal 2006. Moreover, Sonic continues to increase its presence in underdeveloped markets, where growth potential is very strong, such as Richmond, Virginia and Spokane, Washington.

The company's focus on credit business improves its outlook. The ongoing implementation of successful growth tools indicates that Sonic is well positioned to gain market share and boost profits. For example, the company's PAYS technology, which allows customers to pay by credit card at drive-in stations, is cost-efficient and will probably enhance same-store sales by roughly 5% in fiscal 2007. Indeed, the average credit sale tends to be higher than cash transactions, and the speed of service is greatly increased, which should

These shares offer limited long-term investment appeal. Much of the growth we project over the next 3 to 5 years is already reflected in the stock price. In fact, SONC is trading near the bottom end of our 2009-2011 Target Price Range. The company's recently announced share-repurchase program could reduce the stock float and support share net over the next few years.

(A) Fiscal year ends August 31st.	(B) Diluted earnings. Excludes nonrecurring losses: '96, 17c; '98, 6c; '03, 1c. Next earnings report due early Oct.	(C) In millions, adjusted for stock splits.	Company's Financial Strength	B+
			Stock's Price Stability	75
			Price Growth Persistence	100
			Earnings Predictability	100

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SONOCO PRODS. NYSE-SON										RECENT PRICE	P/E RATIO	Trailing: 16.6 (Median: 16.0)	RELATIVE P/E RATIO	DIV'D YLD	2.9%	VALUE LINE			
TIMELINESS	3	Lowered 9/8/06	High: 26.1	28.1	32.3	40.0	30.5	23.5	26.9	29.7	24.9	29.7	30.6	34.8	Target Price Range 2009 2010 2011				
SAFETY	2	Raised 1/25/91	Low: 17.4	22.6	22.6	22.1	20.7	16.6	19.2	19.5	19.3	22.9	25.4	28.8					
TECHNICAL	4	Lowered 10/6/06	LEGENDS — 8.5 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 6/93 10% Div 5/98 Options: No Shaded area indicates recession																
BETA	1.00	(1.00 = Market)																	
2009-11 PROJECTIONS																			
Price		Gain	Ann'l Total																
High	55	(+65%)	Return	15%															
Low	40	(+20%)	7%																
Insider Decisions																			
N D J F M A M J J																			
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Options	3	4	112	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
to Sell	3	3	0	12	0	0	0	0	0	0	0	0	0	0	0	0	0		
Institutional Decisions																			
4Q2005		1Q2006	2Q2006																
to Buy	116	113	99																
to Sell	87	105	115																
Hld's(000)	55309	53831	55427																
Percent shares traded				9															
				6															
				3															
© VALUE LINE PUB., INC. 09-11																			
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11	
16.78	16.99	18.26	19.28	22.91	27.00	28.21	27.02	25.16	25.10	28.54	27.23	29.10	28.45	32.03	35.29	37.25	40.30	Sales per sh	47.40
1.78	1.67	1.91	2.05	2.34	2.82	3.10	3.11	3.19	3.25	3.48	3.21	3.13	2.99	3.26	3.56	3.75	4.10	"Cash Flow" per sh	5.20
1.04	.91	1.09	1.13	1.21	1.49	1.57	1.64	1.72	1.79	1.80	1.55	1.48	1.30	1.59	1.92	2.10	2.30	Earnings per sh ^A	3.10
.40	.40	.42	.46	.48	.53	.59	.64	.70	.75	.79	.80	.83	.84	.87	.91	.95	.98	Div'ds Decl'd per sh ^B	1.20
1.18	.91	1.09	1.14	1.26	1.81	2.35	2.19	1.96	1.34	1.23	1.07	1.28	1.17	1.22	1.29	1.25	1.35	Cap'l Spending per sh	1.45
5.16	5.63	5.58	6.10	6.57	7.45	8.10	8.05	8.08	8.88	8.44	8.40	8.98	10.46	11.70	12.63	13.45	14.60	Book Value per sh ^C	19.20
99.44	99.90	100.65	101.00	100.38	100.23	98.85	105.42	101.68	101.45	95.01	95.71	96.64	96.97	98.50	99.99	99.00	98.00	Common Shs Outst'g ^D	96.00
12.9	16.6	16.8	17.2	15.8	15.0	16.1	16.9	18.2	14.2	11.0	15.4	17.2	17.1	16.1	14.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
.96	1.06	1.02	1.02	1.04	1.00	1.01	.97	.95	.81	.72	.79	.94	.97	.85	.77			Relative P/E Ratio	1.00
3.0%	2.6%	2.3%	2.4%	2.5%	2.4%	2.3%	2.3%	2.3%	2.9%	4.0%	3.4%	3.3%	3.8%	3.4%	3.3%			Avg Ann'l Div'd Yield	2.6%
CAPITAL STRUCTURE as of 6/25/06																			
Total Debt \$777.1 mill. Due in 5 Yrs \$228.1 mill.																			
LT Debt \$674.6 mill. LT Interest \$55.0 mill.																			
(LT interest earned: 6.1x; total interest coverage: 6.0x)																			
(35% of Cap'l)																			
Pension Assets-12/05 \$981.4 million																			
Obligation \$1196.4 million																			
Pfd Stock None																			
Common Stock 99,133,298 shares as of 7/21/06																			
(Options Exercisable 9.4%)																			
MARKET CAP: \$3.3 billion (Mid Cap)																			
CURRENT POSITION																			
		2004	2005	6/25/06															
		(\$MILL.)																	
Cash Assets		117.7	59.6	60.7															
Receivables		390.0	413.2	451.4															
Inventory (FIFO)		315.0	318.3	305.6															
Other		99.4	94.4	89.8															
Current Assets		922.1	885.5	907.5															
Accts Payable		274.2	265.2	304.0															
Debt Due		93.8	124.5	102.5															
Other		271.9	230.8	226.1															
Current Liab.		639.9	620.5	632.6															
ANNUAL RATES																			
Past		Past	Est'd	'03-'05															
of change (per sh)		10 Yrs.	5 Yrs.	to '09-'11															
Sales		3.5%	4.0%	7.0%															
"Cash Flow"		3.0%	-	8.0%															
Earnings		2.5%	-2.0%	11.5%															
Dividends		6.0%	3.0%	5.5%															
Book Value		5.5%	6.0%	8.5%															
QUARTERLY SALES (\$ mill.)^A																			
Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year														
2003	657.0	683.0	688.1	730.2	2758.3														
2004	695.4	763.9	811.1	885.0	3155.4														
2005	814.4	878.2	881.1	954.9	3528.6														
2006	818.8	917.0	940	1014.2	3690														
2007	900	990	1010	1050	3950														
EARNINGS PER SHARE ^A																			
Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year														
2003	.31	.32	.30	.37	1.30														
2004	.33	.39	.44	.43	1.59														
2005	.40	.45	.48	.58	1.92														
2006	.46	.51	.55	.58	2.10														
2007	.50	.56	.60	.64	2.30														
QUARTERLY DIVIDENDS PAID ^B																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2002	.20	.21	.21	.21	.83														
2003	.21	.21	.21	.21	.84														
2004	.21	.22	.22	.22	.87														
2005	.22	.23	.23	.23	.91														
2006	.23	.24	.24																
Business: Sonoco Products Co. is a leading producer of paper-based tubes and cores, flexible packaging, rigid plastic containers, cylinder paperboard, composite cans, protective partitions, wire and cable reels, and point-of-purchase displays. Major markets: paper, textile, and consumer-goods industries. Total facilities at end of 2005: 317 in 35 countries. Acquired Engraph Inc., 10/93; Graphic's flexible packaging unit, 9/99; CorrFlex, 5/04. Foreign sales: 35% of 2005 total, 20% of pretax income. 2005 depreciation rate: 6.4%. Has 17,600 employees. Officers and directors own 5.3% of common; Atlantic Invst. Mgmt., 6.1% (3/06 proxy). Chairman and CEO: Harris E. DeLoach, Inc.: SC. Address: North 2nd Street, Hartsville, SC 29550. Telephone: 843-383-7000. Internet: www.sonoco.com.																			
Sonoco has displayed some impressive product price/cost management skills. Despite inflationary pressures in material, freight, energy, and labor costs, margins improved, year to year, in the June quarter. Higher selling prices for packaging, tubes and cores, and reels were key, as were productivity gains virtually across the board. The cost of fiber has trended higher recently, but Sonoco announced price increases for recycled paperboard in early July and paper-based tubes and cores in late July and mid-September. We've raised both our 2006 and 2007 share-net estimates by 5%, to \$2.10 and \$2.30, respectively.																			
The performance of the Packaging Services division should improve significantly in the second half of this year. The segment's second-quarter sales declined 4%, to \$107 million, and its profit fell 20%, to \$8.6 million. Comparisons were made very tough, however, due to strong point-of-purchase display and rework activity in the year-earlier period. The business typically picks up in the back half of the year, when comparisons should become much more favorable.																			
The company has acquired its partner's interest in a European tube and core joint venture. We think the purchase price for the 35.5% interest was about \$50 million. The operation had sales of \$330 million in 2005 (consolidated on Sonoco's income statement). We are somewhat concerned about the fragile European economy. But the venture's performance improved nicely in the June quarter, and the acquisition is expected to be slightly accretive to earnings in the December period.																			
The balance sheet remains healthy. Cash from operations totaled \$161 million in the first half of 2006, compared to \$68 million for the same period in 2005, thanks to higher earnings and working capital initiatives. Note that, at the end of the second quarter, inventories were down 11%, year to year, despite a 4.4% increase in sales. We think Sonoco is well positioned for further acquisitions and/or share repurchases and dividend hikes.																			
This neutrally ranked issue has worthwhile, risk-adjusted total-return potential to 2009-2011.																			
Craig Sirois October 6, 2006																			
Company's Financial Strength A																			
Stock's Price Stability 90																			
Price Growth Persistence 35																			
Earnings Predictability 85																			

(A) Periods end on Sun. nearest end of quarter. Diluted eqs., primary prior to '95. Excl. net nonrec. gains (losses): '90, (63c); '91, 5c; '92, (43c); '93, 4c; '97, (\$1.81); '99, 4c; '00, (14c); '01, (59c); '02, (9c); '03, 13c; '04, (6c); '05, (31c), '06, (4c). 2005 quarters don't sum due to rounding. Next earnings report due late Oct. (B) Dividends historically paid mid-Mar., June, Sept., Dec. ■ Div'd reinvest. plan avail. (C) Includes intangibles. In '05: \$646.9 mill., \$6.47/sh. (D) In mill., adjusted for stock splits and dividends.

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SRA INT'L INC. NYSE-SRX RECENT PRICE **25.67** P/E RATIO **22.5** (Trailing: 23.6 Median: NMF) RELATIVE P/E RATIO **1.27** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 3 New 2/24/06
SAFETY 3 New 2/24/06
TECHNICAL 3 Lowered 7/21/06
BETA .75 (1.00 = Market)

LEGENDS
 18.0 x "Cash Flow" p sh
 Relative Price Strength
 2-for-1 split 5/05
 Options: Yes
 Shaded area indicates recession

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+135%)	23%
Low	40	(+55%)	11%

Insider Decisions

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

Institutional Decisions

	3Q2005	4Q2005	1Q2006	Percent shares traded
to Buy	112	93	105	30
to Sell	60	87	65	20
Hld's(000)	35611	36106	41898	10

% TOT. RETURN 7/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-35.0	3.0
3 yr.	38.3	52.3
5 yr.	-	59.2

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC. 09-11
SRA International Inc. (formerly Systems Research and Applications Corp.) was founded in 1978. In May 2002, the company went public through an initial offering of 10 million shares at \$9.00 each, led by Salomon Smith Barney. A secondary offering of 6.05 million shares at \$15.00 each was held in June, 2003 led by Citigroup (adjusted for stock split).	--	--	--	--	--	11.49	8.72	10.55	11.89	16.31	21.05	22.95	Sales per sh ^A 33.85
	--	--	--	--	--	.58	.46	.84	.96	1.31	1.60	1.80	"Cash Flow" per sh 2.95
	--	--	--	--	--	.23	.33	.56	.71	1.02	1.08	1.20	Earnings per sh ^B 2.00
	--	--	--	--	--	--	--	--	--	--	--	Nil	Div'ds Decl'd per sh Nil
	--	--	--	--	--	.39	.13	.22	.23	.40	.28	.32	Cap'l Spending per sh .50
	--	--	--	--	--	1.59	3.85	6.63	6.55	7.94	9.50	10.35	Book Value per sh 15.15
	--	--	--	--	--	27.20	41.42	42.69	51.78	54.05	56.00	58.00	Common Shs Outst'g ^C 62.00
CAPITAL STRUCTURE as of 6/30/06	--	--	--	--	--	--	37.0	23.8	27.3	28.0	30.6	--	Avg Ann'l P/E Ratio 25.0
Total Debt None Due in 5 Yrs None	--	--	--	--	--	--	2.02	1.36	1.44	1.48	1.61	--	Relative P/E Ratio 1.65
	--	--	--	--	--	--	--	--	--	--	--	--	Avg Ann'l Div'd Yield Nil
Leases, Uncapitalized: Annual rentals \$24.8 mill. No Defined Benefit Pension Plan	--	--	--	--	--	312.5	361.2	450.4	615.8	881.8	1179.3	1330	Sales (\$mill) 2100
	--	--	--	--	--	1.9%	7.3%	11.3%	11.7%	11.6%	9.8%	10.5%	Operating Margin 11.5%
Pfd Stock None Pfd Div'd None	--	--	--	--	--	8.4	7.9	9.0	10.5	13.1	18.2	20.0	Depreciation (\$mill) 30.0
	--	--	--	--	--	7.4	11.3	26.6	38.9	57.7	62.5	75.0	Net Profit (\$mill) 140
	--	--	--	--	--	42.2%	45.1%	40.1%	38.4%	37.6%	38.2%	38.5%	Income Tax Rate 38.0%
	--	--	--	--	--	2.4%	3.1%	5.9%	6.3%	6.5%	5.3%	5.6%	Net Profit Margin 6.7%
	--	--	--	--	--	21.8	131.6	219.6	229.8	285.1	299.6	350	Working Cap'l (\$mill) 540
	--	--	--	--	--	2.0	.4	--	--	--	--	Nil	Long-Term Debt (\$mill) Nil
	--	--	--	--	--	43.1	159.4	283.0	339.3	429.1	533.3	600	Shr. Equity (\$mill) 940
	--	--	--	--	--	17.3%	7.2%	9.4%	11.5%	13.5%	11.7%	12.5%	Return on Total Cap'l 15.0%
	--	--	--	--	--	17.1%	7.1%	9.4%	11.5%	13.5%	11.7%	12.5%	Return on Shr. Equity 15.0%
	--	--	--	--	--	17.1%	7.1%	9.4%	11.5%	13.5%	11.7%	12.5%	Retained to Com Eq 15.0%
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof Nil

MARKET CAP: \$1.4 billion (Large Cap)

CURRENT POSITION 2004 2005 6/30/06 (\$MILL.)

Cash Assets	152.4	183.1	183.4
Receivables	164.2	207.0	266.2
Inventory (Avg Cst)	--	--	--
Other	27.5	26.5	28.2
Current Assets	344.1	416.6	477.8
Accts Payable	--	69.6	115.5
Debt Due	--	--	--
Other	114.3	61.9	62.7
Current Liab.	114.3	131.5	178.2

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '03-'05 of change (per sh) to '09-'11

Sales	--	--	17.5%
"Cash Flow"	--	--	19.0%
Earnings	--	--	17.5%
Dividends	--	--	Nil
Book Value	--	--	13.5%

QUARTERLY REVENUES (\$ mill.) ^A

Cal-endar	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Full Year
2003	101.5	105.3	116.4	127.2	450.4
2004	132.0	143.0	160.0	180.8	615.8
2005	203.5	211.2	226.0	241.1	881.8
2006	280.7	305.3	296.1	297.2	1179.3
2007	320	330	340	340	1330

EARNINGS PER SHARE ^{AB}

Cal-endar	Sep. 30	Dec. 31	Mar. 31	Jun. 30	Full Year
2003	.10	.13	.15	.18	.56
2004	.14	.16	.19	.22	.71
2005	.22	.26	.26	.28	1.02
2006	.25	.27	.26	.30	1.08
2007	.28	.30	.30	.32	1.20

QUARTERLY DIVIDENDS PAID

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

NO CASH DIVIDENDS BEING PAID

BUSINESS: SRA International, Inc. provides information technology services and solutions to clients in three major markets: national security, which includes defense and homeland security, civil government, and public health. Service offerings include strategic consulting, system design, development, outsourcing, and operations management. In addition, the company provides business

SRA International's top line will likely make less dramatic advances in the year ahead (year ends June 30th). Although sales increased about 23% during the June quarter, much of the strength was due to the addition of new contracts with government agencies, such as, the Office of Economic Growth, the U.S. Army, and the Department of Justice. In contrast, the company's 'same store' results advanced 9.6% during the fourth quarter, which is less robust. Also, revenue for the June quarter did not increase much compared to the prior quarter's results. All told, we are trimming our revenue estimate for 2007 slightly at this time. **Elsewhere, the company has been successfully hiring new personnel.** The labor market remains challenging for SRA, due to the need for government and military security clearances, as well as demanding technological skill requirements. It has also been challenging for the company to retain personnel, due to a competitive environment. Nonetheless, SRA International has been hiring over 100 employees per month, and has been better utilizing its expanded labor force to meet contractual

solutions for enterprise architecture, disaster recovery, disaster response planning, and environmental strategies. The company has about 4,800 employees. Officers and directors own about 9% of common stock (8/05 Proxy). President and CEO: Renato A. DiPentima, Inc.: DE. Address: 4350 Fair Lakes Court, Fairfax, Virginia. 22033. 703-803-1500. Internet: www.sra.com.

requirements. **The company will probably make some acquisitions in the year ahead.** SRA International finished the June quarter with about \$183 million in cash and no long-term debt. That leaves it well positioned to take advantage of a more attractive acquisition environment. Management may also use some of its funds to repurchase shares. **We continue to expect earnings to advance about 10%-15% annually, on average, for the next few years.** Comparisons in 2006 were difficult, since we began including stock-based compensation expense of \$0.14 annually in our results. Comparisons in 2007 should better reflect the company's progress. We are leaving our earnings estimate for 2007 unchanged. **These shares are ranked 3 (Average) for year-ahead performance.** However, our projections indicate that the stock currently offers attractive appreciation potential for the pull to 2009-2011. The stock's price-to-earnings multiple also is reasonable, given the earnings advances we expect. *Adam Rosner*
August 25, 2006

(A) Fiscal year ends June 30 of the calendar year. (B) Excludes nonrecurring loss: '03, \$0.06. Next earnings report due early Oct. (C) In millions adjusted for split.

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

ST. JOE CO. NYSE-JOE		RECENT PRICE 55.00	P/E RATIO NMF (Trailing: 46.5) (Median: 36.0)	RELATIVE P/E RATIO NMF	DIV'D YLD 1.2%	VALUE LINE												
TIMELINESS 5 Lowered 6/9/06	High: 22.7 23.2 38.5 37.0 28.6 31.4 29.8 33.7 38.6 64.8 85.3 68.4	Low: 17.5 17.9 21.0 18.5 20.1 17.7 20.9 24.3 26.2 35.1 58.5 40.9					Target Price Range 2009 2010 2011											
SAFETY 1 Raised 10/10/03	LEGENDS — 25.0 x "Cash Flow" p sh ... Relative Price Strength 3-for-1 split 1/98 Options: Yes Shaded area indicates recession																	
TECHNICAL 4 Lowered 10/6/06																		
BETA .90 (1.00 = Market)																		
2009-11 PROJECTIONS																		
	Price	Gain	Ann'l Total															
High	75	(+35%)	9%															
Low	60	(+10%)	4%															
Insider Decisions																		
	N	D	J	F	M	A	J											
to Buy	0	0	0	0	0	0	0											
Options to Buy	1	0	0	0	0	0	0											
to Sell	2	1	2	0	0	0	0											
Institutional Decisions																		
	4Q2005	1Q2006	2Q2006															
to Buy	109	117	123															
to Sell	126	104	127															
Hlds(000)	56794	61492	72795															
	Percent shares traded	12	8															
		4																
<table border="1"> <tr> <td></td> <td>1 yr.</td> <td>-31.5</td> <td>7.1</td> </tr> <tr> <td></td> <td>3 yr.</td> <td>55.0</td> <td>49.4</td> </tr> <tr> <td></td> <td>5 yr.</td> <td>94.5</td> <td>70.4</td> </tr> </table>								1 yr.	-31.5	7.1		3 yr.	55.0	49.4		5 yr.	94.5	70.4
	1 yr.	-31.5	7.1															
	3 yr.	55.0	49.4															
	5 yr.	94.5	70.4															

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
6.67	6.36	6.47	6.47	7.50	3.66	4.71	3.78	4.28	8.68	10.50	10.57	8.50	10.00	12.54	12.52	9.45	9.80	Revenues per sh	16.35
1.04	.91	.82	.82	1.14	.63	1.32	.74	.78	1.25	1.75	1.09	2.30	1.41	1.61	2.11	1.40	1.50	"Cash Flow" per sh	2.70
.45	.30	.17	.13	.46	.32	1.00	.39	.35	.67	1.09	.67	1.85	.98	1.11	1.58	.80	.90	Earnings per sh ^A	1.90
.06	.07	.07	.07	.07	.07	.07	.07	.08	.02	.08	.08	.08	.32	.52	.60	.64	.68	Div'ds Decl'd per sh ^B	.80
1.13	1.10	1.32	1.02	.94	.86	.70	.73	1.47	3.26	3.03	2.81	1.59	.09	.13	.27	.30	.35	Cap'l Spending per sh	.40
8.77	9.01	9.11	9.87	10.24	11.11	13.08	9.89	9.63	10.89	6.78	6.52	6.32	6.41	6.53	6.53	6.10	6.30	Book Value per sh ^E	7.75
91.50	91.50	91.50	91.50	91.50	91.50	91.50	91.70	91.70	86.43	83.93	79.51	76.00	76.03	75.89	74.93	74.00	74.00	Common Shs Outst'g ^C	74.00
25.3	36.1	NMF	NMF	40.8	NMF	20.6	NMF	NMF	36.1	22.2	37.8	15.8	31.9	39.9	45.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	35.0
1.88	2.31	NMF	NMF	2.68	NMF	1.29	NMF	NMF	2.06	1.44	1.94	.86	1.82	2.11	2.41			Relative P/E Ratio	2.35
.6%	.6%	.5%	.5%	.4%	.3%	.3%	.2%	.3%	.1%	.3%	.3%	.3%	1.0%	1.2%	.8%			Avg Ann'l Div'd Yield	1.2%

CAPITAL STRUCTURE as of 6/30/06				431.2	346.3	392.2	750.4	880.8	840.3	646.4	760.6	951.5	938.2	690	725	Revenues (\$mill)	1210
Total Debt \$605.3 mill. Due in 5 Yrs \$225.0 mill.				41.0%	24.6%	25.2%	14.9%	24.6%	14.9%	22.5%	23.1%	19.3%	24.3%	22.0%	22.0%	Operating Margin	25.0%
LT Debt \$605.3 mill. LT Interest \$21.2 mill.				28.8	32.5	38.9	49.4	51.8	29.6	23.8	31.5	36.8	38.1	40.0	42.0	Depreciation (\$mill)	55.0
(Total Interest Coverage: 4.9x)				91.9	35.5	32.8	59.0	95.0	56.7	151.1	75.9	85.1	120.2	60.0	65.0	Net Profit (\$mill)	145
				44.0%	42.9%	43.4%	18.0%	35.0%	38.6%	37.0%	35.8%	37.8%	34.5%	37.0%	34.5%	Income Tax Rate	37.0%
				21.3%	10.2%	8.4%	7.9%	10.8%	6.7%	23.4%	10.0%	8.9%	12.8%	8.6%	9.3%	Net Profit Margin	11.8%
				573.7	251.7	73.9	65.9	26.6	d323.2	62.8	59.0	44.4	142.1	110	25.0	Working Cap'l (\$mill)	120
Leases, Uncapitalized: Annual rentals \$5.9 mill.				--	--	10.0	116.0	263.8	104.3	320.9	382.2	399.1	554.4	590	520	Long-Term Debt (\$mill)	635
Pension Assets-12/05 \$249 mill. Oblig. \$161 mill.				1196.9	906.8	883.3	940.9	569.1	518.1	480.1	487.3	495.4	489.0	450	470	Shr. Equity (\$mill) ^E	575
Pfd Stock none				7.7%	3.9%	3.7%	5.6%	11.9%	9.9%	19.5%	9.4%	10.2%	12.2%	6.0%	7.0%	Return on Total Cap'l	12.0%
Common Stock 74,190,195 shs. as of 8/1/06				7.7%	3.9%	3.7%	6.3%	16.7%	10.9%	31.5%	15.6%	17.2%	24.6%	13.5%	14.5%	Return on Shr. Equity	25.0%
MARKET CAP: \$4.1 billion (Mid Cap)				7.2%	NMF	2.7%	6.1%	15.5%	9.6%	30.1%	10.5%	9.1%	15.2%	2.5%	3.5%	Retained to Com Eq	14.5%
CURRENT POSITION				7%	NMF	27%	3%	7%	12%	4%	32%	47%	38%	NMF	NMF	All Div'ds to Net Prof	42%

Cash Assets	94.8	202.6	43.5
Receivables	89.8	58.9	60.2
Inventory (FIFO)	--	--	--
Other	94.1	95.0	97.0
Current Assets	278.7	356.5	200.7
Accts Payable	76.9	75.3	76.1
Debt Due	22.0	--	--
Other	135.4	139.1	163.6
Current Liab.	234.3	214.4	239.7

Cal-endar	QUARTERLY REVENUES (\$mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	150.2	184.5	199.5	226.4	760.6
2004	181.5	232.6	246.1	291.3	951.5
2005	184.7	260.3	235.5	257.7	938.2
2006	167.4	163.6	175	184	690
2007	170	180	180	195	725

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2003	.18	.13	.30	.37	.98
2004	.17	.23	.34	.37	1.11
2005	.20	.49	.43	.46	1.58
2006	.05	.25	.20	.30	.80
2007	.07	.25	.25	.33	.90

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.08	--	--	--	.08
2003	.08	--	.12	.12	.32
2004	.12	.12	.14	.14	.52
2005	.14	.14	.16	.16	.60
2006	.16	.16	.16		

St. Joe is getting out of the homebuilding business. Ten years after shifting its focus away from paper and pulp products, the company is switching gears once again. St. Joe announced in September that it will now operate as a "townbuilder", utilizing partnerships with regional and national homebuilders (such as Beazer Homes, with whom St. Joe recently entered into a long-term relationship) to create entire communities and increase the land's value. In anticipation of the announcement, the three major business segments (Towns & Resorts, Commercial, and St. Joe Land Co.) were merged into one integrated organization in August. The restructuring led to a workforce reduction (whose magnitude was undisclosed) and expected nonrecurring charges of about \$10.7 million, stemming from severance packages and the write-off of some capitalized homebuilding costs. All existing homebuilding contracts and new home warranties will be honored, but no additional building will take place. (Note: St. Joe will continue to be included in our Homebuilding industry, because of its dependence on relationships with other com-

panies in this sector.) **Earnings guidance was slashed considerably.** Owing largely to the real estate slowdown in Florida, the company now expects 2006 earnings to fall between \$0.70 and \$1.05 per share, as compared to the previous range of \$1.40-\$1.85. We have cut our 2006 estimate by \$0.55, to \$0.80 per share, and our 2007 share-net expectation has been trimmed by \$0.65, to \$0.90. **The Federal Aviation Administration (FAA) provided some good news.** In September, it approved the relocation of Panama City-Bay County International Airport to a site in West Bay that is owned by St. Joe. The company hopes that the airport will provide an economic stimulus to the area, increasing the value of the surrounding land that the company owns. **These shares garner our Lowest (5) ranking for Timeliness.** Also, JOE's share price has risen over 20% since our previous review, pushing the stock's P/E multiple to a level that is well above what we consider sustainable. As a result, these high-quality shares offer below-average long-term capital gains potential.
Tom Nikic
October 6, 2006

(A) Diluted earnings. Excl. nonrecurring gains: '05, (\$0.08); '00, \$0.06; '99, \$0.21. Excludes discontinued operations: '05, \$0.08; '04, \$0.06; '99, \$0.53. Excludes gain from conservation land sales; '01, \$0.16. Next egs. report due late Oct.	(D) 54% interest in Florida East Coast Industries spun off 10/00.	Company's Financial Strength	A
(B) Quarterly dividend instituted 8/03.	(E) Includes intangibles. In '05: \$83.1 mill., \$1.11/sh.	Stock's Price Stability	90
(C) In mill., adj. for stock split.		Price Growth Persistence	95
		Earnings Predictability	55

STANLEY WORKS NYSE-SWK										RECENT PRICE	P/E RATIO		Trailing: 15.1 (Median: 17.0)		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range				
										43.54	12.6	15.1	17.0	0.72	2.7%			2009	2010	2011		
TIMELINESS	4	Lowered 2/3/06		High:	26.7	32.8	47.4	57.3	35.0	31.9	47.0	52.0	37.9	49.3	51.8	54.6						
SAFETY	3	New 7/27/90		Low:	17.8	23.6	28.0	23.5	22.0	18.4	28.1	27.3	20.8	36.4	41.5	42.2						
TECHNICAL	3	Raised 6/9/06		LEGENDS — 11.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 6/96 Options: Yes Shaded area indicates recession																		
BETA	.95	(1.00 = Market)		2009-11 PROJECTIONS Price Gain Ann'l Total High 85 (+95%) 20% Low 55 (+25%) 8%																		
Insider Decisions				S O N D J F M A M to Buy 0 Options 0 to Sell 0																		
Institutional Decisions				3Q2005 4Q2005 1Q2006 to Buy 133 141 117 to Sell 133 119 164 Hlds(000) 58794 58142 58078 Percent shares traded 15 10 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		
24.00	21.69	24.40	25.43	28.24	29.57	30.10	30.07	30.74	30.94	32.27	31.00	29.87	32.95	36.84	39.45	50.15	52.15	Sales per sh ^A		58.00		
2.20	1.88	1.94	1.94	2.33	1.58	1.93	2.93	2.45	2.49	3.26	3.36	3.17	3.05	4.14	4.45	4.85	5.70	"Cash Flow" per sh		6.65		
1.27	1.16	1.08	1.03	1.40	.67	1.09	2.11	1.54	1.52	2.22	2.31	2.31	1.90	2.94	3.21	3.45	4.20	Earnings per sh ^B		4.95		
.57	.61	.64	.67	.69	.71	.73	.77	.83	.87	.90	.94	.99	1.04	1.08	1.14	1.18	1.23	Div's Decl'd per sh ^C		1.38		
.95	1.28	.72	.78	.75	.75	.89	.83	.64	.88	.70	.66	.43	.39	.58	.82	.60	.60	Cap'l Spending per sh		.55		
8.46	7.80	7.66	7.62	8.79	8.28	8.79	6.85	7.54	8.27	8.65	9.83	11.33	10.56	14.78	17.35	20.05	23.00	Book Value per sh ^D		33.80		
82.35	90.48	90.88	89.39	88.90	88.76	88.72	88.79	88.77	88.95	85.19	84.66	86.84	81.28	82.62	83.27	81.25	81.50	Common Shs Outst'g ^E		81.00		
12.9	16.0	19.0	20.7	14.4	31.8	26.1	19.5	26.8	18.6	11.7	16.6	17.2	15.1	14.6	14.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio		14.0		
.96	1.02	1.15	1.22	.94	2.13	1.63	1.12	1.39	1.06	.76	.85	.94	.86	.77	.77			Relative P/E Ratio		.95		
3.5%	3.3%	3.1%	3.1%	3.4%	3.4%	2.6%	1.9%	2.0%	3.1%	3.5%	2.4%	2.5%	3.6%	2.5%	2.5%			Avg Ann'l Div'd Yield		2.0%		
CAPITAL STRUCTURE as of 4/1/06				Total Debt \$1222.0 mill. Due in 5 Yrs \$420.0 mill. LT Debt \$821.3 mill. LT Interest \$37.5 mill. (LT interest earned: 6.5x; tot. int. coverage: 4.7x) (38% of Cap'l)																		
Pension Assets-12/05				\$143.4 mill.																		
Pfd Stock				None																		
Common Stock				81,256,580 shs. as of 4/25/06																		
MARKET CAP:				\$3.5 billion (Mid Cap)																		
CURRENT POSITION (\$MILL.)				2004	2005	4/1/06																
Cash Assets				250.0	657.8	704.9																
Receivables				582.0	609.6	282.4																
Inventory (LIFO)				413.4	460.7	548.5																
Other				126.5	97.5	93.9																
Current Assets				1371.9	1825.6	1629.7																
Accts Payable				300.4	327.7	411.0																
Debt Due				102.5	170.2	400.7																
Other				415.9	377.4	464.5																
Current Liab.				818.8	875.3	1276.2																
ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11																
Sales				3.0%	3.0%	8.0%																
"Cash Flow"				7.0%	7.0%	9.5%																
Earnings				10.0%	9.0%	10.5%																
Dividends				4.5%	4.5%	4.0%																
Book Value				6.0%	12.0%	15.5%																
QUARTERLY SALES (\$ mill.)^A				Cal-ender	Mar.	Jun.	Per Sep.	Per Dec.	Per Full Year													
2003				632.2	652.6	665.6	727.7	2678.1														
2004				734.8	753.9	751.8	802.9	3043.4														
2005				796.3	814.7	834.9	839.4	3285.3														
2006				968.7	1030	1035	1041.3	4075														
2007				1035	1065	1070	1080	4250														
EARNINGS PER SHARE^{A,B}				Cal-ender	Mar.	Jun.	Per Sep.	Per Dec.	Per Full Year													
2003				.28	.41	.52	.69	1.90														
2004				.70	.73	.76	.75	2.94														
2005				.78	.78	.90	.75	3.21														
2006				.45	.85	1.10	1.05	3.45														
2007				.95	1.00	1.15	1.10	4.20														
QUARTERLY DIVIDENDS PAID^C				Cal-ender	Mar.31	Jun.30	Sep.30	Dec.31	Full Year													
2002				.24	.24	.255	.255	.99														
2003				.255	.255	.26	.26	1.03														
2004				.26	.26	.28	.28	1.08														
2005				.28	.28	.29	.29	1.14														
2006				.29	.29																	
BUSINESS:				The Stanley Works is a worldwide supplier of tools, hardware, and security systems for professional, industrial, and consumer use. Sold residential entry door business, March 2004; home decor business, December 2004. Acquired Frisco Bay Industries, April 2004; the Security Group, January 2005. International business: 31% of 2005 sales. Depreciation rate in 2005: 7.4%.																		
We expect Stanley Works' sales to increase nearly 25% this year, based mostly on two recent major acquisitions. These additions, Facom Tools and National Hardware, should account for roughly \$625 million-\$650 million of this year's top-line growth. The company has been reshaping its business through acquisitions since 2002. The main shift has been from consumer products into industrial products and security systems. During 2005, Stanley made \$140 million worth of security acquisitions, while Home Depot accounted for only 12% of total sales (21% in 2002).				Has approximately 15,800 employees and 13,123 shareholders. Officers & directors own 1.8% of common stock; Barrow, Hanley, Mewhinney & Strauss, Inc., 12.4% (3/06 proxy). Chairman and Chief Executive Officer: John F. Lundgren. Incorporated: Connecticut. Address: 1000 Stanley Drive, Box 7000, New Britain, CT 06050. Telephone: 860-827-3833. Internet: www.stanleyworks.com.																		
Product rollouts and acquisition-related expenses will likely hamper earnings growth this year. But we expect an advance of over 20% in 2007. The company made two small acquisitions (Automatic Entrances and Allan Brothers) during the first quarter, which should not have a significant impact on 2006 earnings. Stanley's latest bid for Besco (see below) will likely have the same effect. Revenue growth and cost-reduction initiatives are more than offsetting the high expenses for metals and energy. All told, we look for				operating margins to widen in the remainder of 2006 and in 2007. Accordingly, year-to-year earnings comparisons probably turned positive in the June quarter. Stanley Works has made a tender offer to acquire 67% of Besco Pneumatic. The \$42 million cash offer was to remain in effect until July 24th, at which time the pneumatic tools manufacturer (used for compressing air and gases) was expected to terminate its status as a public company. The deal ought to close by July 31st. Management also announced that it has the option to purchase an additional 15% of the shares over the next five years. The deal would lower Stanley's manufacturing costs, since Besco's largest customer is Stanley Fastening Systems. The purchase will likely be nominally profitable this year and add \$0.05-\$0.10 a share in 2007. This issue now holds good 3- to 5-year capital appreciation potential, following a price drop of over 20% since our April report. However, the stock is ranked to underperform the market during the coming year. <i>Eric M. Gottlieb</i>																		

(A) Year ends on Saturday closest to Dec. 31. (B) Based on average shares until '96; diluted thereafter. Nonrecurring gain (loss), excl.: '91, (15c); '93, (10c); '97, (\$2.58); '99, 15c; '01, (50c); '02, (21c); '03, (80c); '04, (8c); '05 2c; '06, (1c). Next earnings report due early Aug. (D) Includes intangibles: As of 4/1/06, \$1492.3 mill., \$18.37/sh. (E) In mill., adj. for stock split. (C) Dividends historically paid in late March, June, September, and December. ■ Div'd rein-vest. plan.

Company's Financial Strength	B++
Stock's Price Stability	75
Price Growth Persistence	45
Earnings Predictability	65

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STEAK N SHAKE NYSE-SNS

RECENT PRICE **16.00** P/E RATIO **15.8** (Trailing: 15.4 Median: 17.0) RELATIVE P/E RATIO **0.92** DIV'D YLD **Nil** VALUE LINE

TIMELINESS 4 Lowered 8/6/04
SAFETY 3 New 6/19/98
TECHNICAL 4 Lowered 8/25/06
BETA .95 (1.00 = Market)

2009-11 PROJECTIONS
Price **35** Gain **(+120%)** Ann'l Total Return **22%**
High **35** Low **25** (+55%) 12%

Insider Decisions
to Buy 0 0 0 0 0 0 0 0 0 0 0 0
Options 1 0 1 0 0 0 0 0 0 0 0 0
to Sell 0 0 0 0 2 0 0 0 0 0 0 0

Institutional Decisions
3Q2005 4Q2005 1Q2006
to Buy 52 56 50
to Sell 38 38 46
Hld's(000) 19552 18708 20324

High: 8.1 10.3 12.3 18.8 19.2 12.0 11.6 15.9 18.4 21.9 22.0 21.1
Low: 4.3 6.3 8.1 11.2 7.6 6.3 6.6 9.7 8.8 16.2 16.4 13.3

LEGENDS
9.5 x "Cash Flow" p sh
Relative Price Strength
10% Div 1/94
10% Div 12/94
10% Div 12/95
10% Div 1/97
5-for-4 split 12/97
5-for-4 split 12/98
10% Div 12/99
Options: Yes
Shaded area indicates recession

Percent shares traded: 15, 10, 5

% TOT. RETURN 7/06
THIS STOCK VL ARITH. INDEX
1 yr. -31.7 3.0
3 yr. -1.5 52.3
5 yr. 65.3 59.2

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002 ^P	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
8.21	8.71	10.12	8.39	9.75	7.41	8.69	9.40	10.78	12.47	14.04	15.90	17.09	18.49	20.14	22.08	22.45	23.80	Revenues per sh ^A	30.15
.74	.63	.77	.69	.79	.66	.82	.94	1.11	1.15	1.33	1.39	1.71	1.79	1.91	2.08	1.95	2.10	"Cash Flow" per sh	2.95
.39	.24	.32	.33	.42	.46	.49	.59	.67	.67	.76	.76	.83	.90	1.00	1.08	1.00	1.10	Earnings per sh ^B	1.95
.06	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
.99	.48	.55	.94	1.24	1.67	1.75	1.83	1.77	2.28	2.52	1.32	1.53	1.13	1.68	2.31	1.55	1.55	Cap'l Spending per sh	1.55
1.74	d.33	.14	.70	1.19	1.66	2.19	3.26	3.98	4.61	5.23	5.89	6.20	6.97	7.98	9.20	9.85	10.80	Book Value per sh	15.55
12.89	13.26	12.46	15.79	16.53	25.65	26.41	28.54	28.99	29.38	29.10	28.17	26.96	27.07	27.49	27.49	28.50	29.00	Common Shs Outst'g ^C	29.00
8.5	6.5	7.3	9.4	9.8	12.5	16.5	16.5	19.3	22.4	12.6	11.0	15.6	13.2	18.1	17.7	15.0	15.0	Avg Ann'l P/E Ratio	15.0
.63	.42	.44	.56	.64	.84	1.03	.95	1.00	1.28	.82	.56	.85	.75	.96	.95	.95	.95	Relative P/E Ratio	1.00
1.9%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 7/5/06
Total Debt \$160.3 mill. Due in 5 Yrs \$82.0 mill.
LT Debt \$152.3 mill. LT Interest \$11.0 mill.
Incl. \$147.2 mill. in capitalized leases.^D
(LT Int coverage: 4.7x; Tot Int coverage: 4.5x)
(35% of Cap'l)

Leases, Uncapitalized Annual rentals \$8.3 mill.
No Defined Benefit Pension Plan
Pfd Stock None
Common Stock 28,128,736 shs. as of 8/1/06

MARKET CAP: \$450 million (Small Cap)

2004	2005	7/5/06	2004	2005	7/5/06	2004	2005	7/5/06	2004	2005	7/5/06	2004	2005	7/5/06	2004	2005	7/5/06	2004	2005	7/5/06					
229.4	268.2	312.6	366.5	408.7	448.0	460.8	500.5	553.7	606.9	640	690	22.5%	13.0%	13.0%	12.5%	13.0%	13.0%	Revenues (\$mill) ^A	875						
14.3%	14.8%	14.7%	12.7%	12.8%	12.0%	15.9%	14.9%	14.0%	13.5%	12.5%	13.0%	37.8%	36.8%	36.3%	35.0%	35.4%	35.7%	35.9%	35.1%	35.0%	34.0%	36.0%	Operating Margin	14.5%	
8.6	10.7	12.6	14.1	16.4	17.5	23.1	24.2	24.7	26.9	28.0	29.0	13.0	16.2	19.7	19.8	22.3	21.8	23.1	24.4	27.7	30.2	28.0	32.0	Depreciation (\$mill)	30.0
37.8%	36.8%	36.3%	35.0%	35.4%	35.7%	35.9%	35.1%	35.0%	32.0%	34.0%	36.0%	5.7%	6.0%	6.3%	5.4%	5.5%	4.9%	5.0%	4.9%	5.0%	5.0%	4.4%	4.6%	Income Tax Rate	36.0%
d22.2	d18.5	.6	d16.5	d22.5	d4.8	d31.7	d22.5	d13.5	d39.1	d60.0	d80.0	d22.2	d18.5	.6	d16.5	d22.5	d4.8	d31.7	d22.5	d13.5	d39.1	d60.0	d80.0	Working Cap'l (\$mill)	d90.0
36.0	34.6	31.2	27.2	40.1	29.7	173.0	161.3	151.7	153.9	155	155	57.8	93.0	115.4	135.5	152.1	165.8	167.1	188.6	219.4	253.0	280	315	Long-Term Debt (\$mill)	155
15.6%	14.1%	14.2%	12.8%	12.1%	11.7%	7.1%	8.5%	9.1%	8.9%	7.5%	8.0%	22.5%	17.4%	17.1%	14.6%	14.7%	13.1%	13.8%	12.9%	12.6%	11.9%	10.0%	10.0%	Return on Total Cap'l	10.0%
22.5%	17.4%	17.1%	14.6%	14.7%	13.1%	13.8%	12.9%	12.6%	11.9%	10.0%	10.0%	22.5%	17.4%	17.1%	14.6%	14.7%	13.1%	13.8%	12.9%	12.6%	11.9%	10.0%	10.0%	Return on Shr. Equity	12.5%
--	--	--	--	--	--	--	--	--	--	Nil	Nil	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Retained to Com Eq	12.5%
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil

BUSINESS: The Steak n Shake Company (formerly Consolidated Products) operates 428 low-priced casual dining restaurants (including 49 franchised) in 20 midwest and SE states (12/05). Units average about 3,800 square feet, and typically are open 24 hours a day, seven days a week. Traditional limited menu including steakburgers, chicken, fries, and shakes (average dinner check is \$6.87). Discontinued specialty restaurants in '00. '05 deprec. rate, 4.3%. Has about 21,500 employees, 13,500 shrllders. of record. Officers/directors own 6.8% of common stock (12/05 Proxy). Chairman: Alan B. Gilman. Pres./CEO: Peter Dunn. Inc.: IN. Addr.: 500 Century Bldg., 36 South Pennsylvania Street, Indianapolis, IN 46204. Tel.: 317-633-4100. Internet: www.steaknshake.com.

Business conditions in the coming quarters may continue to be difficult for Steak n Shake. The full-service chain is generally considered to operate within the casual dining segment. But, since lunch and dinner checks average somewhere between \$6-\$7, it competes on price with the fastfood chains. As such, the customer base can be characterized as more price sensitive. As high gas prices and interest rates become increasingly burdensome, diners will probably further entrench themselves and opt to more often eat at home. We would therefore recommend investors avoid committing here, or any restaurant stock for that matter, for now. SNS shares are ranked to underperform the broader market over the next six to 12 months.

The company is on track to open more locations than last year. Management launched five stores in the third quarter, 25% over the number opened in the year-ago period. We look for 32 restaurants in total — 26 company-owned and six franchises — to be added in fiscal 2006 (year ends September 27th). All told, revenues should rise by a modest 5%, to \$640 million, and 8%, to \$690 million, this fiscal year and next, respectively.

Attempts to lower employee turnover are paying off. An effort to improve morale and the level of proficiency among field leaders has led to a decline in the turnover rate of 129%, versus 220% a few years ago. This puts the chain below the industry average of 143%. We think that the improvement here will generally boost the customer experience and drive guest counts higher, notwithstanding the aforementioned near-term negatives. Training expenses, too, stand to decline as a result.

Margins will likely remain squeezed for now. In addition to a slowing top line in the coming months, the company continues to make investments in order to support the accelerated expansion plan. Reduced food expenses ought to partially offset these negatives. We look for share net to rise by 10%, to \$1.10, in fiscal 2007. **Steak n Shake shares are untimely.** Although the profit outlook over the next 3 to 5 years is generally strong, we think investors should wait until conditions within the restaurant industry improve.

Warren Thorpe
September 8, 2006

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2003	102.5	150.2	121.7	126.1	500.5
2004	114.5	163.8	130.6	144.8	553.7
2005	126.5	186.8	147.9	145.7	606.9
2006	138.7	197.7	150.4	153.2	640
2007	145	210	165	170	690

Fiscal Year Ends	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2003	.13	.25	.26	.26	.90
2004	.17	.29	.27	.27	1.00
2005	.18	.31	.28	.31	1.08
2006	.17	.30	.26	.27	1.00
2007	.17	.31	.29	.33	1.10

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

NO CASH DIVIDENDS BEING PAID

STRIDE RITE NYSE-SRR		RECENT PRICE	P/E RATIO	Trailing P/E	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE												
		12.49	14.7	(17.6 Median: 17.0)	0.85	1.9%													
TIMELINESS	3 Raised 1/21/05	High: 13.3	11.9	15.9	15.8	13.4	8.7	10.0	9.3	12.3	12.3	14.7	15.2	Target Price Range					
SAFETY	3 New 7/27/90	Low: 7.0	6.0	9.9	6.6	5.2	4.8	5.8	6.5	7.3	9.6	10.7	11.9	2009	2010	2011			
TECHNICAL	3 Lowered 7/28/06	LEGENDS — 8.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession													40				
BETA	.80 (1.00 = Market)														32				
2009-11 PROJECTIONS Price Gain Ann'l Total Return High 25 (+100%) 22% Low 16 (+30%) 10%																24			
Insider Decisions S O N D J F M A M to Buy 0 0 0 0 0 0 0 0 0 Options 0 1 7 0 0 0 0 0 2 to Sell 0 1 7 0 0 1 0 0 2																16			
Institutional Decisions 3Q2005 4Q2005 1Q2006 to Buy 58 63 52 to Sell 50 50 63 Hld's(000) 30580 31825 32325																12			
Percent shares traded 18 12 6																8			
% TOT. RETURN 7/06 THIS STOCK VL ARITH. INDEX 1 yr. -7.9 3.0 3 yr. 33.5 52.3 5 yr. 42.6 59.2																4			
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
10.14	11.16	11.51	11.59	10.58	10.02	9.02	10.90	11.63	12.83	13.18	12.64	13.50	13.98	15.55	16.11	19.70	20.85	Sales per sh ^A	25.70
1.18	1.36	1.54	1.32	.57	.25	.25	.63	.67	.86	.90	.85	1.01	.99	1.07	1.03	1.30	1.60	"Cash Flow" per sh	2.15
1.06	1.28	1.42	1.19	.40	.03	.05	.40	.46	.61	.58	.50	.58	.64	.66	.66	.85	1.10	Earnings per sh ^{AB}	1.50
.20	.26	.31	.35	.38	.34	.20	.20	.20	.20	.20	.20	.20	.20	.20	.23	.24	.24	Div'ds Decl'd per sh ^C	.40
.05	.07	.07	.68	.17	.45	.16	.30	.37	.45	.52	.25	.31	.17	.20	.25	.25	.30	Cap'l Spending per sh	.40
3.57	4.67	5.33	6.02	5.91	5.40	5.26	5.12	5.28	5.61	6.00	6.26	6.42	6.81	6.88	7.31	8.05	8.05	Book Value per sh ^D	10.85
50.86	51.48	50.91	50.28	49.52	49.53	49.68	47.32	46.38	44.63	41.59	41.86	39.44	39.34	35.91	36.50	36.00	36.00	Common Shs Outst'g ^E	35.00
11.7	16.9	16.4	14.7	37.0	NMF	NMF	32.1	25.5	15.3	10.7	15.2	13.2	14.6	16.3	19.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.5
.87	1.08	.99	.87	2.43	NMF	NMF	1.85	1.33	.87	.70	.78	.72	.83	.86	1.02			Relative P/E Ratio	.90
1.6%	1.2%	1.3%	2.0%	2.6%	3.0%	2.4%	1.6%	1.7%	2.1%	3.2%	2.6%	2.6%	2.1%	1.9%	1.8%			Avg Ann'l Div'd Yield	2.0%
CAPITAL STRUCTURE as of 6/2/06 Total Debt \$95.0 million Due in 5 Yrs \$60.0 million LT Debt \$68.0 million LT Interest \$4.0 mill. (Total interest coverage: 11.2x) (19% of Cap'l) Leases, Uncapitalized Annual rentals \$19.7 mill.						448.3	515.7	539.4	572.7	548.3	529.1	532.4	550.1	558.3	588.2	710	750	Sales (\$mill) ^A	900
Pension Assets-12/05 \$55.1 mill. Oblig. \$71.4 mill. Pfd Stock None						2.5%	7.9%	8.1%	9.4%	9.2%	8.3%	9.5%	9.5%	9.5%	8.6%	9.3%	9.5%	Operating Margin	10.0%
Common Stock 36,721,456 shs. as of 7/5/06 (Options Exercisable 7.2) MARKET CAP: \$450 million (Small Cap)						9.7	9.8	9.4	10.1	12.3	14.3	15.6	13.5	12.6	13.1	14.5	15.0	Depreciation (\$mill)	18.0
CURRENT POSITION (SMILL.) Cash Assets 90.9 33.1 23.3 Receivables 47.7 63.4 96.6 Inventory (LIFO) 87.8 116.1 123.1 Other 28.8 44.3 29.4 Current Assets 255.2 256.9 271.9 Accts Payable 20.0 24.2 28.1 Debt Due -- -- -- Other 37.7 48.8 39.7 Current Liab. 57.7 73.0 61.2						2.5	19.8	21.7	28.4	25.2	21.2	24.1	25.5	25.7	24.6	32.0	41.0	Net Profit (\$mill)	55.0
ANNUAL RATES Past Past Est'd '03-'05 of change (per sh) 10 Yrs. 5 Yrs. to '09-'11 Sales 3.5% 4.0% 9.0% "Cash Flow" 3.5% 5.0% 13.0% Earnings 2.0% 3.5% 15.0% Dividends -5.0% 1.0% 11.5% Book Value 2.0% 4.5% 7.5%						17.4%	38.0%	36.8%	38.1%	37.2%	29.1%	31.9%	36.7%	37.3%	35.4%	32.0%	38.0%	Income Tax Rate	38.0%
Business: Stride Rite Corp. is a leading marketer of high-quality shoes (primarily for children), boating and recreational shoes (through its <i>Sperry Top-Sider</i> line), and a major marketer and importer of athletic and casual footwear for adults and children through its <i>Keds</i> line. The company develops, produces and sells footwear under license from Tommy Hilfiger. Acquired Saucony						6%	3.8%	4.0%	5.0%	4.6%	4.0%	4.5%	4.6%	4.6%	4.2%	4.5%	5.5%	Net Profit Margin	6.1%
Stride Rite's fiscal 2006 (ends December 1) earnings outlook remains upbeat, even after deducting stock option expenses, on top of integration and inventory adjustment costs for the Saucony acquisition. These items might total about \$0.13 a share. Sales results continue mixed with children's, Sperry Top-Sider, and international performing favorably. This pattern will likely continue in fiscal 2007. Keds and Tommy Hilfiger, though, are expected to post more disappointing numbers through the current yearend.						201.6	176.3	173.5	166.5	158.1	185.3	184.0	206.1	197.5	179.7	215	230	Working Cap'l (\$mill)	300
Tommy Hilfiger's strategy is unknown. This licensed brand was recently acquired by Apax Partners (which has not devised brand-positioning plans). The choice will likely be to go upscale. It appears Tommy's second-half sales decline will be similar to its 41% first-half drop.						--	--	--	--	--	--	--	--	--	60.0	40.0	Long-Term Debt (\$mill)	Nil	
Ked's marketing progress may not be seen before fiscal 2007. The line has been hurt by weakness in the department store, mid-tier, and value retailer markets. The softness resulted from a lack of fresh styles for the mid-tier market, along with lower average selling prices. Additionally, there's excess product available, suggest-						261.5	242.0	244.7	250.5	249.6	262.2	253.0	267.7	246.9	266.7	290	310	Shr. Equity (\$mill)	380
ing lower second-half reorders and higher markdowns. That could lead to another low double-digit sales decline in the final six months. However, the repositioning of the brand from value channels to the higher-priced mid-tier market and to specialty retailers, such as the Finish Line and Journeys, will likely pay off next year. Marketing success is the key to Stride Rite's longer-term prospects. The children's shoe unit aims to improve its position through aspirational advertising (leading to higher prices), and adding new brands and distribution. Keds' strategy also includes aspirational and international targets, and more athletic products. Saucony's performance running shoes can be taken down to the children's market, while also expanded in department and national chain stores. Sperry Top-sider can grow by building up its women's and fall lines. Tommy's main need is to rebuild its men's business. All told, we think Stride Rite will achieve enough success in boosting its image and price points to enable its stock to moderately outleg most equities over the 3- to 5-year haul.						1.0%	8.2%	8.9%	11.4%	10.1%	8.1%	9.5%	9.5%	10.4%	7.6%	10.5%	12.5%	Return on Total Cap'l	14.5%
Jerome H. Kaplan August 11, 2006						1.0%	8.2%	8.9%	11.4%	10.1%	8.1%	9.5%	9.5%	10.4%	9.2%	11.0%	13.0%	Return on Shr. Equity	14.5%
Quarterly Sales (\$mill.) Fiscal Year Ends Feb. Per May Per Aug. Per Nov. Per Full Fiscal Year 2003 152.3 154.3 139.7 103.8 550.1 2004 136.1 165.0 140.4 116.8 558.3 2005 150.6 159.7 146.2 131.7 588.2 2006 183.4 194.0 182.6 150 710 2007 192 210 195 153 750						201.6	176.3	173.5	166.5	158.1	185.3	184.0	206.1	197.5	179.7	215	230	Retained to Com Eq	10.5%
Earnings per Share Fiscal Year Ends Feb. Per May Per Aug. Per Nov. Per Full Fiscal Year 2003 .22 .28 .16 d.02 .64 2004 .19 .30 .16 .01 .66 2005 .22 .32 .21 d.09 .66 2006 .22 .36 .24 .03 .85 2007 .30 .43 .30 .07 1.10						201.6	176.3	173.5	166.5	158.1	185.3	184.0	206.1	197.5	179.7	215	230	All Div'ds to Net Prof	27%
Quarterly Dividends Paid Calendar Mar.31 Jun.30 Sep.30 Dec.31 Full Year 2002 .05 .05 .05 .05 .20 2003 .05 .05 .05 .05 .20 2004 .05 .05 .05 .05 .20 2005 .05 .06 .06 .06 .23 2006 .06 .06						201.6	176.3	173.5	166.5	158.1	185.3	184.0	206.1	197.5	179.7	215	230		

(A) Fiscal year ends Friday closest to Nov. 30th. (B) Dil. Egs. Next egs. report due late Sep't. Excl. net nonrec. gain/(loss): '92, (22¢); '93, (4¢); '95, (20¢); '98, (2¢); '99, (4¢). Excl. loss from disc. operations: '01, 3¢. Earnings may not sum due to change in shares outstanding. (C) Dividend historically paid in March, June, September, and December. (D) Includes intangibles. In '05, \$115.3 mill. (E) In millions.

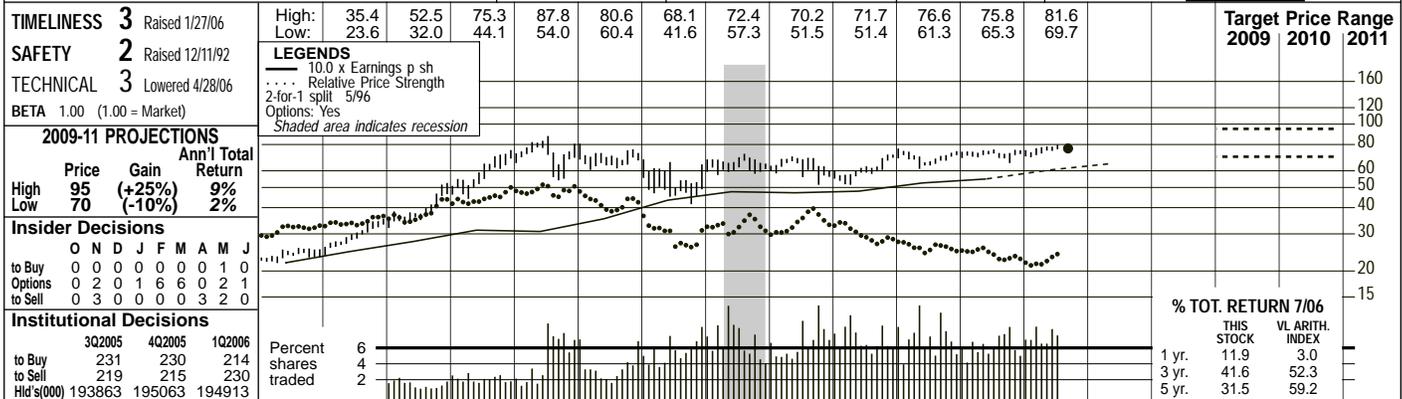
Company's Financial Strength B++
 Stock's Price Stability 60
 Price Growth Persistence 35
 Earnings Predictability 85

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SUNTRUST BANKS NYSE-ST

RECENT PRICE **76.65** P/E RATIO **12.7** (Trailing: 13.1, Median: 14.0) RELATIVE P/E RATIO **0.72** DIV'D YLD **3.4%** 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
Price	1.38	1.45	1.64	1.89	2.19	2.47	2.76	3.13	3.08	3.54	4.35	4.77	4.71	4.79	5.25	5.48	6.05	6.50	Earnings per sh ^A E	8.40
Gain	.43	.47	.52	.58	.66	.74	.83	.93	1.00	1.38	1.48	1.60	1.72	1.80	2.00	2.20	2.44	2.64	Div'ds Decl'd per sh ^B B	3.20
Return	9.09	9.96	10.83	14.74	14.93	18.86	22.66	24.59	25.47	24.73	27.81	28.97	31.04	34.52	44.30	46.65	48.70	50.55	Book Value per sh ^C C	61.30
High	253.57	255.65	249.72	244.94	231.36	226.39	215.33	211.41	321.12	308.35	296.27	288.60	282.50	281.92	360.84	361.98	365.50	368.00	Common Shs Outst'g ^D D	385.00
Low	7.6	10.6	12.0	11.9	10.9	12.0	14.2	18.9	23.5	19.3	12.1	13.5	13.4	12.7	13.1	13.2	13.2	13.2	Avg Ann'l P/E Ratio	10.0
Options to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Relative P/E Ratio	.65
Options to Sell	0	2	0	1	6	6	0	2	1	0	0	0	0	0	0	0	0	0	Avg Ann'l Div'd Yield	3.9%
Institutional Decisions	302005	402005	102006																	
to Buy	231	230	214																	
to Sell	219	215	230																	
Hlds(000)	193863	195063	194913																	

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	
Market Cap	253.57	255.65	249.72	244.94	231.36	226.39	215.33	211.41	321.12	308.35	296.27	288.60	282.50	281.92	360.84	361.98	365.50	368.00	Total Assets (\$mill)	274000	
LT Debt	7.6	10.6	12.0	11.9	10.9	12.0	14.2	18.9	23.5	19.3	12.1	13.5	13.4	12.7	13.1	13.2	13.2	13.2	Loans (\$mill)	178500	
LT Interest	.56	.68	.73	.70	.71	.80	.89	1.09	1.22	1.10	.79	.69	.73	.72	.71	.71	.71	.71	Net Interest Inc (\$mill)	7300	
Pension Assets	4.1%	3.1%	2.6%	2.6%	2.8%	2.5%	2.1%	1.6%	1.4%	2.0%	2.8%	2.5%	2.7%	3.0%	2.9%	3.0%	3.0%	3.0%	Loan Loss Prov'n (\$mill)	450	
Pfd Stock																				Noninterest Inc (\$mill)	5500
Common Stock																				Noninterest Exp (\$mill)	7500
MARKET CAP																				Net Profit (\$mill)	3250
ASSETS (\$Mill.)																				Income Tax Rate	33.0%
Loans	100376	113527	119181																	Return on Total Assets	1.20%
Funds Sold	1596	1314	943																	Long-Term Debt (\$mill)	23500
Securities	31125	29337	29165																	Shr. Equity (\$mill)	23600
Other Earning	16	332	30																	Shr. Eq. to Total Assets	8.5%
Other	25757	35203	31824																	Loans to Tot Assets	65.0%
LIABILITIES (\$Mill.)																				Return on Shr. Equity	14.0%
Deposits	92110	97572	99042																	Retained to Com Eq	8.5%
Funds Borrowed	11405	12312	13125																	All Div'ds to Net Prof	38%
Long-Term Debt	22127	20779	18222																		
Shr. Equity	15987	16887	17424																		
Other	17241	32163	33330																		
Total	158870	179713	181143																		
Loan Loss Resrv.	1050	1028	1062																		

BUSINESS: SunTrust Banks is one of the largest bank holding companies in the Southeast. It was created by the merger of Trust Corp. of Georgia and Sun Banks on 7/1/85. Acquired National Commerce Financial, 10/04; Lighthouse Financial, 6/03; Huntington Bancshares' Florida banking franchise, 2/02; and others. As of 12/31/05, real estate loans were 59% of total loans; commercial, 29%; consumer loans, 12%. As of 12/31/05 net charge-offs to average loans, .18%; allowance to year-end loans, .90%; nonperforming assets to total loans, .30%. Officers and directors own 1.5% of common shares (3/06 proxy). CEO: L. Phillip Humann. Incorporated: GA. Address: 25 Park Place N.E., Atlanta, Georgia 30303. Telephone: 404-588-7711. Internet: www.suntrust.com.

SunTrust Banks continues to perform well, overall. Loan growth is being driven by expansion in the real estate category, with the construction and residential mortgages segments posting the biggest gains thus far in 2006. And noninterest income has been boosted nicely by a strong rise in mortgage-related income and card fees, plus healthy increases in trading account profits, commissions, and investment banking fees. Meanwhile, credit quality remains solid, given that charge-offs and nonperforming loans have been manageable.

But the net interest margin is being constrained by a couple of factors affecting all lenders. For one thing, there has been a shift in the deposit mix towards higher-cost products, like certificates of deposit, spurred by the more competitive yield environment. Furthermore, a flattening yield curve has hurt the spread between incremental earning asset growth and the cost of funding the growth.

Nonetheless, we think 2006 share net will advance roughly 10%, to \$6.05. A continuation of generally favorable business conditions should enable the bottom line to advance another 7%, to \$6.50 a share, next year.

The bank holds promising 3- to 5-year prospects, as well. It has a solid position in a host of markets across the Southeast, one of the fastest-developing regions in the United States. Furthermore, management's strict lending practices kept credit losses fairly under control in the past, and it appears that this trend will persist. Other strengths include a highly skilled sales force and continual product enhancements. In the present corporate configuration, annual share earnings advances may be in the upper-single-digit range over the 2009-2011 horizon.

Income-oriented accounts may find the dividend yield, and the potential for more increases in the payout, moderately appealing. These shares also boast a 2 (Above Average) rank for Safety and an excellent Price Stability rating.

But SunTrust stock is not a standout for relative price action in the year ahead or over the 3- to 5-year timeframe.
Frederick L. Harris, III August 25, 2006

(A) Primary earnings through '96; Basic thereafter. Excludes nonrecurring gains: '99, 64¢; '01, 2¢; '05, 5¢. Quarters for '04 don't add to total due to rounding. Next egs. report due late Oct.

(B) Dividends historically paid in the middle of March, June, Sept., Dec. Div'd reinvestment plan available.

(C) Incl. intangibles: '05: \$7,958.1 mill. or 2¢ per share. (D) In millions, adj. for stock split and dividend. (E) Excludes SEC adj. to increase earnings: '94, 7¢; '95, 9¢; '96, 11¢.

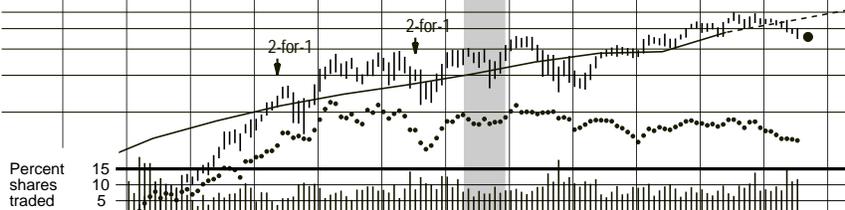
Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	95
Earnings Predictability	95

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TARGET CORP. NYSE-TGT

RECENT PRICE **45.78** P/E RATIO **14.8** (Trailing: 16.4 Median: 21.0) RELATIVE P/E RATIO **0.86** DIV'D YLD **1.0%** VALUE LINE

TIMELINESS 3 Lowered 1/16/04	High: 6.7 10.2 18.5 27.1 38.5 39.2 41.7 46.2 41.8	Target Price Range 2009 2010 2011
SAFETY 3 New 7/27/90	Low: 5.3 5.8 9.0 15.7 25.0 21.6 26.0 24.9 25.6	200 160 100 80 60 50 40 30 20
TECHNICAL 3 Lowered 8/4/06	LEGENDS 11.0 x "Cash Flow" p sh Relative Price Strength 3-for-1 split 7/96 2-for-1 split 5/98 2-for-1 split 7/00 Options: Yes Shaded area indicates recession	
BETA 1.05 (1.00 = Market)		
2009-11 PROJECTIONS		
Price Gain Ann'l Total		
High 105 (+130%) 24%		
Low 70 (+55%) 12%		
Insider Decisions		
S O N D J F M A M		
to Buy 0 0 0 0 0 0 0 0 1		
Options 0 1 0 0 0 0 3 2 0		
to Sell 0 1 0 0 0 0 2 2 0		
Institutional Decisions		
3Q2005 4Q2005 1Q2006		
to Buy 354 383 369		
to Sell 419 428 445		
Hlds(000) 721370 717561 747917		



1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
17.28	18.85	20.93	22.41	24.77	27.23	29.20	31.39	34.70	36.97	41.11	44.07	48.27	52.82	52.59	60.20	68.70	76.95	Revenues per sh ^A	106.30
.88	.80	.95	.99	1.10	1.02	1.37	1.65	1.95	2.22	2.46	2.76	3.15	3.47	3.53	4.37	4.95	5.65	"Cash Flow" per sh	8.05
.45	.31	.40	.40	.46	.32	.59	.82	1.02	1.27	1.38	1.56	1.81	2.01	2.07	2.71	3.10	3.55	Earnings per sh ^B	5.25
.11	.12	.13	.13	.14	.15	.16	.17	.18	.20	.21	.22	.24	.26	.30	.38	.42	.48	Div'ds Decl'd per sh ^C	.70
1.99	2.25	2.59	2.94	3.34	3.64	4.05	4.77	5.71	6.43	7.26	8.68	10.38	12.14	14.63	16.25	18.60	21.10	Book Value per sh	30.75
852.74	854.82	856.61	858.30	860.28	863.58	868.82	875.67	883.62	911.68	897.76	905.16	909.80	911.81	890.64	874.08	860.00	854.00	Common Shs Outst'g ^D	846.00
11.5	18.6	14.2	14.9	13.9	18.6	14.1	17.1	22.2	25.5	22.2	23.3	20.0	18.0	22.2	19.6	19.6	19.6	Avg Ann'l P/E Ratio	17.0
.85	1.19	.86	.88	.91	1.24	.88	.99	1.15	1.45	1.44	1.19	1.09	1.03	1.17	1.05	1.17	1.05	Relative P/E Ratio	1.15
2.2%	2.1%	2.2%	2.3%	2.2%	2.4%	1.9%	1.2%	.8%	.6%	.7%	.6%	.7%	.7%	.7%	.7%	.7%	.7%	Avg Ann'l Div'd Yield	.8%

CAPITAL STRUCTURE as of 4/29/06		25371	27487	30662	33702	36903	39888	43917	48163	46839	52620	59100	65700
Total Debt \$9850 mill.	Due in 5 Yrs \$6500 mill.	26.6%	31.1%	31.2%	31.7%	31.5%	31.7%	33.4%	34.0%	32.9%	34.5%	34.5%	34.0%
LT Debt \$8596 mill.	LT Interest \$480 mill.	9.7%	8.9%	8.9%	9.4%	9.3%	9.6%	10.2%	10.0%	10.4%	10.9%	10.9%	11.0%
Incl. \$100 mill. capitalized leases.	(Total interest coverage: 8.3x)	1101	1130	1182	1243	1307	1381	1475	1553	1308	1397	1505	1620
Leases, Uncapitalized Annual rentals \$163 mill.	(39% of Cap'l)	555.0	775.0	962.0	1185.0	1264.0	1419.0	1654.0	1841.0	1885	2408	2705	3065
No Defined Benefit Pension Plan		39.5%	39.5%	38.2%	38.8%	38.4%	37.8%	38.2%	37.8%	37.8%	37.6%	37.5%	38.0%
Pfd Stock None		2.2%	2.8%	3.1%	3.5%	3.4%	3.6%	3.8%	3.8%	4.0%	4.6%	4.6%	4.7%
Common Stock 863,404,000 shs.		1329.0	1005.0	948.0	633.0	1003.0	2594.0	4412.0	4614.0	5702	4817	4700	5000
MARKET CAP: \$39.5 billion (Large Cap)		4808.0	4425.0	4452.0	4521.0	5634.0	8088.0	10186	10217	9034	9119	8800	9000
		3840.0	4490.0	5335.0	5862.0	6519.0	7860.0	9443.0	11065	13029	14205	16000	18000
		9.0%	10.9%	11.8%	13.1%	12.0%	10.4%	9.9%	10.0%	9.8%	11.4%	12.0%	12.5%
		14.5%	17.3%	18.0%	20.2%	19.4%	18.1%	17.5%	16.6%	14.5%	17.0%	17.0%	17.0%
		11.4%	14.6%	15.5%	16.9%	16.5%	15.5%	15.2%	14.5%	12.4%	14.8%	14.5%	14.5%
		28%	21%	19%	16%	15%	14%	13%	13%	14%	13%	14%	14%

Cash Assets	2245	1648	989
Receivables	5069	5666	5368
Inventory (LIFO)	5384	5838	6030
Other	1224	1253	1169
Current Assets	13922	14405	13556
Accts Payable	5779	6268	5707
Debt Due	504	753	1254
Other	1937	2567	2747
Current Liab.	8220	9588	9708

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05
of change (per sh)			
Sales	8.5%	8.5%	11.5%
"Cash Flow"	13.0%	12.0%	13.5%
Earnings	16.5%	13.5%	15.0%
Dividends	7.0%	8.0%	14.5%
Book Value	15.5%	17.0%	13.5%

Fiscal Year Begins	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2003	10322	10984	11286	15571	48163
2004	10180	10556	10909	15194	46839
2005	11477	11990	12206	16947	52620
2006	12863	13650	13850	18737	59100
2007	14350	15000	15275	21075	65700

Fiscal Year Begins	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	Apr.Per	Jul.Per	Oct.Per	Jan.Per	
2003	.38	.39	.33	.91	2.01
2004	.43	.39	.36	.89	2.07
2005	.55	.61	.49	1.06	2.71
2006	.63	.69	.57	1.21	3.10
2007	.72	.79	.65	1.39	3.55

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2002	.06	.06	.06	.06	.24
2003	.06	.06	.07	.07	.26
2004	.07	.07	.08	.08	.30
2005	.08	.10	.10	.10	.38
2006	.10				

BUSINESS: Target Corp.'s operations as of 1/28/06 consist of 1,397 discount stores, mostly in California (14%), Texas (9%), Florida (7%), and the upper Middle West. Includes 158 SuperTargets, which avg. 177,000 sq. ft. and carry groceries. Sold Marshall Field's department stores (5% of '03 sales) on 7/31/04 and Mervyn's soft goods stores (8% of sales) on 8/28/04. Retail space at 1/28/06: 178

We expect Target's same-store sales increases to remain relatively strong through fiscal 2007 (begins February 4, 2007). This metric was up 4.9% in the first half of this year, following somewhat higher advances in fiscal 2004 and 2005, while Wal-Mart's U.S. comp-store increases have generally been about two percentage points lower than Target's since fiscal 2003. The upscale discounter is benefiting from merchandise revisions, including increased selling space allocated to electronics and several niche segments, such as pet supplies. Moreover, in recent years, sales of its numerous designer-label private brands have been robust, which has also helped enhance the gross margin. **Supercenters account for one-third of the company's planned selling space expansion of 8% this year.** These facilities, which have 176,000 square feet on average, began to roll out in 2000; they accounted for 16% of selling space at January, 2006. Management plans to open more than 100 units this year, and its store-count goal is about 2,000 by 2010. This suggests the maintenance of the percentage-expansion rate through then.

Target's board of directors increased the stock-repurchase authorization to \$5.0 billion from \$2.0 billion. The latter was initiated coincident with the sale of Marshall Fields and Mervyns, for \$4.1 billion in mid-2004. As of April, 2006, Target had repurchased 58 million shares for \$2.8 billion. Management expects to fulfill the remaining \$2.2 billion repurchase authorization by the close of 2008. **The credit card operation ought to account for an increasing percentage of operating profits over the coming 3 to 5 years.** The expansion of the retailer's customer base, along with ongoing operating efficiencies, related to the five-year-old Target Visa card, resulted in a 33% profit gain for this business in fiscal 2005 and a jump of over 60%, year to year, in fiscal 2006's first quarter. **Earnings may well advance almost 15% per annum through 2009-2011.** Moreover, we think the stock's P/E ratio will gradually improve from the current depressed level. Accordingly, these shares offer attractive 3- to 5-year appreciation potential.

David R. Cohen
August 11, 2006

(A) Fiscal year ends Sat. nearest Jan. 31 of following cal. year. Revenues include credit card charges. (B) Based on diluted shares beginning '91. Excludes net nonrecur. gain (losses): '90, 1c; '96, (20c); '97, (3c); '98, (3c); '99, (1c); '01, (6c). Next earnings report due late May. (C) Dividends historically paid in early March, June, September, and December. (D) In mill., adjusted for splits.

Company's Financial Strength	A
Stock's Price Stability	70
Price Growth Persistence	95
Earnings Predictability	95

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TECHNE CORP. NDQ-TECH				RECENT PRICE	P/E RATIO	Trailing: 27.4 Median: 27.0	RELATIVE P/E RATIO	DIV'D YLD	Nil	VALUE LINE										
TIMELINESS	3	Lowered 5/5/06	High: 6.1 Low: 2.4	8.3	10.1	10.8	27.9	79.9	38.8	38.1	39.7	43.9	59.4	60.7	Target Price Range	2009	2010	2011		
SAFETY	3	New 12/10/99	LEGENDS — 22.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 11/97 2-for-1 split 12/00 Options: Yes Shaded area indicates recession													160				
TECHNICAL	3	Raised 8/25/06	2-for-1													120				
BETA	1.05	(1.00 = Market)	2-for-1													100				
2009-11 PROJECTIONS																				
Price		Ann'l Total														80				
High	100	Gain (+95%)														60				
Low	65	Return (+30%)														40				
Insider Decisions																				
to Buy		O N D J F M A M J														20				
Options		0 0 0 0 1 3 0 0 0 0 1														15				
to Sell		0 0 0 0 5 0 0 0 0 0 0																		
Institutional Decisions																				
4Q2005		1Q2006	2Q2006													% TOT. RETURN 8/06				
to Buy		92	108	96													THIS STOCK			
to Sell		102	85	98													VL ARITH. INDEX			
Hld's(000)		31514	32632	31375													1 yr. -10.7 7.1			
																	3 yr. 51.1 49.4			
																	5 yr. 60.6 70.4			
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11	
.50	.61	.62	.77	1.08	1.27	1.44	1.61	1.77	2.26	2.51	2.78	3.15	3.54	3.92	4.62	5.15	5.70	Sales per sh ^A	9.00	
.04	.07	.10	.15	.19	.22	.28	.35	.46	.71	.95	1.10	1.23	1.26	1.47	1.87	2.08	2.30	"Cash Flow" per sh	3.75	
.03	.05	.05	.12	.14	.18	.22	.28	.39	.41	.63	.77	.91	1.08	1.31	1.62	1.85	2.10	Earnings per sh ^{A B}	3.50	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Div'ds Decl'd per sh	Nil	
.01	.03	.02	.07	.04	.04	.17	.11	.08	1.17	.78	.16	.54	.37	.09	.30	.12	.30	Cap'l Spending per sh	.25	
.15	.20	.31	.48	.62	.79	1.02	1.27	1.68	2.41	3.41	4.29	4.97	5.78	7.23	6.93	8.64	10.30	Book Value per sh ^C	16.25	
31.63	31.92	36.00	37.21	37.32	37.50	37.99	37.75	38.10	40.27	41.38	41.43	41.56	40.91	41.16	38.64	39.38	38.75	Common Shs Outst'g ^D	36.00	
13.5	20.3	49.3	30.2	22.9	16.6	24.6	22.7	22.3	25.9	45.0	51.5	33.4	25.0	28.3	24.5	29.9		Avg Ann'l P/E Ratio	24.0	
1.00	1.30	2.99	1.78	1.50	1.11	1.54	1.31	1.16	1.48	2.93	2.64	1.82	1.43	1.50	1.31	1.58		Relative P/E Ratio	1.45	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		Avg Ann'l Div'd Yield	Nil
CAPITAL STRUCTURE as of 6/30/06																				
Total Debt \$13.4 mill. Due in 5 Yrs \$7.2 mill.						54.6	60.9	67.3	90.9	103.8	115.4	130.9	145.0	161.3	178.7	202.6	220	Sales (\$mill) ^A	315	
LT Debt \$12.2 mill. LT Interest \$.6 mill.						25.4%	29.3%	35.0%	40.7%	50.1%	50.7%	50.0%	51.1%	54.8%	58.1%	57.0%	58.5%	Operating Margin	62.0%	
(4% of Cap'l)						1.9	2.3	2.3	11.9	12.7	12.7	6.4	6.0	6.1	7.0	8.0	8.0	Depreciation (\$mill)	10.0	
Leases, Uncapitalized: Annual rentals \$.8 mill.						8.6	10.9	15.2	16.7	26.6	32.8	38.5	45.4	54.5	66.1	73.4	80.0	80.0	Net Profit (\$mill)	125
No Defined Benefit Pension Plan						31.4%	32.0%	32.3%	36.0%	32.6%	31.3%	30.3%	34.7%	35.2%	33.8%	34.0%	34.0%	34.0%	Income Tax Rate	34.0%
Common Stock 39,380,682 shares as of 8/25/06						15.8%	17.9%	22.6%	18.3%	25.6%	28.5%	29.4%	31.3%	33.8%	37.0%	36.2%	36.4%	36.4%	Net Profit Margin	39.7%
MARKET CAP: \$2.0 billion (Mid Cap)						28.3	34.9	51.1	37.4	73.7	108.3	114.5	138.7	197.4	121.0	131.9	190	190	Working Cap'l (\$mill)	390
CURRENT POSITION						--	--	--	--	18.9	18.1	17.1	15.9	14.6	13.4	12.2	11.0	11.0	Long-Term Debt (\$mill)	5.0
CASH ASSETS						38.9	48.1	63.8	96.8	141.1	177.7	206.5	236.6	297.4	267.9	340.4	400	400	Shr. Equity (\$mill)	585
RECEIVABLES						22.2%	22.6%	23.8%	17.2%	17.1%	17.1%	17.5%	18.2%	17.6%	23.7%	20.9%	20.0%	20.0%	Return on Total Cap'l	21.0%
INVENTORY (FIFO)						22.2%	22.6%	23.8%	17.2%	18.8%	18.5%	18.6%	19.2%	18.3%	24.7%	21.6%	20.0%	20.0%	Return on Shr. Equity	21.5%
OTHER						22.2%	22.6%	23.8%	17.2%	18.8%	18.5%	18.6%	19.2%	18.3%	24.7%	21.6%	20.0%	20.0%	Retained to Com Eq	21.5%
CURRENT ASSETS						--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil
ACCTS PAYABLE						BUSINESS: Techne Corp. is a holding company. R&D Systems manufactures and sells more than 10,000 cytokines, enzymes, antibodies, and related biotech products (92% of '06 sales), used for research and clinical diagnostics. Hematology controls (8%) are used to calibrate blood analysis instruments. Int'l sales accounted for 41% of '06 business; R&D, 9.3% of sales. 2006 deprec. rate: 5.5%. Acq'd Genzyme's R&D products, '98; European distributor, '94. Has 19.9% stake in ChemoCentryx (cytokine-related drugs). Has 577 employees. Off. & dir. own 8.2% of stock; other major shareholders, 13.6% (9/05 proxy). Chairman & Pres.: T.E. Oland. Inc.: Minnesota. Address: 614 McKinley Pl., N.E., Minneapolis, MN 55413. Tel.: 612-379-8854. Internet: www.techne-corp.com.														
DEBT DUE						Techne closed fiscal 2006 (on June 30th) on a soft note, with share net rising less than 5% in the final quarter. Absent a modest price hike in January and contributions from last summer's two small acquisitions, sales grew just 3.8%. A work stoppage in Germany was largely to blame, as business in Europe fell by 3%. The gross margin was hurt by inventory mark-ups related to the acquisitions, and the effective tax rate rose slightly. Techne mitigated the impact of these factors by limiting its operating costs. The company is taking measured steps. In fiscal 2006, completion of a lab building was put on hold, and plans call for the remaining work to be spread evenly between this year and the next. In addition, R&D expenditures have been declining as a percentage of sales, from 11.1% (excluding losses attributed to partially owned businesses) in 2004 to 9.3% recently. And while the downward trend is expected to flatten out this year, fewer products will likely debut. Indeed, the product line probably will expand by 12%-13%, versus 17%-18% in fiscal 2006. This shouldn't impinge on sales growth in the near term, as the greatest benefit from new entries historically has been in their second through fourth years on the market. We look for sales to increase about 10%, in line with overall demand. Tight control over selling and administrative costs should help lift profits 12%-14%. We remain upbeat over the long-range prospects. Research funding by the U.S. government probably will grow more slowly to decade's end than it has over the past five to ten years. But the company has an opportunity to expand into the related field of clinical diagnostics—not by selling the tests itself, but by supplying key materials required by test manufacturers. Last year's acquisitions, which came with clients in this area, should turn more profitable with a change in the product mix. And demand should rise in parallel with the adoption of personalized medicine. Patient investors may find this equity of interest. The new clinical diagnostics niche provides an attractive opportunity to gain new and profitable business. But given the weak price trend of late, there's no need to hurry into commitments here. Keith A. Markey, Ph.D. September 22, 2006														
OTHER						ANNUAL RATES														
CURRENT LIAB.						Past 10 Yrs.	Past 5 Yrs.	Est'd '04-'06 to '09-'11												
						14.5%	13.0%	14.0%												
						23.5%	17.0%	15.5%												
						25.0%	23.0%	17.0%												
						--	--	--												
						26.5%	21.5%	16.5%												
						FISCAL YEAR ENDS														
						2003	2004	2005	2006	2007							Full Fiscal Year			
						34.6	33.3	37.7	39.4	145.0										
						38.0	38.3	42.5	42.5	161.3										
						40.9	42.3	47.9	47.6	178.7										
						47.7	48.0	54.8	52.1	202.6										
						50.0	52.0	58.0	60.0	220.2										
						FISCAL YEAR ENDS														
						2003	2004	2005	2006	2007							Full Fiscal Year			
						.25	.23	.30	.30	1.08										
						.30	.30	.35	.36	1.31										
						.34	.36	.45	.47	1.62										
						.42	.42	.52	.49	1.85										
						.47	.48	.57	.58	2.10										
						FISCAL YEAR ENDS														
						2002	2003	2004	2005	2006							Full Year			
						NO CASH DIVIDENDS BEING PAID														
						FISCAL YEAR ENDS														
						2002	2003	2004	2005	2006							Full Year			
						NO CASH DIVIDENDS BEING PAID														

(A) Fiscal year ends on June 30th. (B) Diluted earnings. Excl. nonrecr. gains (losses): '90, 1¢; '91, 1¢; '01, 3¢; '02, (27¢); '04, (4¢). Next earnings report due early Nov. (C) Includes intangibles: As of 6/30/06, \$32.0 million, 81¢/share. (D) In millions, adjusted for stock splits. (E) Excludes \$94.8 million classified as long-term investments.

Company's Financial Strength A
Stock's Price Stability 55
Price Growth Persistence 90
Earnings Predictability 95

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