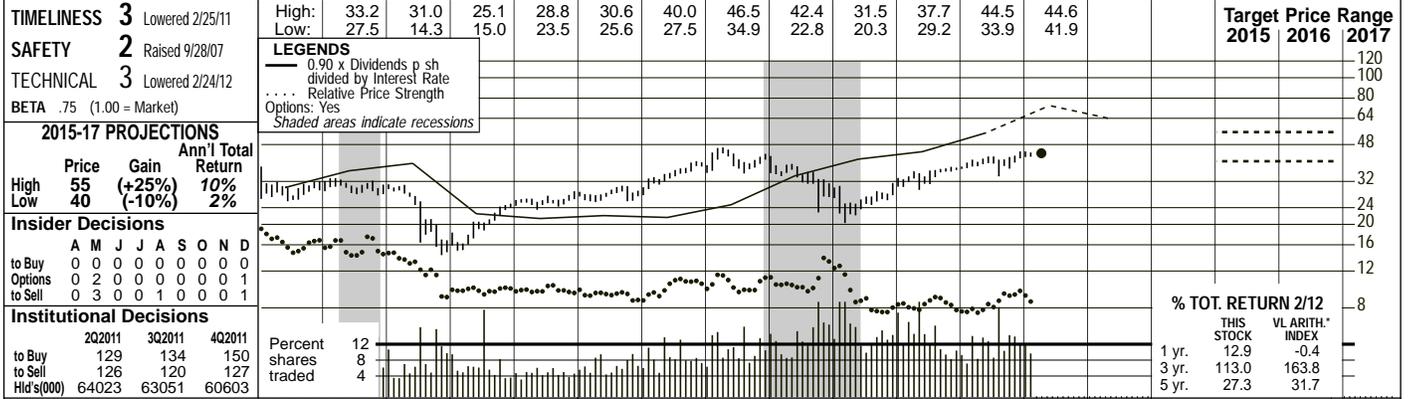


ALLIANT ENERGY NYSE-LNT

RECENT PRICE **43.68** P/E RATIO **15.3** (Trailing: 15.9 Median: 13.0) RELATIVE P/E RATIO **0.98** DIV'D YLD **4.2%** VALUE LINE



TIMELINESS 3 Lowered 2/25/11
SAFETY 2 Raised 9/28/07
TECHNICAL 3 Lowered 2/24/12
BETA .75 (1.00 = Market)

2015-17 PROJECTIONS

Price	55	Gain	+25%	Ann'l Total Return	10%
High	55	Low	40		2%

Insider Decisions

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

Institutional Decisions

	2Q2011	3Q2011	4Q2011
to Buy	129	134	150
to Sell	126	120	127
Hld's(000)	64023	63051	60603

Percent shares traded: 12, 8, 4

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
28.26	28.19	25.56	28.02	28.93	31.15	33.33	31.02	30.81	33.02	33.25	33.65	Revenues per sh	41.40	
4.52	4.19	4.69	5.46	4.33	5.12	4.56	4.21	5.21	5.65	5.95	6.35	"Cash Flow" per sh	7.20	
1.18	1.57	1.85	2.21	2.06	2.69	2.54	1.89	2.75	2.75	2.90	3.10	Earnings per sh A	3.60	
2.00	1.00	1.02	1.05	1.15	1.27	1.40	1.50	1.58	1.70	1.80	1.90	Div'd Decl'd per sh B + †	2.20	
7.12	7.69	5.55	4.51	3.42	4.91	7.96	10.87	7.82	6.22	7.15	7.95	Cap'l Spending per sh C	10.35	
19.89	21.37	22.13	20.85	22.83	24.30	25.56	25.07	26.09	27.14	29.45	30.55	Book Value per sh S	32.35	
92.30	110.96	115.74	117.04	116.13	110.36	110.45	110.66	110.89	111.02	112.00	113.00	Common Shs Outst'g D	116.00	
19.9	12.7	14.0	12.6	16.8	15.1	13.4	13.9	12.5	14.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.0	
1.09	.72	.74	.67	.91	.80	.81	.93	.80	.92			Relative P/E Ratio	.85	
8.5%	5.0%	3.9%	3.8%	3.3%	3.1%	4.1%	5.7%	4.6%	4.3%			Avg Ann'l Div'd Yield	4.7%	
2608.8	3128.2	2958.7	3279.6	3359.4	3437.6	3681.7	3432.8	3416.1	3665.3	3725	3800	Revenues (\$mill)	4800	
113.1	176.6	229.5	337.8	260.1	320.8	280.0	208.6	303.9	304.4	325	355	Net Profit (\$mill)	415	
24.2%	28.9%	26.7%	19.0%	43.8%	44.4%	33.4%	--	30.1%	14.7%	20.0%	25.0%	Income Tax Rate	30.0%	
6.8%	11.7%	8.1%	3.0%	3.1%	2.4%	--	--	8.8%	6.0%	6.0%	6.0%	AFUDC % to Net Profit	6.0%	
56.4%	44.8%	45.0%	41.6%	31.4%	32.4%	36.3%	44.3%	46.3%	45.7%	47.5%	47.5%	Long-Term Debt Ratio	47.5%	
39.2%	50.0%	50.2%	53.1%	62.9%	61.9%	58.6%	51.2%	49.5%	50.9%	49.0%	49.5%	Common Equity Ratio	49.5%	
4679.1	4738.4	5104.7	4599.1	4218.4	4329.5	4815.6	5423.0	5840.8	5921.2	6705	6955	Total Capital (\$mill)	7555	
3729.2	4432.6	5284.6	4866.2	4944.9	4679.9	5353.5	6203.0	6730.6	7037.1	7200	7500	Net Plant (\$mill)	8200	
4.1%	5.7%	6.1%	8.9%	7.5%	8.6%	7.0%	5.1%	6.6%	6.7%	6.0%	6.0%	Return on Total Cap'l	7.0%	
5.5%	6.8%	8.2%	12.6%	9.0%	11.0%	9.1%	6.9%	9.7%	9.5%	9.5%	9.5%	Return on Shr. Equity	10.5%	
5.8%	6.7%	8.2%	13.1%	9.1%	11.3%	9.3%	6.8%	9.9%	10.1%	10.0%	10.5%	Return on Com Equity E	11.0%	
NMF	2.5%	3.8%	8.1%	4.0%	5.9%	3.8%	.9%	3.8%	3.4%	3.5%	3.5%	Retained to Com Eq	4.0%	
NMF	67%	58%	42%	59%	50%	62%	88%	64%	66%	66%	65%	All Div'ds to Net Prof	65%	

CAPITAL STRUCTURE as of 12/31/11
Total Debt \$2807.3 mill. Due in 5 Yrs \$588.8 mill.
LT Debt \$2703.1 mill. LT Interest \$160.0 mill.
(LT interest earned: 3.7x)

Pension Assets-12/11 \$1081.4 mill. Oblig. \$897.4 mill.

Pfd Stock \$205.1 mill. Pfd Div'd \$18.0 mill.
449,765 shs. \$100 par; 6,599,460 shs. \$25 par

Common Stock 111,008,651 shs. as of 1/31/12
MARKET CAP: \$4.8 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-6.8	+2.8	+9
Avg. Indust. Use (MWH)	10948	11213	11054
Avg. Indust. Revs. per KWH (¢)	6.33	6.80	6.51
Capacity at Peak (Mw)	5491	5425	5734
Peak Load, Summer (Mw)	5491	5425	5734
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1	+2	+2

Fixed Charge Cov. (%)	256	306	237
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ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
of change (per sh)			
Revenues	1.0%	3.0%	4.5%
"Cash Flow"	-2.0%	-5%	6.0%
Earnings	2.0%	5.0%	6.5%
Dividends	-3.0%	8.0%	5.5%
Book Value	.5%	3.5%	3.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	949.9	742.3	885.7	854.9	3432.8
2010	890.2	741.6	951.7	832.6	3416.1
2011	945.0	819.5	1021.6	879.2	3665.3
2012	950	835	1060	880	3725
2013	970	850	1080	900	3800

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.30	.34	.77	.48	1.89
2010	.45	.44	1.31	.55	2.75
2011	.68	.44	1.12	.51	2.75
2012	.70	.45	1.20	.55	2.90
2013	.75	.50	1.25	.60	3.10

Cal-endar	QUARTERLY DIVIDENDS PAID B + †				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.35	.35	.35	.35	1.40
2009	.375	.375	.375	.375	1.50
2010	.395	.395	.395	.395	1.58
2011	.425	.425	.425	.425	1.70
2012	.45				

BUSINESS: Alliant Energy Corp., formerly named Interstate Energy, is a holding company formed through the merger of WPL Holdings, IES Industries, and Interstate Power. Supplies electricity, gas, and other services in Wisconsin, Iowa, and Minnesota. Elect. revs. by state: WI, 47%; IA, 50%; MN, 3%. Elect. rev.: residential, 37%; commercial, 23%; industrial, 28%; wholesale, 7%; other, 5%. Fuel

Alliant Energy should post modest growth in revenues in the current year. Utilities Interstate Power and Light and Wisconsin Power and Light ought to report solid, though not particularly impressive, results in the coming quarters. This assumes a stable economy and normal weather conditions in the company's service territories. Share earnings may well advance a little faster, provided expenses remain manageable.

The cash balance declined considerably during 2011, from \$159.3 million to \$11.4 million. On the bright side, cash flow from operations will likely be strong in the next few years, as Alliant does not expect to make significant federal income tax payments through 2014. The sale of receivables at Interstate Power and Light and the issuance of short-term and long-term debt will also help the company finance its 2012 capital investments.

Alliant has announced a changing of the guard. Chairman and Chief Executive William D. Harvey has announced his intention to retire, effective March 31st. Patricia L. Kampling has been appointed by the board to succeed Mr. Harvey, effective April 1st.

The company is looking to divest RMT. This nonregulated subsidiary is a renewable energy engineering, procurement, and construction contractor. The board of directors has approved a plan to sell this business. Alliant has engaged an investment bank to assist with the deal, which is expected to close by the end of the year. This move will allow the company to increase focus on its core operations, though a one-time charge of around \$0.12 a share appears likely.

This stock is ranked to track the broader market for the coming six to 12 months. Looking further out, we anticipate higher revenues, share earnings, and dividends for the company by 2015-2017. Moreover, Alliant earns good marks for Safety, Price Stability, and Earnings Predictability. From the recent quotation, this issue has unimpressive, though fairly well-defined, total return potential for the coming years. Venturesome investors may prefer to look elsewhere, though the stock's healthy dividend yield may appeal to income-oriented accounts.

Michael Napoli, CFA *March 23, 2012*

(A) Diluted EPS. Excl. nonrecurr. gains (losses): '01, (28¢); '03, net 24¢; '04, (58¢); '05, (\$1.05); '06, 83¢; '07, \$1.09; '08, 7¢; '09, (88¢); '10, (15¢). Next egs. rpt. due in May. (B) Div'ds historically paid in mid-Feb., May, Aug., and Nov. + Div'd reinvest. plan avail. † shareholder invest. plan avail. (C) Incl. deferred chgs. in '10: \$137.7 mill., \$1.24/sh. (D) In mill. (E) Rate base: Orig. cost. Regul. Clim.: WI, Above Avg.; IA, Avg.

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

CMS ENERGY CORP. NYSE-CMS		RECENT PRICE	P/E RATIO	(Trailing: 15.3)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE	Target Price Range																																																																																																																																																																																																																																																				
		22.14	15.1	(Median: 15.0)	0.97	4.4%		2015	2016	2017																																																																																																																																																																																																																																																		
TIMELINESS	3 Lowered 12/23/11	High: 31.8	24.8	10.7	10.6	16.8	17.0	19.5	17.5	16.1	19.3	22.4	22.4																																																																																																																																																																																																																																															
SAFETY	3 Raised 12/29/06	Low: 19.5	5.4	3.4	7.8	9.7	12.1	15.0	8.3	10.0	14.1	17.0	21.1																																																																																																																																																																																																																																															
TECHNICAL	3 Lowered 12/21/11	LEGENDS 0.80 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded areas indicate recessions																																																																																																																																																																																																																																																										
BETA	.75 (1.00 = Market)	2015-17 PROJECTIONS Price: High 30, Low 20 Gain: +35% Ann'l Total Return: 12% 2015: +35% 2016: -10% 2017: 3%																																																																																																																																																																																																																																																										
Insider Decisions		<table border="1"> <tr><th></th><th>A</th><th>M</th><th>J</th><th>J</th><th>A</th><th>S</th><th>O</th><th>N</th><th>D</th></tr> <tr><td>to Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Options</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>to Sell</td><td>0</td><td>3</td><td>0</td><td>0</td><td>4</td><td>0</td><td>0</td><td>2</td><td>0</td></tr> </table>												A	M	J	J	A	S	O	N	D	to Buy	0	0	0	0	0	0	0	0	0	Options	0	1	0	0	0	0	0	0	0	to Sell	0	3	0	0	4	0	0	2	0																																																																																																																																																																																																								
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Institutional Decisions		<table border="1"> <tr><th></th><th>2Q2011</th><th>3Q2011</th><th>4Q2011</th></tr> <tr><td>to Buy</td><td>162</td><td>147</td><td>146</td></tr> <tr><td>to Sell</td><td>132</td><td>162</td><td>157</td></tr> <tr><td>Hlds(000)</td><td>236182</td><td>242109</td><td>227756</td></tr> </table>												2Q2011	3Q2011	4Q2011	to Buy	162	147	146	to Sell	132	162	157	Hlds(000)	236182	242109	227756																																																																																																																																																																																																																																
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		<table border="1"> <tr><th>Year</th><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>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th></tr> <tr><td>Revenues per sh</td><td>45.70</td><td>47.49</td><td>47.56</td><td>52.59</td><td>74.24</td><td>72.16</td><td>60.28</td><td>34.21</td><td>28.06</td><td>28.52</td><td>30.57</td><td>28.95</td><td>30.13</td><td>27.23</td><td>25.77</td><td>25.59</td><td>25.80</td><td>26.75</td></tr> <tr><td>"Cash Flow" per sh</td><td>7.18</td><td>7.39</td><td>6.60</td><td>7.87</td><td>7.61</td><td>5.24</td><td>d.09</td><td>2.39</td><td>2.87</td><td>3.43</td><td>3.22</td><td>3.08</td><td>3.88</td><td>3.47</td><td>3.70</td><td>3.65</td><td>3.80</td><td>3.95</td></tr> <tr><td>Earnings per sh A</td><td>2.45</td><td>2.61</td><td>2.24</td><td>2.85</td><td>2.53</td><td>1.27</td><td>d2.99</td><td>d.29</td><td>.74</td><td>1.10</td><td>.64</td><td>.64</td><td>1.23</td><td>.93</td><td>1.33</td><td>1.45</td><td>1.55</td><td>1.65</td></tr> <tr><td>Div'd Decl'd per sh B</td><td>1.02</td><td>1.14</td><td>1.26</td><td>1.39</td><td>1.46</td><td>1.46</td><td>1.09</td><td>--</td><td>--</td><td>--</td><td>--</td><td>.20</td><td>.36</td><td>.50</td><td>.66</td><td>.84</td><td>.96</td><td>1.02</td></tr> <tr><td>Cap'l Spending per sh</td><td>6.95</td><td>7.05</td><td>11.98</td><td>9.69</td><td>8.51</td><td>9.49</td><td>5.18</td><td>3.32</td><td>2.69</td><td>2.69</td><td>3.01</td><td>5.61</td><td>3.50</td><td>3.59</td><td>3.29</td><td>3.47</td><td>5.50</td><td>4.90</td></tr> <tr><td>Book Value per sh C</td><td>17.95</td><td>19.61</td><td>20.63</td><td>21.17</td><td>19.48</td><td>14.21</td><td>7.86</td><td>9.84</td><td>10.63</td><td>10.53</td><td>10.03</td><td>9.46</td><td>10.88</td><td>11.42</td><td>11.19</td><td>11.92</td><td>12.60</td><td>13.40</td></tr> <tr><td>Common Shs Outst'g D</td><td>94.81</td><td>100.79</td><td>108.11</td><td>116.04</td><td>121.20</td><td>132.99</td><td>144.10</td><td>161.13</td><td>195.00</td><td>220.50</td><td>222.78</td><td>225.15</td><td>226.41</td><td>227.89</td><td>249.60</td><td>254.10</td><td>256.00</td><td>258.00</td></tr> <tr><td>Avg Ann'l P/E Ratio</td><td>12.5</td><td>13.5</td><td>19.9</td><td>13.9</td><td>9.6</td><td>20.8</td><td>--</td><td>--</td><td>12.4</td><td>12.6</td><td>22.2</td><td>26.8</td><td>10.9</td><td>13.6</td><td>12.5</td><td>13.6</td><td>13.0</td><td>13.0</td></tr> <tr><td>Relative P/E Ratio</td><td>.78</td><td>.78</td><td>1.03</td><td>.79</td><td>.62</td><td>1.07</td><td>--</td><td>--</td><td>.66</td><td>.67</td><td>1.20</td><td>1.42</td><td>.66</td><td>.91</td><td>.80</td><td>.86</td><td>1.00</td><td>1.00</td></tr> <tr><td>Avg Ann'l Div'd Yield</td><td>3.3%</td><td>3.2%</td><td>2.8%</td><td>3.5%</td><td>6.0%</td><td>5.5%</td><td>7.5%</td><td>--</td><td>--</td><td>--</td><td>--</td><td>1.2%</td><td>2.7%</td><td>4.0%</td><td>4.0%</td><td>4.3%</td><td>4.3%</td><td>4.3%</td></tr> </table>											Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Revenues per sh	45.70	47.49	47.56	52.59	74.24	72.16	60.28	34.21	28.06	28.52	30.57	28.95	30.13	27.23	25.77	25.59	25.80	26.75	"Cash Flow" per sh	7.18	7.39	6.60	7.87	7.61	5.24	d.09	2.39	2.87	3.43	3.22	3.08	3.88	3.47	3.70	3.65	3.80	3.95	Earnings per sh A	2.45	2.61	2.24	2.85	2.53	1.27	d2.99	d.29	.74	1.10	.64	.64	1.23	.93	1.33	1.45	1.55	1.65	Div'd Decl'd per sh B	1.02	1.14	1.26	1.39	1.46	1.46	1.09	--	--	--	--	.20	.36	.50	.66	.84	.96	1.02	Cap'l Spending per sh	6.95	7.05	11.98	9.69	8.51	9.49	5.18	3.32	2.69	2.69	3.01	5.61	3.50	3.59	3.29	3.47	5.50	4.90	Book Value per sh C	17.95	19.61	20.63	21.17	19.48	14.21	7.86	9.84	10.63	10.53	10.03	9.46	10.88	11.42	11.19	11.92	12.60	13.40	Common Shs Outst'g D	94.81	100.79	108.11	116.04	121.20	132.99	144.10	161.13	195.00	220.50	222.78	225.15	226.41	227.89	249.60	254.10	256.00	258.00	Avg Ann'l P/E Ratio	12.5	13.5	19.9	13.9	9.6	20.8	--	--	12.4	12.6	22.2	26.8	10.9	13.6	12.5	13.6	13.0	13.0	Relative P/E Ratio	.78	.78	1.03	.79	.62	1.07	--	--	.66	.67	1.20	1.42	.66	.91	.80	.86	1.00	1.00	Avg Ann'l Div'd Yield	3.3%	3.2%	2.8%	3.5%	6.0%	5.5%	7.5%	--	--	--	--	1.2%	2.7%	4.0%	4.0%	4.3%	4.3%	4.3%																															
Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013																																																																																																																																																																																																																																										
Revenues per sh	45.70	47.49	47.56	52.59	74.24	72.16	60.28	34.21	28.06	28.52	30.57	28.95	30.13	27.23	25.77	25.59	25.80	26.75																																																																																																																																																																																																																																										
"Cash Flow" per sh	7.18	7.39	6.60	7.87	7.61	5.24	d.09	2.39	2.87	3.43	3.22	3.08	3.88	3.47	3.70	3.65	3.80	3.95																																																																																																																																																																																																																																										
Earnings per sh A	2.45	2.61	2.24	2.85	2.53	1.27	d2.99	d.29	.74	1.10	.64	.64	1.23	.93	1.33	1.45	1.55	1.65																																																																																																																																																																																																																																										
Div'd Decl'd per sh B	1.02	1.14	1.26	1.39	1.46	1.46	1.09	--	--	--	--	.20	.36	.50	.66	.84	.96	1.02																																																																																																																																																																																																																																										
Cap'l Spending per sh	6.95	7.05	11.98	9.69	8.51	9.49	5.18	3.32	2.69	2.69	3.01	5.61	3.50	3.59	3.29	3.47	5.50	4.90																																																																																																																																																																																																																																										
Book Value per sh C	17.95	19.61	20.63	21.17	19.48	14.21	7.86	9.84	10.63	10.53	10.03	9.46	10.88	11.42	11.19	11.92	12.60	13.40																																																																																																																																																																																																																																										
Common Shs Outst'g D	94.81	100.79	108.11	116.04	121.20	132.99	144.10	161.13	195.00	220.50	222.78	225.15	226.41	227.89	249.60	254.10	256.00	258.00																																																																																																																																																																																																																																										
Avg Ann'l P/E Ratio	12.5	13.5	19.9	13.9	9.6	20.8	--	--	12.4	12.6	22.2	26.8	10.9	13.6	12.5	13.6	13.0	13.0																																																																																																																																																																																																																																										
Relative P/E Ratio	.78	.78	1.03	.79	.62	1.07	--	--	.66	.67	1.20	1.42	.66	.91	.80	.86	1.00	1.00																																																																																																																																																																																																																																										
Avg Ann'l Div'd Yield	3.3%	3.2%	2.8%	3.5%	6.0%	5.5%	7.5%	--	--	--	--	1.2%	2.7%	4.0%	4.0%	4.3%	4.3%	4.3%																																																																																																																																																																																																																																										
CAPITAL STRUCTURE as of 12/31/11		<table border="1"> <tr><th>Year</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>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th></tr> <tr><td>Total Debt \$7264.0 mill. Due in 5 Yrs \$3309.0 mill.</td><td>8687.0</td><td>5513.0</td><td>5472.0</td><td>6288.0</td><td>6810.0</td><td>6519.0</td><td>6821.0</td><td>6205.0</td><td>6432.0</td><td>6503.0</td><td>6600</td><td>6900</td><td>6900</td><td>6900</td></tr> <tr><td>LT Debt \$6207.0 mill. LT Interest \$342.0 mill.</td><td>d414.0</td><td>d40.0</td><td>144.0</td><td>247.0</td><td>158.0</td><td>168.0</td><td>300.0</td><td>231.0</td><td>356.0</td><td>384.0</td><td>420</td><td>455</td><td>420</td><td>455</td></tr> <tr><td>Incl. \$167.0 mill. capitalized leases. (LT interest earned: 2.5x)</td><td>--</td><td>NMF</td><td>18.6%</td><td>25.6%</td><td>--</td><td>37.6%</td><td>31.6%</td><td>34.6%</td><td>38.1%</td><td>36.8%</td><td>37.0%</td><td>37.0%</td><td>37.0%</td><td>37.0%</td></tr> <tr><td>Leases, Uncapitalized Annual rentals \$27.0 mill. Pension Assets-12/11 \$1.63 bill.</td><td>--</td><td>--</td><td>--</td><td>15.4%</td><td>6.3%</td><td>3.6%</td><td>1.3%</td><td>13.0%</td><td>2.2%</td><td>2.6%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td></tr> <tr><td>Pfd Stock \$44.0 mill. Pfd Div'd \$2.0 mill. Incl. 441,599 shs. \$4.16-\$4.50 \$100 par, cum., callable at \$103.25-\$110.00.</td><td>84.4%</td><td>78.2%</td><td>75.3%</td><td>73.5%</td><td>71.7%</td><td>70.5%</td><td>69.4%</td><td>67.9%</td><td>70.1%</td><td>66.9%</td><td>66.0%</td><td>64.5%</td><td>64.5%</td><td>64.5%</td></tr> <tr><td>Common Stock 254,100,000 shs.</td><td>15.0%</td><td>18.3%</td><td>21.5%</td><td>23.4%</td><td>24.9%</td><td>25.9%</td><td>27.4%</td><td>29.0%</td><td>29.5%</td><td>32.6%</td><td>33.5%</td><td>35.0%</td><td>35.0%</td><td>35.0%</td></tr> <tr><td>MARKET CAP: \$5.6 billion (Large Cap)</td><td>7532.0</td><td>8652.0</td><td>9640.0</td><td>9913.0</td><td>8961.0</td><td>8212.0</td><td>8993.0</td><td>8977.0</td><td>9473.0</td><td>9279.0</td><td>9600</td><td>9825</td><td>9600</td><td>9825</td></tr> <tr><td>ELECTRIC OPERATING STATISTICS</td><td>5234.0</td><td>6944.0</td><td>8636.0</td><td>7845.0</td><td>7976.0</td><td>8728.0</td><td>9190.0</td><td>9682.0</td><td>10069</td><td>10633</td><td>11500</td><td>12200</td><td>11500</td><td>12200</td></tr> <tr><td>% Change Retail Sales (KWH)</td><td>NMF</td><td>2.7%</td><td>4.4%</td><td>5.0%</td><td>4.5%</td><td>4.5%</td><td>5.4%</td><td>4.7%</td><td>5.8%</td><td>6.3%</td><td>6.0%</td><td>6.5%</td><td>6.5%</td><td>6.5%</td></tr> <tr><td>Avg. 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Due in 5 Yrs \$3309.0 mill.	8687.0	5513.0	5472.0	6288.0	6810.0	6519.0	6821.0	6205.0	6432.0	6503.0	6600	6900	6900	6900	LT Debt \$6207.0 mill. LT Interest \$342.0 mill.	d414.0	d40.0	144.0	247.0	158.0	168.0	300.0	231.0	356.0	384.0	420	455	420	455	Incl. \$167.0 mill. capitalized leases. (LT interest earned: 2.5x)	--	NMF	18.6%	25.6%	--	37.6%	31.6%	34.6%	38.1%	36.8%	37.0%	37.0%	37.0%	37.0%	Leases, Uncapitalized Annual rentals \$27.0 mill. Pension Assets-12/11 \$1.63 bill.	--	--	--	15.4%	6.3%	3.6%	1.3%	13.0%	2.2%	2.6%	2.0%	2.0%	2.0%	2.0%	Pfd Stock \$44.0 mill. Pfd Div'd \$2.0 mill. Incl. 441,599 shs. \$4.16-\$4.50 \$100 par, cum., callable at \$103.25-\$110.00.	84.4%	78.2%	75.3%	73.5%	71.7%	70.5%	69.4%	67.9%	70.1%	66.9%	66.0%	64.5%	64.5%	64.5%	Common Stock 254,100,000 shs.	15.0%	18.3%	21.5%	23.4%	24.9%	25.9%	27.4%	29.0%	29.5%	32.6%	33.5%	35.0%	35.0%	35.0%	MARKET CAP: \$5.6 billion (Large Cap)	7532.0	8652.0	9640.0	9913.0	8961.0	8212.0	8993.0	8977.0	9473.0	9279.0	9600	9825	9600	9825	ELECTRIC OPERATING STATISTICS	5234.0	6944.0	8636.0	7845.0	7976.0	8728.0	9190.0	9682.0	10069	10633	11500	12200	11500	12200	% Change Retail Sales (KWH)	NMF	2.7%	4.4%	5.0%	4.5%	4.5%	5.4%	4.7%	5.8%	6.3%	6.0%	6.5%	6.5%	6.5%	Avg. Indust. Use (MWH)	NMF	NMF	6.1%	9.4%	6.2%	6.9%	10.9%	8.0%	12.5%	12.5%	13.0%	13.0%	13.0%	13.0%	Avg. Indust. Revs. per KWH (c)	NMF	NMF	6.2%	9.9%	6.4%	7.2%	11.7%	8.5%	12.5%	12.6%	13.0%	13.0%	13.0%	13.0%	Capacity at Peak (Mw)	NMF	NMF	6.2%	9.9%	6.4%	5.1%	8.4%	4.1%	6.9%	5.6%	5.5%	5.5%	5.5%	5.5%	Peak Load, Summer (Mw)	NMF	NMF	11%	6%	10%	35%	31%	54%	46%	55%	59%	58%	58%	58%	Annual Load Factor (%)															% Change Customers (yr-end)														
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Avg. Indust. Use (MWH)	NMF	NMF	6.1%	9.4%	6.2%	6.9%	10.9%	8.0%	12.5%	12.5%	13.0%	13.0%	13.0%	13.0%																																																																																																																																																																																																																																														
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BUSINESS:		<p>CMS Energy Corporation is a holding company for Consumers Energy, which supplies electricity and gas to lower Michigan (excluding Detroit). Has 1.8 million electric, 1.7 million gas customers. Has 1,166 megawatts of nonregulated generating capacity. Sold Palisades nuclear plant in '07. Electric revenue breakdown: residential, 42%; commercial, 31%; industrial, 20%; other, 7%. Generating sources: coal, 42%; gas, 5%; hydro, 1%; purchased, 52%. Fuel costs: 54% of revenues. '11 reported deprec. rates: 3.0% electric, 2.9% gas, 7.4% other. Has 7,700 employees. Chairman: David W. Joos. President & CEO: John G. Russell. Incorporated: Michigan. Address: One Energy Plaza, Jackson, Michigan 49201. Tel.: 517-788-0550. Internet: www.cmsenergy.com.</p>																																																																																																																																																																																																																																																										
CMS Energy's utility subsidiary has electric and gas rate cases pending.		<p>On the electric side, Consumers Energy is seeking a rate increase of \$195 million, based on a 10.7% return on a 42.07% common-equity ratio. In December, the utility self-implemented a raise of \$118 million. On the gas side, the company filed for a tariff hike of \$49 million, based on a 10.7% return on a 41.55% common-equity ratio, and self-implemented a \$23 million boost at the start of March. Capital investments were the main impetus for the applications. However, the staff of the Michigan Public Service Commission (MPSC) is recommending an electric increase of \$39 million and a gas decrease of \$22 million, based on a 9.95% ROE. The MPSC's electric and gas rate orders are due in June and September, respectively.</p>																																																																																																																																																																																																																																																										
years, dividend hikes should approximate the company's profit growth.		<p>We estimate earnings of \$1.55 a share in 2012. Rate relief and effective expense control should help. CMS is targeting average annual earnings growth of 5%-7%. Our 2012 estimate would produce an increase at the upper end of this range. We forecast similar profit growth in 2013.</p>																																																																																																																																																																																																																																																										
CMS should benefit from \$1.8 billion in tax-loss carryforwards in the next five years.		<p>This would enable it to avoid equity issuances, except for small amounts for the dividend reinvestment and other stock programs. Note that our definition of "cash flow" does not include deferred taxes and investment tax credits, so it understates CMS' true cash flow.</p>																																																																																																																																																																																																																																																										
Consumers is building a wind project.		<p>This will help the utility meet the state's renewable-energy requirement. It should add 100 megawatts of capacity by yearend at an expected cost of \$232 million.</p>																																																																																																																																																																																																																																																										
This stock's dividend yield and total return potential to 2015-2017 are slightly above the averages for the electric utility industry.		<p>Paul E. Debbas, CFA March 23, 2012</p>																																																																																																																																																																																																																																																										
ANNUAL RATES		<table border="1"> <tr><th>Year</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th></tr> <tr><td>of change (per sh)</td><td>10 Yrs.</td><td>Past 5 Yrs.</td><td>Past 10 Yrs.</td><td>Est'd '09-'11</td><td>'15-'17</td></tr> <tr><td>Revenues</td><td>-9.0%</td><td>-2.0%</td><td>2.0%</td><td>2.0%</td><td>2.0%</td></tr> <tr><td>"Cash Flow"</td><td>-6.5%</td><td>2.5%</td><td>3.0%</td><td>3.0%</td><td>3.0%</td></tr> <tr><td>Earnings</td><td>-5.5%</td><td>8.5%</td><td>7.0%</td><td>7.0%</td><td>7.0%</td></tr> <tr><td>Dividends</td><td>-7.5%</td><td>--</td><td>10.5%</td><td>10.5%</td><td>10.5%</td></tr> <tr><td>Book Value</td><td>-4.5%</td><td>2.0%</td><td>5.5%</td><td>5.5%</td><td>5.5%</td></tr> </table>											Year	2009	2010	2011	2012	2013	of change (per sh)	10 Yrs.	Past 5 Yrs.	Past 10 Yrs.	Est'd '09-'11	'15-'17	Revenues	-9.0%	-2.0%	2.0%	2.0%	2.0%	"Cash Flow"	-6.5%	2.5%	3.0%	3.0%	3.0%	Earnings	-5.5%	8.5%	7.0%	7.0%	7.0%	Dividends	-7.5%	--	10.5%	10.5%	10.5%	Book Value	-4.5%	2.0%	5.5%	5.5%	5.5%																																																																																																																																																																																																						
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QUARTERLY REVENUES (\$ mill.)		<table border="1"> <tr><th>Year</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th></tr> <tr><td>Mar.31</td><td>2104</td><td>1225</td><td>1263</td><td>1613</td><td>6205.0</td></tr> <tr><td>Jun.30</td><td>1967</td><td>1340</td><td>1443</td><td>1682</td><td>6432.0</td></tr> <tr><td>Sep.30</td><td>2055</td><td>1364</td><td>1464</td><td>1620</td><td>6503.0</td></tr> <tr><td>Dec.31</td><td>2000</td><td>1450</td><td>1500</td><td>1650</td><td>6600</td></tr> <tr><td>Full Year</td><td>2000</td><td>1450</td><td>1500</td><td>1650</td><td>6600</td></tr> </table>											Year	2009	2010	2011	2012	2013	Mar.31	2104	1225	1263	1613	6205.0	Jun.30	1967	1340	1443	1682	6432.0	Sep.30	2055	1364	1464	1620	6503.0	Dec.31	2000	1450	1500	1650	6600	Full Year	2000	1450	1500	1650	6600																																																																																																																																																																																																												
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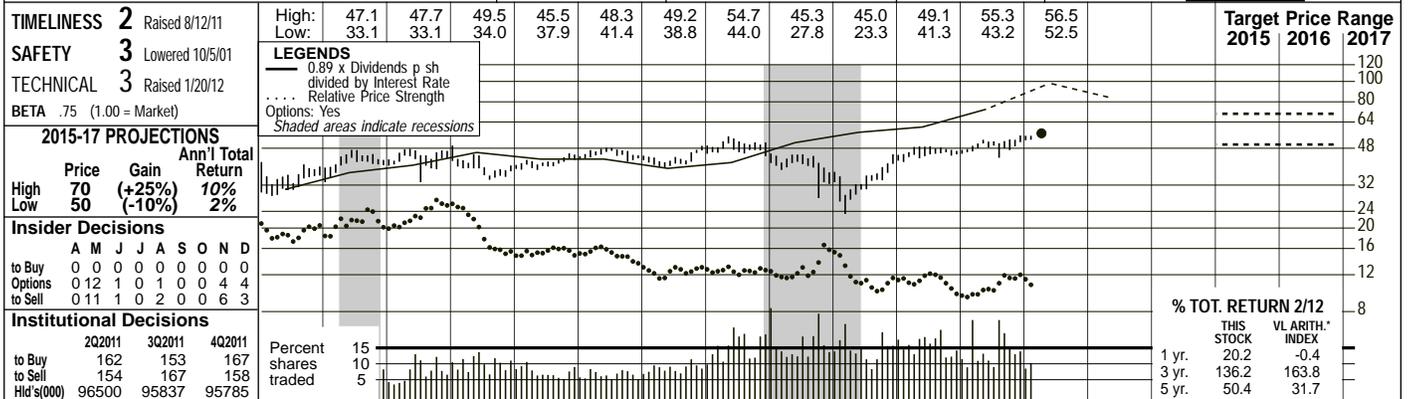
(A) Dil. EPS. Excl. nonrec. gains (losses): '05, (\$1.61); '06, (\$1.08); '07, (\$1.26); '09, (7c); '10, 3c; '11, 12c; gains (losses) on disc. ops.: '05, 7c; '06, 3c; '07, (40c); '09, 8c; '10, (8c); '11, 1c. '10 EPS don't add due to change in shs. Next earnings report due early May. (B) Div'ds historically paid late Feb., May, Aug. & Nov. Div'd reinvestment plan avail. (C) Incl. intang. In '11: \$9.70/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in '10: 10.7% elec.; in '10: 10.55% gas; earned on avg. com. eq., '11: 12.9%. Regulatory Climate: Average.

Company's Financial Strength B+
 Stock's Price Stability 100
 Price Growth Persistence 75
 Earnings Predictability 40

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DTE ENERGY CO. NYSE-DTE

RECENT PRICE **56.46** P/E RATIO **15.3** (Trailing: 15.4 Median: 15.0) RELATIVE P/E RATIO **0.98** DIV'D YLD **4.3%** VALUE LINE



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	15-17
Price	25.12	25.94	29.10	32.60	39.24	48.71	40.30	41.76	40.84	50.74	50.93	54.28	57.23	48.45	50.51	52.55	52.55	54.25	61.25
Gain	7.10	7.42	7.61	8.40	8.59	6.98	8.31	6.95	6.81	8.14	8.19	8.48	8.26	9.38	9.78	9.55	9.65	10.15	11.75
Return	2.80	2.88	3.05	3.33	3.27	2.15	3.83	2.85	2.55	3.27	2.45	2.66	2.73	3.24	3.74	3.67	3.75	3.95	4.50
Div'd	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.06	2.08	2.12	2.12	2.12	2.18	2.32	2.42	2.52	2.80
Spending	3.66	3.14	3.83	5.10	5.25	6.80	5.88	4.45	5.19	5.99	7.92	7.96	8.42	6.26	6.49	8.75	10.95	10.50	10.25
Book Value	23.73	24.55	25.49	26.95	28.15	28.48	27.26	31.36	31.85	32.44	33.02	35.86	36.77	37.96	39.67	41.40	43.05	44.55	49.25
Outst'g	145.12	145.10	145.07	145.04	142.65	161.13	167.46	168.61	174.21	177.81	177.14	163.23	163.02	165.40	169.43	169.25	175.00	177.00	181.00
P/E Ratio	11.2	10.3	13.3	11.6	10.3	19.3	11.3	13.7	16.0	13.8	17.4	18.3	14.8	10.4	12.3	13.5	13.0	13.0	13.0
Relative P/E	.70	.59	.69	.66	.67	.99	.62	.78	.85	.73	.94	.97	.89	.69	.78	.85	8.7%	8.7%	8.7%
Div'd Yield	6.6%	6.9%	5.1%	5.3%	6.1%	5.0%	4.8%	5.3%	5.0%	4.6%	4.9%	4.4%	5.2%	6.3%	4.8%	4.7%	4.7%	4.7%	4.7%

Year	2011	2012	2013	15-17
Revenues per sh	52.55	52.55	54.25	61.25
"Cash Flow" per sh	9.55	9.65	10.15	11.75
Earnings per sh ^A	3.67	3.75	3.95	4.50
Div'd Decl'd per sh ^B	2.32	2.42	2.52	2.80
Cap'l Spending per sh	8.75	10.95	10.50	10.25
Book Value per sh ^C	41.40	43.05	44.55	49.25
Common Shs Outst'g ^D	169.25	175.00	177.00	181.00
Avg Ann'l P/E Ratio	13.0	13.0	13.0	13.0
Relative P/E Ratio	8.7%	8.7%	8.7%	8.7%
Avg Ann'l Div'd Yield	4.7%	4.7%	4.7%	4.7%

Year	2011	2012	2013	15-17
Revenues (\$mill)	9200	9600	11100	11100
Net Profit (\$mill)	820	820	820	820
Income Tax Rate	35.0%	35.0%	35.0%	35.0%
AFUDC % to Net Profit	5.0%	5.0%	5.0%	5.0%
Long-Term Debt Ratio	50.0%	50.0%	50.0%	50.0%
Common Equity Ratio	50.0%	50.0%	50.0%	50.0%
Total Capital (\$mill)	17900	17900	17900	17900
Net Plant (\$mill)	17300	17300	17300	17300
Return on Total Cap'l	6.0%	6.0%	6.0%	6.0%
Return on Shr. Equity	9.0%	9.0%	9.0%	9.0%
Return on Com Equity ^E	9.0%	9.0%	9.0%	9.0%
Retained to Com Eq	3.5%	3.5%	3.5%	3.5%
All Div'ds to Net Prof	62%	62%	62%	62%

CAPITAL STRUCTURE as of 9/30/11
 Total Debt \$8019.0 mill. Due in 5 Yrs \$3221.0 mill.
 LT Debt \$7497.0 mill. LT Interest \$427.0 mill.
 Incl. \$27.0 mill. capitalized leases, \$289.0 mill.
 Trust Preferred Securities, and \$479.0 mill. securitized bonds.
 (LT interest earned: 3.3x)
 Leases, Uncapitalized Annual rentals \$39.0 mill.
 Pension Assets-12/10 \$2.91 bill. Oblig. \$3.79 bill.
 Pfd Stock None
 Common Stock 169,250,934 shs.
 MARKET CAP: \$9.6 billion (Large Cap)

Year	2008	2009	2010
% Change Retail Sales (KWH)	-2.7	-5.6	-6
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (c)	NMF	NMF	NMF
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	11011	10627	11365
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	-6	-8	-4

BUSINESS: DTE Energy Company is a holding company for The Detroit Edison Company, which supplies electricity in Detroit and a 7,600-square-mile area in southeastern Michigan, and Michigan Consolidated Gas (MichCon). Customers: 2.1 mill. electric, 1.3 mill. gas. Acquired MCN Energy 6/01. Has various nonutility operations. Electric revenue breakdown: residential, 41%; commercial, 33%; industrial, 14%; other, 12%. Generating sources: coal, 72%; nuclear, 14%; gas, 1%; purchased, 13%. Fuel costs: 37% of revenues. '10 reported deprec. rates: 3.3% electric, 2.5% gas. Has 9,800 employees. Chairman, President & CEO: Gerard M. Anderson. Inc.: Michigan. Address: One Energy Plaza, Detroit, Michigan 48226-1279. Tel.: 313-235-4000. Internet: www.dteenergy.com.

DTE Energy's utility subsidiaries frequently request rate relief in order to recoup their capital expenditures. Much of this spending is to meet federal or state mandates for things such as pollution control, renewable energy, or pipeline safety. MichCon, the gas utility, will likely file a rate application in the second quarter of 2012. Under Michigan regulatory law, the company will be able to self-implement an interim rate hike six months after filing, with the Michigan commission's order due six months after that. Detroit Edison, the electric utility, will probably file a petition in 2012 or 2013, so any rate relief probably won't come in time to help earnings this year. **We look for a modest earnings increase in 2012.** Most of the company's lines of business will probably fare about as well as in 2011. The one notable growth area will be DTE's investments in reduced emissions fuel projects (i.e., treating coal to reduce emissions of certain pollutants). This business is driven by federal tax credits. Interest expense will probably decline, too, thanks to refinancings of debt that the company did in 2011. Our earnings esti-

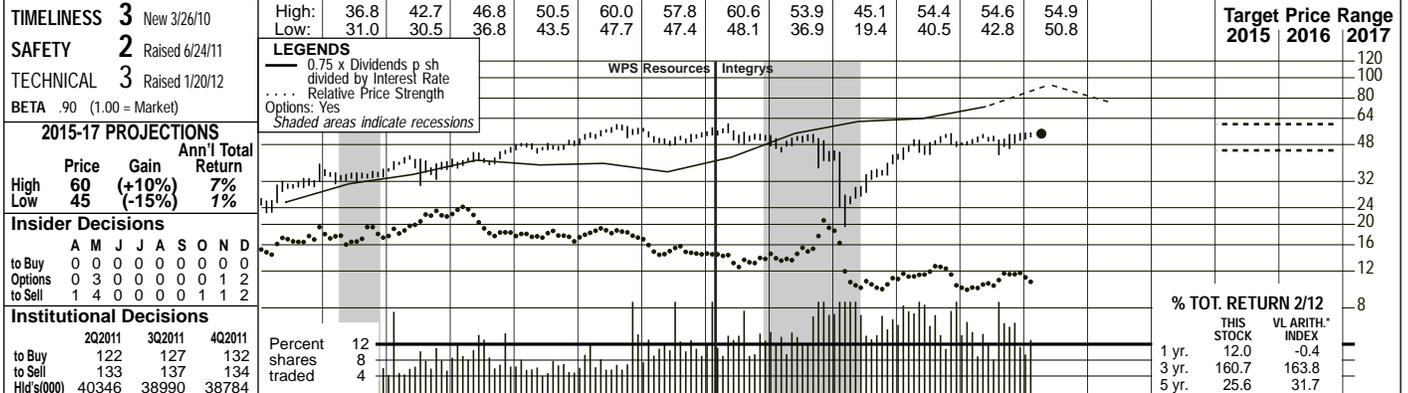
mate is within management's targeted range of \$3.65-\$3.95 a share. **We estimate a greater rise in profits in 2013.** This is based on the benefits of rate relief at the utilities and continued growth in nonutility income. Our forecast of \$3.95 a share would produce bottom-line growth within DTE's targeted annual range of 5%-6%. **DTE plans to start monetizing its investment in the Barnett Shale gas-producing area.** The company expects some \$300 million of cash from asset sales in 2012. Even with this expected inflow, however, DTE will need some financing this year. A common-equity issuance of \$300 million is expected in the second half of 2012. **We expect a dividend increase in the second quarter.** We estimate an increase of \$0.09 a share (3.8%) in the annual disbursement. DTE is targeting a payout ratio of 60%-70%. **This timely stock has a dividend yield and 3- to 5-year total return potential that are about equal to the utility norms.**
 Paul E. Debbas, CFA March 23, 2012

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	45
Earnings Predictability	70

To subscribe call 1-800-833-0046.

INTEGRYS ENERGY NYSE-TEG

RECENT PRICE **54.13** P/E RATIO **18.2** (Trailing: 18.7 Median: 15.0) RELATIVE P/E RATIO **1.17** DIV'D YLD **5.0%** VALUE LINE



2015-17 PROJECTIONS		© VALUE LINE PUB. LLC 15-17																						
Price	Gain	Ann'l Total Return	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Revenues per sh	"Cash Flow" per sh	Earnings per sh ^A	Div'd Decl'd per sh ^B	Cap'l Spending per sh	Book Value per sh ^C	Common Shs Outst'g ^D	Avg Ann'l P/E Ratio	Relative P/E Ratio	Avg Ann'l Div'd Yield
High 60	(+10%)	7%	83.55	117.07	131.26	173.37	160.01	135.44	184.86	98.71	67.27	60.44	61.60	64.85	72.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
Low 45	(-15%)	1%	5.91	6.23	6.98	7.40	6.33	5.19	4.69	5.34	6.70	6.13	6.85	7.25	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			2.74	2.76	4.07	4.09	3.51	2.48	1.58	2.28	3.24	2.88	3.45	3.70	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			2.12	2.16	2.20	2.24	2.28	2.56	2.68	2.72	2.72	2.72	2.72	2.72	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			7.16	4.77	7.78	10.31	7.94	5.17	7.01	5.85	3.35	4.00	8.30	9.85	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			24.45	27.18	29.30	32.47	35.61	42.58	40.79	37.62	37.57	38.01	38.80	39.85	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			32.01	36.91	37.26	40.16	43.06	75.99	75.99	75.98	77.35	77.91	77.90	77.90	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			14.0	14.9	11.5	13.4	14.7	21.4	30.7	14.8	14.7	17.5	17.5	17.5	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			.76	.85	.61	.71	.79	1.14	1.85	.99	.94	1.11	1.11	1.11	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%
			5.5%	5.3%	4.7%	4.1%	4.4%	4.8%	5.5%	8.1%	5.7%	5.4%	5.4%	5.4%	8.50	8.50	4.25	2.80	9.00	44.25	77.90	12.0	.80	5.6%

CAPITAL STRUCTURE as of 12/31/11		© VALUE LINE PUB. LLC 15-17																						
Total Debt \$2425.3 mill. Due in 5 Yrs \$1196.8 mill. LT Debt \$1872.0 mill. LT Interest \$116.5 mill. (LT interest earned: 4.2x) Leases, Uncapitalized Annual rentals \$8.5 mill. Pension Assets-12/11 \$1.10 bill. Oblig. \$1.56 bill. Pfd Stock \$51.1 mill. Pfd Div'd \$3.1 mill. 510,626 shs. 5.00% to 6.88%, callable \$101 to \$107.50; sinking fund began 11/1/79. All cumulative, \$100 par. Common Stock 77,904,922 shs.		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Revenues (\$mill)	Net Profit (\$mill)	Income Tax Rate	AFUDC % to Net Profit	Long-Term Debt Ratio	Common Equity Ratio	Total Capital (\$mill)	Net Plant (\$mill)	Return on Total Cap'l	Return on Shr. Equity	Return on Com Equity ^E
		2674.9	4321.3	4890.6	6962.7	6890.7	10292	14048	7499.8	5203.2	4708.7	4800	5050	72.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		94.4	94.5	156.2	157.4	151.6	181.1	124.8	178.2	255.9	230.9	275	295	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		20.8%	26.3%	16.1%	22.9%	22.9%	32.2%	29.1%	41.5%	40.4%	36.7%	38.5%	38.5%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		3.2%	2.5%	1.7%	1.0%	.5%	.7%	5.8%	4.5%	.7%	.4%	2.0%	2.0%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		48.3%	45.3%	43.1%	39.0%	44.8%	40.8%	42.1%	45.1%	42.2%	38.3%	38.5%	41.0%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		45.8%	52.1%	54.4%	58.7%	53.4%	58.3%	57.0%	53.9%	56.8%	60.6%	60.5%	58.0%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		1708.3	1926.2	2008.6	2222.4	2871.9	5552.0	5438.7	5304.4	5118.5	4884.5	4985	5365	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		1610.2	1828.7	2002.6	2049.4	2534.8	4463.8	4773.3	4945.1	5013.4	5199.1	5585	6080	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		7.0%	6.1%	8.8%	8.0%	6.4%	4.5%	3.5%	4.6%	6.2%	5.9%	6.5%	6.5%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		10.7%	9.0%	13.7%	11.6%	9.6%	5.5%	4.0%	6.1%	8.7%	7.7%	9.0%	9.5%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		11.7%	9.1%	14.0%	11.8%	9.7%	5.5%	3.9%	6.1%	8.7%	7.7%	9.0%	9.5%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		3.1%	2.0%	6.6%	5.3%	3.4%	.0%	NMF	NMF	2.3%	.7%	2.0%	2.5%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%
		74%	79%	54%	56%	65%	99%	NMF	NMF	74%	91%	78%	73%	8.50	345	38.5%	1.0%	43.0%	56.0%	6150	7300	7.0%	10.0%	10.0%

BUSINESS: Integrys Energy Group, Inc. is a holding company for Wisconsin Public Service, Peoples Gas, and four other utility subsidiaries. Has 493,000 electric customers in WI and MI, 1.7 million gas customers in WI, IL, MN, and MI. Also has retail electric and gas marketing operations in the Northeast and Midwest. Electric revenue breakdown: residential, 29%; small commercial & industrial, 29%; large commercial & industrial, 19%; other, 23%. Generating sources: coal, 53%; other, 5%; purchased, 42%. Fuel costs: 62% of revenues. '11 deprec. rates (utility): 2.2%-3.3%. Has 4,600 employees. Chairman, President & Chief Executive Officer: Charles A. Schrock, Inc.: WI. Address: 130 East Randolph St., Chicago, IL 60601-6207. Tel.: 312-228-5400. Internet: www.integrysgroup.com.

ANNUAL RATES		2009		2010		2011	
of change (per sh)		10 Yrs.	Past 5 Yrs.	10 Yrs.	Past 5 Yrs.	10 Yrs.	Past 5 Yrs.
Revenues	1.5%	-4.3	+3.2	NA	NA	NA	+9
"Cash Flow"	1.0%	-13.5%	-5%	NA	NA	NA	6.0%
Earnings	1.5%	-6.5%	7.0%	NA	NA	NA	6.0%
Dividends	3.0%	4.0%	.5%	NA	NA	NA	.5%
Book Value	6.0%	3.0%	2.5%	NA	NA	NA	2.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	3201	1428	1298	1573	7499.8
2010	1903	1015	998	1287	5203.2
2011	1627	1011	939	1132	4708.7
2012	1550	1050	1000	1200	4800
2013	1650	1100	1050	1250	5050

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.89	.45	.63	.31	2.28
2010	.95	.82	.56	.91	3.24
2011	1.56	.38	.47	.48	2.88
2012	1.55	.45	.50	.95	3.45
2013	1.65	.50	.55	1.00	3.70

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.67	.67	.67	.67	2.68
2009	.68	.68	.68	.68	2.72
2010	.68	.68	.68	.68	2.72
2011	.68	.68	.68	.68	2.72
2012	.68	.68	.68	.68	2.72

(A) Diluted EPS. Excl. nonrecurr. losses: '09, \$3.24; '10, 41¢ net; gains (loss) from disc. ops.: '07, \$1.02; '08, 6¢; '09, 4¢; '11, (1¢). '11 EPS don't add due to rounding. Next earnings report due early May. (B) Div'ds historically paid mid-Mar., June, Sept. and Dec. Div'd reinvestment plan avail. (C) Incl. intang. In '11: \$29.74/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in WI in '11: 10.3%; in IL in '12: 9.45%; earned on avg. com. eq. '11: 7.7%. Regulatory Climate: WI, Above Average; IL, Below Average.

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

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replacement project is under way, and a court overturned a regulatory mechanism that had provided recovery of this spending through a rider on customers' bills. **We expect a substantial earnings increase in 2012.** This is largely because mark-to-market accounting charges, which are a byproduct of Integrys' retail energy-marketing business, reduced earnings by \$0.45 a share in 2011. Our profit estimate is at the midpoint of Integrys' targeted range of \$3.35-\$3.55 a share. Rate relief and some growth from energy marketing ought to help, too. These factors should produce a solid bottom-line increase in 2013, as well. Mark-to-market gains or losses are ongoing, however, and make the company's earnings tough to predict. **This stock is more attractive for its high dividend yield than for its 3- to 5-year prospects.** Its yield is nearly a percentage point above the industry average. However, because it will likely be a few years before a dividend hike occurs, and the stock is already trading within our 2015-2017 Target Price Range, long-term total return potential is unimpressive. *Paul E. Debbas, CFA March 23, 2012*

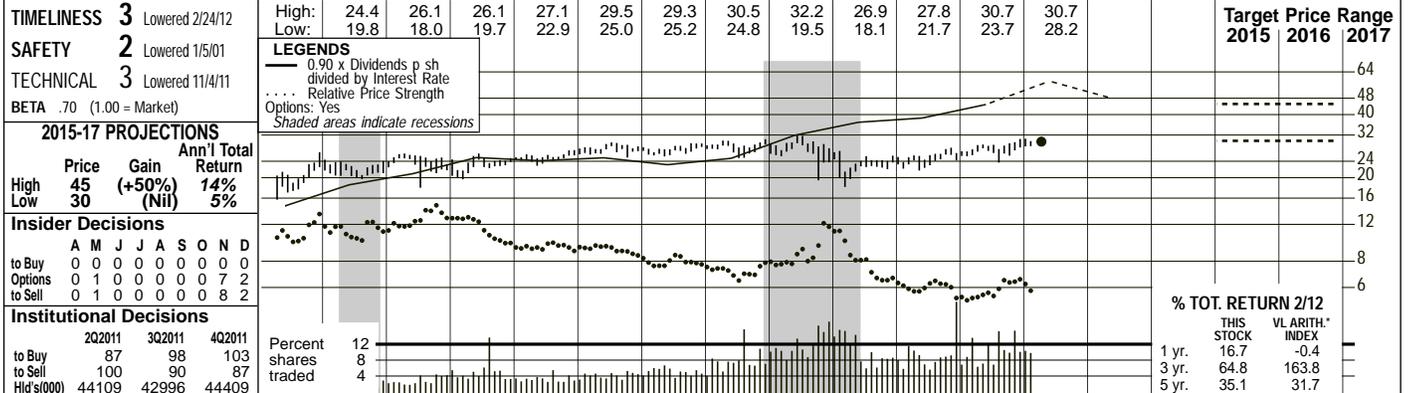
MGE ENERGY INC. NDQ-MGEE				RECENT PRICE	P/E RATIO		Trailing: 17.4 Median: 16.0		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE								
TIMELINESS 4 Lowered 3/9/12 SAFETY 1 New 1/3/03 TECHNICAL 3 Lowered 2/10/12 BETA .60 (1.00 = Market)				High: 27.8 Low: 20.9	30.1 24.6	35.8 25.0	36.4 27.6	38.8 30.5	37.0 29.2	37.2 29.4	36.5 27.9	38.2 27.3	43.6 32.1	47.8 37.1	47.2 43.0	Target Price Range 2015 2016 2017			
2015-17 PROJECTIONS Price High 50 Low 45 Gain (+10%) (Nil) Ann'l Total Return 5% 3%																			
Insider Decisions to Buy: 0 4 1 0 1 0 0 0 0 0 Options: 0 0 0 0 0 0 0 0 0 0 to Sell: 0 0 0 0 0 0 0 0 0 0																			
Institutional Decisions to Buy: 51 44 35 to Sell: 44 48 51 Hlds(000): 7588 7649 7491				Percent shares traded: 6, 4, 2 % TOT. RETURN 2/12 THIS STOCK VL ARITH. INDEX 1 yr. 10.9 -0.4 3 yr. 64.0 163.8 5 yr. 60.7 31.7															
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC 15-17	
15.75	16.46	15.53	16.96	19.50	19.55	19.75	21.89	20.84	25.10	24.20	24.49	26.02	23.10	23.04	23.64	23.30	24.35	Revenues per sh	25.80
2.41	3.26	3.59	3.81	3.89	3.78	3.33	2.94	2.88	3.00	3.52	3.69	4.02	3.98	4.14	4.41	4.40	4.45	"Cash Flow" per sh	4.90
.82	1.40	1.38	1.48	1.67	1.62	1.69	1.71	1.77	1.57	2.06	2.27	2.38	2.21	2.50	2.64	2.60	2.70	Earnings per sh A	3.15
1.28	1.29	1.30	1.31	1.32	1.33	1.34	1.35	1.36	1.37	1.39	1.41	1.43	1.46	1.49	1.52	1.55	1.62	Div'd Decl'd per sh B	1.84
1.36	1.35	1.92	3.16	4.44	2.47	4.45	4.52	4.70	4.19	4.41	6.21	4.62	3.53	2.63	2.82	2.65	2.70	Cap'l Spending per sh	2.70
11.14	11.25	11.34	11.49	12.05	12.67	12.94	14.34	16.59	16.81	17.89	19.49	20.88	21.71	22.72	23.84	25.55	25.85	Book Value per sh	30.05
16.08	16.08	16.08	16.16	16.62	17.07	17.57	18.34	20.39	20.45	20.98	21.95	22.90	23.11	23.11	23.11	23.20	23.30	Common Shs Outst'g C	23.50
28.1	14.5	16.2	14.0	11.7	14.8	16.0	17.5	18.0	22.4	15.9	15.0	14.2	15.1	15.0	15.8	15.8	15.8	Avg Ann'l P/E Ratio	15.0
1.76	.84	.84	.80	.76	.76	.87	1.00	.95	1.19	.86	.80	.85	1.01	.95	.99	.99	.99	Relative P/E Ratio	1.00
5.5%	6.3%	5.8%	6.3%	6.7%	5.5%	5.0%	4.5%	4.3%	3.9%	4.3%	4.1%	4.2%	4.4%	4.0%	3.6%	3.6%	3.6%	Avg Ann'l Div'd Yield	3.6%
CAPITAL STRUCTURE as of 12/31/11 Total Debt \$363.6 mill. Due in 5 Yrs \$18.2 mill. LT Debt \$360.9 mill. LT Interest \$12.0 mill. (LT interest earned: 5.8x)				347.1	401.5	424.9	513.4	507.5	537.6	596.0	533.8	532.6	546.4	545	560	Revenues (\$mill)	645		
Leases, Uncapitalized Annual rentals \$2.4 mill. Pension Assets-12/11 \$173.3 mill. Obligation \$283.7 mill.				29.2	30.6	33.8	32.1	42.4	48.8	52.8	51.0	57.7	60.9	60.0	64.0	Net Profit (\$mill)	74.0		
Pfd Stock None				39.1%	39.4%	37.9%	38.2%	37.9%	36.3%	36.3%	35.5%	35.6%	36.9%	37.1%	37.0%	37.0%	Income Tax Rate	37.0%	
Common Stock 23,113,638 shs. as of 2/1/12 MARKET CAP: \$1.1 billion (Mid-Cap)				--	--	--	--	--	--	--	--	--	2.2%	2.0%	2.0%	2.0%	AFUDC % to Net Profit	2.0%	
ELECTRIC OPERATING STATISTICS				45.8%	43.5%	37.4%	39.3%	38.7%	35.2%	36.3%	39.0%	38.9%	39.6%	39.5%	39.5%	Long-Term Debt Ratio	38.0%		
% Change Retail Sales (KWH) 2009 -6.0 2010 +4.1 2011 +0.8 Avg. Indust. Use (MWH) 2536 2679 2632 Avg. Indust. Revs. per KWH (¢) 6.67 7.51 7.38 Capacity at Peak (Mw) NA NA NA Peak Load, Summer (Mw) NA 802 770 Annual Load Factor (%) NA NA NA % Change Customers (avg.) NA NA NA				54.2%	56.5%	62.6%	60.7%	61.3%	64.8%	63.7%	61.0%	61.1%	60.4%	60.5%	60.5%	Common Equity Ratio	62.0%		
Fixed Charge Cov. (%) NA NA NA				419.5	465.3	540.5	566.2	612.6	660.1	750.6	822.7	859.4	911.9	980	1030	Total Capital (\$mill)	1140		
ANNUAL RATES Past Past Est'd '09-'11 of change (per sh) 10 Yrs. 5 Yrs. to '14-'16				451.5	537.5	607.4	667.7	728.4	844.0	901.2	939.8	968.0	995.6	1020	1030	Net Plant (\$mill)	1100		
Revenues 2.0% -- 1.0% "Cash Flow" 1.0% 6.0% 1.5% Earnings 4.5% 6.5% 4.0% Dividends 1.0% 1.5% 2.0% Book Value 6.5% 6.0% 4.0%				8.1%	7.8%	7.1%	6.6%	7.8%	8.1%	7.7%	6.9%	7.6%	7.8%	7.0%	7.5%	Return on Total Cap'l	9.0%		
QUARTERLY REVENUES (\$ mill.)				12.8%	11.6%	10.0%	9.3%	11.3%	11.4%	11.0%	10.2%	11.0%	11.1%	9.5%	10.5%	Return on Shr. Equity	12.0%		
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year	BUSINESS: MGE Energy Inc. is a holding company for Madison Gas and Electric, which provides electric service to approximately 139,000 customers in a 316-square-mile area of Dane County and gas service to 144,000 customers in 1,631 square miles in seven counties in Wisconsin. Electric revenue breakdown, '11: residential, 33%; commercial, 52%; industrial, 5%; public authorities and other, 10%. Generating sources, '11: coal, 55%; purchased power, 38%; natural gas and other, 7%. Fuel costs: 23% of revenues. '11 reported depreciation rate: electric, 3.2%; gas, 1.6%. Has 712 employees. Chairman, President & CEO: Gary J. Wolter. Inc.: Wisconsin. Address: 133 South Blair St., P.O. Box 1231, Madison, WI 53701-1231. Telephone: 608-252-7000. Internet: www.mge.com.													
2009	181.1	107.6	109.3	135.8	533.8	MGE Energy posted record earnings of \$2.64 a share in 2011. The Wisconsin electric and gas utility benefited from brutally cold weather and strong heating demand early in the year (first-quarter average daily temperature in MGE's service area: 24.2 degrees). Hot summer weather, meanwhile, had customers blasting their air conditioners, which boosted power demand and company profits in the September interim. Elm Road 2 also provided a nice lift in 2011. The clean-burning, coal-fired unit entered commercial operation in January of last year.													
2010	159.7	109.1	127.9	135.9	532.6	Earnings may decline in 2012, due to tough weather comparisons. March, for example, has so far been unseasonably warm throughout much of the Midwest. On the plus side, the Public Service Commission of Wisconsin recently authorized MGE to increase electric and gas rates by 4.3% and 0.3%, respectively. The higher assessments will help cover updated Elm Road costs as well as new energy-efficiency programs.													
2011	164.6	117.3	133.6	130.9	546.4	The long-term earnings trend should remain positive, reflecting favorable demographics within MGE's Dane County service area. A strong regional economy ought to drive population growth and power demand in and around the hub city of Madison. At the same time, heavy industry, which tends to go through up-and-down cycles, should remain just a small fraction of MGE's customer base.													
2012	160	118	124	143	545	The company remains a decent investment play on renewable energy (RE). Through wholly owned facilities and long-term purchase agreements, MGE has nearly 140 megawatts of RE (generation) capacity. What's more, it continues to have good success marketing generally higher-cost, zero-emission power and is in early compliance with renewable portfolio standards.													
2013	165	122	127	146	560	MGE shares are ranked 4 (Below Average) for relative year-ahead price performance. At the current quotation, long-term total return potential doesn't stand out, either. To its credit, the utility has an enviable record of dividend increases (27 straight years and counting). Nevertheless, more-competitive yields can now be found elsewhere within the utility industry.													
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year	Nils C. Van Liew March 23, 2012													
2009	.65	.43	.55	.58	2.21	Company's Financial Strength A Stock's Price Stability 100 Price Growth Persistence 50 Earnings Predictability 90													
2010	.62	.50	.86	.52	2.50	To subscribe call 1-800-833-0046.													
2011	.77	.55	.91	.41	2.64														
2012	.65	.55	.78	.62	2.60														
2013	.68	.57	.80	.65	2.70														
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2008	.355	.355	.3617	.3617	1.43														
2009	.3617	.3617	.3684	.3684	1.46														
2010	.3684	.3684	.3751	.3751	1.49														
2011	.3751	.3751	.3826	.3826	1.52														
2012	.3826																		

(A) Excl. nonrecurring loss: '96, 42¢. Next earnings report due mid-May. (B) Dividends historically paid in mid-March, June, September, December. (C) Dvd. reinvestment plan available. (C) In millions. (D) Rate allowed on common equity in '11: 10.4%; earned on average common equity, '11: 10.3%. Regulatory Climate: Above Average.

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VECTREN CORP. NYSE-VVC

RECENT PRICE **29.71** P/E RATIO **16.9** (Trailing: 17.3 Median: 15.0) RELATIVE P/E RATIO **1.08** DIV'D YLD **4.7%** VALUE LINE



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues per sh	26.53	21.00	22.26	26.62	26.83	29.88	30.67	25.76	26.06	28.39	29.15	30.65	33.50	33.50	33.50	33.50
"Cash Flow" per sh	3.43	3.17	3.27	3.87	3.69	4.29	3.97	4.40	4.44	4.72	5.20	5.60	6.80	6.80	6.80	6.80
Earnings per sh ^A	1.68	1.56	1.42	1.81	1.44	1.83	1.63	1.79	1.65	1.73	1.85	2.00	2.50	2.50	2.50	2.50
Div'd Decl'd per sh ^{B=†}	1.07	1.11	1.15	1.19	1.23	1.27	1.31	1.35	1.37	1.39	1.41	1.43	1.60	1.60	1.60	1.60
Cap'l Spending per sh	3.22	3.12	3.66	3.04	3.70	4.38	4.83	5.33	3.39	3.92	4.50	5.35	6.80	6.80	6.80	6.80
Book Value per sh ^C	12.79	14.18	14.42	15.01	15.43	16.16	16.68	17.23	17.61	17.89	18.05	19.05	21.00	21.00	21.00	21.00
Common Shs Outst'g ^D	68.01	75.60	75.90	76.19	76.10	76.36	81.03	81.10	81.70	81.90	83.00	84.00	88.00	88.00	88.00	88.00
Avg Ann'l P/E Ratio	14.2	14.8	17.6	15.1	18.9	15.3	16.8	12.9	15.0	15.1	15.1	15.1	15.0	15.0	15.0	15.0
Relative P/E Ratio	.78	.84	.93	.80	1.02	.81	1.01	.86	.95	.97	.97	.97	1.00	1.00	1.00	1.00
Avg Ann'l Div'd Yield	4.5%	4.8%	4.6%	4.4%	4.5%	4.5%	4.8%	5.9%	5.5%	5.5%	5.5%	5.5%	4.3%	4.3%	4.3%	4.3%

Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues (\$mill)	1804.3	1587.6	1689.8	2028.0	2041.6	2281.9	2484.7	2088.9	2129.5	2325.2	2420	2575	2950	2950	2950	2950
Net Profit (\$mill)	114.0	111.2	108.0	136.8	108.8	143.1	129.0	145.0	133.7	141.6	155	170	220	220	220	220
Income Tax Rate	25.4%	25.3%	26.5%	24.4%	21.8%	34.7%	37.1%	26.5%	35.8%	37.9%	36.0%	36.0%	35.0%	35.0%	35.0%	35.0%
AFUDC % to Net Profit	4.6%	4.5%	3.0%	1.4%	3.8%	2.8%	2.9%	4.1%	4.1%	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Long-Term Debt Ratio	52.3%	50.0%	48.1%	51.2%	50.7%	50.2%	48.0%	52.4%	49.9%	51.6%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%
Common Equity Ratio	47.7%	50.0%	51.8%	48.8%	49.3%	49.8%	52.0%	47.6%	50.1%	48.4%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%
Total Capital (\$mill)	1824.4	2144.7	2111.5	2341.3	2382.2	2479.1	2599.5	2937.7	2874.1	3025.0	3125	3350	3850	3850	3850	3850
Net Plant (\$mill)	1648.1	2003.7	2156.2	2251.9	2385.5	2539.7	2720.3	2878.8	2955.4	3032.6	3100	3200	3500	3500	3500	3500
Return on Total Cap'l	7.7%	6.6%	6.4%	7.2%	6.0%	7.2%	6.5%	6.3%	6.1%	6.1%	6.0%	6.0%	7.0%	7.0%	7.0%	7.0%
Return on Shr. Equity	13.1%	10.4%	9.9%	12.0%	9.3%	11.6%	9.5%	10.4%	9.3%	9.5%	9.5%	10.0%	12.0%	12.0%	12.0%	12.0%
Return on Com Equity ^E	13.1%	10.4%	9.9%	12.0%	9.3%	11.6%	9.5%	10.4%	9.3%	9.7%	9.5%	10.5%	12.0%	12.0%	12.0%	12.0%
Retained to Com Eq	4.8%	3.0%	1.9%	4.0%	1.3%	3.8%	2.0%	2.6%	1.6%	1.9%	2.5%	3.0%	4.5%	4.5%	4.5%	4.5%
All Div'ds to Net Prof	63%	71%	81%	66%	86%	67%	80%	75%	83%	80%	76%	71%	64%	64%	64%	64%

BUSINESS: Vectren is a holding company formed through the merger of Indiana Energy and SIGCORP. Supplies electricity and gas to an area nearly two-thirds of the state of Indiana. Owns gas distribution assets in Ohio. Has a customer base of 1,134,900. 2011 Electricity revenues: residential, 36%; commercial, 27%; industrial, 36%; other, 1%. 2011 Gas revenues: residential, 67%; commercial, 24%; other, 9%. Also provides energy-related products and services and has an investment subsidiary. Est'd plant age: electric, 8 years. '11 deprec. rate: 4.9%. Has 4,500 employees. Chairman, President, & CEO: Carl Chapman. Incorporated: IN. Address: One Vectren Square, Evansville, Indiana 47708. Telephone: 812-491-4000. Internet: www.vectren.com.

Shares of Vectren have traded in a holding pattern over the past three months. The company posted solid top-line growth, but share net of \$0.56 came in below our estimates and only matched the prior-year tally. Even so, the bottom line increased at a moderate clip for full-year 2011. The utility business reported solid results, and the nonutility operations (excluding gas-marketer ProLiance) posted impressive growth. This was partly offset by losses incurred at ProLiance. The company divested retail gas marketing subsidiary Vectren Source at yearend. The sale of this energy-marketing line (which is separate from ProLiance) reflects Vectren's strategy to deemphasize its commodities businesses. **Healthy results will probably continue going forward.** The company's utility businesses should post steady growth, assuming normal weather in the electric service territory and that challenges in the gas service territory are largely mitigated through rate design and other regulatory mechanisms. Vectren's infrastructure services operations ought to further benefit from healthy demand for work on transmission pipeline repairs, and other services, too. Construction activity is expected to remain strong as utilities and pipeline operators continue to replace their aging natural gas and oil infrastructure, and as the need for additional shale gas and oil infrastructure becomes more prevalent. However, we anticipate further losses at ProLiance, as unfavorable market conditions should continue to result in depressed asset optimization opportunities. Overall, though, we look for moderate growth in revenues and share earnings for 2012 and 2013. **This stock has fallen a notch in Timeliness since our December review,** and is now neutrally ranked for year-ahead performance. Looking further out, we anticipate higher revenues and share earnings for the company by 2015-2017. Moreover, Vectren earns good marks for Safety, Price Stability, and Earnings Predictability. From the present quotation, this equity has solid risk-adjusted total return potential, considering its healthy dividend yield. Conservative, income-seeking investors may find these shares attractive. *Michael Napoli, CFA March 23, 2012*

Year	2009	2010	2011
% Change Retail Sales (KWH)	-5.3	11.5	-3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	1493	1496	1494
Peak Load, Summer (Mw)	1143	1275	1220
Annual Load Factor (%)	56.2	58.1	57.1
% Change Customers (yr-end)	-2	+3	--

Year	2009	2010	2011
Fixed Charge Cov. (%)	280	303	347

Year	2009	2010	2011
Revenues	2.5%	3.5%	4.0%
"Cash Flow"	4.0%	4.5%	7.0%
Earnings	2.5%	1.0%	6.5%
Dividends	3.5%	3.0%	2.5%
Book Value	4.0%	3.5%	3.0%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	795.2	375.5	349.6	568.6	2088.9
2010	740.3	402.4	422.7	564.1	2129.5
2011	682.6	475.8	539.4	627.4	2325.2
2012	690	510	540	680	2420
2013	740	540	575	720	2575

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.90	.07	.15	.67	1.79
2010	.78	.11	.20	.56	1.64
2011	.55	.18	.43	.56	1.73
2012	.60	.20	.40	.65	1.85
2013	.65	.25	.45	.65	2.00

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.325	.325	.325	.335	1.31
2009	.335	.335	.335	.340	1.35
2010	.340	.340	.340	.345	1.37
2011	.345	.345	.345	.350	1.39
2012	.350				

(A) Diluted EPS. Excl. nonrecurr. gain (loss): '01, (13¢); '03, (6¢); '09, 15¢. Earnings may not sum due to rounding. Next eps report due in May. (B) Div'ds historically paid in early March, June, September, and December. (C) Div'd reinvest. plan avail. (D) Shareholder invest. plan avail. (E) Incl. intang. In '11, \$5.96/sh. (F) In millions. (G) Electric rate base determination: fair value. Rates allowed on elect. common equity range from 10.15% to 10.4%; earned on common equity in '11: 9.7%. Regulatory Climate: Above Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	45
Earnings Predictability	90

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WISCONSIN ENERGY NYSE-WEC										RECENT PRICE	P/E RATIO	(Trailing: 16.3)	RELATIVE P/E RATIO	DIV'D YLD	3.5%	VALUE LINE				
TIMELINESS 3 Lowered 1/13/12	High: 12.3	13.2	16.8	17.3	20.4	24.3	25.2	24.8	25.3	30.5	35.4	35.3	Target Price Range							
SAFETY 1 Raised 3/23/12	Low: 9.6	10.1	11.3	14.8	16.7	19.1	20.5	17.4	18.2	23.4	27.0	33.6	2015	2016	2017					
TECHNICAL 3 Raised 1/20/12	LEGENDS 1.24 x Dividends p sh divided by Interest Rate ... Relative Price Strength 2-for-1 split 3/11 Options: Yes Shaded areas indicate recessions										2-for-1									
BETA .65 (1.00 = Market)	2015-17 PROJECTIONS																			
	Price	Gain	Ann'l Total																	
High	45	(+30%)	10%																	
Low	35	(Nil)	4%																	
Insider Decisions																				
A M J J A S O N D																				
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Options	0	0	0	1	2	4	0	2												
to Sell	0	8	0	0	1	3	4	0	2											
Institutional Decisions																				
202011 3Q2011 4Q2011																				
to Buy	171	178	188																	
to Sell	155	158	175																	
Hlds(000)	160735	159649	158257																	
Percent shares traded																				
12 8 4																				
© VALUE LINE PUB. LLC 15-17																				
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Revenues per sh	23.50	
7.94	7.93	8.56	9.56	14.14	17.02	16.10	17.12	14.66	16.31	17.08	18.12	18.95	17.65	17.98	19.46	19.15	20.65	"Cash Flow" per sh	5.00	
2.13	1.48	2.06	2.26	2.24	2.72	2.84	2.86	2.58	2.89	2.90	2.98	2.95	3.11	3.30	3.68	3.35	4.25	Earnings per sh ^A	2.75	
.99	.27	.83	.94	.54	.92	1.16	1.13	.93	1.28	1.32	1.42	1.52	1.60	1.92	2.18	2.25	2.40	Div'd Decl'd per sh ^B	1.80	
.75	.77	.78	.78	.69	4.0	4.0	4.0	4.2	4.4	4.6	5.0	5.4	.68	.80	1.04	1.20	1.36	Cap'l Spending per sh	3.25	
1.77	1.56	1.76	2.22	2.64	3.01	2.54	2.95	2.85	3.40	4.17	5.28	4.86	3.50	3.41	3.60	3.35	3.20	Book Value per sh ^C	20.25	
8.71	8.25	8.23	8.44	8.50	8.91	9.22	9.96	10.65	11.46	12.35	13.25	14.27	15.26	16.26	17.20	17.65	18.15	Common Shs Outst'g ^D	223.00	
223.36	225.73	231.21	237.81	237.29	230.84	232.06	236.85	233.97	233.96	233.94	233.89	233.84	233.82	233.77	230.49	227.00	223.00	Avg Ann'l P/E Ratio	14.5	
14.3	47.3	18.0	13.3	18.7	12.1	10.5	12.4	17.5	14.5	16.0	16.5	14.8	13.3	14.0	14.2	Bold figures are Value Line estimates		Relative P/E Ratio	.95	
.90	2.73	.94	.76	1.22	.62	.57	.71	.92	.77	.86	.88	.89	.89	.89	.90			Avg Ann'l Div'd Yield	4.5%	
5.4%	6.0%	5.2%	6.3%	6.8%	3.6%	3.3%	2.8%	2.6%	2.4%	2.2%	2.1%	2.4%	3.2%	3.0%	3.3%					
CAPITAL STRUCTURE as of 12/31/11																				
Total Debt \$5316.8 mill. Due in 5 Yrs \$1913.0 mill.																				
LT Debt \$4614.3 mill. LT Interest \$258.5 mill.																				
Incl. \$120.0 mill. capitalized leases.																				
(LT interest earned: 3.7x)																				
Leases, Uncapitalized Annual rentals \$16.3 mill.																				
Pension Assets-12/11 \$1.26 bill.																				
Oblig. \$1.33 bill.																				
Pfd Stock \$30.4 mill. Pfd Div'd \$1.2 mill.																				
260,000 shs. 3.60%, \$100 par, callable at \$101;																				
44,498 shs. 6%, \$100 par.																				
Common Stock 230,461,537 shs.																				
as of 1/31/12																				
MARKET CAP: \$8.1 billion (Large Cap)																				
ELECTRIC OPERATING STATISTICS																				
2009 2010 2011																				
% Change Retail Sales (KWH)																				
-8.1 +6.0 -5																				
Avg. Indust. Use (MWH)																				
NA NA NA																				
Avg. Indust. Revs. per KWH (c)																				
6.57 NA NA																				
Capacity at Peak (Mw)																				
NA NA NA																				
Peak Load, Summer (Mw)																				
5812 5908 NA																				
Annual Load Factor (%)																				
NA NA NA																				
% Change Customers (yr-end)																				
+2 +3 +2																				
Fixed Charge Cov. (%)																				
281 312 339																				
ANNUAL RATES Past Past Est'd '09-'11																				
of change (per sh) 10 Yrs. 5 Yrs. to '15-'17																				
Revenues 3.0% 3.0% 4.0%																				
"Cash Flow" 3.5% 4.0% 7.0%																				
Earnings 9.0% 10.0% 6.5%																				
Dividends 3.0% 14.0% 13.5%																				
Book Value 6.5% 7.0% 3.5%																				
Cal-endar																				
QUARTERLY REVENUES (\$ mill.) Full Year																				
Mar.31 Jun.30 Sep.30 Dec.31																				
2009	1396.2	842.5	821.9	1067.3	4127.9															
2010	1248.6	890.9	973.3	1089.8	4202.5															
2011	1328.7	991.7	1052.8	1113.2	4486.4															
2012	1250	975	975	1150	4350															
2013	1350	1000	1000	1200	4600															
Cal-endar																				
EARNINGS PER SHARE ^A Full Year																				
Mar.31 Jun.30 Sep.30 Dec.31																				
2009	.60	.27	.25	.48	1.60															
2010	.55	.37	.47	.53	1.92															
2011	.72	.41	.55	.49	2.18															
2012	.75	.42	.53	.55	2.25															
2013	.80	.45	.56	.59	2.40															
Cal-endar																				
QUARTERLY DIVIDENDS PAID ^B Full Year																				
Mar.31 Jun.30 Sep.30 Dec.31																				
2008	.135	.135	.135	.135	.54															
2009	.169	.169	.169	.169	.68															
2010	.20	.20	.20	.20	.80															
2011	.26	.26	.26	.26	1.04															
2012	.30																			
BUSINESS: Wisconsin Energy Corporation is a holding company for We Energies, which provides electric, gas & steam service in Wisconsin. Customers: 1.1 mill. elec., 1.1 mill. gas. Acq'd WICOR 4/00. Discontinued pump-manufacturing operations in '04. Sold Point Beach nuclear plant in '07. Electric revenue breakdown: residential, 36%; small commercial & industrial, 31%; large commercial & industrial, 24%; other, 9%. Generating sources: coal, 54%; gas, 7%; hydro, 1%; wind, 1%; purchased, 37%. Fuel costs: 42% of revs. '11 reported deprec. rate (utility): 2.8%. Has 4,600 employees. Chairman, President & CEO: Gale E. Klappa, Inc.: WI. Address: 231 W. Michigan St., P.O. Box 1331, Milwaukee, WI 53201. Tel.: 414-221-2345. Internet: www.wisconsinenergy.com.																				
Wisconsin Energy is striving to raise its dividend payout ratio. As recently as 2008, this was below 40%. The double-digit increases that the board of directors has declared in the past few years (and again in the first quarter of 2012) have brought the payout ratio to its highest level in more than a decade. Now, the company has set a goal of having a 60% payout ratio by 2014—a year earlier than previously planned.																				
We look for earnings growth to continue in 2012 and 2013. This year, the Wisconsin commission is allowing the company to raise its earnings by suspending \$140.1 million of regulatory amortization, in lieu of a rate increase. We also look for a stock buyback; Wisconsin Energy is authorized to repurchase up to \$200 million. Rate relief in Michigan (see below) should help, too. Our 2012 share-earnings estimate is within management's targeted range of \$2.24-\$2.29. The utility plans to file a general rate case in Wisconsin in late March, with new tariffs taking effect at the start of 2013.																				
The company's Michigan utility has a rate case pending. It requested a tariff hike of \$17.5 million (9.9%), based on a 10.4% return on equity. In January, the utility self-implemented a \$7.7 million increase. New rates will take effect in July. A renewable-energy project was completed in 2011, and another is under construction. The utility built a 162-megawatt wind project at a cost of about \$360 million. It is constructing a 50-mw biomass plant at an estimated cost of \$245 million-\$255 million. This is expected to be in service by year-end 2013. These projects will help the company comply with Wisconsin's renewable energy requirements. Finances are solid. In 2010, the fixed-charge coverage was at its highest level in many years, and it improved in 2011. The common-equity ratio and earned returns on equity are healthy, too. We have raised the company's Financial Strength rating from B++ to A and have lifted the stock's Safety rank a notch, to 1 (Highest). This stock's dividend yield is below the industry average, but rapid dividend growth should produce a 3- to 5-year total return that is somewhat superior to its peers.																				
Paul E. Debbas, CFA March 23, 2012																				
(A) Diluted EPS. Excl. nonrec. gains (losses): '99, (5c); '00, 10c net; '02, (44c); '03, (10c) net; '04, (42c); gains on disc. ops.: '04, 77c; '05, 2c; '06, 2c; '09, 2c; '10, 1c; '11, 6c. '11																				
EPS don't add due to rounding. Next earnings report due early May. (B) Div'd historically paid in early Mar., June, Sept. & Dec. Div'd reinvestment plan avail. (C) Incl. intang. In '11:																				
\$7.29/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rates allowed on com. eq. in '10: 10.4%-10.5%; earned on avg. com. eq., '11: 13.1%. Regulatory Climate: Above Avg.																				
Company's Financial Strength A																				
Stock's Price Stability 100																				
Price Growth Persistence 90																				
Earnings Predictability 95																				
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To subscribe call 1-800-833-0046.																				

XCEL ENERGY NYSE-XEL		RECENT PRICE	P/E RATIO	(Trailing: 15.3)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE												
TIMELINESS 2 Raised 11/11/11 SAFETY 2 Raised 5/14/04 TECHNICAL 3 Raised 1/20/12 BETA .65 (1.00 = Market)		High: 30.0 Low: 16.1	31.8 24.2	28.5 5.1	17.4 10.4	18.8 15.5	20.2 16.5	23.6 17.8	25.0 19.6	22.9 15.3	21.9 16.0	24.4 19.8	27.8 21.2	Target Price Range 2014 2015 2016					
2014-16 PROJECTIONS Price Gain Ann'l Total High 30 (+15%) 7% Low 25 (-5%) 3%												64 48 40 32 24 20 16 12 8 6							
Insider Decisions M A M J J A S O N to Buy 0 0 0 0 0 1 0 0 0 0 Options 0 0 0 0 0 0 0 0 0 5 to Sell 0 0 0 0 0 0 0 0 0 5		Institutional Decisions 1Q2011 2Q2011 3Q2011 to Buy 183 199 206 to Sell 184 166 164 Hlds(000) 291091 289658 296827										Percent shares traded 15 10 5	% TOT. RETURN 12/11 THIS STOCK VL ARITH. INDEX 1 yr. 22.3 -5.9 3 yr. 68.8 91.9 5 yr. 48.4 21.6						
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
18.84	19.22	18.32	18.46	18.42	34.11	43.56	23.89	19.90	20.84	23.86	24.16	23.40	24.69	21.08	21.38	22.35	23.30	Revenues per sh	26.50
4.30	4.33	3.92	4.30	4.13	4.12	5.09	3.14	3.35	3.27	3.28	3.61	3.45	3.50	3.48	3.51	3.85	4.10	"Cash Flow" per sh	4.50
1.96	1.91	1.61	1.84	1.43	1.60	2.27	.42	1.23	1.27	1.20	1.35	1.35	1.46	1.49	1.56	1.75	1.85	Earnings per sh A	2.00
1.34	1.37	1.40	1.43	1.45	1.48	1.50	1.13	.75	.81	.85	.88	.91	.94	.97	1.00	1.03	1.06	Div'd Decl'd per sh B	1.30
2.94	2.99	2.90	2.99	13.87	3.63	7.40	6.04	2.49	3.19	3.25	4.00	4.89	4.66	3.91	4.60	4.10	5.20	Cap'l Spending per sh	4.50
14.87	15.46	15.89	16.25	16.42	16.37	17.95	11.70	12.95	12.99	13.37	14.28	14.70	15.35	15.92	16.76	17.50	18.35	Book Value per sh C	20.75
136.35	138.13	149.24	152.70	155.73	339.79	345.02	398.71	398.96	400.46	403.39	407.30	428.78	453.79	457.51	482.33	486.00	489.00	Common Shs Outst'g D	515.00
11.6	12.5	15.5	15.2	16.6	14.3	12.4	NMF	11.6	13.6	15.4	14.8	16.7	13.7	12.7	14.1	14.0	14.0	Avg Ann'l P/E Ratio	14.0
.78	.78	.89	.79	.95	.93	.64	NMF	.66	.72	.82	.80	.89	.82	.85	.90	.90	.90	Relative P/E Ratio	.95
5.9%	5.7%	5.6%	5.1%	6.1%	6.4%	5.3%	6.6%	5.2%	4.7%	4.6%	4.4%	4.0%	4.7%	5.1%	4.5%	4.2%	4.2%	Avg Ann'l Div'd Yield	4.7%
CAPITAL STRUCTURE as of 9/30/11 Total Debt \$9962.6 mill. Due in 5 Yrs \$1962.4 mill. LT Debt \$9450.2 mill. LT Interest \$614.3 mill. Incl. 8,000,000 sh. 7.875% tax-deductible pfd. sec., liq. value \$25/sh.; 7,760,000 sh. 7.60% cum., \$25 par; \$100 mill. 7.85% tax-deductible pfd. sec. (LT interest earned: 3.1x) Leases, Uncapitalized Annual rentals \$177.3 mill. Pension Assets-12/10 \$2.54 bill. Oblig. \$3.03 bill. Pfd Stock \$105.0 mill. Pfd Div'd \$4.2 mill. 1,049,800 shs. \$3.60 to \$4.56, cum., \$100 par, call- able \$102.00 to \$103.75. Redeemed 10/31/11. Common Stock 484,955,743 shs. as of 10/20/11 MARKET CAP: \$13 billion (Large Cap)						15028	9524.4	7937.5	8345.3	9625.5	9840.3	10034	11203	9644.3	10311	10850	11400	Revenues (\$mill)	13700
						784.7	177.6	510.0	526.9	499.0	568.7	575.9	645.7	685.5	727.0	845	895	Net Profit (\$mill)	1065
						28.2%	32.7%	23.7%	23.2%	25.8%	24.2%	33.8%	34.4%	35.1%	37.5%	35.5%	35.0%	Income Tax Rate	35.0%
						7.1%	46.7%	8.9%	10.9%	8.5%	9.8%	12.5%	15.9%	16.8%	11.7%	10.0%	10.0%	AFUDC % to Net Profit	9.0%
						66.7%	59.6%	55.3%	55.0%	51.7%	52.1%	49.7%	52.2%	51.6%	53.1%	51.0%	53.5%	Long-Term Debt Ratio	51.0%
						32.8%	39.5%	43.8%	44.1%	47.3%	47.0%	49.4%	47.1%	47.7%	46.3%	49.0%	46.5%	Common Equity Ratio	49.0%
						18911	11815	11790	11801	11398	12371	12748	14800	15277	17452	17400	19250	Total Capital (\$mill)	22000
						21165	18816	13667	14096	14696	15549	16676	17689	18508	20663	21625	23075	Net Plant (\$mill)	27800
						6.0%	5.4%	6.1%	6.2%	6.2%	6.2%	6.3%	6.0%	6.2%	5.7%	6.5%	6.0%	Return on Total Cap'l	6.5%
						12.5%	3.7%	9.7%	9.9%	9.1%	9.6%	9.0%	9.1%	9.3%	8.9%	10.0%	10.0%	Return on Shr. Equity	10.0%
						12.6%	3.7%	9.8%	10.0%	9.2%	9.7%	9.1%	9.2%	9.4%	8.9%	10.0%	10.0%	Return on Com Equity E	10.0%
						4.3%	NMF	3.9%	3.9%	2.9%	3.6%	3.1%	3.8%	3.7%	3.6%	4.0%	4.0%	Retained to Com Eq	3.5%
						66%	NMF	60%	62%	69%	63%	66%	59%	61%	59%	59%	58%	All Div'ds to Net Prof	63%
ELECTRIC OPERATING STATISTICS % Change Retail Sales (KWH) +8 -3.0 +3.0 Avg. C & I Use (MWH) 155 148 151 Avg. C & I Revs. per KWH (¢) 7.28 6.65 7.15 Capacity at Peak (Mw) NA NA NA Peak Load, Summer (Mw) 20596 21108 20517 Annual Load Factor (%) NA NA NA % Change Customers (yr-end) +1.1 +.5 --						BUSINESS: Xcel Energy Inc. is the parent of Northern States Power, which supplies electricity to Minnesota, Wisconsin, North Dakota, South Dakota, & Michigan & gas to Minnesota, Wisconsin, North Dakota, & Michigan; Public Service of Colorado, which supplies electricity & gas to Colorado; & Southwestern Public Service, which supplies electricity to Texas & New Mexico. Customers: 3.4 mill. electric, 1.9 mill. gas. Electric revenue breakdown: residential, 31%; commercial & industrial, 53%; other, 16%. Generating sources not available. Fuel costs: 50% of revs. '10 reported deprec. rate: 3.0%. Has 11,400 employees. Chairman, President & CEO: Ben Fowke, Inc.: MN. Address: 414 Nicollet Mall, Minneapolis, MN 55401. Tel.: 612-330-5500. Internet: www.xcelenergy.com.													
Fixed Charge Cov. (%) 248 258 277						We expect Xcel Energy to achieve its earnings growth goal in 2012. The company targets 5%-7% average annual profit growth, and is usually able to achieve this, thanks largely to rate relief its utilities obtain every year. Several rate cases are pending (see below). Our 2012 share-net estimate is at the upper end of management's targeted range of \$1.75-\$1.85.													
ANNUAL RATES Past Past Est'd '08-'10 of change (per sh) 10 Yrs. 5 Yrs. to '14-'16 Revenues -5% 1.0% 3.0% "Cash Flow" -2.0% 1.0% 4.5% Earnings -1.0% 4.0% 5.0% Dividends -4.0% 4.0% 5.0% Book Value -- 4.0% 4.5%						As usual, Xcel is very active in the regulatory arena. Northern States Power (NSP) is awaiting an order in Minnesota on a settlement that would provide an additional \$14.8 million in 2012, over and above the rate relief that was granted for 2011. The utility plans to file another petition in the state in November. NSP received tariff hikes in Wisconsin of \$12.2 million (electric) and \$2.9 million (gas) at the start of the new year. The utility filed for \$14.6 million in South Dakota, and is seeking an interim increase of \$12.7 million. Public Service of Colorado applied for an electric tariff hike of \$141.9 million, but its request for an interim raise of \$100 million was rejected. Southwestern Public Service (SPS) was granted a base rate increase of \$13.5 million in New Mexico at the start of 2012. SPS plans to file a rate case in Texas in the third quarter.													
QUARTERLY REVENUES (\$ mill.) Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2008 3028 2615 2852 2708 11203 2009 2695 2016 2315 2618 9644 2010 2807 2308 2629 2567 10311 2011 2817 2438 2832 2763 10850 2012 2950 2650 2950 2850 11400						Xcel is trying to close the gap between its utilities' authorized and earned returns on equity. This shortfall amounts to about one percentage point. Frequent rate cases help, but are not sufficient on their own. The company is trying additional regulatory strategies, such as expanding the kinds of investment that can be recovered through riders (i.e., without a general rate case) and filing interim or multiyear rate applications.													
EARNINGS PER SHARE A Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2008 .35 .24 .51 .36 1.46 2009 .38 .25 .48 .37 1.49 2010 .36 .29 .62 .29 1.56 2011 .42 .33 .69 .31 1.75 2012 .45 .35 .65 .40 1.85						We believe dividend growth will accelerate after 2013. By that time, rate base growth will probably be decelerating. Allowed ROEs might well be lower, too. This would dampen the earnings growth rate, so it would not surprise us if Xcel winds up raising the payout ratio.													
QUARTERLY DIVIDENDS PAID B Full Year Cal-endar Mar.31 Jun.30 Sep.30 Dec.31 2008 .23 .23 .2375 .2375 .94 2009 .2375 .2375 .245 .245 .97 2010 .245 .245 .2525 .2525 1.00 2011 .2525 .2525 .26 .26 1.03 2012 .26						This timely stock has a high valuation for a utility. Its dividend yield is a cut below the industry average, and the relative price-earnings ratio is high, by industry standards. The quotation is within our 2014-2016 Target Price Range, so total return potential over that time is modest.													
Company's Financial Strength B++ Stock's Price Stability 100 Price Growth Persistence 50 Earnings Predictability 100						To subscribe call 1-800-833-0046.													

(A) Diluted EPS. Excl. nonrec. gain (loss): '02, \$0.27; '04, \$0.30; gains (losses) on disc. ops.: '03, 27¢; '04, (30¢); '05, 3¢; '06, 1¢; '09, (1¢); '10, 1¢. '09 EPS don't add due to rounding. Next egs. report due late Apr. (B) Div'ds histor. paid mid-Jan., Apr., July and Oct. (C) Div'd reinvestment plan avail. (C) Incl. intang. In '10: \$4.46/sh. (D) In mill., adj. for split. (E) Rate base: Varies. Rate all'd on com. eq.: MN '09 10.88%; WI '08 10.75%; CO '10 (elec.) 10.5%; CO '07 (gas) 10.25%; TX '86 15.05%; earned on avg. com. eq., '10: 9.6%. Regul. Clim.: Avg. © 2012, Value Line Publishing LLC. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

Comparable Earnings Approach

Using Non-Utility Companies with

Timeliness of 2, 3 & 4; Safety Rank of 1, 2 & 3; Financial Strength of B+, B++ & A;

Price Stability of 90 to 100; Betas of .60 to .80; and Technical Rank of 2, 3 & 4

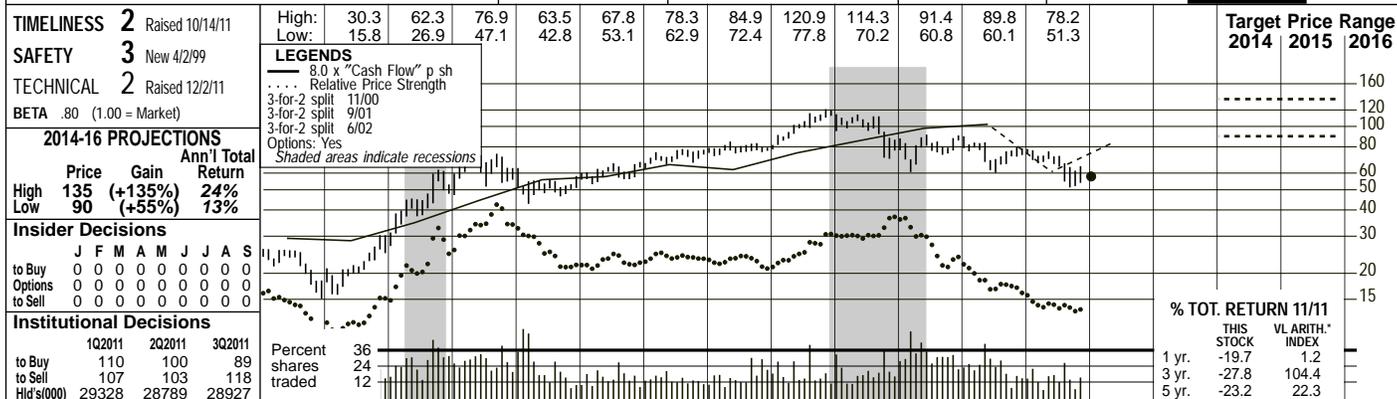
<u>Company</u>	<u>Industry</u>	<u>Timeliness Rank</u>	<u>Safety Rank</u>	<u>Financial Strength</u>	<u>Price Stability</u>	<u>Beta</u>	<u>Technical Rank</u>
Alliant Techsystems	DEFENSE	3	3	B+	95	0.80	3
AmerisourceBergen	MEDICNON	3	2	B++	100	0.70	4
Aon Corp.	FINSERV	3	2	A	100	0.70	4
AutoZone Inc.	RETAUTO	2	3	B	90	0.70	3
Berkley (W.R.)	INSPRPTY	4	2	B++	95	0.70	4
Bristol-Myers Squibb	DRUG	3	1	A	95	0.75	2
Brown & Brown	FINSERV	3	2	A	90	0.70	3
CVS Caremark Corp.	DRUGSTOR	2	1	A	90	0.80	3
Capitol Fed. Fin'l	THRIFT	3	3	B+	90	0.65	3
Church & Dwight	HOUSEPRD	3	1	A	100	0.60	3
Clorox Co.	HOUSEPRD	3	2	B++	100	0.65	3
DaVita Inc.	MEDSERV	2	3	B+	95	0.65	3
Dun & Bradstreet	INFOSER	2	3	B	100	0.75	2
EarthLink Inc.	INTERNET	3	3	B	90	0.70	3
Ecolab Inc.	CHEMSPEC	3	1	A	95	0.80	3
Erie Indemnity Co.	INSPRPTY	4	2	B++	100	0.70	3
Forest Labs.	DRUG	3	3	A	90	0.80	3
Gallagher (Arthur J.)	FINSERV	4	1	A	95	0.75	3
Haemonetics Corp.	MEDICNON	4	2	B++	100	0.60	3
Hershey Co.	FOODPROC	3	2	B++	100	0.65	3
Hormel Foods	FOODPROC	3	1	A	100	0.65	3
IAC/InterActiveCorp	INTERNET	2	3	B++	90	0.75	4
Int'l Flavors & Frag.	CHEMSPEC	3	1	A	95	0.80	3
J&J Snack Foods	FOODPROC	4	2	B++	90	0.70	3
Kroger Co.	GROCERY	2	2	B++	95	0.65	3
Laboratory Corp.	MEDSERV	2	1	A	100	0.65	3
MAXIMUS Inc.	INDUSRV	3	2	B++	90	0.75	4
Marsh & McLennan	FINSERV	3	3	B	95	0.75	3
McCormick & Co.	FOODPROC	4	1	A	100	0.60	3
Mead Johnson Nutrition	FOODPROC	4	3	B+	95	0.65	3
Mercury General	INSPRPTY	4	2	B++	95	0.70	3
Molson Coors Brewing	BEVERAGE	2	2	B++	90	0.65	3
Northwest Bancshares	THRIFT	3	3	B+	90	0.75	2
Owens & Minor	MEDICNON	3	2	A	90	0.70	3
PSS World Medical	MEDICNON	3	2	B++	90	0.70	3
People's United Fin'l	THRIFT	3	3	B+	95	0.65	3
Philip Morris Int'l	TOBACCO	3	2	B++	95	0.75	3
Quest Diagnostics	MEDSERV	2	2	B++	95	0.70	2
RLI Corp.	INSPRPTY	3	2	B++	95	0.75	3
Ruddick Corp.	GROCERY	3	3	B+	90	0.65	4
SAIC Inc.	INDUSRV	3	2	B++	100	0.65	4
Safeway Inc.	GROCERY	2	2	B++	90	0.70	3
Schein (Henry)	MEDICNON	3	3	B+	95	0.80	3
Silgan Holdings	PACKAGE	2	3	B+	90	0.75	3
Stericycle Inc.	ENVIRONM	3	2	B++	90	0.70	3
Synopsys Inc.	SOFTWARE	4	2	B++	95	0.80	2
Waste Connections	ENVIRONM	3	3	B+	95	0.75	3
Waste Management	ENVIRONM	3	2	A	95	0.80	2
Watson Pharmac.	DRUG	2	2	B++	90	0.75	3
Weis Markets	GROCERY	2	1	A	95	0.65	3
West Pharmac. Svcs.	MEDICNON	3	3	B+	90	0.80	3
Average		<u>3</u>	<u>2</u>	<u>B++</u>	<u>94</u>	<u>0.71</u>	<u>3</u>
Delivery Group	Average	<u>4</u>	<u>2</u>	<u>B++</u>	<u>100</u>	<u>0.65</u>	<u>3</u>

Comparable Earnings Approach
Five -Year Average Historical Earned Returns
for Years 2007-2011 and
Projected 3-5 Year Returns

Company	2007	2008	2009	2010	2011	Average	Projected 2014-16
Alliant Techsystems	30.5%	42.9%	37.4%	26.9%	19.5%	31.4%	16.0%
AmerisourceBergen	15.9%	17.3%	18.8%	21.6%	24.5%	19.6%	21.5%
Aon Corp.	10.9%	11.7%	12.7%	9.2%	12.1%	11.3%	12.0%
AutoZone Inc.	NMF	NMF	NMF	NMF	NMF	-	NMF
Berkley (W.R.)	20.6%	16.5%	10.2%	11.4%	7.5%	13.2%	13.5%
Bristol-Myers Squibb	20.5%	25.7%	21.9%	19.8%	21.5%	21.9%	23.0%
Brown & Brown	17.4%	13.4%	11.2%	10.7%	10.0%	12.5%	11.5%
CVS Caremark Corp.	8.4%	10.4%	10.6%	9.8%	10.0%	9.8%	11.0%
Capitol Fed. Fin'l	3.7%	5.8%	7.0%	7.1%	3.3%	5.4%	3.5%
Church & Dwight	15.6%	15.1%	15.5%	15.3%	15.0%	15.3%	15.5%
Clorox Co.	NMF	-	NMF	NMF	NMF	-	NMF
DaVita Inc.	19.7%	19.2%	19.8%	22.8%	22.0%	20.7%	18.0%
Dun & Bradstreet	-	-	-	-	-	-	39.0%
EarthLink Inc.	NMF	44.2%	39.1%	10.8%	4.5%	24.7%	10.5%
Ecolab Inc.	21.5%	29.5%	23.9%	24.9%	8.2%	21.6%	24.5%
Erie Indemnity Co.	20.6%	18.0%	12.0%	17.8%	20.5%	17.8%	26.5%
Forest Labs.	30.2%	25.6%	21.8%	23.3%	19.5%	24.1%	10.0%
Gallagher (Arthur J.)	21.6%	15.1%	14.9%	14.8%	11.9%	15.7%	15.5%
Haemonetics Corp.	11.4%	11.9%	12.5%	12.2%	10.5%	11.7%	11.0%
Hershey Co.	81.3%	135.3%	69.3%	65.2%	62.0%	82.6%	46.5%
Hormel Foods	15.8%	14.2%	16.1%	17.0%	17.8%	16.2%	15.0%
IAC/InterActiveCorp	NMF	3.1%	0.8%	0.9%	8.9%	3.4%	9.5%
Int'l Flavors & Frag.	38.3%	38.6%	27.9%	26.4%	24.1%	31.1%	24.0%
J&J Snack Foods	10.9%	8.8%	12.0%	12.7%	11.2%	11.1%	13.0%
Kroger Co.	24.0%	24.1%	23.2%	21.1%	24.5%	23.4%	21.0%
Laboratory Corp.	29.4%	30.4%	25.3%	23.7%	25.0%	26.8%	17.5%
MAXIMUS Inc.	4.9%	11.1%	18.4%	19.2%	21.3%	15.0%	27.0%
Marsh & McLennan	6.9%	NMF	9.2%	8.6%	14.5%	9.8%	19.0%
McCormick & Co.	23.5%	26.7%	23.2%	24.4%	21.0%	23.8%	22.5%
Mead Johnson Nutrition	67.0%	NMF	NMF	NMF	NMF	67.0%	NMF
Mercury General	12.0%	7.7%	10.0%	6.4%	9.0%	9.0%	12.0%
Molson Coors Brewing	7.1%	8.6%	10.0%	8.6%	7.5%	8.4%	8.0%
Northwest Bancshares	8.0%	7.8%	2.5%	4.4%	6.0%	5.7%	8.0%
Owens & Minor	11.8%	14.7%	14.3%	14.4%	13.3%	13.7%	13.5%
PSS World Medical	16.9%	16.7%	17.0%	16.8%	18.5%	17.2%	13.0%
People's United Fin'l	3.4%	2.7%	2.0%	1.6%	4.0%	2.7%	7.5%
Philip Morris Int'l	39.1%	91.9%	NMF	NMF	NMF	65.5%	NMF
Quest Diagnostics	16.7%	17.8%	18.3%	17.9%	18.5%	17.8%	16.0%
RLI Corp.	21.5%	15.3%	12.2%	13.9%	12.5%	15.1%	9.0%
Ruddick Corp.	11.0%	11.7%	11.4%	12.6%	11.4%	11.6%	11.0%
SAIC Inc.	20.3%	21.4%	21.8%	22.8%	18.0%	20.9%	13.0%
Safeway Inc.	13.3%	14.2%	14.6%	11.8%	13.5%	13.5%	16.0%
Schein (Henry)	13.2%	14.0%	13.3%	13.9%	15.1%	13.9%	11.0%
Silgan Holdings	24.6%	25.1%	23.2%	26.1%	27.5%	25.3%	25.5%
Stericycle Inc.	18.0%	22.8%	21.1%	20.4%	20.2%	20.5%	15.0%
Synopsys Inc.	10.8%	13.1%	10.8%	9.1%	10.2%	10.8%	10.5%
Waste Connections	12.8%	8.2%	8.7%	10.5%	12.1%	10.5%	15.5%
Waste Management	18.6%	18.4%	15.7%	16.2%	16.6%	17.1%	20.5%
Watson Pharmac.	8.2%	11.3%	11.7%	13.0%	17.0%	12.2%	14.0%
Weis Markets	7.1%	7.1%	9.1%	9.4%	10.0%	8.5%	9.5%
West Pharmac. Svcs.	17.0%	16.8%	12.5%	11.6%	12.5%	14.1%	16.0%
Average						19.2%	16.2%
Average (excluding values >20%)						11.4%	12.2%

ALLIANT TECH. NYSE-ATK

RECENT PRICE **57.83** P/E RATIO **6.5** (Trailing: 6.6 Median: 15.0) RELATIVE P/E RATIO **0.46** DIV'D YLD **1.4%** VALUE LINE



TIMELINESS 2 Raised 10/14/11
SAFETY 3 New 4/2/99
TECHNICAL 2 Raised 12/2/11
BETA .80 (1.00 = Market)

2014-16 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	135	(+135%)	24%
Low	90	(+55%)	13%

Insider Decisions

	J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2011	2Q2011	3Q2011	Percent shares traded
to Buy	110	100	89	36
to Sell	107	103	118	24
Hld's(000)	29328	28789	28927	12

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC 14-16
Revenues per sh ^A	47.61	61.33	71.01	85.04	111.46	107.63	126.73	139.80	145.48	144.46	140.90	143.95	160.00
"Cash Flow" per sh	4.35	5.53	6.97	7.22	8.23	7.80	9.34	10.74	12.26	12.81	12.40	12.70	15.20
Earnings per sh ^{AB}	2.40	3.28	3.72	4.03	4.03	5.14	6.43	7.75	9.04	9.32	8.85	8.75	10.70
Div'd's Decl'd per sh ^D	--	--	--	--	--	--	--	--	--	.20	.80	.90	1.20
Cap'l Spending per sh	--	1.53	1.76	1.90	2.26	2.45	3.06	3.40	4.34	3.88	3.95	4.25	6.00
Book Value per sh	14.71	13.49	16.93	20.84	21.77	16.84	22.51	18.76	24.43	34.79	45.45	50.90	66.65
Common Shs Outst'g ^C	37.84	35.42	33.32	32.94	28.86	33.12	32.92	32.79	33.05	33.52	33.00	33.00	30.00
Avg Ann'l P/E Ratio	20.8	19.0	14.3	15.7	18.3	15.6	16.4	11.9	9.0	7.8	10.5	10.5	10.5
Relative P/E Ratio	1.07	1.04	.82	.83	.97	.84	.87	.72	.60	.49	.70	.70	.70
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	.3%	--	3%	3%	1.1%

CAPITAL STRUCTURE as of 10/2/11
 Total Debt \$1308.7 mill. Due in 5 Yrs \$319.5 mill.
 LT Debt \$1288.7 mill. LT Interest \$100.3 mill.
 (53% of Cap'l)
 Leases, Uncapitalized Annual rentals \$69.6 mill.
 Pension Assets-3/11 \$2.1 bill. Oblig. \$2.7 bill.
 Pfd Stock None
 Common Stock 32,948,536 shs.
 as of 10/30/11

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Revenues (\$mill) ^A	1801.6	2172.1	2366.2	2801.1	3216.8	3564.9	4171.7	4583.2	4807.7	4842.3	4650	4750	4800
Operating Margin	16.8%	15.8%	14.7%	13.2%	12.8%	11.5%	12.4%	12.7%	13.6%	13.3%	12.0%	12.5%	14.0%
Depreciation (\$mill)	78.7	67.1	69.9	84.3	83.6	80.2	81.3	88.6	102.7	116.3	120	130	135
Net Profit (\$mill)	86.1	128.8	162.3	153.5	153.9	178.1	226.2	263.6	302.3	313.2	290	290	320
Income Tax Rate	39.8%	39.0%	25.3%	30.2%	32.2%	30.3%	36.4%	38.7%	36.1%	28.5%	34.0%	35.0%	35.0%
Net Profit Margin	4.8%	5.9%	6.9%	5.5%	4.8%	5.0%	5.4%	5.8%	6.3%	6.5%	6.3%	6.1%	6.7%
Working Cap'l (\$mill)	299.2	284.2	377.3	401.7	348.6	525.7	617.0	571.2	931.2	995.7	835	920	1250
Long-Term Debt (\$mill)	867.6	820.9	1076.0	1131.4	1096.0	1455.0	1455.0	1160.7	1379.8	1289.7	1000	950	800
Shr. Equity (\$mill)	556.8	477.9	564.2	686.4	628.4	557.9	741.1	615.0	807.4	1166.1	1500	1680	2000
Return on Total Cap'l	9.0%	12.4%	11.7%	10.2%	11.8%	10.7%	12.2%	16.3%	15.2%	14.5%	11.5%	11.0%	11.5%
Return on Shr. Equity	15.5%	27.0%	28.8%	22.4%	24.5%	31.9%	30.5%	42.9%	37.4%	26.9%	19.5%	17.0%	16.0%
Retained to Com Eq	15.5%	27.0%	28.8%	22.4%	24.5%	31.9%	30.5%	42.9%	37.4%	26.3%	20.0%	17.5%	16.5%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	2%	2%	3%	3%

MARKET CAP: \$1.9 billion (Mid Cap)

CURRENT POSITION

	2009	2010	10/2/11
Cash Assets	393.9	702.3	270.7
Receivables	902.8	945.6	1033.9
Inventory (FIFO)	236.1	242.0	328.8
Other	186.2	169.3	107.3
Current Assets	1719.0	2059.2	1740.7
Accts Payable	273.7	292.3	284.6
Debt Due	13.8	320.0	20.0
Other	500.3	451.2	484.1
Current Liab.	787.8	1063.5	788.7

BUSINESS: Alliant Techsystems has three business groups: Armament Systems, Mission Systems, and Space Systems. ATK Armament Systems (45% of '10 sales) produces military ammunition and gun systems. Mission Systems (26%) focuses on two areas: weapon systems and aerospace systems. Space Systems (29%) produces solid rocket motors for human and cargo launch vehicles, and makes small satellites and subsystems/components for large satellites and spacecraft. ATK is a Honeywell spinoff, inc. 5/90. Has abt. 18,000 empl. Off. & dir. own 2.7% of c.s.; FEIM LLC, 12.2%; BlackRock, Inc., 7.1% (6/11 proxy). Chrmn. Ronald Fogleman; Interim CEO: John Shroyer. Inc.: DE. Addr.: 5050 Lincoln Drive, Edina, MN 55436-1097. Tel.: 952-351-3000. Internet: www.atk.com.

changes may bring. The company has aggressively managed costs recently, maintaining healthy return levels despite a decrease in sales and a narrowing in margins. It has strongly positioned itself for a new contract with NASA, providing the booster motors for the test runs of the new Space Launch System. The company's relationship with NASA's Shuttle program was fruitful for both sides. These recent tests hint that Alliant is the frontrunner for securing a new, lucrative contract with the aeronautic agency. Alliant also has its crosshairs fixed on foreign markets to promote many military and command products in the future.

This timely stock is an appealing option for value investors seeking returns in 3 to 5 years. While concerns about the Department of Defense budget and fledgling margins at the Security and Sports segment may impede top-line and share-earnings potential in the near term, management's forward-looking devotion to explore and enter faster-growing, higher-margin markets augurs well for the company's future.

Robert Harrington III December 16, 2011

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Revenues	16.0%	13.5%	2.0%
"Cash Flow"	13.0%	10.5%	4.0%
Earnings	16.5%	16.0%	3.5%
Dividends	--	--	NMF
Book Value	17.0%	5.0%	17.0%

Alliant Techsystems boasted strong September-period results, as strong sales figures led to higher-than-expected share earnings, which were over \$0.40 higher than we projected last quarter, at \$2.43. We have subsequently raised our full-year target. This is especially impressive, given the weak margins at Armament Systems, and Security and Sports segments, which were both hurt by elevated copper prices and, in the case of the latter, a growing consumer preference for less expensive products.

The impending cuts to the defense budget are concerning across the industry, although specifics on the decreases are still scarce at this time. The most pronounced red flag attached to Alliant is that roughly 70% of sales thus far in 2011 are to the U.S. government. What the company does have is a constantly evolving product mix; from control systems to weapons systems, satellites to missiles, its diverse offerings render it more flexible than many of its competitors. **Management is proactive, even vigilant, about adapting to whatever challenges these governmental**

QUARTERLY REVENUES (\$ mill.)^{AB}

Fiscal Year Begins	Jun.Per	Sep.Per	Dec.Per	Mar.31	Full Fiscal Year
2008	1125	1092	1109	1257	4583.2
2009	1209	1208	1142	1249	4807.7
2010	1202	1209	1129	1302	4842.3
2011	1075	1109	1206	1260	4650
2012	1150	1170	1180	1250	4750

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Robert Harrington III December 16, 2011

EARNINGS PER SHARE^{AB}

Fiscal Year Begins	Jun.Per	Sep.Per	Dec.Per	Mar.31	Full Fiscal Year
2008	1.64	1.87	1.96	2.28	7.75
2009	2.09	2.19	2.33	2.44	9.04
2010	2.24	2.91	2.09	2.16	9.32
2011	2.13	2.43	2.05	2.24	8.85
2012	2.15	2.10	2.20	2.30	8.75

Management is proactive, even vigilant, about adapting to whatever challenges these governmental

changes may bring. The company has aggressively managed costs recently, maintaining healthy return levels despite a decrease in sales and a narrowing in margins. It has strongly positioned itself for a new contract with NASA, providing the booster motors for the test runs of the new Space Launch System. The company's relationship with NASA's Shuttle program was fruitful for both sides. These recent tests hint that Alliant is the frontrunner for securing a new, lucrative contract with the aeronautic agency. Alliant also has its crosshairs fixed on foreign markets to promote many military and command products in the future.

This timely stock is an appealing option for value investors seeking returns in 3 to 5 years. While concerns about the Department of Defense budget and fledgling margins at the Security and Sports segment may impede top-line and share-earnings potential in the near term, management's forward-looking devotion to explore and enter faster-growing, higher-margin markets augurs well for the company's future.

Robert Harrington III December 16, 2011

QUARTERLY DIVIDENDS PAID^D

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	--	--	--	--	--
2008	--	--	--	--	--
2009	--	--	--	--	--
2010	--	--	--	--	--
2011	.20	--	.20	--	.40

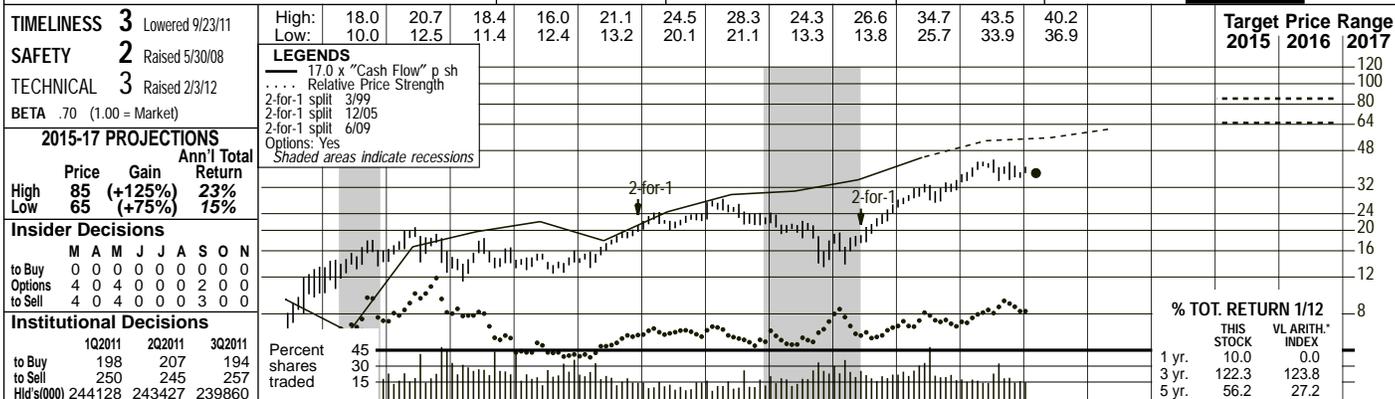
(A) Fiscal years end March 31st of following year.
 (B) Diluted earnings. Excludes discontinued operations: Excludes nonrecurring charges:
 '02, \$0.20; '03, \$0.42; '04, \$0.09; '05, \$0.57; '06, \$0.15; '07, \$0.11; '08, \$3.19; '09, \$0.71. May not sum due to rounding. Next earnings report due early Feb.
 (C) In millions, adjusted for stock splits.
 (D) Initial div'd. declared on 11/4/10, was paid in early March 2011.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	50
Earnings Predictability	90

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AMERISOURCE NYSE-ABC

RECENT PRICE **37.55** P/E RATIO **13.4** (Trailing: 14.1; Median: 17.0) RELATIVE P/E RATIO **0.89** DIV'D YLD **1.4%** VALUE LINE



TIMELINESS 3 Lowered 9/23/11
SAFETY 2 Raised 5/30/08
TECHNICAL 3 Raised 2/3/12
BETA .70 (1.00 = Market)

2015-17 PROJECTIONS

Ann'l Total		
Price	Gain	Return
High 85	(+125%)	23%
Low 65	(+75%)	15%

Insider Decisions

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

Institutional Decisions

	1Q2011	2Q2011	3Q2011
to Buy	198	207	194
to Sell	250	245	257
Hld's(000)	244128	243427	239860

Percent shares traded: 45, 30, 15

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
94.07	101.52	116.23	119.92	147.52	183.58	216.10	243.16	282.09	310.51	324.00	332.85	Sales per sh ^A	354.15	
.98	1.16	1.29	1.05	1.44	1.74	1.81	2.05	2.62	3.15	3.25	3.60	"Cash Flow" per sh	4.35	
.82	.99	1.02	.83	1.13	1.32	1.44	1.69	2.22	2.54	2.80	3.15	Earnings per sh ^{A B}	3.85	
.03	.03	.03	.03	.05	.10	.15	.24	.34	.43	.52	.52	Div'ds Decl'd per sh ^C	.60	
.15	.20	.45	.49	.29	.35	.44	.51	.67	.65	.60	.65	Cap'l Spending per sh	.75	
7.75	8.93	10.32	10.26	10.78	9.23	8.67	9.43	10.69	11.10	11.80	12.85	Book Value per sh	17.90	
427.78	448.55	420.47	417.04	384.18	335.92	312.44	288.08	276.35	258.34	250.00	245.00	Common Shs Outst'g ^D	240.00	
20.5	15.2	14.1	19.0	18.9	18.7	14.7	10.4	12.7	14.7	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	19.5	
1.12	.87	.74	1.01	1.02	.99	.88	.69	.81	.92			Relative P/E Ratio	1.30	
.1%	.2%	.2%	.2%	.2%	.4%	.7%	1.3%	1.2%	1.6%			Avg Ann'l Div'd Yield	.5%	

CAPITAL STRUCTURE as of 12/31/11
Total Debt \$1929.0 mill. **Due in 5 Yrs** \$969.6 mill.
LT Debt \$1481.9 mill. **LT Interest** \$44.0 mill.

(Total interest coverage: 15.2x) (34% of Cap'l)

Leases, Uncapitalized \$43.8 mill.

Pension Assets-9/11 \$122.2 mill. **Oblig.** \$154.9 mill.

Pfd Stock None
Common Stock 257,834,417 shs.

MARKET CAP: \$9.7 billion (Large Cap)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		
40241	45537	48871	50013	56673	61669	67519	70052	77954	80217	81000	81550	Sales (\$mill) ^A	85000	
2.0%	2.1%	2.0%	1.5%	1.5%	1.5%	1.4%	1.4%	1.5%	1.5%	1.5%	1.5%	Operating Margin	1.6%	
61.2	71.0	75.8	81.2	86.0	91.2	95.9	78.9	86.5	105	110	110	Depreciation (\$mill)	125	
359.6	449.2	468.4	356.7	468.0	493.8	469.1	511.9	636.7	706.6	700	770	Net Profit (\$mill)	925	
39.7%	39.2%	38.4%	37.8%	36.8%	37.1%	38.4%	37.9%	38.0%	37.5%	38.0%	38.5%	Income Tax Rate	38.5%	
.9%	1.0%	1.0%	.7%	.8%	.8%	.7%	.7%	.8%	.9%	.9%	.9%	Net Profit Margin	1.1%	
2250.1	2602.4	2191.5	1935.6	1751.2	857.3	502.2	474.2	842.1	362.5	500	550	Working Cap'l (\$mill)	850	
1756.5	1722.7	1157.1	951.5	1093.9	1227.3	1187.4	1176.9	1343.2	972.9	850	750	Long-Term Debt (\$mill)	600	
3316.3	4005.3	4339.0	4280.4	4141.2	3099.7	2710.0	2716.5	2954.3	2866.9	2950	3150	Shr. Equity (\$mill)	4300	
8.5%	9.1%	9.5%	7.4%	9.1%	11.8%	12.9%	13.9%	15.7%	18.4%	18.5%	19.5%	Return on Total Cap'l	19.0%	
10.8%	11.2%	10.8%	8.3%	11.3%	15.9%	17.3%	18.8%	21.6%	24.5%	23.5%	24.5%	Return on Shr. Equity	21.5%	
10.5%	10.9%	10.5%	8.1%	10.8%	14.7%	15.5%	16.5%	18.5%	24.5%	23.5%	24.5%	Retained to Com Eq	21.5%	
3%	2%	2%	3%	4%	8%	10%	12%	14%	16%	19%	17%	All Div'ds to Net Prof	16%	

CURRENT POSITION (SMILL.)

	2010	2010	12/31/11
Cash Assets	1658.2	1826.0	2370.3
Receivables	3827.5	3837.2	3724.5
Inventory (LIFO)	5210.1	5466.5	5824.4
Other	52.6	87.9	36.6
Current Assets	10748.4	11217.6	11955.8
Accts Payable	8833.7	9202.1	9589.0
Other	1072.6	1653.0	1712.4
Current Liab.	9906.3	10855.1	11301.4

BUSINESS: AmerisourceBergen was created by the merger of AmeriSource Health and Bergen Brunswig. The company is a full-service wholesale distributor of pharmaceutical products and related health-care services in the U.S. It operates in two segments: Pharmaceutical Distribution and PharMerica, its international pharmacy. Acquired Gulf Dist. Inc. and Diabetic Shoppe, Inc., in

'96; Walker Drug in '97; C.D. Smith in July '99. 2011 depreciation rate: 7.9%. Vanguard Group Inc. owns 6.0% of common; Officers and directors, 2.0% (1/12 Proxy). Has about 10,300 employees. Incorporated: DE. President & CEO: Steven H. Collis. Address: 1300 Morris Drive, Suite 100, Chesterbrook, PA 19087. Telephone: 610-727-7000. Internet: www.amerisourcebergen.net.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10
of change (per sh)			
Sales	17.5%	17.0%	8.0%
"Cash Flow"	16.0%	13.0%	11.0%
Earnings	16.0%	13.5%	13.0%
Dividends	--	57.5%	14.0%
Book Value	27.5%	-0.5%	14.0%

Demand for AmerisourceBergen's products is strong. To wit, the company reported revenue of \$20.4 billion during the fiscal first quarter (fiscal year ends September 30th), which equates to a 2.4% increase over the year-ago result. Sales growth was driven by a 3.9% uptick in AmerisourceBergen Specialty Group (ABSG) revenue, thanks to a solid performance in third-party logistics, and a 2.1% increase in AmerisourceBergen Drug Corporation (ABDC) sales, which reaped the rewards of solid demand in the retail and institutional divisions.

Industrywide trends favor AmerisourceBergen's long-term prospects. Over the next 3 to 5 years, we expect that ABC will benefit from the accelerated development of new drugs, the graying of the baby-boomer generation, selective price increases, and an increase in research highlighting the clinical and cost efficiency of pharmaceutical therapy.

QUARTERLY SALES (\$mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	16881	16933	17965	18273	70052
2010	19335	19300	19602	19715	77954
2011	19888	19760	20161	20407	80217
2012	20360	19930	20275	20435	81000
2013	20450	20175	20425	20500	81550

Recent acquisitions ought to help lift the company's fortunes. Late in fiscal 2011, AMC acquired a number of companies, including Premier Source; InstrinsiQ, LLC; and TheraCom, LLC. This, in conjunction with additional operating margins improvement (the result of a modest widening in gross margins and ongoing expense management), augurs well for another record-breaking performance in the current fiscal year. As a result, we remain confident in our \$2.80-a-share earnings estimate for fiscal 2012, and have initiated a \$3.15 share-net estimate for the next year.

Share buybacks should help boost earnings going forward. During the first quarter, the company repurchased \$128 million of its outstanding common stock, and we look for ABC to buy back a total of \$400 million of such stock during the current fiscal year. Notably, shares outstanding for the December quarter of this year came in at 263.1 million, down 17.6 million shares from the year-ago figure. Management is clearly dedicated to bolstering shareholder value.

EARNINGS PER SHARE^{A B}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	.36	.48	.42	.44	1.69
2010	.52	.63	.57	.50	2.22
2011	.57	.77	.66	.54	2.54
2012	.62	.82	.68	.68	2.80
2013	.71	.91	.78	.75	3.15

QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.037	.037	.037	.05	.16
2009	.05	.05	.06	.08	.24
2010	.08	.08	.08	.10	.34
2011	.10	.115	.115	.13	.46
2012	.13				

Investors with an eye toward 2015-2017 may wish to have a look here. Indeed, at the current quotation, AmerisourceBergen stock's appreciation potential over that period is almost twice that of the average equity under Value Line review.
 Kenneth A. Nugent February 24, 2012

(A) Fiscal year ends Sept. 30th. (B) Diluted earnings. Excludes n/r (losses)/gains: '01, (\$0.21); '02, (\$0.13); '03, (\$0.07); '04, (\$0.07); '05, (\$0.33); '06, (\$0.09); '07, \$0.09; '10, \$0.06.

Next egs. report due late April. Eps may not tally due to rounding. (C) Dividend historically paid in early March, June, September, and Dec. (D) In millions, adjusted for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	100

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AON CORP. NYSE-AON

RECENT PRICE **48.03** P/E RATIO **15.9** (Trailing: 16.7; Median: 18.0) RELATIVE P/E RATIO **1.01** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS 3 Raised 2/18/11
SAFETY 2 Raised 5/22/09
TECHNICAL 3 Lowered 2/17/12
BETA .70 (1.00 = Market)

LEGENDS
 12.0 x "Cash Flow" p sh
 Relative Price Strength
 3-for-2 split 5/99
 Options: Yes
 Shaded areas indicate recessions

2014-16 PROJECTIONS

Price	Gain	Ann'l Total Return
High 80	(+65%)	14%
Low 60	(+25%)	7%

Insider Decisions

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

Institutional Decisions

1Q2011	2Q2011	3Q2011
to Buy 184	189	193
to Sell 209	218	273
Hld's(000) 286655	279631	276312

Percent shares traded: 15, 10, 5

% TOT. RETURN 1/12

THIS STOCK	VL ARITH. INDEX
1 yr. 7.2	0.0
3 yr. 36.2	123.8
5 yr. 44.9	27.2

Combined Insurance of America, founded in 1919, incorporated as Combined International (CI) in 1979. Three years later, CI merged with Ryan Insurance Group, a company founded in 1964 by Patrick G. Ryan. In 1987, the company changed its name to Aon Corporation. Its acquisition of Netherlands-based Hudig Langeveldt in 1991 marked the beginning of the company's evolution into what is now the world's second-largest insurance broker.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC 14-16
Revenues per sh ^A	28.28	28.43	31.31	32.13	30.63	29.89	24.53	28.08	28.52	25.62	34.95	37.50	41.00
"Cash Flow" per sh ^A	2.48	2.34	3.11	2.79	2.86	2.91	2.85	3.10	3.47	3.21	4.25	4.95	5.70
Earnings per sh ^B	1.23	1.64	2.08	1.72	1.92	1.86	2.09	2.06	2.20	2.35	2.87	3.50	4.25
Div'ds Decl'd per sh ^C	.90	.83	.60	.60	.60	.60	.60	.60	.60	.60	.60	.60	.60
Cap'l Spending per sh	1.04	.90	.59	.25	.39	.51	.56	.38	.53	.54	.45	.50	.60
Book Value per sh ^D	12.97	12.55	14.34	16.12	16.51	17.42	20.42	19.54	20.20	24.83	25.00	25.20	35.85
Common Shs Outst'g ^E	271.43	310.30	313.60	316.60	321.20	299.60	304.60	271.80	266.30	332.30	323.00	310.00	305.00
Avg Ann'l P/E Ratio	29.1	16.6	10.6	14.9	14.5	19.5	20.2	21.5	17.9	16.3	16.8		16.0
Relative P/E Ratio	1.49	.91	.60	.79	.77	1.05	1.07	1.29	1.19	1.05	1.05		1.05
Avg Ann'l Div'd Yield	2.5%	3.0%	2.7%	2.3%	2.2%	1.7%	1.4%	1.4%	1.5%	1.5%	1.2%		.9%

CAPITAL STRUCTURE as of 9/30/11^A
 Total Debt \$4578 mill. Due in 5 Yrs \$2858 mill.
 LT Debt \$4415 mill. LT Interest \$160 mill.
 (35% of Capital)

Leases, Uncapitalized Annual rentals \$302 mill.
 Pension Assets - 12/10 \$5.7 bill. Oblig. \$7.1 bill.

Pfd Stock None
 Common Stock 323,289,389 shares as of September 30, 2011

MARKET CAP: \$15.5 billion (Large Cap)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Revenues (\$mill) ^A	7676.0	8822.0	9818.0	10172	9837.0	8954.0	7471.0	7631.0	7595.0	8512.0	11287	11625	12500
Operating Margin	14.6%	13.0%	15.4%	14.8%	13.9%	14.4%	18.2%	16.4%	16.6%	18.0%	17.0%	18.0%	18.5%
Depreciation (\$mill)	339.0	263.0	314.0	309.0	277.0	237.0	194.0	222.0	242.0	305.0	400	415	450
Net Profit (\$mill)	336.0	466.0	663.0	577.0	642.0	636.3	675.1	621.0	681.0	760.0	978.4	1120	1290
Income Tax Rate	35.6%	36.9%	37.0%	34.4%	33.5%	30.8%	34.1%	28.0%	28.2%	28.2%	28.0%	28.0%	29.0%
Net Profit Margin	4.4%	5.3%	6.8%	5.7%	6.5%	7.1%	9.0%	8.1%	9.0%	8.9%	8.7%	9.6%	10.3%
Working Cap'l (\$mill)	7212.0	9074.0	10442	11180	10959	12014	3420.0	1723.0	1344.0	1570.0	1745.0	1185	1400
Long-Term Debt (\$mill)	1340.0	1324.0	1961.0	1830.0	2078.0	1993.0	1893.0	1872.0	1998.0	4014.0	4155.0	4000	3250
Shr. Equity (\$mill) ^D	4371.0	4647.0	4548.0	5153.0	5303.0	5218.0	6221.0	5310.0	5379.0	8251.0	8078.0	7800	10950
Return on Total Cap'l	6.8%	8.6%	10.9%	9.2%	9.5%	9.7%	9.1%	9.5%	10.1%	6.9%	8.0%	9.5%	9.0%
Return on Shr. Equity	7.7%	10.0%	14.6%	11.2%	12.1%	12.2%	10.9%	11.7%	12.7%	9.2%	12.1%	14.5%	12.0%
Retained to Com Eq	2.7%	6.0%	10.5%	7.5%	8.5%	8.6%	8.0%	8.5%	9.6%	7.1%	9.7%	12.0%	10.0%
All Div'ds to Net Prof	72%	50%	29%	33%	30%	30%	26%	28%	24%	23%	20%	17%	14%

CURRENT POSITION (\$MILL.)

	2009	2010	9/30/11
Cash Assets	639	1131	902
Receivables	2052	2701	2745
Other	11298	10687	10853
Current Assets	13989	14519	14500
Accts Payable	1535	1810	1611
Debt Due	10	492	163
Other	11095	10647	10991
Current Liab.	12640	12949	12765

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Revenues	--	-2.5%	7.0%
"Cash Flow"	--	2.0%	10.0%
Earnings	1.0%	3.0%	11.5%
Dividends	-3.0%	--	Nil
Book Value	6.0%	6.5%	9.0%

BUSINESS: Aon Corporation is a holding company whose subsidiaries operate in two segments: Risk and Insurance Brokerage Services and Consulting. Clients include corporations, professional organizations, and governments. Acquired Gil y Carvajal, 2/98; Le Blanc de Nicolay, 5/98; A.I.S., 8/98.; Hewitt Associates, 11/10. Sold Combined Insurance Company of America, 4/08; Sterling Life, 4/08;

Benfield Group 11/08. Has about 59,000 employees. Chairman: Lester B. Knight. President and Chief Executive Officer: Gregory C. Case. Officers & directors own 1.2% of common; Southeastern Asset Mgt., 7.0%; T. Rowe Price, 6.1%; (4/11 Proxy). Incorporated: Delaware. Address: 200 East Randolph Street, Chicago, Illinois 60601. Telephone: (312) 381-1000. Internet: www.aon.com.

QUARTERLY REVENUES (\$ mill.)^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	1905	1956	1846	1924	7631
2009	1846	1882	1794	2073	7595
2010	1904	1898	1801	2909	8512
2011	2759	2811	2723	2994	11287
2012	2850	2900	2750	3125	11625

EARNINGS PER SHARE^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.56	.55	.52	.43	2.06
2009	.80	.51	.40	.49	2.20
2010	.63	.54	.51	.67	2.35
2011	.71	.75	.59	.82	2.87
2012	.80	.82	.75	1.13	3.50

QUARTERLY DIVIDENDS PAID^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.15	.15	.15	.15	.60
2009	.15	.15	.15	.15	.60
2010	.15	.15	.15	.15	.60
2011	.15	.15	.15	.15	.60
2012	.15	.15	.15	.15	.60

Aon Corporation finished 2011 with a disappointing showing. Sales of \$2.9 billion and earnings of \$0.82 a share both fell short of our estimates. Management attributed the shortfall to a weaker-than-expected performance at the Human Resources Solutions segment. Management also announced unimpressive guidance suggesting that its Hewitt consulting operation's profits may grow at a slower clip.

The company is moving its headquarters. ... It will now be based in London as it shifts its focus abroad, particularly in emerging markets, which offer enticing growth potential.

... and settled charges. Aon agreed to pay more than \$16 million to settle allegation that the insurer bribed employees at government-owned companies dating back to 1983 and as recently as 2007. As a result of the settlement, the company is moving to improve its internal accounting controls that related to the charges.

Stock repurchases ought to continue. Aon bought back 16.4 million shares in 2011. Notably, Aon did not buy back stock in the fourth quarter due to the move of its headquarters. However, the company's

strong financial flexibility should allow Aon to return value to its shareholders via repurchase for the foreseeable future.

Business prospects are improving. The company has been facing a difficult operating environment of late. However, it appears that some of Aon's key markets should start to bounce back in the year ahead. Most notably, the HR Solutions business should provide a boost to share net going forward. All told, we estimate earnings of \$3.50 a share for 2012.

Long-term prospects appear favorable. The Property & Casualty business appears poised to improve over the coming years. Moreover, management's focus on building out its business in emerging markets should bolster profits over the long haul. As a result, we project the bottom line ought to advance at a double-digit clip over the 3- to 5-year pull.

We suggest most investors look elsewhere for now. This good-quality issue is ranked to mirror the market in the year ahead. What's more, this equity has sub-par total return potential over the 2014-2016 time frame.

Richard Gallagher February 17, 2012

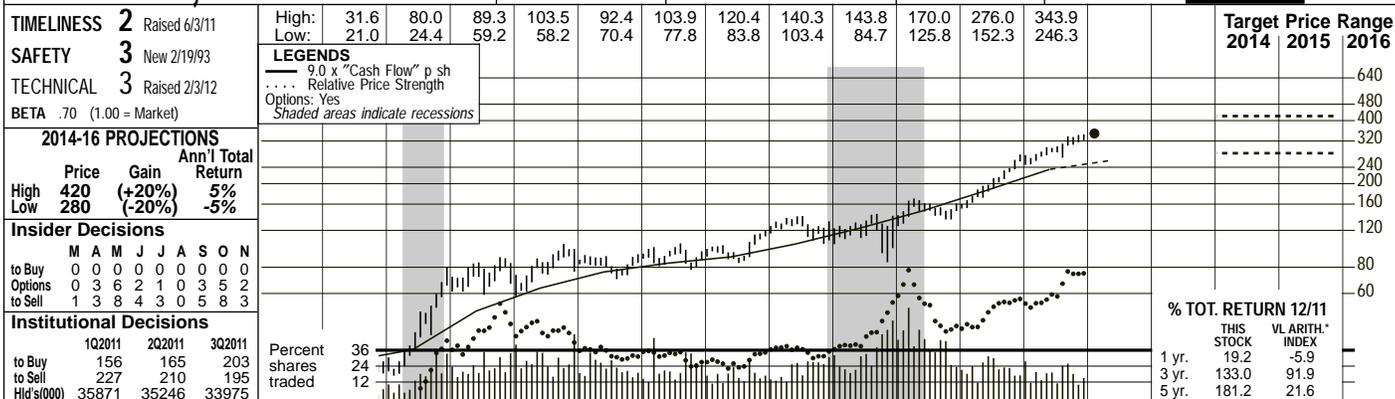
(A) Incl. insurance ops. (B) Diluted earnings. Incl. 9/11-related items: '01, d16c; '02, 6c; '03, 3c. Excl. nonrec. items: '01, d49c; '03, d11c; '04, d10c; '05, 25c; '06, 27c; '07, 60c; '08, 22.80. Next egs. rpt. due early May. (C) Dividends historically paid in mid-Feb., mid-May, mid-Aug., and mid-Nov. ■ Dividend reinvestment plan avail. (D) Incl. intangibles. In 2010: \$12,258 mill., \$36.89/sh. (E) In mill., adj. for split.

Company's Financial Strength		A
Stock's Price Stability		100
Price Growth Persistence		65
Earnings Predictability		95

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AUTOZONE, INC. NYSE-AZO

RECENT PRICE **346.75** P/E RATIO **15.6** (Trailing: 16.9 Median: 13.0) RELATIVE P/E RATIO **1.03** DIV'D YLD **Nil** VALUE LINE



TIMELINESS	2	Raised 6/3/11
SAFETY	3	New 2/19/93
TECHNICAL	3	Raised 2/3/12
BETA	.70	(1.00 = Market)

High:	31.6	80.0	89.3	103.5	92.4	103.9	120.4	140.3	143.8	170.0	276.0	343.9
Low:	21.0	24.4	59.2	58.2	70.4	77.8	83.8	103.4	84.7	125.8	152.3	246.3

Ann'l Total	Price	Gain	Return
High	420	(+20%)	5%
Low	280	(-20%)	-5%

to Buy	0	0	0	0	0	0	0	0	0
Options	0	3	6	2	1	0	3	5	2
to Sell	1	3	8	4	3	0	5	8	3

to Buy	156	165	203
to Sell	227	210	195
Hld's(000)	35871	35246	33975

© VALUE LINE PUB. LLC	14-16										
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
44.04	53.65	61.52	70.79	74.61	83.68	93.54	109.43	134.19	163.23	201.28	243.05
3.60	5.50	7.07	8.45	9.29	9.97	11.45	13.61	16.49	20.63	26.06	31.25
2.38	4.00	5.34	6.56	7.23	7.50	8.53	10.04	11.73	14.97	19.47	23.35
7.92	6.94	4.21	2.15	5.11	6.61	6.11	3.85	d8.52	d16.38	d31.27	d41.50
109.41	99.27	88.71	79.63	76.54	71.08	65.96	59.61	50.80	45.11	40.11	36.00
12.9	16.9	14.3	13.1	12.2	12.2	14.3	12.0	12.0	11.4	13.7	13.7
.66	.92	.82	.69	.65	.66	.76	.72	.80	.73	.83	.83
4818.2	5325.5	5457.1	5637.0	5710.9	5948.4	6169.8	6522.7	6816.8	7362.6	8073.0	8750
44.3%	46.8%	48.1%	50.8%	51.3%	51.7%	52.2%	52.7%	52.8%	53.0%	53.5%	53.8%
13.2%	16.7%	18.8%	19.6%	20.2%	19.3%	19.7%	19.8%	19.9%	20.5%	20.9%	21.1%
3040	3107	3268	3483	3673	3871	4056	4240	4417	4627	4813	5020
271.1	428.2	517.6	566.2	575.1	569.3	595.7	641.6	657.1	738.3	849.0	910
34.5%	38.1%	37.9%	37.5%	37.0%	36.9%	36.4%	36.3%	36.4%	36.4%	35.9%	37.0%
5.6%	8.0%	9.5%	10.0%	10.1%	9.6%	9.7%	9.8%	9.6%	10.0%	10.5%	10.4%
61.8	d83.5	d90.6	d62.3	118.3	64.3	d15.4	67.0	d145.1	d452.2	d638.5	d815
1225.4	1194.5	1546.9	1869.3	1861.9	1857.2	1935.6	2250.0	2726.9	2882.3	3351.7	3400
866.2	689.1	373.8	171.4	391.0	469.5	403.2	229.7	d433.1	d738.8	d1254.2	d1495
15.4%	24.9%	29.2%	30.0%	27.9%	26.9%	28.1%	28.3%	31.7%	38.2%	45.3%	55.5%
31.3%	62.1%	NMF	NMF								
31.3%	62.1%	NMF	NMF								
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AutoZone was founded in 1979 under the name AutoShack. In 1984, Kohlberg, Kravis, and Roberts (KKR) bought out the company for \$596 million. It changed its name to AutoZone, Inc. in 1988. In Jan., 1991, Goldman Sachs led an offering of 14,950,000 shares of common stock to the public at \$5.75 per share (adjusted for stock splits). As a result of various secondary offerings, KKR's stake fell to 44% in December, 1993. In December, 1991, the company changed its incorporation from Delaware to Nevada.

CAPITAL STRUCTURE as of 11/19/11
Total Debt \$3354.3 mill. **Due in 5 Yrs** \$2657.3 mill.
LT Debt \$3318.9 mill. **LT Interest** \$185.0 mill.
 Includes \$89.7 million in capitalized leases.
 (Total interest coverage: 7.8x)
Leases, Uncapitalized Annual rentals \$209.8 mill.
Pension Assets-8/11 \$156.9 mill.
Obli.g.\$241.7 mill.
Pfd Stock None

Common Stock 39,316,000 shs.

MARKET CAP: \$13.6 billion (Large Cap)

CURRENT POSITION	2009	2010	11/19/11
(\$MILL.)			
Cash Assets	92.7	98.3	96.7
Receivables	126.5	125.8	135.7
Inventory (LIFO)	2207.5	2304.6	2531.2
Other	135.0	83.1	79.1
Current Assets	2561.7	2611.8	2842.7
Accts Payable	2118.8	2433.1	2843.7
Debt Due	--	26.2	F35.4
Other	588.0	604.7	699.9
Current Liab.	2706.8	3064.0	3579.0

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11
of change (per sh)			
Sales	16.5%	17.0%	14.0%
"Cash Flow"	21.0%	18.0%	15.0%
Earnings	22.5%	16.5%	13.5%
Dividends	--	--	Nil
Book Value	--	--	NMF

Fiscal Year Ends	QUARTERLY SALES (\$ mill.)^A				Full Fiscal Year
	Nov.Per	Feb.Per	May Per	Aug.Per	
2008	1455.7	1339.2	1517.3	2210.5	6522.7
2009	1478.3	1447.9	1658.1	2232.5	6816.8
2010	1589.2	1506.2	1822.0	2445.2	7362.6
2011	1791.7	1660.9	1978.4	2642.0	8073.0
2012	1924.3	1800	2145	2880.7	8750

Fiscal Year Ends	EARNINGS PER SHARE^{AB}				Full Fiscal Year
	Nov.Per	Feb.Per	May Per	Aug.Per	
2008	2.02	1.67	2.49	3.88	10.04
2009	2.23	2.03	3.13	4.43	11.73
2010	2.82	2.46	4.12	5.66	14.97
2011	3.77	3.34	5.29	7.18	19.47
2012	4.68	4.07	6.25	8.35	23.35

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008					
2009					
2010					
2011					
2012					

Sales per sh^A	319.30
"Cash Flow" per sh	41.90
Earnings per sh^B	29.00
Div'ds Decl'd per sh	Nil
Book Value per sh^C	d31.70
Common Shs Outst'g^D	29.00
Avg Ann'l P/E Ratio	12.0
Relative P/E Ratio	.80
Avg Ann'l Div'd Yield	Nil
Sales (\$mill)^A	9260
Gross Margin^E	54.0%
Operating Margin^E	21.5%
Number of Stores	5670
Net Profit (\$mill)	945
Income Tax Rate	37.0%
Net Profit Margin	10.2%
Working Cap'l (\$mill)	d160
Long-Term Debt (\$mill)	3600
Shr. Equity (\$mill)	d920
Return on Total Cap'l	39.5%
Return on Shr. Equity	NMF
Retained to Com Eq	NMF
All Div'ds to Net Prof	Nil

BUSINESS: AutoZone, Inc. is the largest auto parts and accessories retailer in the U.S. Operates 4,832 stores in the U.S. and Mexico (as of 11/19/11). About 50% are owned, 50% leased. Average square footage per store: 6,510. Offers commercial delivery to repair shops, and diagnostic and repair software through ALLDATA. Acq'd. Auto Palace, 2/98; Chief Auto Parts, 6/98; 100 Pep Boys Ex-

AutoZone started off fiscal 2012 (ends August 28th) nicely. A 4.6% comparable-store sales gain supported better-than-7% top-line growth in the November period. We believe the refining of its auto parts selection is reaping benefits, including increases in the average receipt. The sales increase was achieved despite substantially higher prices at the pump that limited miles driven and discretionary income. The resulting share-earnings jump was 24% year over year, to \$4.68. We have upped our full-year forecast by \$0.75, to \$23.35.

Hub store refurbishments remain a priority this year. The modification of about 30 hub locations has helped drive same-store sales growth through the expansion of available product inventory. Moreover, management plans to continue to boost square footage at a 4% annual rate. There appears to be sufficient room to add stores in the U.S., where AutoZone currently operates nearly 4,600 locations. Notably, it will also build upon its approximate 280-unit base in Mexico and intends to enter the Brazilian market in late calendar 2012. Along with these invest-

press stores, 10/98. Sold TruckPro, 12/01. Has about 65,000 employees. '11 depr. rate: 4.4%. William C. Crowley of ESL Investments owns 29.3% of common shares; Other officers & directors, 3.6% (10/11 Proxy). Chairman, President & CEO: William C. Rhodes III. Inc: Nevada. Address: 123 S. Front St., Memphis, TN 38103. Telephone: (901) 495-6500. Internet: www.autozone.com.

ments, AutoZone will probably continue to utilize cash for the aggressive repurchase of shares. Debt financing is likely, too, though the company will aim to maintain a strong credit rating. **Rapid gains in commercial sales ought to contribute to bottom-line growth.** With the ongoing rollout of that service, 60% of domestic stores now operate commercial programs. These revenues have been climbing at a more-than-20% year-over-year rate and should be bolstered by the taking of business from competitors, in light of AutoZone's modest market share. But the higher proportion of commercial sales might still limit margin expansion, even as management targets improved productivity. Efforts include investments in the salesforce, lifting late-model parts coverage, and adding labor hours.

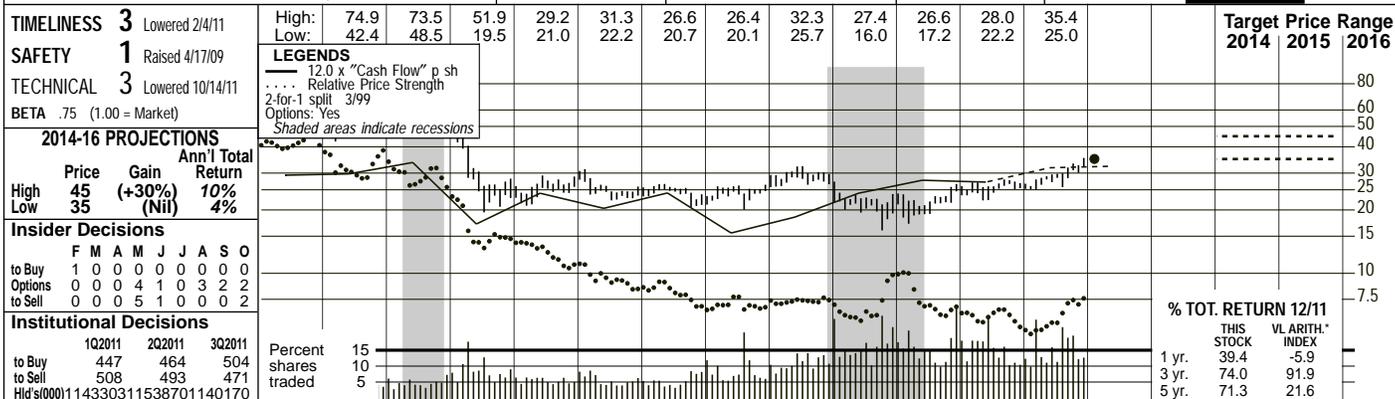
AutoZone shares are ranked favorably for year-ahead performance. Share-net gains to 2014-2016 should be assisted by the renovation of over 50 more hub units. However, the stock's current quotation discounts much of this expected rise. *Damon Churchwell February 3, 2012*

(A) Fiscal year ends last Saturday in August. Fourth quarter is sixteen weeks. Fiscal years 2002 and 2008 include 53 weeks. (B) Diluted earnings. Fiscal earnings may not sum due to changes in diluted share count. Excl. nonrecurring losses: '01, \$0.84; '05, \$0.05. Next earnings report due early-Mar. (C) Includes intangible assets: Fiscal 2011, \$302.7 mill.; \$7.55 per share. (D) In mill. (E) Margins for fiscal 2003 and beyond reflect the adoption of EITF Issue 02-16. (F) Excludes \$568.9 mill. in commercial paper classified as long-term debt.	Company's Financial Strength	B
	Stock's Price Stability	90
	Price Growth Persistence	70
	Earnings Predictability	100

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BRISTOL-MYERS SQ. NYSE-BMY

RECENT PRICE **35.01** P/E RATIO **16.2** (Trailing: 19.5 Median: 19.0) RELATIVE P/E RATIO **1.12** DIV'D YLD **3.9%** VALUE LINE



2014-16 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+30%)	10%
Low	35	(Nil)	4%

Insider Decisions

Institutional Decisions

Percent shares traded: 15, 10, 5

% TOT. RETURN 12/11

	THIS STOCK	VL ARITH. INDEX
1 yr.	39.4	-5.9
3 yr.	74.0	91.9
5 yr.	71.3	21.6

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
9.91	9.35	10.77	9.98	9.84	9.13	9.77	10.43	11.00	11.47	12.75	13.10	13.10	Sales per sh	14.10
2.81	1.43	2.01	1.70	2.01	1.29	1.54	2.01	2.31	2.26	2.65	2.70	2.65	"Cash Flow" per sh	3.20
2.41	1.07	1.59	1.21	1.52	.81	1.09	1.59	1.63	1.79	2.15	2.20	2.15	Earnings per sh A	2.65
1.10	1.12	1.12	1.12	1.12	1.12	1.15	1.24	1.24	1.28	1.32	1.38	1.38	Div'ds Decl'd per sh B	1.54
.52	.51	.48	.35	.38	.41	.43	.48	.43	.25	.45	.50	.50	Cap'l Spending per sh	.55
5.48	4.63	5.04	5.25	5.74	5.92	5.34	6.20	8.65	9.20	10.10	10.50	10.50	Book Value per sh C	11.65
1960.6	1937.4	1940.5	1942.4	1952.3	1962.4	1979.4	1974.3	1709.5	1699.3	1635.0	1630.0	1630.0	Common Shs Outst'g D	1650.0
23.8	29.1	15.9	20.8	15.9	29.8	26.4	13.6	13.3	14.3	14.5			Avg Ann'l P/E Ratio	15.0
1.22	1.59	.91	1.10	.85	1.61	1.40	.82	.89	.92	.95			Relative P/E Ratio	1.00
1.9%	3.6%	4.4%	4.4%	4.6%	4.6%	4.0%	5.7%	5.7%	5.0%	5.3%			Avg Ann'l Div'd Yield	3.9%

Bristol-Myers Squibb was incorporated in Delaware in August 1933 as successor to a New York business started in 1887. The company was formed by a merger between Bristol-Myers Company and Squibb Corporation on October 4, 1989. The combination was effected through an exchange of 2.4 shares of Bristol-Myers for each share of Squibb. The merger was effected utilizing the pooling-of-interests accounting method.

CAPITAL STRUCTURE as of 9/30/11
Total Debt \$5619 mill. Due in 5 Yrs \$182 mill.
LT Debt \$5437 mill. LT Interest \$274.1 mill. (25% of Cap'l)

(Total interest coverage: 3.5x)
Leases, Capitalized \$28.8 mill.

Pension Assets-12/10 \$5.5 bill. Oblig. \$6.3 bill.

Pfd Stock None
Common Stock 1,635,879,061 shs. as of 10/27/11

MARKET CAP: \$57.0 billion (Large Cap)

	2009	2010	9/30/11		2009	2010	9/30/11
Cash Assets	8514	9982	8193	Sales (\$mill)	23300	23300	23300
Receivables	3164	3202	3687	Operating Margin	32.5%	32.5%	32.5%
Inventory (Avg Cst)	1413	1421	1357	Depreciation (\$mill)	900	900	900
Other	867	1190	1632	Net Profit (\$mill)	4375	4375	4375
Current Assets	13958	15795	14869	Income Tax Rate	38.0%	38.0%	38.0%
Accts Payable	1711	1745	2292	Net Profit Margin	18.8%	18.8%	18.8%
Debt Due	231	117	182	Working Cap'l (\$mill)	7500	7500	7500
Other	4371	4395	4839	Long-Term Debt (\$mill)	5700	5700	5700
Current Liab.	6313	6257	7313	Shr. Equity (\$mill) C	19230	19230	19230
				Return on Total Cap'l	17.5%	17.5%	17.5%
				Return on Shr. Equity	23.0%	23.0%	23.0%
				Retained to Com Eq	9.5%	9.5%	9.5%
				All Div'ds to Net Prof	58%	58%	58%

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	5181	5203	5254	4959	20597
2009	2904	5384	5487	5033	18808
2010	4807	4768	4798	5111	19484
2011	5011	5434	5345	5090	20880
2012	5150	5300	5400	5500	21350

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.33	.38	.46	.42	1.59
2009	.27	.47	.48	.41	1.63
2010	.43	.53	.55	.28	1.79
2011	.57	.52	.56	.50	2.15
2012	.50	.60	.60	.50	2.20

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.31	.31	.31	.31	1.24
2009	.31	.31	.31	.31	1.24
2010	.32	.32	.32	.32	1.28
2011	.33	.33	.33	.33	1.32

BUSINESS: Bristol-Myers Squibb Company manufactures proprietary medical products, ethical pharmaceuticals, diagnostics, infant formula, orthopedic implants, health and beauty aids. Major brand names include: *Plavix*, *Avapro*, *Pravachol*, *Coumadin*, *Reyataz*, *Sustiva*, *Baraclude*, *Erbix*, *Taxol*, *Sprycel*, *Ixempra*, *Abilify*, *Enfamil*, *Enflagrow*. Acquired Medarex Inc. 9/1/09. International operations represent 51% of sales (37% of operating profit); R&D, 16.4%. '10 depreciation rate: 9.6%. Estimated plant age: 17 years. Has about 44,960 employees. Officers & directors own around 1% of stock; BlackRock, 7.8%; Capital World, 7.7% (3/11 proxy). Chairman and CEO: Lamberto Andreotti, Inc.: DE. Address: 345 Park Ave., NY, NY 10154. Tel.: 212-546-4000. Internet: www.bms.com.

Bristol-Myers' cash hoard has been building. It stood at \$6.8 billion at the end of 2011's first quarter, but probably topped \$9.5 billion at yearend. With an optimal long-term debt-to-total capital ratio, and robust cash flow-generating ability, the company has ample means to fund the generous dividend and share repurchases (to replace option expirations). This raises the question, what is management going to do with excess funds? The most obvious answer would be to make bolt-on acquisitions (or even a major purchase). Bristol has mulled over the idea of acquiring a small biotech or generic drug company to help replace lost sales from patent expirations (see below).

Bristol was hit harder than most by prescription drug patent expirations. Indeed, it is estimated that *Plavix* (which went off patent in 2011), would have accounted for 22% of total sales, and *Avapro*, (which goes off patent in 2012), garnered 18% of revenue last year. Although the company has a decent portfolio of newer drugs, we doubt any of them will achieve the kind of sales these drugs did. Competition is more fierce, and there are fewer ailments without effective treatments.

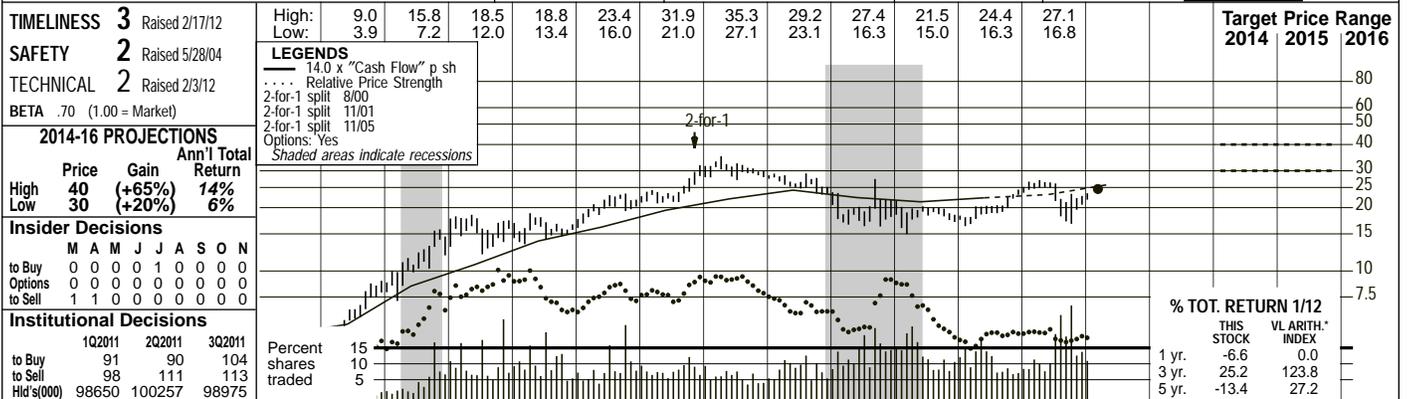
Still, sales of the more promising new pipeline medicines should replace 65% of lost volume by 2014-2016. Standouts include *Abilify*, *Ipilimumab*, *Orencia*, *Sprycel*, *Reyataz*, and *Sustiva*. Also, the company's recently FDA-approved skin cancer treatment, *Yervoy*, is posting unexpectedly strong results. In addition, blood-thinning agent *Eliquis* appears to be getting favorable feedback from FDA advisory panels. In initial studies, it has been found to be more effective than competitors *Xarelto* and *Pradaxa*.

This top-quality issue is tailor-made for the conservative, income-oriented investor. The high dividend yield (particularly for a drug company), is the main attraction. The payout is well covered, and should continue growing at a 3%-4% average annual clip. Over the years, strong finances and the lofty dividend appear to have provided a floor for the stock price. As a result, we believe the downside risk is minimal, even though the equity's upside potential is meager. An unexpected acquisition may, however, change that.

Jeremy J. Butler January 13, 2012

(A) Based on diluted shares outstanding. Next earnings report due early February. Includes extraordinary charge of \$0.11 in 2Q '04.	(B) Dividends historically paid in the first week of February, May, August, and November. Dividend reinvestment plan available.	(C) Includes intangibles. In '10: \$6.18 million, \$3.62/sh.	(D) In millions.	Company's Financial Strength	A
				Stock's Price Stability	95
				Price Growth Persistence	30
				Earnings Predictability	70

BROWN & BROWN NYSE-BRO RECENT PRICE **24.54** P/E RATIO **20.5** (Trailing: 21.7; Median: 21.0) RELATIVE P/E RATIO **1.30** DIV'D YLD **1.4%** **VALUE LINE**



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
1.02	1.14	1.23	1.42	1.61	1.80	2.89	3.34	4.02	4.68	5.64	6.27	6.82	6.91	6.81	6.82	7.30	7.95	Revenues per sh	11.10
.20	.23	.26	.30	.36	.40	.60	.77	.99	1.16	1.39	1.57	1.74	1.60	1.52	1.59	1.65	1.85	"Cash Flow" per sh	2.70
.14	.16	.19	.22	.25	.29	.43	.61	.80	.93	1.08	1.24	1.35	1.17	1.08	1.12	1.13	1.30	Earnings per sh ^A	1.95
.04	.04	.04	.05	.06	.07	.08	.10	.12	.15	.17	.21	.25	.29	.30	.31	.33	.35	Div'ds Decl'd per sh ^B	.42
.05	.04	.03	.32	.05	.04	.09	.05	.12	.07	.10	.11	.22	.10	.08	.07	.15	.15	Cap'l Spending per sh	.20
.52	.65	.74	.78	.94	1.04	1.39	2.87	3.63	4.51	5.48	6.64	7.80	8.77	9.64	10.55	11.85	12.75	Book Value per sh ^D	17.05
104.18	103.87	104.86	107.98	109.76	116.73	126.39	136.36	137.12	138.32	139.38	140.02	140.67	141.54	142.08	142.80	138.50	138.00	Common Shs Outst'g ^C	135.00
13.7	13.0	15.3	20.8	17.8	21.4	26.2	25.7	20.0	22.0	22.3	24.4	19.5	16.6	17.4	17.7	20.5		Avg Ann'l P/E Ratio	18.0
.92	.81	.88	1.08	1.01	1.39	1.34	1.40	1.14	1.16	1.19	1.32	1.04	1.00	1.16	1.14	1.28		Relative P/E Ratio	1.20
2.1%	2.0%	1.6%	1.1%	1.3%	1.1%	.7%	.6%	.8%	.7%	.7%	.7%	1.0%	1.5%	1.6%	1.6%	1.4%		Avg Ann'l Div'd Yield	1.2%

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
365.0	455.7	551.0	646.9	785.8	878.0	959.7	977.6	967.9	973.5	1013.5	1100	Revenues (\$mill)	1500						
32.5%	35.2%	37.3%	37.9%	38.4%	38.9%	39.4%	35.5%	34.3%	35.6%	34.0%	35.5%	Operating Margin	37.0%						
22.4	21.3	25.7	31.1	43.3	47.8	53.2	59.9	63.1	65.9	67.1	72.0	Depreciation (\$mill)	98.0						
53.9	83.1	110.3	128.8	150.6	172.4	191.0	166.1	153.3	161.8	164.0	180	Net Profit (\$mill)	265						
38.5%	36.6%	37.5%	37.3%	38.3%	38.5%	38.7%	39.0%	39.8%	39.2%	39.4%	40.0%	Income Tax Rate	40.0%						
14.8%	18.2%	20.0%	19.9%	19.2%	19.6%	19.9%	17.0%	15.8%	16.6%	16.2%	16.4%	Net Profit Margin	17.7%						
d50.1	34.6	42.0	174.9	37.0	57.5	31.3	.4	134.7	182.6	226.5	240	Working Cap'l (\$mill)	250						
78.2	57.6	41.1	227.1	214.2	226.3	227.7	253.6	250.2	250.1	250.0	250	Long-Term Debt (\$mill)	200						
175.3	391.6	498.0	624.3	764.3	929.3	1097.5	1241.7	1369.9	1506.3	1644.0	1770	Retained to Com Eq	9.0%						
22.4%	19.0%	20.8%	15.6%	16.1%	15.5%	14.9%	11.6%	9.9%	9.6%	9.0%	9.0%	Return on Total Cap'l	11.0%						
30.8%	21.2%	22.2%	20.6%	19.7%	18.5%	17.4%	13.4%	11.2%	10.7%	10.0%	10.0%	Return on Shr. Equity	11.5%						
25.2%	17.8%	18.8%	17.4%	16.6%	15.4%	14.2%	10.1%	8.1%	7.8%	7.5%	7.5%	Retained to Com Eq	9.0%						
18%	16%	15%	16%	16%	17%	18%	24%	28%	28%	27%	26%	All Div'ds to Net Prof	21%						

Item	2009	2010	9/30/11
CURRENT POSITION (\$MILL.)			
Cash Assets	360.6	404.3	488.1
Receivables	209.5	214.4	212.1
Other	43.6	34.1	32.5
Current Assets	613.7	652.8	732.7
Accts Payable	365.4	373.5	396.5
Debt Due	17.1	1.7	1.1
Other	96.5	95.0	90.7
Current Liab.	479.0	470.2	488.3

Item	Past 10 Yrs	Past 5 Yrs	Est'd '08-'10 to '14-'16
ANNUAL RATES of change (per sh)			
Revenues	15.5%	7.5%	7.0%
"Cash Flow"	16.0%	6.0%	7.0%
Earnings	16.0%	3.5%	7.0%
Dividends	17.5%	15.5%	6.0%
Book Value	26.5%	16.5%	9.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	256.8	241.7	247.0	232.1	977.6
2009	263.6	246.4	243.8	214.1	967.9
2010	252.3	243.7	247.6	229.9	973.5
2011	262.2	246.8	260.4	244.1	1013.5
2012	275	275	280	270	1100

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.37	.29	.29	.24	1.17
2009	.34	.29	.29	.16	1.08
2010	.31	.29	.31	.21	1.12
2011	.32	.26	.30	.25	1.13
2012	.35	.30	.34	.31	1.30

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.07	.07	.07	.075	.29
2009	.075	.075	.075	.078	.30
2010	.078	.078	.078	.08	.31
2011	.08	.08	.08	.085	.33
2012	.085				

Business: Brown & Brown operates an insurance brokerage firm that markets property/casualty products and services to commercial, professional, and individual customers. The company's property insurance protects against physical damage to property and the resultant interruption of business caused by firestorm, windstorm, or other perils. Casualty insurance relates to legal liabilities, workers' compensation, commercial and private automobile insurance, and fidelity and surety insurance. Has about 5,285 empls. Off./dir. own 18.8% of stock (includes J. Hyatt Brown, 15.1%); BlackRock, 5.5% (4/11 Proxy). Chairman and acting CEO: J. Hyatt Brown. Inc. FL. Address: 220 South Ridgewood Ave., Daytona Beach, FL 32114. Telephone: 386-252-9601. Internet: www.bbinsurance.com.

Share net should rise approximately 15% in 2012. Aside from takeovers, we expect a better pricing environment, given the recent trend toward higher pricing. This would drive gains in commissions and fees, and benefit organic sales. Moreover, investment income will likely climb as average invested balances increase.

Acquisitions will likely remain key to earnings growth in the years ahead. Brown & Brown purchased the assets of more than 30 insurance intermediaries in 2011, and has completed two deals so far this year. A brighter economic environment and strengthening cash reserves ought to continue fueling the company's healthy appetite for takeovers over the coming years.

Annual top- and bottom-line gains ought to be closer to the company's 10-year average out to mid-decade. Sustained improvement in the premium pricing environment and the successful integration of acquired companies will probably help revenues and earnings recover from the depressed growth rates of the past few years. Given the insurer's history, we have factored in some purchases into our projections.

The stock has bounced back from its 52-week low. The equity fell sharply in the middle of last year, and by October was trading under \$17.00. Strength in the broader markets and a good showing in the December quarter seem to have renewed some interest in these shares. Indeed, they have jumped over 50% from that nadir. Still, they are only ranked to mirror the year-ahead market and, thus, we advise near-term investors to remain on the sidelines at this juncture. And even though the selection possesses a measure of conservative appeal and a modest dividend yield, the recent increase in price has discounted much of its total return potential over the 3- to 5-year span.

Randy Shrikishun February 17, 2012

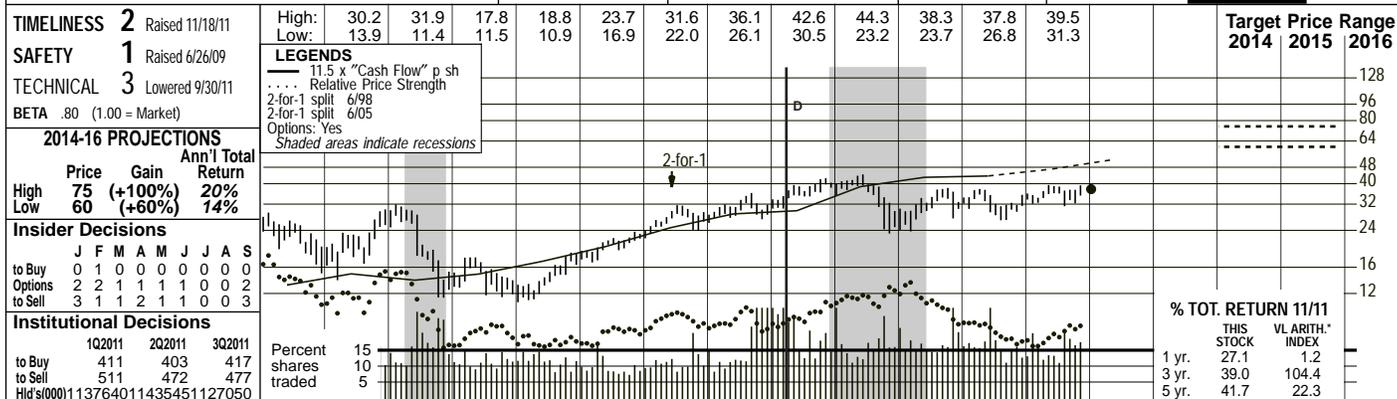
(A) Diluted earnings. Next earnings report due late April. Quarterly earnings for 2008 do not sum due to rounding. (B) Dividend historically paid in mid-February, May, August, and November. (C) In millions, adjusted for splits. (D) Includes intangibles. In '10: \$167.6 million, \$11.74 a share.

Company's Financial Strength A
Stock's Price Stability 90
Price Growth Persistence 60
Earnings Predictability 95

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CVS CAREMARK NYSE-CVS

RECENT PRICE **37.69** P/E RATIO **12.6** (Trailing: 13.9 Median: 17.0) RELATIVE P/E RATIO **0.91** DIV'D YLD **1.5%** VALUE LINE



TIMELINESS 2 Raised 11/18/11
SAFETY 1 Raised 6/26/09
TECHNICAL 3 Lowered 9/30/11
BETA .80 (1.00 = Market)

2014-16 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	75	(+100%)	20%
Low	60	(+60%)	14%

Insider Decisions

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

Institutional Decisions

	1Q2011	2Q2011	3Q2011
to Buy	411	403	417
to Sell	511	472	477

Hld's(000) 113764011435451127050

"Consumer Value Stores" began as a health and beauty aids chain in '63. It grew to 17 stores in '64. The first pharmacy opened in '67. In '69, the chain was sold to Melville, which aggressively expanded the operation, and coupled that with an aggressive acquisition strategy that included Revco and Arbor Drug. Melville restructured in '95, and changed its name to CVS on 11/19/96.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
28.45	30.76	33.62	38.15	45.45	53.06	53.14	60.80	70.98	70.74	82.20	89.10	89.10	Sales per sh	106.00
1.21	1.29	1.49	1.75	2.15	2.50	2.59	3.37	3.73	3.79	4.10	4.55	4.55	"Cash Flow" per sh	5.75
.78	.88	1.03	1.10	1.38	1.57	1.92	2.44	2.63	2.69	2.80	3.20	3.20	Earnings per sh A	4.20
.12	.12	.12	.14	.15	.16	.23	.26	.31	.35	.50	.60	.60	Div'ds Decl'd per sh B	1.00
5.51	6.29	7.31	8.43	9.96	11.75	21.66	23.90	25.71	27.66	29.40	31.80	31.80	Book Value per sh E	38.65
781.77	786.14	790.77	801.92	814.31	825.74	1436.5	1438.8	1391.0	1363.0	1305.00	1285.00	1285.00	Common Shs Outst'g C	1250.00
28.3	16.8	14.1	18.4	19.6	19.3	19.1	15.0	12.0	12.1	Bold figures are Value Line estimates		12.1	Avg Ann'l P/E Ratio	16.0
1.45	.92	.80	.97	1.04	1.04	1.01	.90	.80	.80	.78	.78	.78	Relative P/E Ratio	1.05
.5%	.8%	.8%	.7%	.5%	.5%	.6%	.7%	1.0%	1.1%	1.1%	1.1%	1.1%	Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 9/30/11
Total Debt \$10.8 bill. Due in 5 Yrs \$2620 mill.
LT Debt \$10.2 bill. LT Interest \$585 mill.
(Total interest coverage; 10.1x)

Leases, Uncapitalized Annual rentals \$2013 mill.
Pension Assets-12/10 \$426.0 mill. Oblig. \$659.0 mill.

Pfd Stock None

Common Stock 1,301,630,309 shs. as of 10/31/11

MARKET CAP: \$49.1 billion (Large Cap)

CURRENT POSITION

(\$MILL)	2009	2010	9/30/11
Cash Assets	1091.0	1431.0	1712.0
Receivables	5457.0	4925.0	5901.0
Inventory (FIFO)	10343.0	10695.0	10379.0
Other	646.0	655.0	946.0
Current Assets	17537.0	17706.0	18938.0
Accts Payable	3560.0	4062.0	4387.0
Debt Due	2419.0	1405.0	601.0
Other	6321.0	5603.0	7362.0
Current Liab.	12300.0	11070.0	12350.0

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Sales	11.5%	11.5%	8.0%
"Cash Flow"	12.5%	15.0%	8.0%
Earnings	13.0%	17.0%	8.5%
Dividends	10.5%	18.5%	22.0%
Book Value	19.5%	24.5%	7.0%

QUARTERLY SALES (\$ mill.)

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2008	21326	21140	20864	24142	87472
2009	23394	24871	24642	25822	98729
2010	23760	24007	23875	24771	96413
2011	25880	26629	26674	28092	107275
2012	28150	28250	28450	29650	114500

EARNINGS PER SHARE A

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2008	.55	.60	.60	.70	2.44
2009	.55	.65	.65	.78	2.63
2010	.60	.65	.65	.80	2.69
2011	.57	.65	.70	.88	2.80
2012	.65	.75	.80	1.00	3.20

QUARTERLY DIVIDENDS PAID B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.0488	.060	.060	.060	.23
2008	.060	.060	.069	.069	.26
2009	.076	.076	.076	.076	.30
2010	.0875	.0875	.0875	.0875	.35
2011	.125	.125	.125	.125	.50

BUSINESS: CVS Caremark Corp. is the nation's foremost integrated services provider, combining one of the nation's leading pharmaceutical services companies with the country's largest pharmacy chain. It fills more than one billion prescriptions per year and has about 7,200 locations in 41 states, Puerto Rico, and the District of Columbia. New stores average about 11,500 square feet.

CVS Caremark stock has been getting the thumbs up on Wall Street. The issue has held up well since we went to press in September, thanks largely to the company's operating performance of late. **The pharmacy chain put up some solid numbers recently,** registering a healthy share-net advance in the third quarter, on a 12% top-line increase. Notably, revenues surged 26% in the Pharmacy Services unit, driven by a previously announced long-term contract inked with Aetna, and contributions from the recent purchase of Universal American's Medicare prescription drug business. A lower share count helped, too. Chances are CVS will have a fine finish, and push share earnings up nicely for all of 2011. **We remain upbeat about the earnings outlook for 2012, given the strength within the Pharmacy Benefits Management branch.** So far, the Aetna deal signed several months ago has proven to be a boon for the PBM division, helping to partially replace lost revenue from earlier contracts that failed to get renewed. Strong client retention, along with new business wins, should keep the momentum

Major acqs. include Sav-On and Osco (6/06) and Eckerd (8/04). Pharmacy (Rx) contributes abt. 68% of sales; 3rd-party, about 97% of Rx sales. It has more than 200,000 employees. Officers & directors own 1.1% of common stock. (3/11 proxy). CEO & President: Larry J. Merlo. Inc.: DE. Addr.: One CVS Drive, Woonsocket, RI 02895. Tel.: 401-765-1500. Web: www.cvs.com.

going. Meanwhile, steady market-share gains ought to prop up results on the retail drugstore side. A dispute between Walgreen and Express Scripts may well work to CVS' advantage, too, enabling it to garner additional market share in the near term. Likewise, the merger between Express Scripts and Medco isn't overly concerning for now, from a competitive standpoint, thanks to CVS' successful business model.

The company is making good use of its capital. Share repurchases have totaled about \$2.55 billion so far this year, and the dividend has been hiked. CVS also bought back about \$960 million through its \$1 billion tender offer of 6.3% notes. This will lower interest expense. Additional stock buybacks and dividend increases are likely, made possible by strong cash flow.

CVS shares are an overall appealing choice. The stock is now timely for the year ahead. Those with a 3- to 5-year strategy likely won't be disappointed either, as our projections indicate the issue has some room to climb.

J. Susan Ferrara December 23, 2011

(A) From cont. oper.; based on diluted shares. Excl. net nonrecurring items: '01, (.56c); '05, (.7c); '06, 3c; '08 (17c); '09, 8c; '10 (18c); '11 (10c). Excludes amortization as of 2008. May not add due to rounding. Next egs. report due early Feb. (B) Dividends are historically paid in early Feb., May, Aug., Nov. Div'd reinvest. plan avail. May not add due to rounding. (C) In mill., adj. for stk. splts. (D) Merged with Caremark, 3/07. (E) Includes intangibles of \$35.5 billion or \$26.01 a share as of 12/31/10.

Company's Financial Strength A
Stock's Price Stability 90
Price Growth Persistence 80
Earnings Predictability 95

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CAPITOL FED. FIN'L NDQ-CFFN **RECENT PRICE 11.56** **P/E RATIO 28.9** (Trailing: 29.6; Median: 43.0) **RELATIVE P/E RATIO 1.99** **DIV'D YLD 2.6%** **VALUE LINE**

TIMELINESS 4 Raised 5/20/11
SAFETY 3 Lowered 1/14/11
TECHNICAL 3 Raised 12/30/11
BETA .65 (1.00 = Market)

High: 7.4 9.9 12.9 16.8 17.5 16.5 17.2 17.9 22.8 20.2 17.0 12.7
 Low: 3.9 6.5 8.9 12.3 12.9 14.4 13.9 12.9 12.2 12.5 10.2 10.3

LEGENDS
 — 30.0 x Earnings p sh
 Relative Price Strength
 126% Div 12/10
 Options: Yes
 Shaded areas indicate recessions

2014-16 PROJECTIONS

	Price	Gain	Ann'l Total
High	20	(+75%)	16%
Low	14	(+20%)	7%

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2011	2Q2011	3Q2011	Percent	4.5
to Buy	148	90	84	shares	3
to Sell	57	98	79	traded	1.5
Hld's(000)	109669	111695	109741		

% TOT. RETURN 12/11

	THIS STOCK	VL ARITH. INDEX
1 yr.	4.5	-5.9
3 yr.	-69.3	91.9
5 yr.	-59.4	21.6

In December 2010, Capitol Federal Financial completed its conversion from a mutual holding company form of organization to a stock form of organization. Capital Federal Financial, which owned 100% of Capital Federal Savings Bank, was succeeded by Capitol Federal Financial, Inc., a new Maryland corporation.	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC 14-16	
	42.53	45.57	42.76	44.18	45.28	43.60	39.93	45.05	45.23	40.37	53.77	56.15	Mortgage Loans per sh	63.00
	23.55	26.38	25.51	24.64	23.55	23.27	23.34	23.40	25.21	26.19	26.84	27.50	Savings Deposits per sh	34.00
	.44	.54	.32	.24	.39	.29	.19	.31	.40	.40	.40	.40	Earnings per sh A B	.60
	.25	.33	.40	.88	.88	.88	.88	.88	.88	.88	.30	.30	Div'ds Decl'd per sh C	.38
	5.76	5.93	5.88	4.97	5.14	5.15	5.16	5.20	5.61	5.74	11.58	12.45	Book Value per sh	16.10
	182.02	166.50	166.11	167.49	168.16	167.59	168.10	167.69	167.74	167.50	167.50	164.50	Common Shs Outst'g D	167.50
	16.9	19.2	40.0	NMF	39.0	50.8	NMF	53.1	43.3	34.6	28.3		Avg Ann'l P/E Ratio	30.0
	.87	1.05	2.28	NMF	2.08	2.74	NMF	3.20	2.88	2.18	1.77		Relative P/E Ratio	2.00
	3.4%	3.2%	3.1%	6.0%	5.8%	6.0%	5.4%	5.4%	5.1%	6.2%	2.6%		Avg Ann'l Div'd Yield	2.2%
CAPITAL STRUCTURE as of 9/30/11	597.1	586.6	484.7	408.4	423.5	435.7	435.5	440.8	441.4	408.5	371.9	380	Gross Income (\$mill)	480
FHLB Advances \$2379.5 mill. (55% of Cap'l)	68.7%	63.2%	67.4%	65.8%	57.7%	65.2%	70.1%	62.8%	53.5%	50.1%	47.9%	46.0%	Int Cost to Gross Inc	45.0%
Other LT Debt Nil.	77.8	89.6	52.0	40.3	65.1	48.1	32.3	51.0	66.3	67.8	64.4	66.0	Net Profit (\$mill)	100
No Defined Benefit Pension Plan	36.9%	39.1%	39.0%	39.7%	38.3%	38.9%	39.0%	36.4%	37.0%	35.6%	33.0%	33.0%	Income Tax Rate	36.0%
Pfd Stock None	13.0%	15.3%	10.7%	9.9%	15.4%	11.0%	7.4%	11.6%	15.0%	16.6%	17.3%	17.4%	Net Profit Margin	21.0%
Common Stock 167,498,133 shs. (As of 11/18/11)	8635.4	8781.1	8582.5	8541.0	8409.7	8199.1	7675.9	8055.2	8403.7	8487.1	9450.8	10200	Total Assets (\$mill)	12750
	3200.0	3200.0	3200.0	3449.4	3426.5	3268.7	2732.2	2447.1	2392.6	2376.0	2379.5	2390	FHLB Advances (\$mill)	2350
	1048.3	987.4	976.4	832.4	865.1	863.2	867.6	871.2	941.3	962.0	1939.5	2050	Shr. Equity (\$mill)	2700
	--	--	--	--	--	--	803.5	820.8	1100	756.5	930	1100	New Loan Volume (\$mill)	1300
MARKET CAP: \$1.9 billion (Mid Cap)	--	--	--	--	--	--	-.2%	-.2%	5%	5%	4%	5%	Problem Assets to Lns	2%
	12.1%	11.2%	11.4%	9.7%	10.3%	10.5%	11.3%	10.8%	11.2%	11.3%	20.5%	20.0%	Shr. Eq. to Total Assets	21.0%
EARNINGS FACTORS	10.6%	11.7%	15.0%	17.9%	17.4%	16.7%	17.8%	18.6%	21.2%	22.0%	24.8%	25.0%	G&A Exp to Gross Inc	26.0%
Margin (%)	2009	2010	9/30/11										Return on Total Assets	.80%
Earning Asset Yield	5.13	4.55	3.77	.90%	1.02%	.61%	.47%	.77%	.59%	.42%	.63%	.79%	Return on Shr. Equity	3.5%
Cost of Funds	3.27	2.77	2.35	7.4%	9.1%	5.3%	4.8%	7.5%	5.6%	3.7%	5.8%	7.0%		
Yield-Cost Margin	1.86	1.78	1.42											

BUSINESS: Capitol Federal Financial is the holding company for Cap. Fed. Savings Bank. It has 45 branch locations in Kansas and is the leading residential lender in the state. The bank serves the Topeka, Kansas City, Wichita, Lawrence, Manhattan, Emporia, and Salina areas. It primarily attracts retail deposits and uses the funds to provide mortgage loans to owner-occupied residences. Deposits include passbook and statement savings, money market accounts, NOW, and noninterest bearing checking. Loans at 9/30/11: 97% real estate; 3% consumer. Has about 750 employees. Officers & directors own 2.2% of common stock (1/11 proxy). Chairman and CEO: John B. Dicus. Inc.: KS. Address: 700 Kansas Ave. Topeka, KS 66603. Telephone: 785-235-1341. Internet: www.capfed.com.

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 of change (per sh) '10-'16

Mortgage Lns	2.0%	--	12.0%
Savings Dep	2.5%	5%	5.5%
Earnings	3.0%	3.5%	8.0%
Dividends	21.0%	5.0%	Nil
Book Value	.5%	.5%	19.5%

SAVINGS DEPOSITS (\$ mill.) A

Fiscal Year Ends	Dec.31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
2008	3981	4021	3962	3924	
2009	3867	4117	4175	4229	
2010	4227	4319	4374	4386	
2011	4682	4711	4559	4495	
2012	4515	4545	4570	4600	

EARNINGS PER SHARE A B

Fiscal Year Ends	Dec.31	Mar. 31	Jun. 30	Sep. 30	Full Fiscal Year
2008	.05	.07	.09	.10	.31
2009	.10	.11	.09	.10	.40
2010	.11	.09	.10	.10	.40
2011	.09	.10	.10	.10	.40
2012	.10	.10	.10	.10	.40

QUARTERLY DIVIDENDS PAID C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.22	.22	.22	.22	.88
2009	.22	.22	.22	.22	.88
2010	.22	.22	.22	.22	.88
2011	.075	.075	.075	.075	.30
2012					

We believe Capitol Federal Financial will have another difficult time in fiscal 2012, which ends on September 30th. The loans receivable portfolio may continue to be held back by a rise in the level of loan repayments. Indeed, refinancing activity will probably pick up once more, spurred by such factors as the low interest-rate environment and heightened competition for good-quality loans. All this bodes ill for net interest income, a key statistic for the company. On the positive side, it seems that the provision for credit losses will decline again. (That figure was \$4.1 million during fiscal 2011, relative to \$8.9 million the year before.) Despite that, the company's bottom line could be flat, around \$0.40 a share, for the new fiscal year.

Per-share profits might well improve some in fiscal 2013, though. That's based partially on our assumption that the business environment gets better, albeit gradually. Moreover, the provision for credit losses ought to be under control. Consequently, earnings per share stand to advance by several pennies, perhaps to \$0.45.

A special common stock dividend of \$0.10 a share was paid in the calendar fourth quarter of 2011. This follows a \$0.60-a-share supplemental payout earlier that year. The board of directors contends that it is committed to distributing to stockholders 100% of the annual earnings of Capitol Federal for the first two fiscal years after its conversion from a mutual holding firm to a fully public stock company (completed in early fiscal 2011). Of course, this ought to please income-oriented accounts.

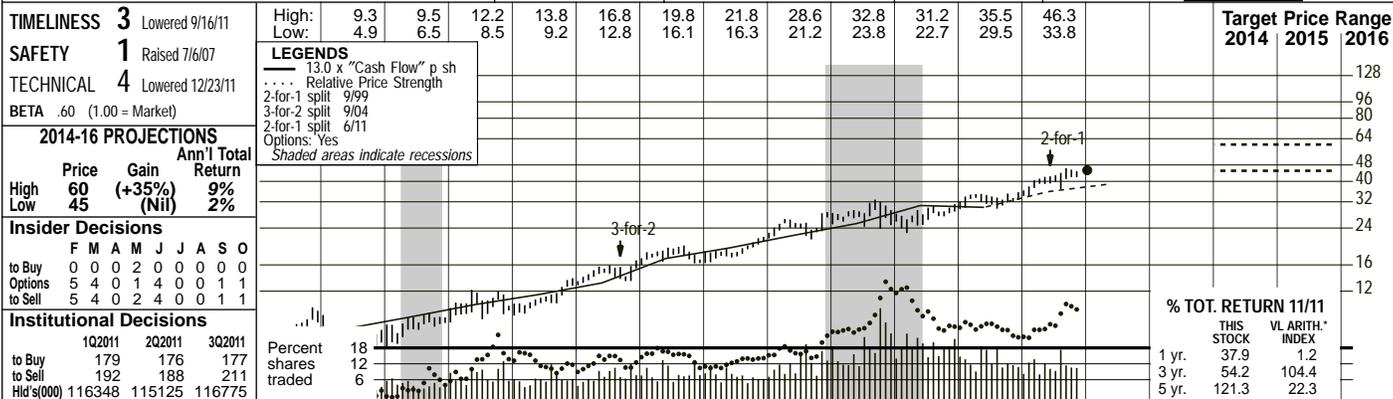
We expect these shares to underperform the broader market in the next six to 12 months (Timeliness rank 4: Below Average). And at the recent quotation, recovery potential is not appealing. Another factor worth mentioning is the company's heavy exposure to mortgage loans, which have had their share of troubles over the past several years. All things considered, most investors are advised to stay on the sidelines for now, since it appears that the company's operating results will remain lackluster for a while.

Frederick L. Harris, III January 13, 2012

(A) Fisc. yr. ends Sept. 30th. (B) Diluted eqs. Excludes nonrecurring charges: '04, \$0.90; '11, \$0.16. '11 EPS don't sum due to rounding. Next eqs. report due early Feb. (C) Div'ds. paid in mid-Feb., May, Aug., and Nov. Excl. special div'ds.: Q1 '11, \$0.60; Q4, \$0.10; '10, \$0.13; '09, \$0.13; '08, \$0.05; '07, \$0.05; '06, \$0.04; '05, \$0.13; '03, \$0.36; '02, \$0.54. From '05 through '10, CFFN paid a special div'd equal to 25% of the excess of net income over the scheduled annual div'd payments. Div'ds were waived by Cap. Fed. Savings Bank. (D) In mill.

CHURCH & DWIGHT NYSE-CHD

RECENT PRICE **45.24** P/E RATIO **19.7** (Trailing: 21.4 Median: 19.0) RELATIVE P/E RATIO **1.41** DIV'D YLD **1.5%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Value Line Pub. LLC	14-16
Price	4.15	4.52	4.93	5.91	6.26	6.91	9.20	8.75	8.64	11.57	13.74	14.88	16.76	17.28	17.87	18.19	19.10	19.80	Sales per sh ^E	22.20
Gain	.20	.30	.33	.41	.53	.61	.70	.80	.89	1.01	1.32	1.49	1.70	1.94	2.37	2.51	2.75	3.00	"Cash Flow" per sh	3.75
Return	.09	.18	.21	.26	.34	.43	.44	.54	.62	.69	.92	1.04	1.23	1.43	1.74	1.98	2.20	2.45	Earnings per sh ^A	3.10
Options	.07	.07	.08	.08	.09	.09	.10	.10	.10	.12	.12	.13	.13	.17	.23	.31	.68	.68	Div'ds Decl'd per sh ^B	.72
Book Value	.17	.06	.09	.23	.28	.19	.29	.32	.26	.28	.30	.36	.37	.70	.96	.45	.50	.75	Cap'l Spending per sh	1.50
Common Shares	1.31	1.42	1.54	1.68	1.95	2.04	2.40	2.90	3.58	4.43	5.51	6.61	8.15	9.50	11.35	13.14	14.70	16.50	Book Value per sh ^C	19.70
P/E Ratio	117.15	116.71	116.62	115.87	116.57	115.13	117.43	119.69	122.36	126.38	126.38	130.72	132.49	140.15	141.10	142.40	142.00	142.00	Common Shs Outst'g ^D	142.00
Relative P/E	38.1	19.1	22.3	19.7	22.0	14.9	18.8	19.2	17.9	21.4	19.4	18.1	19.9	19.8	15.8	16.4	18.5		Avg Ann'l P/E Ratio	17.0
Dividend Yield	2.55	1.20	1.29	1.02	1.25	.97	.96	1.05	1.02	1.13	1.03	.98	1.06	1.19	1.05	1.00	1.16		Relative P/E Ratio	1.15
Annual Return	2.2%	2.1%	1.7%	1.6%	1.1%	1.5%	1.2%	1.0%	.9%	.8%	.7%	.7%	.5%	.6%	.8%	.9%	1.7%		Avg Ann'l Div'd Yield	1.4%

2014-16 PROJECTIONS
Ann'l Total Return
High Price 60 Gain (+35%)
Low Price 45 Return (Nil) 9%
2%

Insider Decisions
F M A M J J A S O
to Buy 0 0 0 2 0 0 0 0 0
Options 5 4 0 1 4 0 0 1 1
to Sell 5 4 0 2 4 0 0 1 1

Institutional Decisions
12/2011 202011 30/2011
to Buy 179 176 177
to Sell 192 188 211
Hlds(000) 116348 115125 116775

CAPITAL STRUCTURE as of 9/30/11
Total Debt \$253.6 mill. Due in 5 Yrs \$249.7 mill.
LT Debt \$249.7 mill. LT Interest \$10.0 mill.
(LT interest earned: 23.1x; total interest coverage: 16.9x)

Leases, Uncapitalized Annual rentals \$18.0 mill.
Pension Assets-12/10 \$67.9 mill. **Oblig.** \$81.2 mill.
Pfd Stock None
Common Stock 143,049,833 shares as of 11/1/11 (adj. for 2:1 stock split paid 6/1/11)
MARKET CAP: \$6.5 billion (Large Cap)

Current Position	2009	2010	9/30/11
Cash Assets	447.1	189.2	275.0
Receivables	222.2	231.1	262.0
Inventory (LIFO)	216.9	195.4	225.4
Other	42.1	33.8	36.4
Current Assets	928.3	649.5	798.8
Accts Payable	332.5	355.3	376.7
Debt Due	218.9	90.0	3.9
Other	15.6	1.8	13.0
Current Liab.	567.0	447.1	393.6

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '14-'16

Rate	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
Change (per sh)	11.5%	12.5%	4.0%
Sales	17.0%	17.5%	9.0%
"Cash Flow"	18.5%	19.0%	10.5%
Earnings	8.0%	10.5%	20.50%
Dividends	19.0%	21.5%	9.5%
Book Value			

QUARTERLY SALES (\$ mill.)^E

Calendar	Mar.Per.	Jun.Per.	Per.Sep.	Per.Dec.	Per.	Full Year
2008	552.9	594.0	630.6	644.8		2422.4
2009	580.9	623.1	646.2	670.7		2520.9
2010	634.5	640.9	656.9	656.9		2589.2
2011	642.3	674.9	701.0	696.8		2715
2012	670	700	720	725		2815

EARNINGS PER SHARE^A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.41	.33	.36	.33	1.43
2009	.46	.43	.43	.42	1.74
2010	.55	.52	.48	.43	1.98
2011	.58	.57	.54	.51	2.20
2012	.63	.62	.60	.60	2.45

QUARTERLY DIVIDENDS PAID^B

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.035	.035	.04	.04	.15
2008	.04	.04	.045	.045	.17
2009	.045	.045	.07	.07	.23
2010	.07	.07	.085	.085	.31
2011	.17	.17	.17	.17	

BUSINESS: Church & Dwight Co., Inc. is the world's largest producer of sodium bicarbonate. Consumer products include *Arm & Hammer* baking soda, laundry detergent, carpet and room deodorizer, cat litter, toothpaste, deodorant, and *Brillo*. Personal care products include *Trojan* condoms and *First Response* pregnancy kits, among others. Specialty products include sodium bicarbonate & potassium carbonate for industrial cleaners, animal feed, pharmaceutical applications, & glass production. '10 depreciation rate: 10.1%. Has 3,600 empl. Off. & dir. own 2.0% of comm.; Nueberger Berman, 9.0% (4/11 proxy). Pres. & CEO: James Cragie, Inc.: DE. Addr.: 469 N. Harrison St., Princeton, NJ 08543. Telephone: 609-683-5900. Internet: www.churchdwright.com.

Church & Dwight (C&D) likely registered an 11% earnings gain in 2011. Although this review went to press before the company reported its fourth-quarter results, we expect that decent volume growth and firmer pricing probably helped to offset rising commodity costs. Despite challenges from volatile economic conditions, and softer domestic consumption, C&D's diverse product spectrum in the value category has made its products more attractive to a broader demographic during times of greater austerity. Management has noted that, domestically, the *Arm & Hammer* and *XTRA* brand laundry detergents have been among the top sellers of late. Meanwhile, international sales have been impressive, thanks to strong demand in Canada, Mexico, and Australia. We believe these factors will continue to drive profitability higher over the next several quarters, especially once economic conditions stabilize.

Although the looming threat of recession in the eurozone is a cause for concern, we remain cautiously optimistic about the company's performance over the long haul. In spite of the

aforementioned challenges, the company continues to gain market share in the consumer packaged goods space. Church's "power" brands continue to do well, thanks to product innovation and investments in effective marketing. Church's core premium category has been maintaining positive momentum. The company's *Arm & Hammer* and *TROJAN* products have continued to stand out. Moreover, we expect price increases to help offset higher raw material costs. Meanwhile, the company's steady gains, even during the economic downturn, have enabled investments in product diversification. This has helped the company to widen its price-point spectrum and offer competitive premium brands in addition to its core value portfolio. This augurs well for profitability over the long term.

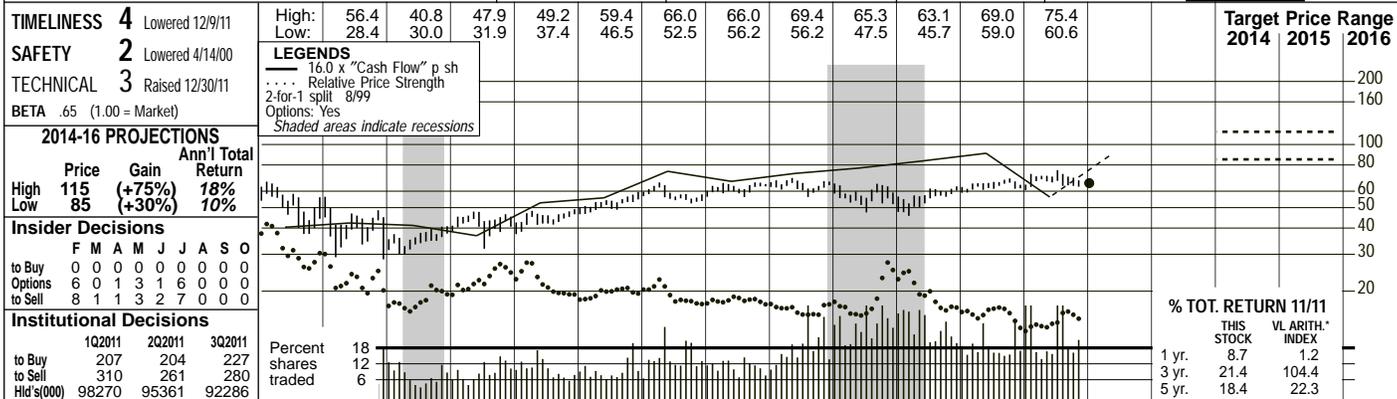
However, the stock is not particularly compelling at present. These shares have been range-bound since our September review, and we expect them to track the broader market averages in the year ahead. In addition, 3- to 5-year appreciation potential is limited.

Simon R. Shoucair December 30, 2011

(A) Dil. eggs.; primary thru '96. Excl. nonrecr. gns.: '99, 8c; '02, 5c; '03, 6c; losses: '98, 2c; '00, 39c; '01, 17c; '02, 7c; '08, 8c; '09, 7c; '10, (21c). Egs. may not sum due to rounding. Incl. acquisition related charges: '04, 30c. Next eggs. rpt. due early Feb. (B) Div'd. are hist. paid in Mar., June, Sep., and Dec. (C) Dividend reinvestment plan available. (D) Incl. intang. In '10: \$1729.8 mill., \$24.30/sh. (E) In millions, adjusted for stock splits. (F) From 2002 onward sales reflect adoption of accounting policies IETF 00-14 and IETF 00-25.	Company's Financial Strength A Stock's Price Stability 100 Price Growth Persistence 95 Earnings Predictability 100
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CLOROX CO. NYSE-CLX

RECENT PRICE **65.41** P/E RATIO **16.0** (Trailing: 31.3) (Median: 19.0) RELATIVE P/E RATIO **1.14** DIV'D YLD **3.8%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
9.29	10.82	12.27	13.32	17.01	17.35	16.49	18.21	19.39	20.30	28.93	30.69	32.05	38.20	39.16	39.88	39.91	41.15	Sales per sh ^A	48.80
1.43	1.65	1.82	2.12	2.52	2.64	2.57	2.30	3.30	3.49	4.66	4.17	4.55	4.82	5.22	5.68	3.51	5.70	"Cash Flow" per sh	7.10
.95	1.07	1.21	1.41	1.63	1.75	1.63	1.37	2.33	2.55	2.88	2.89	3.23	3.24	3.81	4.24	2.07	4.10	Earnings per sh ^B	5.50
.48	.53	.58	.64	.72	.80	.84	.84	.88	1.08	1.10	1.14	1.31	1.66	1.88	2.05	2.25	2.45	Div'ds Decl'd per sh ^C	2.80
.29	.41	.46	.48	.75	.67	.81	.79	.96	.81	1.00	1.19	.97	1.23	1.42	1.46	1.74	1.90	Cap'l Spending per sh	2.00
4.42	4.55	5.02	5.27	6.67	6.67	8.03	6.07	5.69	7.23	d3.65	d1.03	1.13	d2.68	d1.26	.60	d.66	d.10	Book Value per sh ^D	3.60
213.49	205.03	206.33	205.74	235.31	235.36	236.69	223.01	213.68	212.99	151.68	151.30	151.26	138.04	139.16	138.76	131.07	130.00	Common Shs Outst'g ^E	125.00
14.9	17.9	22.4	27.5	33.2	25.0	22.6	29.6	18.2	18.8	19.8	20.1	19.7	18.5	14.5	14.4	31.9		Avg Ann'l P/E Ratio	18.0
1.00	1.12	1.29	1.43	1.89	1.63	1.16	1.62	1.04	.99	1.05	1.09	1.05	1.11	.97	.91	1.95		Relative P/E Ratio	1.20
3.4%	2.8%	2.1%	1.7%	1.3%	1.8%	2.3%	2.1%	2.1%	2.3%	1.9%	2.0%	2.1%	2.8%	3.4%	3.4%	3.4%		Avg Ann'l Div'd Yield	2.8%

CAPITAL STRUCTURE as of 9/30/11		2010	2011	9/30/11	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	© VALUE LINE PUB. LLC	14-16	
Total Debt \$2562 mill. Due in 5 Yrs \$2187 mill.					22.9%	23.2%	25.2%	24.7%	23.0%	20.8%	21.8%	20.7%	22.2%	23.1%	20.9%	22.0%	23.1%	20.9%	22.2%	23.1%	20.9%	22.2%	23.1%	20.9%	22.2%	23.1%	20.9%	22.2%	23.1%	20.9%	Sales (\$mill) ^A	6100
LT Debt \$2122 mill. LT Interest \$110 mill.					225.0	190.0	191.0	197.0	190.0	188.0	192.0	205.0	190.0	185.0	173.0	180	185.0	173.0	190.0	185.0	173.0	190.0	185.0	173.0	190.0	185.0	173.0	190.0	185.0	173.0	Operating Margin	24.5%
(Total interest coverage: 8.1x)					384.0	322.0	514.0	546.0	517.0	443.0	496.0	461.0	537.0	603.0	287.0	560	603.0	287.0	537.0	603.0	287.0	537.0	603.0	287.0	537.0	603.0	287.0	537.0	603.0	287.0	Depreciation (\$mill)	200
Leases, Uncapitalized Annual rentals \$62 mill.					29.7%	35.3%	35.9%	35.0%	29.1%	32.2%	33.2%	33.5%	33.8%	34.8%	49.0%	32.5%	34.8%	49.0%	33.8%	34.8%	49.0%	33.8%	34.8%	49.0%	33.8%	34.8%	49.0%	33.8%	34.8%	49.0%	Income Tax Rate	34.0%
Pension Assets-6/11 \$335 mill. Oblig. \$566 mill.					9.8%	7.9%	12.4%	12.6%	11.8%	9.5%	10.2%	8.7%	9.9%	10.9%	5.5%	10.5%	10.9%	5.5%	9.9%	10.9%	5.5%	9.9%	10.9%	5.5%	9.9%	10.9%	5.5%	9.9%	10.9%	5.5%	Net Profit Margin	11.3%
Pfd Stock None					34.0	d223.0	d500.0	d225.0	d258.0	d123.0	d395.0	d412.0	d757.0	d523.0	d86.0	d120	d523.0	d86.0	d757.0	d523.0	Working Cap'l (\$mill)	d50.0										
Common Stock 131,904,793 shs.					685.0	678.0	495.0	475.0	2122.0	1966.0	1462.0	2720.0	2151.0	2124.0	2125.0	2100	2124.0	2125.0	2151.0	2124.0	2125.0	2151.0	2124.0	2125.0	2151.0	2124.0	2125.0	2151.0	2124.0	2125.0	Long-Term Debt (\$mill)	1400
MARKET CAP: \$8.6 billion (Large Cap)					1900.0	1354.0	1215.0	1540.0	d553.0	d156.0	171.0	d370.0	d175.0	83.0	d86.0	d15.0	d86.0	d175.0	d175.0	83.0	d86.0	d175.0	83.0	d86.0	d175.0	83.0	d86.0	d175.0	83.0	d86.0	Shr. Equity (\$mill)	420
					15.9%	16.7%	30.7%	27.8%	35.2%	27.3%	33.6%	22.5%	30.0%	29.8%	16.8%	29.5%	29.8%	16.8%	30.0%	29.8%	16.8%	30.0%	29.8%	16.8%	30.0%	29.8%	16.8%	30.0%	29.8%	16.8%	Return on Total Cap'l	38.0%
					20.2%	23.8%	42.3%	35.5%	--	--	NMF	--	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Return on Shr. Equity	NMF
					9.7%	9.3%	26.4%	20.6%	--	--	NMF	--	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Retained to Com Eq	NMF
					52%	61%	38%	42%	39%	39%	37%	49%	48%	47%	NMF	60%	47%	NMF	48%	47%	NMF	48%	47%	NMF	48%	47%	NMF	48%	47%	NMF	All Div'ds to Net Prof	51%

CURRENT POSITION (\$MILL.)	2010	2011	9/30/11
Cash Assets	87	259	270
Receivables	544	525	439
Inventory (LIFO)	367	382	407
Other	126	113	122
Current Assets	1124	1279	1238
Accts Payable	410	423	357
Debt Due	671	459	440
Other	566	483	471
Current Liab.	1647	1365	1268

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '14-'16
Sales	9.0%	8.5%	4.0%
"Cash Flow"	6.5%	3.0%	8.0%
Earnings	7.5%	4.0%	10.5%
Dividends	10.0%	13.0%	6.5%
Book Value	--	--	NMF

Fiscal Year Ends	QUARTERLY SALES (\$ mill.)	Full Fiscal Year			
2008	Sep.30	Dec.31	Mar.31	Jun.30	2008
2008	1239	1186	1353	1495	5273.0
2009	1384	1216	1350	1500	5450.0
2010	1372	1279	1366	1517	5534.0
2011	1266	1179	1304	1482	5231.0
2012	1305	1200	1335	1510	5350

Fiscal Year Ends	EARNINGS PER SHARE	Full Fiscal Year			
2008	Sep.30	Dec.31	Mar.31	Jun.30	2008
2008	.76	.65	.71	1.12	3.24
2009	.91	.62	1.08	1.20	3.81
2010	1.11	.77	1.16	1.20	4.24
2011	.98	d1.17	1.02	1.26	2.07
2012	.98	.69	1.09	1.34	4.10

Calendar	QUARTERLY DIVIDENDS PAID	Full Year			
2007	Mar.31	Jun.30	Sep.30	Dec.31	2007
2007	.31	.31	.40	.40	1.42
2008	.40	.40	.46	.46	1.72
2009	.46	.46	.50	.50	1.92
2010	.50	.50	.55	.55	2.10
2011	.55	.55	.60	.60	

We're nudging up Clorox's fiscal 2012 (ends June) share-earnings estimate by \$0.05, to \$4.10. That matches the top of the company's \$4.00-\$4.10 share guidance (which would be about a 5% increase over fiscal 2011's \$3.92 a share of operating profit). Sales growth ought to come close to the high end of Clorox's 1%-3% target, mainly helped by price increases and new products including a soon-to-be launched bleach in gel form. A lower tax rate also will aid profits.

Higher commodity costs will be hefty. The company expects input costs to rise \$140 million-\$150 million. Moreover, another \$40 million-\$50 million of increased expenses will likely occur in the manufacturing and logistics area. Clorox plans to fully offset these inflationary items through price increases, as well as cost savings of \$90 million-\$100 million. (Note: Clorox has a good cost savings record.)

About 90% of the company's brands are market leaders, occupying first or second place in their niche categories. That's a key reason why the company has been able to raise prices more than 50 times in the last five years. But . . .

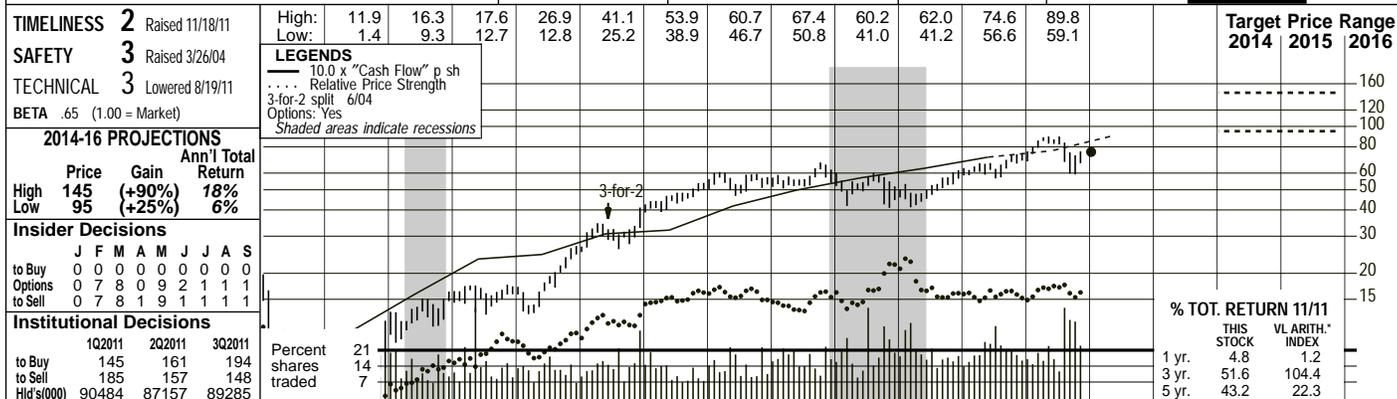
Customers have pushed back on some price increases. Two of the company's main products (liquid bleach and Glad trash bags) raised prices significantly (liquid bleach by 12% in August, and trash bags by 10% in May) to counter higher chemicals and resin costs. Demand for these products softened as a result. Demand also slipped due to heightened competition from private-label makers.

Carl Icahn is selling his Clorox shares. The corporate activist has been trimming his position since he realized that institutional shareholders would not support his slate of nominees in a proxy contest. Mr. Icahn's share holdings are now below 5% (from a 9.5% peak), a level where he doesn't have to report his transactions. His departure allows management to fully devote its time to running the company. Note: Advisory costs for the prospective proxy battle lowered September-quarter share earnings by \$0.06.

At this juncture, an above-average yield is Clorox's main attraction. Note: The company has raised its dividend almost annually in the last 30 years.

Jerome H. Kaplan December 30, 2011

DAVITA INC. NYSE-DVA RECENT PRICE **75.65** P/E RATIO **12.9** (Trailing: 16.6; Median: 15.0) RELATIVE P/E RATIO **0.91** DIV'D YLD **Nil** VALUE LINE



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Revenues per sh	12.89	20.38	20.84	23.32	29.17	46.53	49.01	54.48	59.19	67.16	74.25	82.55		98.35
"Cash Flow" per sh	1.59	2.33	2.46	3.08	3.21	4.18	4.98	5.69	6.31	7.14	7.65	9.10		11.45
Earnings per sh ^A	.76	1.23	1.69	2.11	2.13	2.52	3.17	3.53	4.06	4.38	4.90	6.20		8.00
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil		Nil
Cap'l Spending per sh	.40	1.13	1.04	1.30	1.58	2.50	2.53	3.06	2.66	2.85	3.50	3.70		4.10
Book Value per sh ^B	3.93	.77	3.17	5.31	8.34	11.88	16.13	18.79	20.69	20.61	22.35	26.90		44.45
Common Shs Outst'g ^C	128.11	90.99	96.75	98.57	101.94	104.90	107.40	103.90	103.20	96.00	94.00	93.00		90.00

DaVita, previously a wholly owned subsidiary of Tenet Healthcare Corp., went public in 8/94 through the sale of 6 mill. sh. at \$15.50 ea. DLJ was the lead underwriter. After merging with RTC in a stock-for-stock transaction in 1998, the company became the second largest provider of dialysis services in the United States.

CAPITAL STRUCTURE as of 9/30/11
Total Debt \$4500.0 mill. Due in 5 Yrs \$1200.0 mill.
LT Debt \$4417.5 mill. LT Interest \$245.0 mill. (68% of Cap'l)

Leases, Uncap.: Annual rentals \$233.8 mill.

No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 93,500,000 shs.

MARKET CAP: \$7.1 billion (Large Cap)

CURRENT POSITION (\$MILL.)	2009	2010	9/30/11
Cash Assets	565.9	883.1	565.9
Receivables	1105.9	1049.0	1165.0
Inventory (FIFO)	70.0	76.0	73.3
Other	560.7	614.8	566.0
Current Assets	2302.5	2622.9	2370.2
Accts Payable	176.7	181.0	259.5
Debt Due	100.0	74.9	82.5
Other	770.2	668.4	863.9
Current Liab.	1046.9	924.3	1205.9

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '14-'16
 Revenues 18.0%; 20.0%; 8.5%
 "Cash Flow" 20.5%; 17.0%; 9.5%
 Earnings 46.5%; 15.0%; 12.0%
 Dividends -- -- Nil
 Book Value 20.0%; 29.0%; 15.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^D				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2008	1344	1407	1447	1461	5660.2
2009	1447	1519	1573	1568	6108.8
2010	1559	1586	1651	1649	6447.4
2011	1606	1712	1808	1854	6980
2012	1850	1915	1940	1970	7675

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun. 30	Sep. 30	Dec. 31	
2008	.80	.90	.89	.94	3.53
2009	.92	1.02	1.06	1.06	4.06
2010	1.04	1.06	1.15	1.13	4.38
2011	.96	1.03	1.45	1.46	4.90
2012	1.45	1.50	1.60	1.65	6.20

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007					
2008					
2009					
2010					
2011					

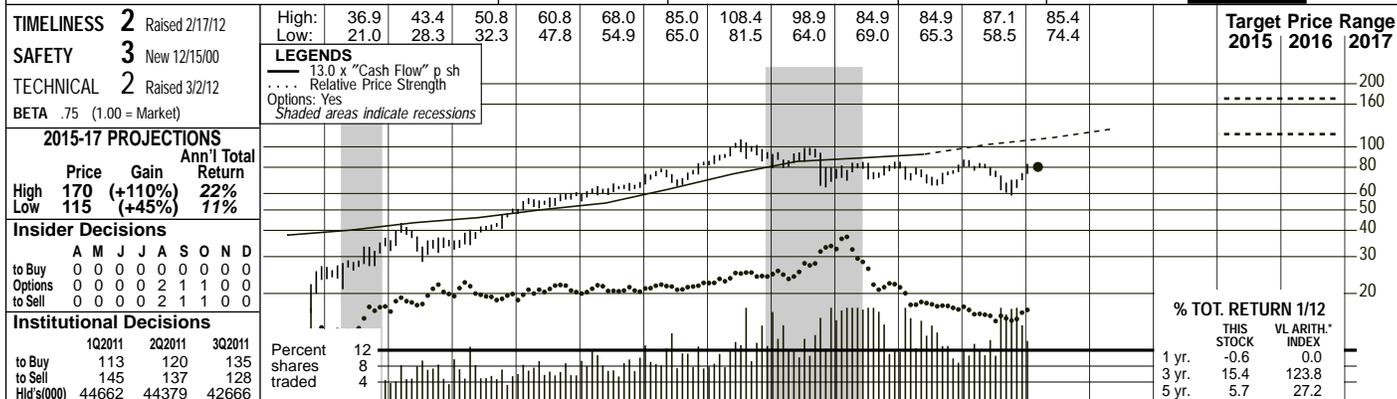
NO CASH DIVIDENDS BEING PAID

DaVita shares are once again timely. A stellar September period has shone a favorable spotlight on DVA, and price and earnings momentum has been on the rise. Patient care results took a decisive turn for the better during the interim, as costs per treatment declined \$7 sequentially. Too, gross margins spiked due to a drive in treatment growth and higher revenue-per-treatment figures. The company's cash flow generation remained superb as well, which should come in handy for acquisition purposes (see below). All told, we are tacking on \$0.20 to our EPS call for this year, which now stands at \$4.90, a handsome 12% jump from 2010's level. **We are looking for a record performance out of the company next year.** The purchase of DSI Renal has boosted DVA's earnings potential. Couple that with a renewed focus on tightening expenses, and the bottom line is set for a sizable uptick. Aiding in this regard is tighter controls put on the pricey drug EPO, which is a main device in the fight against end-stage renal disease. New regulations have nephrologists using less of it and, in return, the company's profits are rising. In fact, our \$6.20 target may need to go even higher if 2012 starts off on a high note. **The push into Europe seems like an ideal proposition.** DVA has bought ExtraCorp AG, a company that owns two dialysis centers and manages two more in Germany. This is DaVita's initial push into Europe, and it makes sense with such sizable assets in the U.S. leaving little strategic maneuvering on the home front. We look for this practice to hasten and be supported by the \$565 million in cash currently on hand. Building out in areas such as Singapore and Malaysia will also likely be in the cards for the near future. **Investors will be happy to have more color on one of the company's most vital contracts.** DaVita gets its EPO from Amgen. Gleaning a recent 8-K, we can decipher that the pricing structure in 2012 will not be as favorable as in 2011, which should not be a factor due to lower utilization. Over the remainder of the seven-year pact, the benefits are evident though, and both parties can renegotiate in the event of regulation change. In this field, that is always a possibility.

Erik M. Manning December 16, 2011

DUN & BRADSTREET NYSE-DNB

RECENT PRICE **80.13** P/E RATIO **12.2** (Trailing: 12.8 Median: 17.0) RELATIVE P/E RATIO **0.80** DIV'D YLD **1.9%** VALUE LINE



On September 30, 2000, The Dun & Bradstreet Corp. was separated into two independent publicly traded companies. Under terms of the transaction, "Old" Dun & Bradstreet changed its name to Moody's Corp. and through a special dividend of shares of "New" Dun & Bradstreet distributed to shareholders of record at the close of business on September 20th, spun off the company's D&B operating company, which was subsequently renamed The Dun & Bradstreet Corp.

	2002E	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Revenues per sh	17.15	19.19	20.61	21.53	25.48	28.24	32.34	33.08	33.73	35.17	37.00	40.00	Revenues per sh	49.50
"Cash Flow" per sh	3.35	3.54	3.86	4.15	4.85	5.73	6.55	6.80	7.10	7.90	8.50	9.40	"Cash Flow" per sh	11.80
Earnings per sh ^A	2.15	2.54	2.98	3.49	3.97	4.70	5.27	5.42	5.65	6.27	6.75	7.50	Earnings per sh ^A	9.50
Div's Decl'd per sh ^B	--	--	--	--	--	1.00	1.20	1.36	1.40	1.44	1.52	1.58	Div's Decl'd per sh ^B	1.80
Cap'l Spending per sh ^C	.21	.15	.18	.09	.19	.24	.22	.18	.19	.10	.10	.10	Cap'l Spending per sh ^C	.30
Book Value per sh ^D	d.25	.67	.79	1.16	d6.64	d7.77	d16.04	d14.62	d13.16	d8.30	d3.00	3.00	Book Value per sh ^D	24.50
Common Shs Outst'g ^D	74.36	72.25	68.61	67.06	60.10	56.63	53.38	51.00	49.71	50.00	50.00	50.00	Common Shs Outst'g ^D	50.00
Avg Ann'l P/E Ratio	16.6	16.0	18.5	17.9	18.7	19.9	16.2	14.4	13.1	11.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	15.0
Relative P/E Ratio	.91	.91	.98	.95	1.01	1.06	.97	.96	.83	.74			Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	--	--	--	--	--	1.1%	1.4%	1.7%	1.9%	1.9%			Avg Ann'l Div'd Yield	1.3%
Revenues (\$mill)	1275.6	1386.4	1414.0	1443.6	1531.3	1599.2	1726.3	1687.0	1676.6	1758.5	1850	2000	Revenues (\$mill)	2475
Operating Margin	29.1%	26.9%	28.2%	29.8%	30.1%	31.1%	32.4%	29.5%	31.5%	32.5%	33.1%	33.6%	Operating Margin	33.7%
Depreciation (\$mill)	84.2	64.0	47.3	36.1	33.3	46.6	58.5	58.1	68.1	80.0	85.0	95.0	Depreciation (\$mill)	115
Net Profit (\$mill)	164.9	191.9	217.7	242.0	258.3	277.7	291.2	288.7	284.7	315	340	375	Net Profit (\$mill)	475
Income Tax Rate	38.3%	35.7%	41.7%	37.3%	37.3%	33.0%	30.4%	29.0%	35.6%	30.0%	30.0%	30.0%	Income Tax Rate	30.0%
Net Profit Margin	12.9%	13.8%	15.4%	16.8%	16.9%	17.4%	16.9%	17.1%	17.0%	17.9%	18.4%	18.8%	Net Profit Margin	19.2%
Working Cap'l (\$mill)	d103.9	d5.1	48.5	d269.8	d160.5	d191.7	d212.7	d99.5	d259.4	d195	d230	d225	Working Cap'l (\$mill)	d80.0
Long-Term Debt (\$mill)	299.9	299.9	300.0	.1	458.9	724.8	904.3	961.8	972.0	700	700	700	Long-Term Debt (\$mill)	700
Shr. Equity (\$mill)	d18.8	48.4	54.2	77.6	d399.1	d440.1	d856.2	d745.7	d654.4	d415	d150	150	Shr. Equity (\$mill)	1225
Return on Total Cap'l	--	--	--	--	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	Return on Total Cap'l	26.0%
Return on Shr. Equity	--	NMF	NMF	NMF	--	--	--	--	--	NMF	NMF	NMF	Return on Shr. Equity	39.0%
Retained to Com Eq	--	NMF	NMF	NMF	--	--	--	--	--	NMF	NMF	NMF	Retained to Com Eq	31.5%
All Div'ds to Net Prof	--	--	--	--	--	21%	23%	25%	25%	23%	22%	21%	All Div'ds to Net Prof	19%

CAPITAL STRUCTURE as of 9/30/11
 Total Debt \$893.2 mill. Due in 5 Yrs \$893.2 mill.
 LT Debt \$704.6 mill. LT Interest \$46.0 mill.

Leases, Uncapitalized Annual rentals \$30.3 mill.

Pension Assets-12/10 \$1258.8 mill.
 Obligation. \$1667.1 mill.

Pfd Stock None
Common Stock 48,609,432 shs.
MARKET CAP: \$3.9 billion (Mid Cap)

CURRENT POSITION

	2009	2010	9/30/11
Cash Assets	222.9	78.5	89.5
Receivables	464.1	504.3	394.2
Other	72.6	85.5	84.8
Current Assets	759.6	668.3	568.5
Accts Payable	36.4	34.8	32.1
Debt Due	1.7	1.5	188.6
Other	821.0	891.4	826.1
Current Liab.	859.1	927.7	1046.8

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 of change (per sh)
Revenues	6.5%	10.0%	6.0%
"Cash Flow"	9.0%	12.0%	8.0%
Earnings	15.0%	12.5%	8.5%
Dividends	--	--	4.5%
Book Value	--	--	NMF

QUARTERLY REVENUES (\$ mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	407.4	416.9	399.0	463.7	1687.0
2010	397.2	397.3	400.4	481.7	1676.6
2011	403.6	416.8	439.4	498.7	1758.5
2012	425	435	455	535	1850
2013	460	475	490	575	2000

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	1.33	1.21	1.13	1.75	5.42
2010	1.29	1.23	1.21	1.92	5.65
2011	1.29	1.35	1.42	2.21	6.27
2012	1.40	1.42	1.55	2.38	6.75
2013	1.58	1.60	1.75	2.57	7.50

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.30	.30	.30	.30	1.20
2009	.34	.34	.34	.34	1.36
2010	.35	.35	.35	.35	1.40
2011	.36	.36	.36	.36	1.44
2012	.38				

BUSINESS: The Dun & Bradstreet Corp. is a worldwide provider of business information and related decision-support services. It operates offices in 28 countries, conducts operations in 10 other nations through minority interests in joint-venture companies and employs independent correspondents in more than 150 additional countries. The company compiles credit information on over 100 million businesses worldwide. Has about 5,200 employees. Officers/directors own 2.2% of common shares; Davis Selected Advisers own 14.2%; Mass. Fin. Services, 8.7%; Vanguard, 5.1% (3/11 Proxy). Chairman, Chief Executive Officer & Pres.: Steven W. Alesio. Incorporated: Delaware. Address: 103 JFK Parkway, Short Hills, NJ 07078. Telephone: 973-921-5500. Internet: www.dnb.com.

Shares of The Dun & Bradstreet Corporation have risen nearly 20% in price since our December report. The company registered solid year-over-year gains in 2011, as the top and bottom lines climbed approximately 5% and 11%, respectively. This performance, coupled with an improved outlook for demand and profits, likely spurred investors to add this stock to their current portfolios.

Fresh product launches should keep the ball rolling in 2012. Service items have shifted to a new platform, which carries wider margins and ought to bolster share net further. Moreover, data service applications have realized firmer demand across North America of late. Too, we look for the redesigned Hoover's segment to pitch in and drive revenue advances this year, as well. In addition, recent changes to its product mix in China have strengthened business throughout the Asia/Pacific region, which augurs well for results over future quarters.

Creation of the company's intellectual property will now be based in Dublin, Ireland. In order to take advantage of considerable tax savings and favorable op-

erating conditions, DNB will relocate its risk management segment to the Emerald Isle. The Irish team should begin introducing the latest-generation risk products for the Web service layer of MaxCV during the latter half of this year.

Dun & Bradstreet has acquired Micro-Marketing. The deal provides DNB with both traditional data base solutions and online interactive marketing applications. Also, the acquisition allows the company to expand its customer records and enhance operations in this vital location.

The company recently increased its quarterly cash dividend. The payout climbed roughly 5.5%, from \$0.36 to \$0.38 a share. This is a positive sign for investors. Too, shareholders should note we anticipate further hikes to the dividend over the long haul.

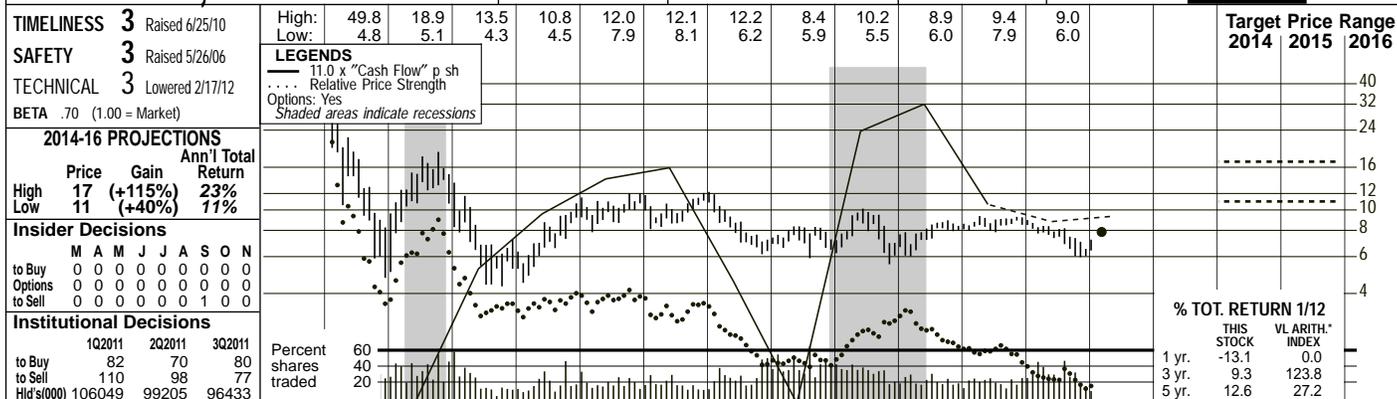
This stock is a timely selection for the year ahead. In addition, the issue carries above-average price appreciation potential to 2015-2017. We look for DNB's solid prospects to result in meaningful top- and bottom-line advances over this span, and further value-added acquisitions.

Kenneth J. DeFranco, Jr. March 2, 2012

(A) Diluted earnings. Excludes nonrecurring gains (chrgs.): '02, (28c); '03, (24c); '04, (8c); '05, (30c); '06, (27c); '08, 41c; '09, 72c; '10, (59c); '11, (45c). Next egs. report due early May. (B) Div'd historically paid early Mar., May, August, late November. (C) Includes intangibles. In 2010: \$739.5 million, \$14.88/sh. (D) In mill. (E) 2002 results restated to reflect the correction of prior revenue recognition errors; previous years not restated.

EARTHLINK, INC. NDQ-ELNK

RECENT PRICE **7.86** P/E RATIO **23.1** (Trailing: 23.8 Median: NMF) RELATIVE P/E RATIO **1.46** DIV'D YLD **2.5%** VALUE LINE



2014-16 PROJECTIONS		2001-2012										© VALUE LINE PUB. LLC 14-16				
Price	Gain	Ann'l Total Return	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Revenues per sh	13.35
High 17	(+115%)	23%	8.41	8.77	8.81	9.29	9.82	10.61	11.00	8.81	6.76	5.74	12.35	11.50	"Cash Flow" per sh	1.50
Low 11	(+40%)	11%	.00	.48	.87	1.28	1.45	.42	d.01	2.16	2.90	.97	.80	Earnings per sh A	.95	
			d.83	d.22	.36	.70	1.02	.04	d.45	1.78	2.66	.74	.32	Div'ds Decl'd per sh D	.20	
			.47	.21	.18	.20	.26	.32	.48	.05	.12	.22	1.05	Cap'l Spending per sh	.75	
			2.35	2.37	3.42	3.68	3.97	3.74	2.37	4.13	6.85	6.99	7.35	Book Value per sh	9.15	
			147.99	154.71	159.04	148.72	131.39	122.63	110.55	108.52	107.13	108.38	106.00	Common Shs Outst'g B	105.00	
			--	--	20.3	14.4	9.7	NMF	--	4.5	2.9	11.7	23.5	Avg Ann'l P/E Ratio	15.0	
			--	--	1.16	.76	.52	NMF	--	.27	.19	.75	1.47	Relative P/E Ratio	1.00	
			--	--	--	--	--	--	--	--	3.6%	7.2%	2.7%	Avg Ann'l Div'd Yield	1.4%	

CAPITAL STRUCTURE as of 9/30/11		2001-2012										© VALUE LINE PUB. LLC 14-16									
Total Debt	\$911.0 mill.	Due in 5 Yrs	\$243.1 mill.	LT Debt	\$655.1 mill.	LT Interest	\$49.6 mill.														
								1244.9	1357.4	1401.9	1382.2	1290.1	1301.3	1216.0	955.6	723.7	622.2	1310	1220	Revenues (\$mill)	1400
								NMF	4.5%	9.5%	19.7%	16.4%	9.4%	8.4%	21.0%	28.5%	33.6%	11.5%	13.5%	Operating Margin	20.0%
								111.7	106.7	79.9	79.2	47.1	46.3	54.2	36.3	24.0	23.4	36.0	38.0	Depreciation (\$mill)	44.0
								d112.3	d33.0	58.7	111.0	142.8	5.0	d54.8	198.1	287.1	81.5	34.0	38.0	Net Profit (\$mill)	100
								--	--	--	3.9%	13.6%	15.1%	--	--	15.1%	41.1%	35.0%	38.0%	Income Tax Rate	40.0%
								NMF	NMF	4.2%	8.0%	11.1%	4%	NMF	20.7%	39.7%	13.1%	2.6%	3.1%	Net Profit Margin	7.2%
								313.3	258.5	233.4	283.0	232.7	226.0	148.3	435.7	459.4	290.6	240	270	Working Cap'l (\$mill)	300
								1.7	.6	.0	.3	--	258.8	258.8	258.8	258.8	351.3	600	600	Long-Term Debt (\$mill)	600
								851.1	692.3	543.7	547.6	521.9	458.7	261.5	448.5	734.0	757.9	780	800	Shr. Equity (\$mill)	960
								NMF	NMF	10.8%	20.3%	27.4%	.7%	NMF	28.6%	39.1%	8.1%	4.5%	4.5%	Return on Total Cap'l	8.0%
								NMF	NMF	10.8%	20.3%	27.4%	1.1%	NMF	44.2%	39.1%	10.8%	4.5%	4.5%	Return on Shr. Equity	10.5%
								NMF	NMF	10.8%	20.3%	27.4%	1.1%	NMF	44.2%	35.0%	1.8%	1.5%	2.0%	Retained to Com Eq	8.0%
								--	--	--	--	--	--	--	--	10%	83%	63%	57%	All Div'ds to Net Prof	22%

Leases, Uncapitalized \$4.5 mill.
No Defined Benefit Pension Plan
Pfd Stock None.
Common Stock 106,683,532 shs. as of 10/31/11
MARKET CAP: \$850 million (Small Cap)

BUSINESS: EarthLink, Inc., an Internet Service Provider (ISP), provides access, information, assistance, and services to its subscribers. The company offers premium dial-up and broadband (DSL, Cable) access services, as well as discounted dial-up service through its PeoplePC subsidiary. EarthLink also markets related Internet services, such as Web hosting and advertising. EarthLink, Inc. was formed in 2/00 by the merger between EarthLink Network and MindSpring Enterprises. Acq'd PeoplePC, 7/02. Has abt. 1,870 employees. BlackRock owns 6.7% of stock; Renaissance Tech., 6.8%; Off. & dir., 1.6%. (4/11 Proxy). Chairman & CEO: Rolla P. Huff, Inc.: DE. Address: 1375 Peachtree St. NW, Atlanta, GA 30309. Tel.: 404-815-0770. Internet: www.earthlink.net.

EarthLink likely posted a year-over-year share-earnings decline in the December quarter. Although the company's healthy appetite for acquisitions over the past year (discussed below) boosted the top line, operating costs probably rose at a higher rate and weighed down the bottom line. A sharp increase in debt in the second half of last year also led to increased interest expenses.

The company continues to diversify its business. Management found it necessary to shift the focus of its operations from the dwindling Internet access business into other areas in order to maintain profitability. Since December, 2010, it has been busy on the takeover front, with the purchases of Deltacom, One Communications, STS Telecom, Business Vitals and, most recently, IT Solution Center. These deals are helping to build EarthLink's portfolio of communications, business services, and security offerings. We expect to see further acquisition activity in the coming years, especially as ELNK loses more Internet-access services subscribers. **It will probably be a rocky road over the next few years.** EarthLink must successfully integrate the recently acquired entities while still likely dealing with challenges in the Internet access business. Specifically, rivals in the cable and telephone industries will probably constrict pricing in the broadband space, and expansion into the newly entered markets ought to be hindered by high competition. Pressure on the bottom line may be eased by ongoing cost-reduction efforts, but interest expense will likely remain elevated. **EarthLink's finances are in decent shape.** Even though the debt load has significantly jumped over the past year, partly due to recent acquisitions, EarthLink should have ample funds to pursue additional growth initiatives. What's more, the dividend payout should be more than adequately covered by cash flow. **These shares are attractive out to mid-decade.** The successful diversification of the business ought to help earnings bounce back over the long haul. Although share net will probably not return to its 2009 high anytime soon, the stock does possess wide recovery potential over the 3- to 5-year pull.

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	263.1	245.6	230.8	216.1	955.6
2009	199.1	185.6	174.5	164.5	723.7
2010	157.2	153.0	145.2	166.8	622.2
2011	243.0	363.6	357.3	346.1	1310
2012	330	310	300	280	1220

Cal-endar	EARNINGS PER SHARE AC				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.52	.51	.49	.25	1.78
2009	.30	.29	.28	1.79	2.66
2010	.25	.26	.20	.05	.74
2011	.15	.06	.07	.04	.32
2012	.15	.08	.07	.05	.35

Cal-endar	QUARTERLY DIVIDENDS PAID D				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	--	--	--	--	--
2009	--	--	.14	.14	.28
2010	.14	.16	.16	.16	.64
2011	.05	.05	.05	.05	.20
2012					

(A) Diluted earnings. Excludes nonrecurring losses: '01, (\$1.90); '02, (\$0.89); '03, (\$0.78). Next egs. report due late April. (B) In millions. (C) Quarterly egs. may not sum due to change in shares outstanding. (D) Initial div'd payment was on Sept. 28th, 2009. Div'ds will likely be paid in late March, June, Sept., Dec.

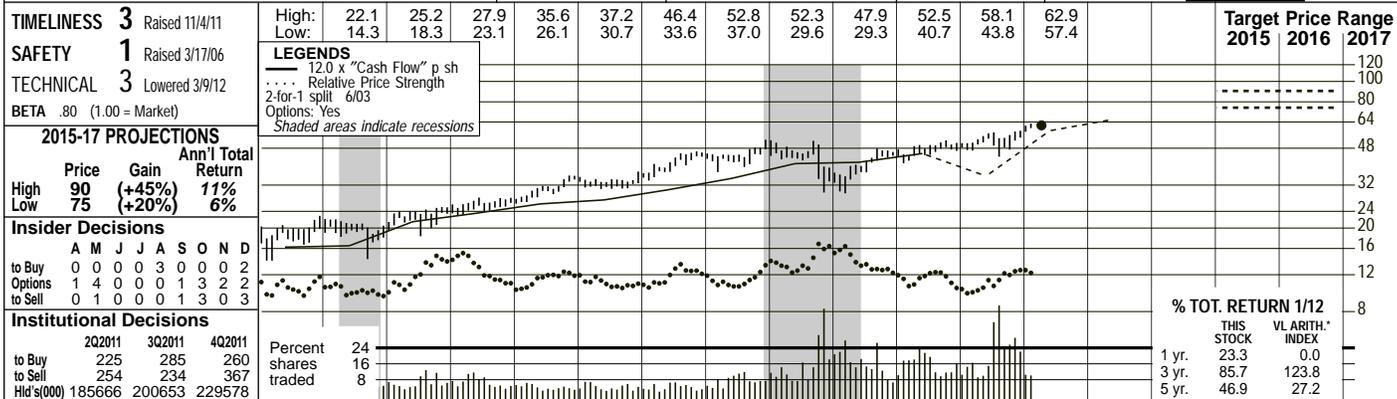
Company's Financial Strength	B
Stock's Price Stability	90
Price Growth Persistence	35
Earnings Predictability	15

To subscribe call 1-800-833-0046.

Randy Shrikishun February 17, 2012

ECOLAB INC. NYSE-ECL

RECENT PRICE **61.75** P/E RATIO **24.3** (Trailing: 25.7; Median: 25.0) RELATIVE P/E RATIO **1.58** DIV'D YLD **1.3%** VALUE LINE



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Price	5.75	6.35	7.29	8.04	8.90	9.21	13.10	14.61	16.25	17.84	19.48	22.16	25.98	24.94	26.17	23.34	40.15	42.35	Sales per sh	49.50
Gain	.78	.91	1.07	1.19	1.35	1.37	1.79	1.96	2.18	2.27	2.54	2.87	3.38	3.43	3.77	2.95	4.85	5.50	"Cash Flow" per sh	6.25
Return	.44	.50	.58	.65	.75	.73	.92	1.03	1.19	1.23	1.43	1.66	1.86	1.99	2.23	1.91	3.05	3.65	Earnings per sh ^A	4.50
Options	.15	.16	.19	.21	.24	.26	.27	.29	.32	.35	.40	.46	.52	.56	.62	.70	.80	.86	Div'ds Decl'd per sh ^B	1.00
to Buy	.43	.47	.57	.56	.59	.62	.82	.82	1.07	1.06	1.15	1.24	1.38	1.07	1.12	1.16	1.85	1.95	Cap'l Spending per sh	2.00
to Sell	2.01	2.14	2.67	2.94	2.98	3.44	4.23	5.03	6.07	6.49	6.69	7.84	6.65	8.46	9.15	19.46	13.40	14.00	Book Value per sh ^D	16.35
to Buy	259.20	258.25	258.96	258.83	254.32	255.80	259.88	257.42	257.54	254.14	251.34	246.80	236.20	236.60	232.66	291.27	295.00	295.00	Common Shs Outst'g ^C	300.00
to Sell	18.8	22.3	26.2	29.6	25.0	27.3	24.6	24.9	25.6	26.8	28.5	26.7	23.4	19.9	21.1	26.7	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	18.0
Hld's(000)	185666	200653	229578																Relative P/E Ratio	1.20
																			Avg Ann'l Div'd Yield	1.2%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Total Debt	3403.6	3761.8	4184.9	4534.8	4895.8	5469.6	6137.5	5900.6	6089.7	6798.5	11850	12500	Sales (\$mill)	14850						
LT Debt	19.3%	18.9%	18.8%	17.6%	18.0%	17.9%	17.5%	18.3%	19.1%	16.9%	13.0%	14.0%	Operating Margin	15.0%						
LT Interest	223.4	229.7	247.4	256.9	268.6	291.9	334.7	334.3	347.9	395.7	535	565	Depreciation (\$mill)	670						
Interest coverage	240.6	274.7	312.9	319.5	368.6	417.1	463.7	477.4	530.3	462.5	890	1055	Net Profit (\$mill)	1200						
(32% of Cap'l)	39.8%	38.1%	36.5%	35.9%	35.0%	34.4%	31.6%	31.7%	29.0%	31.8%	30.0%	30.0%	Income Tax Rate	30.0%						
Leases, Uncapitalized	7.1%	7.3%	7.5%	7.0%	7.5%	7.6%	7.6%	8.1%	8.7%	6.8%	7.5%	8.5%	Net Profit Margin	8.0%						
Annual rentals	149.5	298.4	339.5	302.3	350.9	199.0	249.2	564.0	545.1	2229.7	700	750	Working Cap'l (\$mill)	900						
Assets-12/10	539.7	604.4	645.4	519.4	557.1	599.9	799.3	868.8	656.4	6613.2	1300	1375	Long-Term Debt (\$mill)	1625						
\$1,307.4 mill.	1099.8	1295.4	1562.5	1649.2	1680.2	1935.7	1571.6	2000.9	2129.2	5666.7	3950	4125	Shr. Equity (\$mill)	4900						
Oblig. \$1,734.1 mill.	15.3%	15.4%	15.1%	15.7%	17.4%	17.4%	20.8%	17.7%	20.1%	4.1%	19.5%	21.5%	Return on Total Cap'l	20.5%						
Pfd Stock None	21.9%	21.2%	20.0%	19.4%	21.9%	21.5%	29.5%	23.9%	24.9%	8.2%	22.5%	25.5%	Return on Shr. Equity	24.5%						
Common Stock 291,269,964 shrs.	15.6%	15.4%	14.8%	13.9%	15.9%	15.7%	21.3%	17.2%	18.1%	3.6%	16.5%	19.5%	Retained to Com Eq	18.5%						
as of 1/31/12	29%	27%	26%	28%	27%	27%	28%	28%	27%	44%	27%	24%	All Div'ds to Net Prof	25%						
MARKET CAP: \$18.0 billion (Large Cap)																				

Year	2009	2010	2011	2012	2013
Cash Assets	73.6	242.3	1843.6		
Receivables	1016.1	999.6	2095.3		
Inventory (LIFO)	493.4	447.6	1069.6		
Other	231.1	180.4	387.5		
Current Assets	1814.2	1869.9	5396.0		
Accts Payable	360.9	349.3	815.7		
Debt Due	98.5	189.2	1023.0		
Other	790.8	786.3	1327.6		
Current Liab.	1250.2	1324.8	3166.3		

Year	2009	2010	2011	2012	2013
Sales	12.5%	9.5%	10.0%		
"Cash Flow"	11.5%	10.5%	8.5%		
Earnings	12.0%	12.0%	12.0%		
Dividends	10.5%	12.0%	8.5%		
Book Value	11.0%	6.5%	10.5%		

Year	2009	2010	2011	2012	2013
Q1	1348.2	1441.5	1546.4	1564.5	5900.6
Q2	1432.1	1520.2	1561.9	1575.5	6089.7
Q3	1518.3	1698.8	1736.1	1845.3	6798.5
Q4	2725	2970	3085	3070	11850
Annual	2900	3100	3200	3300	12500

Year	2009	2010	2011	2012	2013
Q1	.33	.50	.611	.55	1.99
Q2	.400	.54	.74	.55	2.23
Q3	.45	.64	.75	.34	1.91
Q4	.55	.75	.90	.85	3.05
Annual	.70	.95	1.05	.95	3.65

Year	2008	2009	2010	2011	2012
Q1	.13	.13	.13	.13	.52
Q2	.14	.14	.14	.14	.56
Q3	.155	.155	.155	.155	.62
Q4	.175	.175	.175	.175	.70
Annual	.20				

ECOLAB'S INTEGRATION OF NALCO IS PROCEEDING AHEAD OF SCHEDULE. This developer of cleaning and sanitizing products is making solid progress amalgamating operations after the recent merger. Similar business approaches and cultures have smoothed the process, and the two teams are quickly coming together. Further, synergies appear likely to be better than expected, and forecasted pretax cost savings for 2012 have more than doubled to \$75 million. Looking out to 2014, savings estimates have risen by \$100 million, to \$250 million.

We think recent streamlining initiatives are well conceived. The restructuring plans will help ECL enhance the operating efficiencies resulting from the merger. A reduction in distribution center locations and the elimination of redundant functions should create a lower-cost, more efficient infrastructure. As a result of these actions, the company expects to incur pretax charges of \$230 million this year, and \$150 million in 2013.

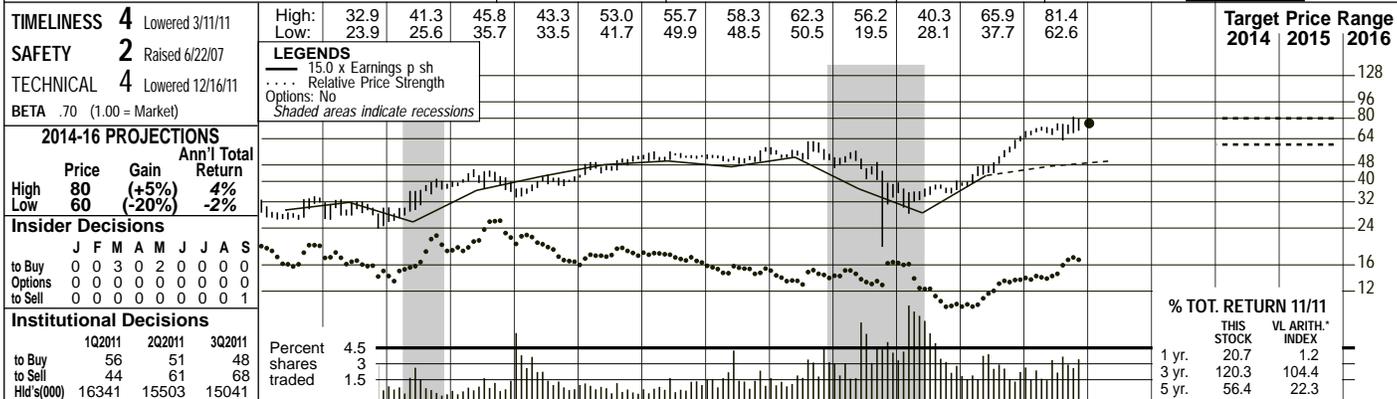
The company has been aggressively pursuing other expansion opportunities. ECL announced that it had bought Italian healthcare products maker Esoform for an undisclosed sum. The Venice-based company, which had sales of roughly \$12 million last year, should boost manufacturing efficiency in the European business. Ecolab also bought InsetCenter, a Brazilian pest elimination business with \$6 million in sales last year. InsetCenter will be integrated into Ecolab's existing Brazilian pest elimination business, and should enhance service capacity and scale in this key region. ECL has also been busy expanding existing operations, as it is constructing a new 51,000-square-foot facility in Minnesota. This will house a new training center and provide additional space for R&D expansion.

This issue is not particularly attractive at present. Because it is ranked to mirror the broader markets over the next year, the equity probably would not interest momentum investors. Moreover, looking out over the next three to five years, the appreciation we project is below the Value Line median. Finally, even factoring in the recent dividend increase, the yield remains subpar.

Geoffrey C. Bell
March 9, 2012

ERIE INDEMNITY NDQ-ERIE

RECENT PRICE **75.72** P/E RATIO **23.8** (Trailing: 26.2 Median: 17.0) RELATIVE P/E RATIO **1.68** DIV'D YLD **2.7%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009 ^P	2010	2011	2012	14-16
Price	7.83	9.34	9.97	10.92	12.08	12.82	15.73	17.44	19.09	20.27	21.37	23.34	23.14	83.11	97.70	104.15	133.35	177.80	
Gain	.40	.55	.58	.68	.83	.87	.91	.97	1.01	.97	.99	.68	.75	.75	.75	.75	.75	1.10	
Return	d.14	d.03	.01	d.05	d.16	d.32	d.42	d.20	.12	.41	.38	.61	.41	2.70	2.36	6.25	10.00	19.55	
Earnings	1.41	1.59	1.81	1.95	2.12	1.71	2.42	2.81	3.21	3.34	3.13	3.48	2.46	1.89	2.85	3.15	3.35	4.65	
Div'd	.35	.38	.44	.48	.56	.61	.68	.76	.97	1.34	1.46	1.64	1.77	1.83	1.96	2.09	2.19	2.60	
Book Value	5.81	8.05	9.77	10.71	12.16	13.55	15.42	18.16	20.11	20.90	20.13	19.71	15.44	17.62	18.22	17.60	19.25	19.80	
Common Shs	75.00	67.03	67.04	65.13	64.06	63.84	64.04	64.09	63.00	61.17	57.71	53.34	51.29	51.20	50.05	48.00	48.00	45.00	
P/E Ratio	55.1%	38.7%	29.5%	27.0%	24.1%	24.8%	26.3%	21.6%	23.9%	25.2%	25.9%	27.9%	29.8%	20.4%	27.0%	33.0%	33.0%	35.2%	
Relative P/E	22.7	19.6	16.0	14.8	13.8	19.6	16.8	13.9	15.0	15.8	16.7	15.8	18.7	19.0	17.2	17.2	17.2	15.0	
Div'd Yield	1.42	1.13	.83	.84	.90	1.00	.92	.79	.79	.84	.90	.84	1.13	1.27	1.10	1.10	1.10	1.00	
Annual Growth	1.1%	1.2%	1.5%	1.7%	1.9%	1.8%	1.7%	1.9%	2.0%	2.5%	2.8%	3.0%	3.8%	5.1%	4.0%	4.0%	4.0%	3.6%	

Category	2009	2010	9/30/11	2011	2012	14-16
Revenues per sh ^D	818.6	1007.6	1117.5	1202.6	1240.2	1233.0
Investment Inc per sh	85.1%	84.9%	79.8%	73.6%	65.0%	65.4%
Underwriting Inc per sh	29.7%	31.6%	26.7%	22.7%	23.2%	24.4%
Earnings per sh ^{AD}	-14.9%	-16.6%	-6.5%	3.7%	11.7%	10.3%
Div'd Decl'd per sh ^B	33.1%	33.2%	34.7%	32.2%	32.9%	33.2%
Book Value per sh	122.3	172.1	199.7	226.4	231.1	204.0
Common Shs Outst'g ^C	5.9%	5.6%	4.9%	4.6%	4.4%	4.2%
Price to Book Value	1936	2358	2755	2980	3101	3039
Avg Ann'l P/E Ratio	865.3	987.4	1164.2	1266.9	1278.6	1161.8
Relative P/E Ratio	14.1%	17.4%	17.2%	17.9%	18.1%	17.6%
Avg Ann'l Div'd Yield	9.6%	13.0%	12.9%	13.5%	11.7%	10.2%
	32%	25%	25%	24%	35%	42%

Category	2009	2010	9/30/11	2011	2012	14-16
Revenues (\$mill) ^D	818.6	1007.6	1117.5	1202.6	1240.2	1233.0
Loss to Prem Earned	85.1%	84.9%	79.8%	73.6%	65.0%	65.4%
Expense to Prem Writ	29.7%	31.6%	26.7%	22.7%	23.2%	24.4%
Underwriting Margin	-14.9%	-16.6%	-6.5%	3.7%	11.7%	10.3%
Income Tax Rate	33.1%	33.2%	34.7%	32.2%	32.9%	33.2%
Net Profit (\$mill)	122.3	172.1	199.7	226.4	231.1	204.0
Inv Inc/Total Inv	5.9%	5.6%	4.9%	4.6%	4.4%	4.2%
Total Assets (\$mill) ^D	1936	2358	2755	2980	3101	3039
Shr. Equity (\$mill)	865.3	987.4	1164.2	1266.9	1278.6	1161.8
Return on Shr. Equity	14.1%	17.4%	17.2%	17.9%	18.1%	17.6%
Retained to Com Eq	9.6%	13.0%	12.9%	13.5%	11.7%	10.2%
All Div'ds to Net Prof	32%	25%	25%	24%	35%	42%

ERIE INDEMNITY COMPANY appears to be cruising right along. Indeed, share earnings registered a healthy year-to-year advance of some 6% during the September interim. The insurer's performance has been bolstered by elevated management fee revenue and a larger number of direct written premiums. In addition, ERIE's strong customer retention rate, currently more than 90%, and improved product prices have helped spur bottom-line gains. We look for these factors, combined with a gradually healing economy, to propel profits moving forward. Thus, we have increased our 2011 and 2012 share-net estimates by \$0.05 and \$0.15, to \$3.15 and \$3.35 a share, respectively.

A firmer pricing climate should aid personal lines business. Loftier average premiums per policy helped push this lagging segment into the black during the September period. The company continues to generate a solid number of fresh policies, albeit at a slightly slower pace, which ought to begin bearing fruit in the coming year. **We look for Erie to continue repurchasing its common stock.** The insurer has spent roughly \$140 million in 2011 thus far, buying back about two million shares. Furthermore, the company's board recently approved the continuation of its current share-repurchase program for \$150 million.

A couple of thorns remain in the company's side. New personal auto policies have fallen over the past year, as car sales have struggled due to a weakened economic state and less potent consumer purchasing power. What's more, volatile equity markets have hurt returns in ERIE's investment portfolio. However, income from various limited partnership investments has been climbing and should help offset losses in other sectors. **These good-quality shares remain unfavorably ranked for Timeliness.** Moreover, this stock presently trades within the 3- to 5-year Target Price Range we foresee, discounting much of its appreciation potential. Also, despite the stock's attractive dividend yield, this issue currently sells for a steep premium on a price-to-earnings basis, meaning investors may want to look elsewhere for now.

(A) Dil. egs. May not sum due to change in share count. Next egs. rpt. early March.	(B) Dividends historically paid in early January, April, July, and October.	(C) In millions.	(D) Due to adoption of FASB ASC 810, results are reported on a consolidated basis beginning in 2009. Previous results are not comparable.	Company's Financial Strength	B++
				Stock's Price Stability	100
				Price Growth Persistence	45
				Earnings Predictability	65

FOREST LABS. NYSE-FRX

RECENT PRICE **30.65** P/E RATIO **9.9** (Trailing: 7.0 Median: 17.0) RELATIVE P/E RATIO **0.68** DIV'D YLD **Nil** **VALUE LINE**



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16	
Price	1.23	.85	1.42	1.80	2.60	3.33	4.37	6.07	7.17	8.78	8.69	9.96	11.25	12.06	12.91	14.73	16.00	7.65	Sales per sh ^{A B}	8.50	
Gain	.33	d.05	.24	.30	.45	.73	1.10	1.85	2.15	2.84	2.37	3.23	3.90	3.82	4.73	3.82	4.73	4.35	"Cash Flow" per sh	2.80	
Return	.28	d.11	.17	.23	.32	.59	.91	1.66	1.95	2.49	1.96	2.89	3.55	3.46	3.52	4.41	3.70	1.40	Earnings per sh ^{B C}	2.30	
Options	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil	Div'ds Decl'd per sh	Nil
Options to Buy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil	Cap'l Spending per sh	.10
Options to Sell	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Nil	Book Value per sh ^D	22.95
to Buy	191	175	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	163	Common Shs Outst'g ^E	270.00
to Sell	215	240	238	238	238	238	238	238	238	238	238	238	238	238	238	238	238	238	238	Avg Ann'l P/E Ratio	17.5
Hlds(000)	262191	271014	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	256854	Relative P/E Ratio	1.15
																				Avg Ann'l Div'd Yield	Nil

Category	2009	2010	9/30/11	2009	2010	9/30/11	2009	2010	9/30/11	2009	2010	9/30/11	2009	2010	9/30/11	2009	2010	9/30/11	2009	2010	9/30/11
CAPITAL STRUCTURE as of 9/30/11	1566.6	2206.7	2650.4	3052.4	2793.9	3183.3	3501.8	3636.1	3903.5	4213.1	4230	1990	Sales (\$mill) ^{A B}	2300							
Total Debt None	31.3%	37.8%	36.5%	37.2%	28.4%	32.3%	33.2%	21.5%	19.2%	28.6%	24.0%	10.0%	Operating Margin	14.0%							
Leases, Uncapitalized Annual rentals \$34.9 mill.	54.6	51.6	59.6	56.6	93.7	101.1	91.7	96.5	86.5	73.0	120	125	Depreciation (\$mill)	140							
No Defined Pension Benefit Plan	338.0	622.0	735.9	929.6	667.0	929.8	1122.3	1052.4	1067.5	1280.3	1025	380	Net Profit (\$mill)	620							
Pfd Stock None	28.1%	24.2%	21.5%	21.5%	21.3%	21.5%	20.2%	20.9%	20.8%	21.8%	23.0%	20.0%	Income Tax Rate	22.0%							
Common Stock 267,153,114 shs. as of 11/8/11	21.6%	28.2%	27.8%	30.5%	23.9%	29.2%	32.0%	28.9%	27.3%	30.4%	24.2%	19.1%	Net Profit Margin	27.0%							
MARKET CAP: \$8.2 billion (Large Cap)	870.1	1690.9	2311.4	2144.3	1786.2	1795.1	2296.7	2968.2	3599.5	4321.8	3000	2800	Working Cap'l (\$mill)	2300							
CURRENT POSITION (\$MILL.)	1625.1	2351.8	3255.9	3132.4	2697.8	3024.8	3715.3	4114.6	4889.9	5498.9	5300	5200	Long-Term Debt (\$mill)	Nil							
Cash Assets	3322.3	3851.1	2204.6										Shr. Equity (\$mill)	6200							
Receivables	475.7	535.5	573.3										Return on Total Cap'l	10.0%							
Inventory (FIFO)	467.8	451.4	430.5										Return on Shr. Equity	10.0%							
Other	313.4	421.7	403.1										Retained to Com Eq	10.0%							
Current Assets	4579.2	5259.7	3611.5										All Div'ds to Net Prof	Nil							
Accts Payable	130.2	190.8	99.5																		
Debt Due	--	--	--																		
Other	849.5	747.1	909.3																		
Current Liab.	979.7	937.9	1008.8																		

BUSINESS: Forest Laboratories, Inc. manufactures drugs used for treating depression, pain, and cardiovascular and respiratory disorders. Important products: *Lexapro* (for depression), *Namenda* (Alzheimer's), *Savella* (fibromyalgia), and *Bystolic* (hypertension). Also makes generic drugs using controlled-release tech. Foreign business: 2.1% of '10 sales. 2010 depreciation rate: 11.5%; R&D: 17.0% of sales. Estimated plant age: 12 years. Has 5,600 employees. Officers & directors own 2.6% of common stock; Wellington Management, 13.5%; Vanguard, 10.3%; BlackRock, 8.1%; High River Limited Partnership, 7.2% (6/11 proxy). Chairman & CEO: Howard Solomon, Inc.: Delaware. Address: 909 Third Ave., New York, NY 10022. Telephone: 212-421-7850. Internet: www.frx.com.

Forest Laboratories had a challenging time making progress on the share-net front during the first six months of fiscal 2011 (which ends on March 31, 2012), compared to the prior-year tally. That stemmed partially from expenses associated with the launch of several new products, including *Teflaro* and *Daliresp*. Furthermore, there was some earnings dilution caused by the April acquisition of Clinical Data, estimated to be around \$0.60 a share in the first year and less afterward.

Unfortunately, we expect the company's situation to get much worse during the second half. That's primarily because the patent for *Lexapro* (Forest's number-one selling product) is set to expire in March, 2012. As a result, the bottom line stands to decline about 16%, to \$3.70 a share, for the full fiscal year. Share earnings stand to decrease by a significantly greater percentage in fiscal 2012, as losses from *Lexapro* become more intense.

Prospects over the next three to five years look very cloudy. To further complicate matters for the company, *Namenda* (the number-two selling drug) is set to lose patent protection in 2015. There are some promising drugs under development, such as one for acute mania associated with bipolar disorder and another used to treat irritable bowel syndrome with constipation, but their sales may not be enough to offset the losses of *Lexapro* and *Namenda*. Furthermore, there is no guarantee that all drug candidates will receive regulatory approval.

One major strength is the balance sheet. In fact, at the end of the second quarter, Forest Labs boasted some \$2.2 billion in cash available. What's more, there were no debt commitments. These factors make acquisitions a good possibility, although we cannot include future ones in our figures because of numerous uncertainties.

The equity might appeal to investors with a speculative bent. That's primarily because there is a consolidation trend in the drug industry. But for now, these shares are just an Average (3) selection for relative price performance in the year ahead.

Frederick L. Harris, III January 13, 2012

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	10
Earnings Predictability	85

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A.J. GALLAGHER & CO. NYSE-AJG

RECENT PRICE **35.20** P/E RATIO **23.3** (Trailing: 26.7; Median: 18.0) RELATIVE P/E RATIO **1.47** DIV'D YLD **3.9%** VALUE LINE

TIMELINESS 4 Raised 8/5/11
SAFETY 1 Raised 5/23/08
TECHNICAL 2 Raised 1/27/12
BETA .75 (1.00 = Market)

High: 34.3 38.8 37.2 32.7 34.3 32.8 31.8 31.8 30.0 26.0 29.8 34.0
Low: 11.5 21.9 21.7 23.3 25.4 26.5 24.4 24.0 21.4 14.8 21.9 24.3

LEGENDS
12.0 x "Cash Flow" p sh
Relative Price Strength
2-for-1 split 3/00
2-for-1 split 1/01
Options: Yes
Shaded areas indicate recessions

2014-16 PROJECTIONS
Price Gain Ann'l Total
High 40 (+15%) 7%
Low 30 (-15%) 1%

Insider Decisions
M A M J J A S O N
to Buy 0 0 0 0 0 1 1 0 0
Options 1 0 6 3 0 0 0 0 0
to Sell 1 0 1 3 0 0 1 0 1

Institutional Decisions
1Q2011 2Q2011 3Q2011
to Buy 124 133 129
to Sell 87 98 118
Hlds(000) 82087 82493 83186

Percent shares traded

% TOT. RETURN 1/12
THIS STOCK VL ARITH. INDEX
1 yr. 17.5 0.0
3 yr. 64.9 123.8
5 yr. 49.2 27.2

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
6.42	7.01	7.35	7.66	8.22	9.32	10.69	12.66	14.04	16.07	15.61	15.59	17.64	17.06	16.87	17.17	19.06	20.15	Revenues per sh	22.20
.80	.85	.97	.97	1.13	1.31	1.71	1.87	2.19	2.42	3.55	1.72	2.00	1.47	2.13	2.36	2.35	2.60	"Cash Flow" per sh	3.35
.64	.66	.81	.81	.88	1.05	1.39	1.53	1.78	1.99	1.80	1.40	1.59	1.18	1.32	1.56	1.32	1.65	Earnings per sh A	2.25
.25	.29	.31	.35	.40	.46	.52	.60	.72	1.00	1.12	1.20	1.24	1.28	1.28	1.28	1.32	1.35	Div'ds Decl'd per sh B	1.48
.15	.15	.17	.20	.22	.18	.29	.51	.28	.31	.24	.34	.44	.33	.23	.23	.40	.45	Cap'l Spending per sh	.50
1.91	2.06	2.47	2.87	3.29	3.95	4.37	5.96	6.88	8.26	8.04	8.78	7.78	7.66	8.71	10.19	11.10	11.75	Book Value per sh C	14.95
61.70	65.17	66.44	70.58	73.68	79.50	85.11	88.55	90.00	92.10	95.70	98.40	92.00	96.40	102.48	108.61	112.00	114.00	Common Shs Outst'g D	120.00
13.9	12.8	10.5	12.9	14.3	20.6	21.0	20.2	15.4	15.9	16.0	19.9	17.7	21.1	16.3	16.4	22.2		Avg Ann'l P/E Ratio	16.0
.93	.80	.61	.67	.82	1.34	1.08	1.10	.88	.84	.85	1.07	.94	1.27	1.09	1.04	1.37		Relative P/E Ratio	1.05
2.8%	3.5%	3.6%	3.3%	3.2%	2.1%	1.8%	1.9%	2.6%	3.2%	3.9%	4.3%	4.4%	5.1%	5.9%	5.0%	4.5%		Avg Ann'l Div'd Yield	4.1%

CAPITAL STRUCTURE as of 9/30/11																							
Total Debt \$675.0 mill. Due in 5 Yrs \$100.0 mill.																		Revenues (\$mill)		2660			
LT Debt \$675.0 mill. Lt Interest \$40.0 mill.																		Operating Margin		20.0%			
(36% of Cap'l)																		Depreciation (\$mill)		130			
Leases, Uncapitalized Annual rentals \$65.6 mill.																		Net Profit (\$mill)		275			
Pension Assets-12/10 \$199.7 mill.																		Income Tax Rate		25.0%			
Oblig. \$220.0 mill.																		Net Profit Margin		10.3%			
Pfd Stock None																		Working Cap'l (\$mill)		745			
Common Stock 112,883,000 shares																		Long-Term Debt (\$mill)		700			
MARKET CAP: \$4.0 billion (Mid Cap)																		1340		1795			
CURRENT POSITION				2009	2010	9/30/11															Return on Total Cap'l		11.0%
(SMILL.)				2009	2010	9/30/11	22.5%	17.0%	16.7%	13.6%	26.6%	2.7%	5.0%	NMF	.6%	2.7%	.1%	2.5%	Return on Shr. Equity		15.5%		
Cash Assets				205.9	249.8	241.4	33%	36%	37%	45%	33%	83%	77%	106%	96%	82%	100%	82%	Retained to Com Eq		5.5%		
Receivables				693.7	750.1	982.0															All Div'ds to Net Prof		65%
Investments				--	--	--																	
Other				640.4	726.1	865.3																	
Current Assets				1540.0	1726.0	2088.7																	
Accts Payable				1166.5	1250.3	1600.4																	
Debt Due				--	--	--																	
Other				307.9	327.0	343.2																	
Current Liab.				1474.4	1577.3	1943.6																	

BUSINESS: Arthur J. Gallagher & Company provides insurance brokerage, risk management, and employee benefit services to a wide variety of commercial, industrial, institutional and governmental organizations through over 250 offices in seven countries. Risk management services analyze risks and determine the best protection through insurance and risk control (loss control and prevention). Commissions are generated through negotiation and placement of insurance for its clients. Officers & directors own about 2.5% of common stock; Cap. Res. Global Inv., 11.5%; BlackRock, 6.8% (4/11 proxy). Has about 10,700 empls. Chairman, Pres. & CEO: J. Patrick Gallagher, Jr. Inc.: Del. Addr.: Two Pierce Place, Itasca, Illinois 60143. Tel.: 630-773-3800. Internet: www.ajg.com.

Arthur J. Gallagher posted mixed financial results for 2011. The top line increased almost 15% last year. This healthy rise reflected solid contributions from the Brokerage division, which benefited from a rise in organic and supplemental commissions. Elsewhere, the Risk Management unit experienced a double-digit revenue gain thanks to higher domestic and international fees. Alternatively, the Corporate segment saw a decline in revenues, and posted a sizably larger loss for the year. On the margin front, overall expenses rose 120 basis points as a percentage of the top line. What's more, the tax rate, which historically fluctuates, rose substantially in 2011. Combined, these factors caused share net to decline 15.4%, to \$1.32 (excludes \$0.04 in nonrecurring charges from the June period).

The company continues to remain active on the acquisition front. In fact, it completed 25 purchases last year. The bulk of these were for smaller regional property and casualty (P&C) companies. More recently, AJG bought Capital Bauer Insurance Agency and Riley & Associates. Those were the first deals to kick off the new year; however, no financial details were released about them. Nonetheless, more of these sorts of transactions should widen AJG's geographic footprint and boost volumes down the road.

The clean-coal investments have been coming on line. Those operations were delayed over the past year, and consequently detracted from the bottom line. However, at this point, they appear to be gaining the necessary permits, and production should resume shortly.

We look for earnings to rebound in 2012. The recent insurance operation purchases should help to drive the Brokerage division. Elsewhere, the Risk Management unit ought to get a boost from higher fee volumes. And when combined with the resumption of production at the coal operations, higher profits appear to be on the way.

This stock chiefly has appeal as an income vehicle. We also note the recent increase in the already respectable dividend. However, these top-quality shares don't stand out for performance in the year ahead or for the 2014-2016 time frame.

Bryan J. Fong
February 17, 2012

Cal-endar	QUARTERLY REVENUES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	375.8	428.9	428.2	412.1	1645.0
2009	401.1	453.6	439.5	435.1	1729.3
2010	482.4	459.5	463.2	459.1	1864.2
2011	447.4	546.1	562.8	578.4	2134.7
2012	500	585	605	610	2300

Cal-endar	EARNINGS PER SHARE A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.18	.45	.44	.11	1.18
2009	.29	.44	.41	.19	1.32
2010	.28	.40	.44	.43	1.56
2011	.14	.42	.41	.35	1.32
2012	.30	.45	.47	.43	1.65

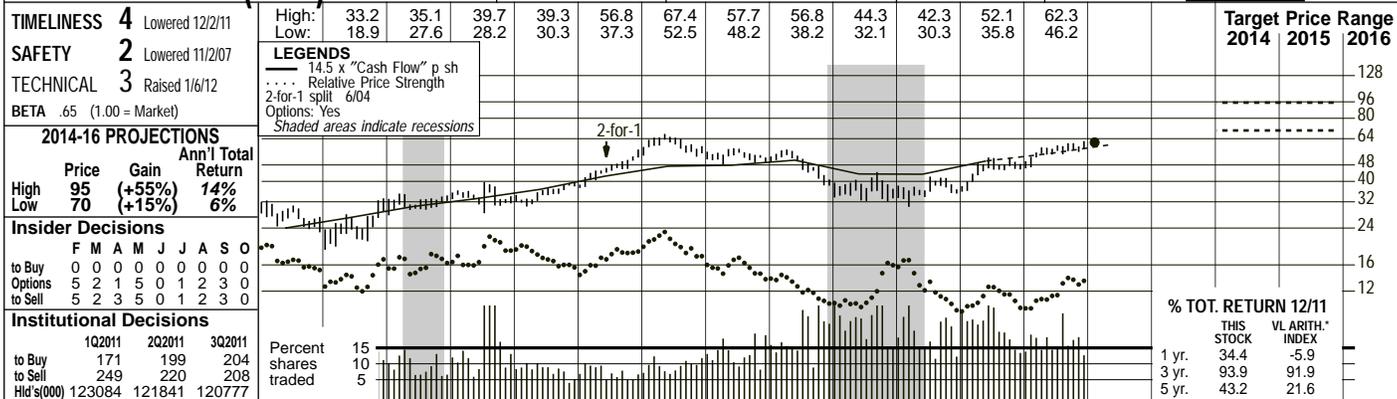
Cal-endar	QUARTERLY DIVIDENDS PAID B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.31	.32	.32	.32	1.27
2009	.32	.32	.32	.32	1.28
2010	.32	.32	.32	.32	1.28
2011	.33	.33	.33	.33	1.32
2012	.33	.34			

(A) Diluted egs. after '97. Incl. cap. gains: '97, 26¢; '99, 3¢. Excl. nonrecr. charges: '03, 21¢; '05, \$1.48; '11, 4¢. Excl. losses from disc. ops.: '07, 16¢; '08, 36¢; '09, 4¢. May not sum due to rounding. Next earnings report due in April.
(B) Dividends historically paid in mid-Jan., mid-Apr., mid-Jul., and mid-Oct. Dividend reinvestment plan available.
(C) Includes intangibles. In 2010: \$1367.2 million, \$13.01/sh.
(D) In millions, adjusted for stock splits.

Company's Financial Strength A
Stock's Price Stability 95
Price Growth Persistence 25
Earnings Predictability 90

HERSHEY CO. (THE) NYSE-HSY

RECENT PRICE **61.43** P/E RATIO **20.7** (Trailing: 22.5; Median: 21.0) RELATIVE P/E RATIO **1.40** DIV'D YLD **2.4%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Sales per sh ^A	11.94	13.04	15.05	15.49	14.34	15.49	16.80	15.35	16.11	17.96	20.11	21.47	21.79	22.61	23.24	24.95	27.00	29.00	36.00	
"Cash Flow" per sh	1.34	1.45	1.71	1.72	1.66	1.86	2.10	2.29	2.53	2.92	3.27	3.30	3.49	3.00	2.99	3.46	3.75	4.15	5.50	
Earnings per sh ^{AB}	.85	1.00	1.12	1.15	1.05	1.20	1.37	1.59	1.80	2.06	2.28	2.34	2.08	1.88	2.17	2.55	2.80	3.15	4.40	
Div's Decl'd per sh ^C	.34	.38	.42	.46	.50	.54	.58	.63	.73	.84	.93	1.05	1.14	1.19	1.19	1.28	1.38	1.50	1.91	
Cap'l Spending per sh	.46	.52	.61	.56	.42	.51	.59	.54	.92	.79	.81	.86	.90	1.25	.64	.89	1.35	1.80	3.15	
Book Value per sh ^D	3.50	3.80	2.98	3.64	3.97	4.31	4.23	5.11	4.94	4.42	4.25	2.97	2.61	1.40	3.16	3.97	4.55	5.40	9.50	
Common Shs Outst'g ^E	309.06	305.88	285.86	286.29	276.92	272.56	271.28	268.44	259.06	246.59	240.52	230.26	227.05	227.04	228.00	227.30	225.00	224.00	221.00	
Avg Ann'l P/E Ratio	16.6	20.5	24.1	29.6	26.3	20.7	23.0	21.3	19.6	22.3	26.2	22.7	23.2	19.5	16.9	17.9	19.9		19.0	
Relative P/E Ratio	1.11	1.28	1.39	1.54	1.50	1.35	1.18	1.16	1.12	1.18	1.40	1.23	1.23	1.17	1.13	1.13	1.25		1.25	
Avg Ann'l Div'd Yield	2.4%	1.9%	1.6%	1.4%	1.8%	2.2%	1.8%	1.9%	2.1%	1.8%	1.6%	2.0%	2.4%	3.2%	3.2%	2.8%	2.5%		2.3%	

Category	2009	2010	10/2/11	2009	2010	10/2/11
CAPITAL STRUCTURE as of 10/2/11						
Total Debt \$1638.3 mill. Due in 5 Yrs \$800.0 mill.	4557.2	4120.3	4172.6	4429.2	4836.0	4944.2
LT Debt \$1498.9 mill. LT Interest \$90.0 mill.	18.9%	22.5%	23.8%	24.7%	24.8%	24.1%
(LT interest earned: 12.3x; Total interest coverage: 10.7x) (62% of Cap'l)	190.5	177.9	180.6	189.7	218.0	199.9
Leases, Uncapitalized Annual rentals \$14.9 mill.	377.9	436.0	474.7	529.8	567.3	559.1
Pension Assets-12/10 \$1.0 billion	37.3%	36.7%	36.7%	36.6%	36.4%	36.0%
Oblig. \$1.0 billion	8.3%	10.6%	11.4%	12.0%	11.7%	11.3%
Pfd Stock None	561.1	716.7	545.8	6103.0	6109.3	6357.7
Common Stock 225,119,789 shs.	877.0	851.8	968.5	690.6	942.8	1248.1
Incl. 60,632,042 Class B shs. (10 votes per sh.) as of 10/21/11	1147.2	1371.7	1279.9	1089.3	1021.1	683.4
MARKET CAP: \$13.8 billion (Large Cap)	20.3%	21.0%	22.6%	31.6%	30.6%	30.8%
CURRENT POSITION	32.9%	31.8%	37.1%	48.6%	55.6%	81.8%
Cash Assets	19.5%	19.6%	22.7%	29.7%	33.9%	47.4%
Receivables	41%	38%	39%	39%	39%	42%
Inventory (LIFO)						
Other						
Current Assets						
Accts Payable						
Debt Due						
Other						
Current Liab.						

BUSINESS: The Hershey Company is the largest U.S. producer of chocolate and nonchocolate confectionery products. (Major brands: Hershey's, Reese's, Kisses, Cadbury, Ice Breakers, Kit Kat, Jolly Rancher, Twizzlers, Good 'n' Plenty, Heath, Mounds, and Milk Duds.) Sold majority of pasta operations, 1/99. Advertising costs, 6.9% of '10 sales. '10 depreciation rate: 6.5%. Foreign ops. accounted for 15.2% of total 2010 sales. Has 13,500 full-time employees. Hershey Trust owns 7.5% of common stock & 99.8% of Class B; T. Rowe Price Associates, 6.8%; Officers & Directors, less than 1.0% (3/11 proxy). Chairman: James E. Nevels. CEO and President: John P. Billrey. Inc.: DE. Address: 100 Crystal A Drive, Hershey, PA 17033. Tel.: 717-534-4200. Internet: www.hersheys.com.

Cal-endar	2008	2009	2010	2011	2012	Full Year
ANNUAL RATES of change (per sh)						
Sales	4.5%	5.5%	7.5%	10.0%	12.0%	8.0%
"Cash Flow"	6.0%	1.5%	10.0%	12.0%	8.0%	22.5%
Earnings	7.0%	1.5%	12.0%	8.0%	22.5%	
Dividends	9.5%	8.0%	8.0%	8.0%	22.5%	
Book Value	-3.5%	-9.0%	22.5%			
QUARTERLY SALES (\$ mill.)^A						
Mar.Per	1160	1105	1490	1378	5133	5299
Jun.Per	1236	1171	1484	1408	5671	6070
Sep.Per	1408	1233	1547	1483	6070	6495
Dec.31	1564	1325	1624	1557	6495	
Full Year	1650	1450	1750	1645		
EARNINGS PER SHARE^{A B}						
Mar.Per	.37	.29	.64	.58	1.88	2.17
Jun.Per	.38	.43	.73	.63	2.55	2.80
Sep.Per	.64	.51	.79	.61	3.15	
Dec.31	.72	.56	.84	.68		
Full Year	.80	.65	.90	.80		
QUARTERLY DIVIDENDS PAID^C						
Mar.31	.2975	.2975	.2975	.2975	1.19	1.19
Jun.30	.2975	.2975	.2975	.2975	1.28	1.38
Sep.30	.32	.32	.32	.32		
Dec.31	.345	.345	.345	.345		

Advertising spending will likely continue to rise near term. Hershey will probably remain committed to increasing its focus on brand investments in the coming quarters in an effort to further expand its market share, particularly in international markets. But, these initiatives should pay off quickly, providing stronger sales momentum, which ought to support earnings growth.

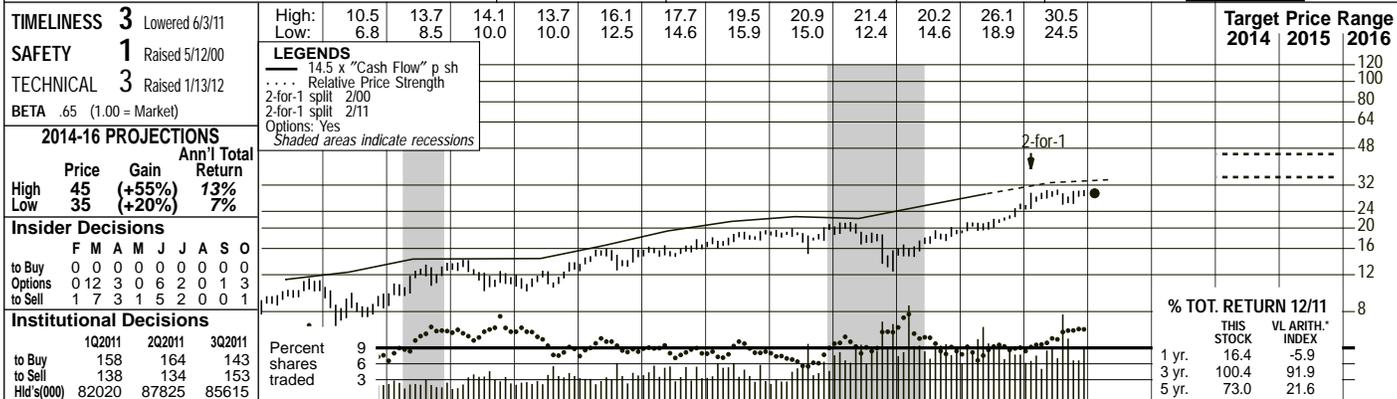
International markets offer promise. Hershey is gaining considerable ground in foreign countries, particularly China, India, Mexico, and Brazil. And given management's focus on expanding the company's offerings in these areas, Hershey will likely be able to carve out an even greater share of the international arena. This, coupled with the company's already strong position in its domestic market, should position it well for the long haul.

These shares have dropped a notch in Timeliness, to 4, hinting that they will likely trail the broader market over the coming six to 12 months. Too, it seems as though much of the solid performance we are anticipating down the line has been already incorporated into the current quotation. However, these shares are a relatively safe haven for conservative investors, as they carry a high Safety rank (2) and low Beta (.65). Hershey will likely raise the dividend in each of the coming three years, as well, adding some further appeal.

Kathryn M. Drew January 27, 2012

HORMEL FOODS NYSE:HRL

RECENT PRICE **29.24** P/E RATIO **16.3** (Trailing: 16.8; Median: 17.0) RELATIVE P/E RATIO **1.10** DIV'D YLD **2.1%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
9.93	9.99	10.74	11.07	11.76	13.26	14.87	14.13	15.15	17.33	19.64	20.92	22.82	25.11	24.45	27.15	29.91	31.70	Sales per sh ^A	33.95
.51	.42	.52	.62	.79	.85	.98	.98	1.14	1.34	1.48	1.56	1.53	1.76	2.01	2.27	2.35	2.35	"Cash Flow" per sh	2.75
.39	.29	.35	.41	.54	.61	.65	.68	.67	.78	.91	1.03	1.07	1.04	1.27	1.51	1.74	1.85	Earnings per sh ^{A B}	2.25
.15	.15	.16	.16	.17	.18	.19	.20	.21	.23	.26	.28	.30	.37	.38	.42	.51	.60	Div'ds Decl'd per sh ^C	.80
.32	.40	.38	.26	.28	.36	.28	.23	.24	.29	.39	.52	.46	.47	.36	.34	.35	.35	Cap'l Spending per sh	45.10
2.39	2.53	2.65	2.76	2.95	3.15	3.59	4.03	4.52	5.07	5.71	6.56	6.95	7.46	7.95	9.05	10.08	11.00	Book Value per sh ^D	1.50
306.81	310.04	303.11	294.46	285.45	277.14	277.33	276.82	277.19	275.75	275.69	274.68	271.36	269.04	267.19	265.96	263.96	264.00	Common Shs Outst'g ^E	265.00
16.2	21.2	19.4	20.1	17.2	14.5	16.5	18.3	17.0	18.1	16.9	17.0	17.3	18.2	13.0	13.7	15.7		Avg Ann'l P/E Ratio	18.0
1.08	1.33	1.12	1.05	.98	.94	.85	1.00	.97	.96	.90	.92	.92	1.10	.87	.87	.99		Relative P/E Ratio	1.20
2.3%	2.5%	2.3%	2.0%	1.8%	2.0%	1.7%	1.6%	1.9%	1.6%	1.7%	1.6%	1.6%	2.0%	2.3%	2.0%	1.9%		Avg Ann'l Div'd Yield	2.0%
CAPITAL STRUCTURE as of 10/30/11				4124.1	3910.3	4200.3	4779.9	5414.0	5745.5	6193.0	6754.9	6533.7	7220.7	7895.1	8365	Sales (\$mill) ^A	9000		
Total Debt \$250.0 mill. Due in 5 Yrs \$250.0 mill.				9.5%	10.1%	9.3%	9.5%	9.9%	9.9%	9.7%	9.4%	10.1%	10.6%	11.0%	11.0%	Operating Margin	11.5%		
LT Debt \$250.0 mill. LT Interest \$12.5 mill.				90.2	83.2	88.0	94.7	115.2	121.1	126.7	126.2	127.1	125.6	124.2	127	Depreciation (\$mill)	135		
(9% of Cap'l)				182.4	189.3	185.8	218.9	253.5	286.1	297.5	285.5	342.8	409.0	474.2	490	Net Profit (\$mill)	595		
Leases, Uncapitalized Annual rentals \$12.7 mill.				36.0%	35.6%	35.8%	36.5%	37.4%	33.5%	35.8%	37.6%	34.7%	34.9%	33.3%	35.0%	Income Tax Rate	35.0%		
Pension Assets-10/11 \$870.9 mill. Oblig. \$942.6 mill.				4.4%	4.8%	4.4%	4.6%	4.7%	5.0%	4.8%	4.2%	5.2%	5.7%	6.0%	5.9%	Net Profit Margin	6.6%		
Pfd Stock None				463.1	552.1	382.0	565.0	457.9	556.7	566.9	657.0	889.7	757.0	1220.0	1300	Working Cap'l (\$mill)	1500		
Common Stock 264,037,493 shs. as of 12/2/11				462.4	409.6	395.3	361.5	350.4	350.1	350.0	350.0	350.0	350.0	350.0	250.0	250	Long-Term Debt (\$mill)	250	
MARKET CAP: \$7.7 billion (Large Cap)				995.9	1115.3	1252.7	1399.2	1574.6	1802.9	1884.8	2007.6	2123.5	2406.6	2659.8	2900	Shr. Equity (\$mill) ^D	4000		
CURRENT POSITION				13.5%	13.4%	12.2%	13.2%	13.9%	13.9%	13.9%	12.7%	14.4%	17.0%	16.7%	16.0%	Return on Total Cap'l	14.5%		
(\$MILL.)				18.3%	17.0%	14.8%	15.6%	16.1%	15.9%	15.8%	14.2%	16.1%	17.0%	17.8%	17.0%	Return on Shr. Equity	15.0%		
Cash Assets				13.2%	12.2%	10.3%	11.3%	11.7%	11.7%	11.5%	9.5%	11.4%	12.4%	12.8%	11.5%	Retained to Com Eq	9.5%		
Receivables				28%	28%	31%	28%	27%	27%	27%	33%	30%	27%	28%	32%	All Div'ds to Net Prof	36%		
Inventory (FIFO)				BUSINESS: Hormel Foods Corporation is an international manufacturer and marketer of consumer-branded meat and food products, which are sold fresh, frozen, cured, smoked, cooked, and canned. Well-known brand names include: <i>Hormel, Always Tender, Cure 81, SPAM, Dinty Moore, Jennie-O, Mary Kitchen, Little Sizzlers, Chi-Chi's, and Kid's Kitchen.</i> Distributes products to supermarkets and independent food stores in all 50 states as well as overseas. Has approximately 19,500 employees. The Hormel Foundation owns 48.3% of common stock; all officers/directors as a group, 3.4% (12/11 Proxy). President and CEO: Jeffrey M. Ettinger, Inc.: DE. Address: 1 Hormel Place, Austin, MN 55912-3680. Telephone: 507-437-5611. Internet: www.hormel.com.															
Other				Fiscal 2012 (ends October 27th) ought to be a decent year for Hormel. We look for share earnings to climb another 6%, to \$1.85, despite a considerably more challenging cost environment for the Austin, Minnesota-based food producer. The expense headwinds should be stiffest against the Refrigerated Foods segment (accounting for a little more than half of the top-line mix), as commodity input prices are trending up and pork processing margins appear to be pulling back from historically high levels. We do not anticipate much of a profit squeeze at the Jennie-O Turkey Store unit, however, thanks to greater operational efficiencies (mostly involving the supply chain) and hedging strategies that are dulling the effects of higher feed costs. What's more... We expect bottom-line growth to be supported by a strong performance from the Grocery Products division. This business is the least commodity-oriented of the bunch, and is benefiting from Hormel's ongoing move up the value/branded ladder. (Sales of new SPAM products and <i>Compleats</i> microwave meals have been especially brisk of late.) The company seems to have a lot more pricing power with regard to its branded grocery goods, as well, which is not surprising. This leverage makes it easier for the firm to offset raw material inflation with strategic rate increases. Acquisitions, not factored into our estimates, will likely bolster results as we head toward mid-decade. Equipped with ample free cash flow and a clean balance sheet, Hormel remains in pursuit of accretive deals that will add diversity to its business and shield it from unpredictable fluctuations in commodity prices. The company is also endeavoring to boost its exposure to growing product categories, like Mexican foods and other ethnic fares. We recommend these shares as a core long-term holding, notwithstanding the current margin pressures. Hormel is a very well-run outfit, with an increasingly defensive business model and a consistent record of raising its cash dividend. (The quarterly payout was just hiked 18%, to \$0.15 a share.) Consequently, we think that this high-quality stock would make a fine addition to most portfolios.															
Accts Payable				<i>Justin Hellman</i> <i>January 27, 2012</i>															
Debt Due																			
Other																			
Current Liab.																			

Fiscal Year Ends	2009	2010	10/30/11	Full Fiscal Year
Cash Assets	385.3	518.4	539.2	6754.9
Receivables	372.3	430.9	461.1	6533.7
Inventory (FIFO)	722.4	793.8	885.8	7220.7
Other	94.7	115.1	112.1	7895.1
Current Assets	1574.7	1858.2	1998.2	8365
Accts Payable	313.3	361.3	390.2	
Debt Due	--	350.0	--	
Other	371.7	389.9	388.0	
Current Liab.	685.0	1101.2	778.2	

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '09-'11 of change (per sh)	Est'd '09-'11 to '14-'16
Sales	8.0%	8.0%	4.5%	4.5%
"Cash Flow"	9.0%	9.0%	6.5%	6.5%
Earnings	9.5%	10.0%	8.5%	8.5%
Dividends	9.0%	11.0%	12.5%	12.5%
Book Value	10.5%	10.0%	11.0%	11.0%

Fiscal Year Ends	2008	2009	2010	2011	2012	Full Fiscal Year
Jan.Per	1621.2	1594.1	1678.1	1861.5		6754.9
Apr.Per	1689.1	1595.1	1574.4	1675.1		6533.7
Jul.Per	1727.4	1699.8	1730.5	2063.0		7220.7
Oct.Per	1921.6	1959.0	1910.6	2103.9		7895.1
2012	2025	2065	2030	2245		8365

Fiscal Year Ends	2008	2009	2010	2011	2012	Full Fiscal Year
Jan.Per	.32	.28	.19	.25		1.04
Apr.Per	.30	.30	.29	.38		1.27
Jul.Per	.41	.34	.32	.44		1.51
Oct.Per	.55	.40	.36	.43		1.74
2012	.52	.45	.39	.49		1.85

Cal-endar	2008	2009	2010	2011	2012	Full Year
Mar.31	.093	.093	.093	.093		.37
Jun.30	.095	.095	.095	.095		.38
Sep.30	.105	.105	.105	.105		.42
Dec.31	.128	.128	.128	.128		.51
2012	.15					

(A) Fiscal year ends on last Saturday in Oct. (B) Based on average shares outstanding through '96; diluted thereafter. Excludes non-recurring gains (loss): '04, 5¢; '99, 2¢; '98, 7¢; '97, 1¢; '96, (3¢). Next earnings report due late Feb. (C) Dividends have historically been paid in the middle of Feb., May, Aug., and Nov. (D) Div'd reinvestment plan available. (E) Includes intangibles. In '11: \$762.9 mill., \$.28/sh. (F) In millions, adjusted for splits.

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Company's Financial Strength A
Stock's Price Stability 100
Price Growth Persistence 80
Earnings Predictability 95

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IAC/INTERACTIVECP. NDQ-IACI

RECENT PRICE **45.62** P/E RATIO **22.6** (Trailing: 24.7; Median: NMF) RELATIVE P/E RATIO **1.43** DIV'D YLD **1.1%** VALUE LINE

TIMELINESS 2 Raised 11/18/11	High: 116.3	113.8	134.1	171.5	139.7	111.5	77.3	82.0	53.3	21.3	31.0	43.9	Target Price Range 2014 2015 2016
SAFETY 3 New 11/14/08	Low: 64.8	65.8	61.2	82.9	76.6	47.0	47.1	50.2	13.3	13.2	20.0	28.0		128
TECHNICAL 3 Raised 2/17/12													96
BETA .75 (1.00 = Market)	LEGENDS 14.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 2/00 1-for-2 Rev split 8/05 1-for-2 Rev split 8/08 Options: Yes Shaded areas indicate recessions												80
2014-16 PROJECTIONS													64
Price	Gain	Ann'l Total											48
High 95	(+110%)	21%											40
Low 60	(+30%)	8%											32
Insider Decisions													24
M A M J J A S O N													16
to Buy	0	0	0	0	0	0	0	0	0	0	0	0	12
Options	0	1	3	0	0	0	0	0	0	0	0	0	
to Sell	0	1	2	0	0	0	0	0	0	0	0	0	
Institutional Decisions													
1Q2011	2Q2011	3Q2011	Percent										
to Buy	120	123	99										
to Sell	110	124	156										
Hld's(000)	85108	86884	84547										

On 2/12/98, HSN, Inc. and Universal Studios announced that several of Universal's television components would merge with HSN. Under the terms of the deal, Universal received about \$1.6 billion in cash. The company, which eventually changed its name to IAC/InterActiveCorp, was made up of the USA Network, the Sci-Fi Channel, USA Networks studios, USA Broadcasting, Ticketmaster, the Home Shopping Network, and the Internet Shopping Network.

2001 ^c	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC 14-16	
39.88	37.28	36.39	32.58	32.36	39.18	43.87	10.28	11.38	18.52	24.85	29.50	Sales per sh	40.00
5.62	3.31	4.74	5.24	6.42	4.81	1.48	1.93	2.18	1.29	3.05	3.25	"Cash Flow" per sh	5.15
d1.32	d.08	.92	.80	3.36	1.20	d1.00	.95	.18	.21	1.85	1.90	Earnings per sh ^A	3.10
---	---	---	---	---	---	---	---	---	---	.12	.48	Div'ds Decl'd per sh ^G	.60
1.52	1.34	1.07	1.18	1.36	2.19	1.60	.47	.31	.45	.48	.56	Cap'l Spending per sh	.95
41.78	63.98	58.87	76.85	51.91	54.72	59.08	31.49	25.86	27.51	23.65	28.75	Book Value per sh	37.35
94.43	123.97	173.91	190.06	177.81	160.24	145.29	140.61	120.93	88.37	82.90	80.00	Common Shs Outst'g ^B	75.00
---	---	NMF	NMF	37.4	48.9	---	17.0	NMF	NMF	19.5	19.5	Avg Ann'l P/E Ratio	25.0
---	---	NMF	NMF	1.99	2.64	---	1.02	NMF	NMF	1.22	1.22	Relative P/E Ratio	1.65
---	---	---	---	---	---	---	---	---	---	---	---	Avg Ann'l Div'd Yield	.8%

CAPITAL STRUCTURE as of 12/31/11
 Total Debt \$95.8 mill. Due in 5 Yrs \$20.0 mill.
 LT Debt \$95.8 mill. LT Interest \$5.0 mill.
 (5% of Cap'l)

Leases, Uncapitalized Annual rentals \$20.5 mill.
Pension Liability No Defined Benefit Pension Plan.
Pfd Stock None
Common Stock 82,032,744 shs. ^F
 as of 10/28/11

MARKET CAP: \$3.7 billion (Mid Cap)

2009	2010	12/31/11	
1733.6	1306.1	869.8	
101.8	119.6	177.0	
---	---	---	
164.7	118.3	112.3	
2000.1	1544.0	1159.1	
39.2	56.4	64.4	
5.1	---	---	
246.0	300.5	469.8	
290.3	356.9	534.2	

3765.8	4621.2	6328.1	6192.7	5753.7	6277.6	6373.4	1445.1	1375.8	1636.8	2059.4	2360	Sales (\$mill)	3000
14.1%	15.2%	26.3%	21.3%	27.4%	15.7%	11.2%	5.9%	7.1%	10.3%	17.0%	16.0%	Operating Margin	17.0%
655.8	430.3	683.1	857.3	542.6	578.4	358.4	135.0	238.2	91.4	78.8	90.0	Depreciation (\$mill)	120
d125.1	d9.9	154.3	151.8	598.4	192.6	d144.1	137.0	25.3	22.3	174.5	170	Net Profit (\$mill)	265
---	---	16.4%	56.3%	39.4%	35.8%	---	---	---	23.7%	10.0%	25.0%	Income Tax Rate	30.0%
NMF	NMF	2.4%	2.5%	10.4%	3.1%	NMF	9.5%	1.8%	1.4%	8.5%	7.2%	Net Profit Margin	8.8%
1380.9	3080.7	2336.8	2239.1	1760.5	1559.1	1598.6	1900.8	1709.8	1187.1	624.9	800	Working Cap'l (\$mill)	1200
544.7	1211.1	1120.1	796.7	959.4	857.1	834.6	95.8	95.8	95.8	95.8	90.0	Long-Term Debt (\$mill)	75.0
3945.5	7931.5	10238	14605	9230.8	8769.0	8583.7	4427.5	3127.8	2430.9	1960.1	2300	Shr. Equity (\$mill)	2800
NMF	2.8%	3.7%	1.3%	6.2%	2.4%	NMF	3.4%	.9%	1.0%	8.6%	7.0%	Return on Total Cap'l	9.5%
NMF	NMF	1.5%	1.0%	6.5%	2.2%	NMF	3.1%	.8%	.9%	8.9%	7.5%	Return on Shr. Equity	9.5%
---	---	---	---	---	---	---	---	---	---	6%	23%	All Div'ds to Net Prof	17%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 of change (per sh) to '14-'16

Sales	NMF	NMF	20.0%
"Cash Flow"	NMF	NMF	19.0%
Earnings	NMF	NMF	38.0%
Dividends	---	---	NMF
Book Value	NMF	NMF	4.5%

Shares of IAC/InterActive increased in price following the company's fourth-quarter earnings release. The stock is trading near a multiyear high as a result, following a sustained advance that began in 2009. The company has experienced healthy improvement in earnings during the past few years. In the most recent period, IAC posted notably higher revenues and a considerable bottom-line gain. The company experienced broad-based strength during the quarter.

Cal-endar	2008	2009	2010	2011	2012
Quarterly Sales (\$mill.) ^E	370.7	354.2	369.3	350.9	1445.1
	332.0	340.0	336.6	367.2	1375.8
	378.2	394.2	413.0	451.4	1636.8
	460.2	485.4	516.9	596.9	2059.4
	560	575	600	625	2360

Solid performance will probably continue. The mainstay Search unit should further benefit from healthy growth in destination Web sites and at Mindspark, which develops downloadable toolbars. Meanwhile, subscriber growth will probably continue to drive revenues higher at Match.com. This business should further benefit from the addition of OKCupid (acquired early in 2011). However, we expect lower subscription revenue from Singlesnet, as the company has reduced the marketing of this service. Elsewhere, ServiceMagic will likely benefit from higher average lead acceptance fees and an increase in service request accepts, and we

Cal-endar	2008	2009	2010	2011	2012
Earnings per Share ^A	d.02	d.60	d.01	1.58	.95
	d.19	.28	.16	d.07	.18
	d.16	.12	.16	.09	.21
	.19	.44	.69	.53	1.85
	.25	.55	.60	.50	1.90

look for moderate top-line growth at the Media & Other business. Overall, we anticipate a moderate revenue advance for the company for full-year 2012. The bottom-line comparison may well prove less impressive, following considerable earnings growth in 2011.

The company has been active in buying back stock. During 2012, IAC spent nearly \$508 million on this front. The company had 6.9 million shares remaining on its stock-repurchase authorization by the end of January. Thus, buybacks ought to further benefit share earnings going forward.

This stock remains favorably ranked for year-ahead performance. Looking further out, we project steady growth in revenues and share earnings over the pull to 2014-2016. From the present quotation, this stock has solid appreciation potential for the coming years. A pullback in the share price may present investors with a more attractive entry point. Conservative accounts may prefer to look elsewhere, given the uncertainty associated with Internet companies.

Michael Napoli, CFA February 17, 2012

Cal-endar	2008	2009	2010	2011	2012
Quarterly Dividends Paid ^G	---	---	---	---	.12
	---	---	---	---	.12

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	NMF
Earnings Predictability	5

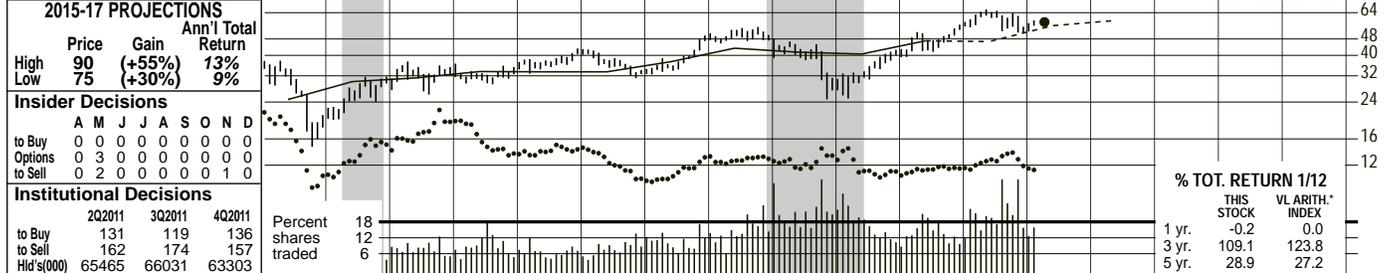
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(A) GAAP Diluted earnings. '08 results restated to reflect eggs. from cont. ops. excl. (\$2.03) in chgs. Excl. nonrec. items: '09, (\$7.16); '10, \$1.07. Nxt. eggs. rept. due late April/early May. (B) In mill., adj. for stock splits. (C) 2001 sales are pro forma for Vivendi, joint venture. (D) Expedia spun off in 7/05. (E) Spun off four units in 8/08, rev's. reflect restatement. (F) Outstanding common stock has one vote per share. Class B stock has 10 votes per share. (G) Initial quarterly dividend paid on December 1, 2011. Next payment scheduled for March 1, 2012. © 2012, Value Line Publishing LLC. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

INT'L FLAVORS & FRAG. NYSE:IFF

RECENT PRICE **57.60** P/E RATIO **14.6** (Trailing: 15.4 Median: 17.0) RELATIVE P/E RATIO **0.95** DIV'D YLD **2.2%** VALUE LINE

TIMELINESS 3 Lowered 12/10/10	High: 31.7	37.4	36.6	43.2	42.9	49.9	54.8	48.0	42.6	56.1	66.3	58.8								Target Price Range		
SAFETY 1 Raised 3/11/11	Low: 19.8	26.0	29.2	32.8	31.2	32.5	45.7	24.7	25.0	39.3	51.2	52.1								2015	2016	2017
TECHNICAL 3 Raised 3/2/12	LEGENDS 11.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded areas indicate recessions																					
BETA .80 (1.00 = Market)																						



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
13.06	13.07	13.27	13.73	15.01	19.46	19.20	20.23	21.52	21.97	23.43	28.10	30.38	29.39	32.68	34.45	34.95	36.20	Sales per sh	40.20
2.45	2.46	2.38	2.34	2.25	2.73	2.85	3.05	3.04	3.04	3.39	3.94	3.77	3.70	4.27	4.23	5.35	5.35	"Cash Flow" per sh	5.80
2.00	2.00	1.90	1.79	1.48	1.41	1.94	2.13	2.08	1.96	2.34	2.70	2.76	2.69	3.26	3.74	4.05	4.40	Earnings per sh ^A	5.60
1.38	1.45	1.49	1.52	1.29	.60	.60	.62	.67	.72	.74	.88	.96	1.00	1.04	1.16	1.28	1.34	Div'ds Decl'd per sh ^B	1.56
.72	.53	.85	.97	.62	.55	.87	.70	.75	1.03	.65	.81	1.09	.84	1.32	1.57	1.60	1.65	Cap'l Spending per sh	1.70
9.79	9.17	8.91	8.19	6.48	5.53	6.10	7.90	9.63	10.09	10.12	7.62	7.29	9.71	12.45	13.68	14.55	16.75	Book Value per sh ^C	19.40
109.97	109.13	106.05	104.82	97.43	94.76	94.25	93.99	94.52	90.74	89.42	81.02	78.66	79.16	80.26	80.93	82.50	83.00	Common Shs Outst'g ^D	85.00
23.2	23.9	22.7	22.4	18.8	18.5	16.9	15.1	18.1	18.9	16.3	18.4	14.3	12.7	14.4	15.4	14.5	14.5	Avg Ann'l P/E Ratio	14.5
1.45	1.38	1.18	1.28	1.22	.95	.92	.86	.96	1.01	.88	.98	.86	.85	.92	1.01	1.01	1.01	Relative P/E Ratio	.95
3.0%	3.0%	3.4%	3.8%	4.6%	2.3%	1.8%	1.9%	1.8%	1.9%	1.9%	1.8%	2.4%	2.9%	2.2%	2.0%	2.0%	2.0%	Avg Ann'l Div'd Yield	1.9%

CAPITAL STRUCTURE as of 12/31/11																			
Total Debt \$894.9 mill. Due in 5 Yrs \$384.0 mill.																			
LT Debt \$778.2 mill. LT Interest \$48.5 mill.																			
(LT interest earned: 5.9x; total int. cov.: 5.9x)																			
(44% of Capital)																			
Pension Assets-12/11 \$1.1 bill. Oblig. \$1.2 bill.																			
Pfd Stock None																			
Common Stock 80,927,390 million shs. as of 2/13/12																			
MARKET CAP: \$4.7 billion (Mid Cap)																			
CURRENT POSITION																			
	2009	2010	2011																
Cash Assets	80.1	131.3	88.3																
Receivables	454.5	451.8	472.3																
Inventory (Avg Cst)	445.0	531.7	544.4																
Other	148.5	210.4	212.2																
Current Assets	1128.1	1325.2	1317.2																
Accts Payable	161.0	200.2	--																
Debt Due	76.9	133.9	116.7																
Other	246.6	326.9	447.9																
Current Liab.	484.5	661.0	564.6																

BUSINESS: International Flavors & Fragrances is a leading manufacturer of flavor and fragrance chemicals sold to consumer products manufacturers worldwide. Fragrances account for about 54% of 2010 sales; flavors, 46%. Its products are principally used in perfumes, cosmetics, soaps and detergents, prepared foods, beverages, dairy foods, pharmaceuticals, and confectionery and tobacco products. In '10, international operations generated 74% of sales; R&D, 8.3% of sales. '10 depreciation rate: 6.4%. Acquired Bush Boake Allen, 11/00. Has about 5,400 employees. Off./dir. own 1.6% of stock; 3 instit. (in total), 19.2% (3/11 proxy). Chairman & CEO: Douglas D. Tough, Inc.: NY. Address: 521 W. 57th St., New York, NY 10019. Telephone: 212-765-5500. Internet: www.iff.com.

ANNUAL RATES																			
	Past 10 Yrs	Past 5 Yrs	Est'd '09-'11 to '15-'17																
change (per sh)	8.0%	7.5%	4.0%																
Sales	5.5%	5.0%	6.0%																
"Cash Flow"	5.5%	7.0%	10.0%																
Earnings	-3.5%	8.5%	6.5%																
Dividends	2.0%	1.5%	10.0%																
Book Value																			
QUARTERLY SALES (\$ mill.)																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2009	559.6	568.4	612.6	585.6	2326.2														
2010	653.9	665.8	673.3	629.9	2622.9														
2011	714.3	715.6	713.8	644.3	2788.0														
2012	720	740	745	680	2885														
2013	750	770	775	710	3005														
EARNINGS PER SHARE ^A																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2009	.60	.60	.82	.63	2.69														
2010	.85	.85	.98	.69	3.37														
2011	1.03	.97	1.00	.74	3.74														
2012	1.00	1.05	1.15	.85	4.05														
2013	1.10	1.15	1.20	.95	4.40														
QUARTERLY DIVIDENDS PAID ^B																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
2008	.23	.23	.25	.25	.96														
2009	.25	.25	.25	.25	1.00														
2010	.25	.25	.25	.27	1.02														
2011	.27	.27	.31	.31	1.16														
2012	.31																		

(A) Primary earnings through '97, then basic. Excludes one-time gains/(losses): '99, 26c; '00, 26c; '01, 20c; '02, 8c; '03, 30c; '04, 3c; '05, (8c); '06, 14c; '07, 12c; '08, 11c; '09, 16c; '10, 11c; '11, 48c. Excludes discontinued: '05 Q1, (2c). Next earnings report due mid May. Qlty egs. may not sum due to rounding. **(B)** Dividends historically paid in mid-January, April, July, and October. **(C)** Includes intangibles. In 2010: \$714.4 million, \$8.90 per share. **(D)** In millions.

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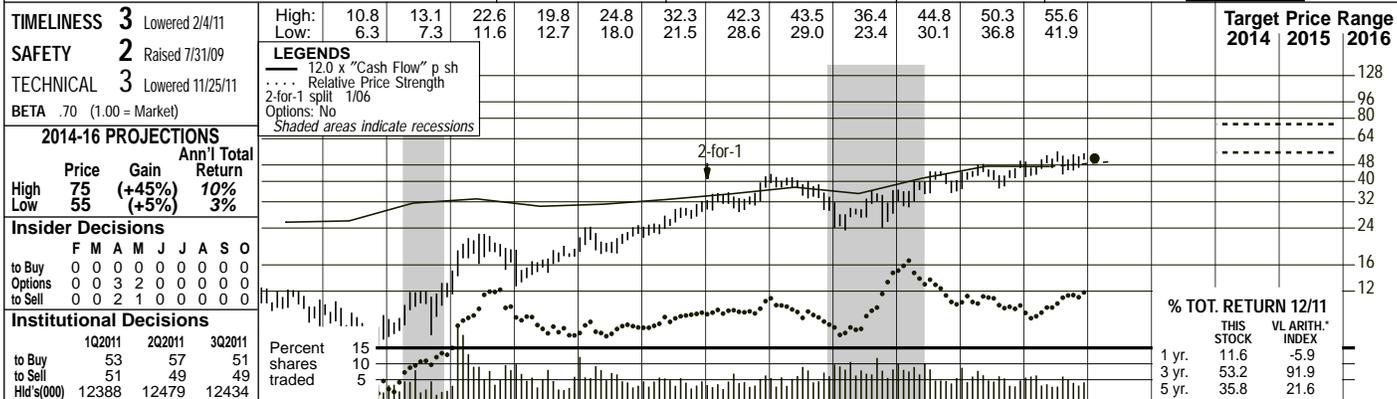
wins and higher selling prices. **Going forward, a new initiative should improve fragrances' results.** IFF announced a plan to reorganize its functional fragrances group. The segment will continue to reallocate a portion of its resources from developed to emerging markets, with increased emphasis on the Singapore and Mexico creative centers. The program calls for the elimination of about 70 positions globally, and should yield pretax savings of \$9 million this year. Management expects the changes to simplify decision making, improve resource apportionment, and enhance collaboration. We are upbeat, and think this will ultimately strengthen go-to-market capabilities and augment profitability. **These shares have improved in price by 7% since our December review,** and are ranked to move with the broader markets over the next year. Although the company may face some near-term headwinds, the view further down the line remains favorable. Because of the issue's solid Price Stability score, we think it would make a good selection for conservative accounts. *Geoffrey C. Bell* *March 9, 2012*

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	60
Earnings Predictability	95

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J&J SNACK FDS CORP. NDQ-JJSF

RECENT PRICE **51.65** P/E RATIO **19.3** (Trailing: 20.0 Median: 17.0) RELATIVE P/E RATIO **1.31** DIV'D YLD **1.0%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
10.16	10.63	12.45	14.52	16.02	18.84	20.36	19.84	20.82	23.13	25.02	27.88	30.42	33.57	35.25	37.68	39.73	42.10	Sales per sh ^A	48.75
1.20	1.30	1.43	1.86	2.14	2.17	2.63	2.76	2.54	2.60	2.74	2.91	3.13	2.92	3.45	3.94	3.93	4.15	"Cash Flow" per sh	5.60
.31	.33	.46	.63	.75	.57	.68	1.00	1.10	1.24	1.40	1.57	1.69	1.47	2.21	2.59	2.58	2.75	Earnings per sh ^{A B}	3.85
..	..	..	..	..	..	..	..	..	..	.25	.30	.34	.37	.39	.43	.46	.51	Div's Decl'd per sh ^C	.65
.71	.83	1.11	1.76	1.48	2.05	.99	1.15	1.10	1.20	1.18	1.07	1.22	1.22	1.47	1.81	1.56	1.65	Cap'l Spending per sh	1.75
5.26	5.53	5.98	6.62	7.29	7.82	8.46	9.47	10.42	11.66	12.85	14.23	15.80	16.90	18.51	20.58	23.09	24.75	Book Value per sh ^D	29.50
18.25	17.50	17.70	18.07	18.00	17.04	17.27	17.81	17.51	18.01	18.27	18.47	18.70	18.75	18.53	18.49	18.73	19.00	Common Shs Outst'g ^E	20.00
19.4	18.1	14.8	14.2	14.3	15.0	13.4	16.8	15.1	16.2	17.7	20.0	22.5	20.6	16.1	16.2	18.3		Avg Ann'l P/E Ratio	17.0
1.30	1.13	.85	.74	.82	.98	.69	.92	.86	.86	.94	1.08	1.19	1.24	1.07	1.03	1.15		Relative P/E Ratio	1.15
..	..	..	..	..	..	..	..	..	..	1.0%	1.0%	.9%	1.2%	1.1%	1.0%	1.0%		Avg Ann'l Div'd Yield	1.0%

CAPITAL STRUCTURE as of 9/24/11		2009	2010	9/24/11	BUSINESS: J&J Snack Foods Corp. manufactures nutritional snack foods and distributes frozen carbonated and juice beverages mainly in the U.S., Mexico and Canada. It sells to snack bars, food stands, fast food outlets, stadiums, sports arenas, warehouse club stores, schools, colleges, movie theaters, and others. In addition, it sells various food products through a chain of specialty snack food retail outlets. Has 3,000 employees. Officers & directors own 23% of company; Royce & Associates LLC, 8%; Neuberger Berman LLC, 8%; Black Rock Fund Advisors, 5% (12/11 proxy). Incorporated: NJ. Chairman, Chief Executive Officer & President: Gerald B. Schreiber. Address: 6000 Central Highway, Pennsauken, NJ 08109. Telephone: 856-665-9533. Internet: www.jjsnack.com.										
Total Debt \$.8 mill.	Due in 5 Yrs \$.5 mill.	351.7	353.2	364.6	416.6	457.1	514.8	568.9	629.4	653.0	696.7	744.1	800	Sales (\$mill) ^A	975
LT Debt \$.5 mill.	LT Interest \$.03 mill.	15.4%	16.8%	15.1%	14.2%	14.1%	13.7%	13.2%	11.1%	13.7%	14.6%	13.7%	15.0%	Operating Margin	17.0%
(LT int, earned and total int. coverage: NMF) (less than 1% of Cap'l)		33.5	31.0	24.5	24.1	24.0	24.3	26.4	26.9	22.7	24.5	25.1	27.0	Depreciation (\$mill)	35.0
Leases, Uncapitalized Annual rentals \$8.8 mill.		11.9	18.1	19.9	22.7	26.0	29.5	32.1	27.9	41.3	48.4	48.5	52.3	Net Profit (\$mill)	77.0
No Defined Pension Benefit Plan		36.0%	35.3%	36.0%	36.3%	37.7%	38.7%	37.2%	39.2%	39.4%	38.0%	37.0%	38.0%	Income Tax Rate	40.0%
Pfd Stock None		3.4%	5.1%	5.5%	5.5%	5.7%	5.7%	5.6%	4.4%	6.3%	6.9%	6.5%	6.5%	Net Profit Margin	8.0%
Common Stock 18,734,376 shs. as of 11/25/11		26.7	35.2	60.3	90.7	101.3	113.1	100.8	111.0	143.4	149.4	184.0	200	Working Cap'l (\$mill)	330
MARKET CAP: \$975 million (Small Cap)		28.4	..	..	..	..	..	..	.5	.4	.6	.5	.5	Long-Term Debt (\$mill)	Nil
CURRENT POSITION		146.1	168.7	182.6	210.1	234.8	262.9	295.6	316.8	342.8	380.6	432.4	470	Shr. Equity (\$mill)	590
2009		7.7%	10.7%	10.9%	10.8%	11.1%	11.2%	10.9%	8.8%	12.1%	12.7%	11.2%	11.0%	Return on Total Cap'l	13.0%
2010		8.1%	10.7%	10.9%	10.8%	11.1%	11.2%	10.9%	8.8%	12.0%	12.7%	11.2%	11.0%	Return on Shr. Equity	13.0%
9/24/11		8.1%	10.7%	10.9%	10.8%	9.6%	9.2%	8.8%	6.7%	10.0%	10.7%	9.2%	9.0%	Retained to Com Eq	11.0%
(SMILL.)		..	..	..	..	13%	18%	19%	24%	17%	16%	18%	17%	All Div'ds to Net Prof	17%

ANNUAL RATES		Past 10 Yrs	Past 5 Yrs	Est'd '09-'11 to '14-'16
of change (per sh)		7.5%	8.0%	5.5%
Sales		5.0%	6.5%	8.0%
"Cash Flow"		14.0%	12.0%	9.5%
Earnings		..	18.5%	8.5%
Dividends		10.0%	10.0%	7.5%
Book Value				

Fiscal Year Ends	QUARTERLY SALES (\$mill.) ^A				Full Fiscal Year
	Dec.Per	Mar.Per	Jun.Per	Sep.Per	
2008	131.1	144.2	176.8	177.3	629.4
2009	141.1	149.3	179.7	182.9	653.0
2010	149.1	157.3	189.7	200.6	696.7
2011	155.6	162.7	206.3	219.5	744.1
2012	180	185	210	225	800

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Dec.Per	Mar.Per	Jun.Per	Sep.Per	
2008	.10	.21	.58	.58	1.47
2009	.23	.39	.80	.79	2.21
2010	.38	.48	.85	.88	2.59
2011	.38	.46	.89	.85	2.58
2012	.44	.49	.89	.93	2.75

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.093	.093	.093	.093	.37
2009	.0975	.0975	.0975	.0975	.39
2010	.1075	.1075	.1075	.1075	.43
2011	.1175	.1175	.1175	.1175	.47
2012	.13				

(A) Fiscal year ends last Saturday in September. (B) Diluted earnings. Excludes nonrecurring gain: 2011, \$0.35. Next earnings report due late April. (C) Dividends historically paid early January, April, July, and October. ■ Div'd reinvest. plan available. (D) Includes intangibles At 9/24/11: \$122.1 million, or \$6.52 a share. (E) In millions, adjusted for stock split.

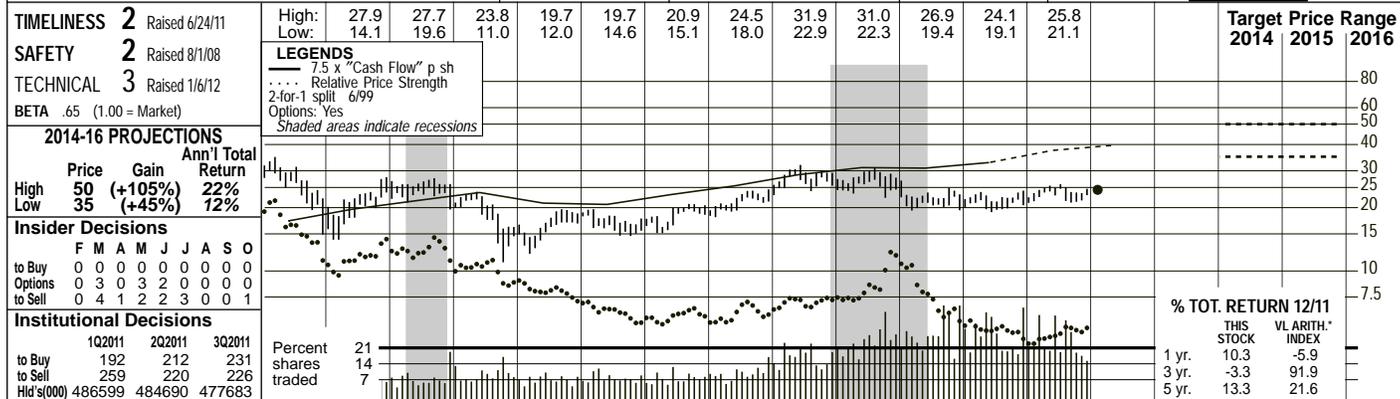
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Company's Financial Strength **B++**
 Stock's Price Stability **90**
 Price Growth Persistence **85**
 Earnings Predictability **85**

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THE KROGER CO. NYSE-KR

RECENT PRICE **24.31** P/E RATIO **11.8** (Trailing: 12.6 Median: 14.0) RELATIVE P/E RATIO **0.80** DIV'D YLD **2.1%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
48.18	49.60	52.10	54.88	54.31	60.12	63.02	68.28	72.40	77.52	83.75	93.77	105.94	117.10	119.52	132.56	158.75	166.95	Sales per sh ^A	197.15
1.27	1.37	1.62	1.88	2.31	2.62	2.88	3.15	2.80	2.77	3.07	3.39	3.83	4.15	4.12	4.38	5.00	5.30	"Cash Flow" per sh	6.50
.63	.67	.85	1.02	1.13	1.34	1.48	1.65	1.16	1.03	1.31	1.54	1.69	1.90	1.73	1.74	2.00	2.20	Earnings per sh ^B	2.90
d3.23	d2.33	d1.54	d.75	3.21	3.79	4.41	5.08	5.40	4.86	6.07	6.98	7.41	7.98	7.53	8.54	8.70	9.95	Div'ds Decl'd per sh ^C	.70
496.81	507.52	509.94	513.92	835.00	815.00	795.00	758.00	743.00	728.00	723.00	705.00	663.00	649.00	642.00	620.00	570.00	560.00	Book Value per sh	14.15
11.7	15.3	17.2	23.1	22.4	15.8	16.2	11.3	14.3	16.3	14.0	14.1	16.4	14.1	12.5	12.4	12.4	12.4	Avg Ann'l P/E Ratio	15.0
.78	.96	.99	1.20	1.28	1.03	.83	.62	.82	.86	.75	.76	.87	.85	.83	.80	.83	.80	Relative P/E Ratio	1.00
--	--	--	--	--	--	--	--	--	--	--	1.2%	1.1%	1.3%	1.7%	1.9%			Avg Ann'l Div'd Yield	1.6%

CAPITAL STRUCTURE as of 11/5/11		2009	2010	11/5/11	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Debt \$7690 mill. Due in 5 Yrs \$3837 mill.		27.4%	27.1%	26.3%	25.3%	24.8%	24.2%	23.9%	22.9%	22.2%	21.8%	22.0%	22.0%	21.8%	21.8%	21.8%	21.8%	21.8%
LT Debt \$6428 mill. LT Interest \$430.0 mill. (Includes \$264.0 mill. in capital leases.)		7.4%	7.3%	6.0%	5.3%	5.4%	5.3%	5.2%	4.9%	4.6%	4.4%	4.5%	4.4%	4.5%	4.4%	4.5%	4.4%	4.5%
(LT interest earned: 5.2x; total interest coverage: 5.1x) (57% of Cap'l)		3539	3616	3679	3667	3636	3567	3571	3550	3532	3600	3650	3650	3600	3650	3650	3650	3650
Leases, Uncapitalized Annual rentals \$741.0 mill.		1217.1	1304.0	873.0	759.0	958.0	1115.0	1181.0	1249.0	1122.0	1116.0	1210	1265	1210	1265	1210	1265	
Pension Assets-1/11 \$2.5 bill. Oblig. \$3.1 bill.		39.0%	37.5%	37.5%	36.2%	37.2%	36.2%	35.4%	36.5%	35.8%	34.7%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%	36.0%
Pfd Stock None		2.4%	2.5%	1.6%	1.3%	1.6%	1.7%	1.7%	1.6%	1.5%	1.4%	1.3%	1.4%	1.3%	1.4%	1.3%	1.4%	
Common Stock 572,000,000 shares (586.0 mill. diluted shs.)		27.0	d42.0	33.0	90.0	d249.0	d826.0	d1575	d423.0	d264.0	d449.0	d975	d750	d975	d750	d975	d750	
MARKET CAP: \$13.9 billion (Large Cap)		8412.0	8222.0	8116.0	7900.0	6678.0	6154.0	6529.0	7505.0	7477.0	7304.0	7300	7150	7300	7150	7300	7150	
CURRENT POSITION 2009 2010 11/5/11 (SMILL.)		3502.0	3850.0	4011.0	3540.0	4390.0	4923.0	4914.0	5176.0	4832.0	5296.0	4970	5585	4970	5585	4970	5585	
Cash Assets		12.8%	13.2%	9.6%	9.0%	10.9%	12.0%	12.1%	11.5%	11.0%	10.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	
Receivables		34.8%	33.9%	21.8%	21.4%	21.8%	22.6%	24.0%	24.1%	23.2%	21.1%	24.5%	22.5%	24.5%	22.5%	24.5%	22.5%	
Inventory (LIFO)		34.8%	33.9%	21.8%	21.4%	21.8%	19.8%	19.9%	19.7%	18.3%	16.4%	19.0%	17.5%	19.0%	17.5%	19.0%	17.5%	
Other		--	--	--	--	--	13%	17%	18%	21%	22%	22%	23%	22%	23%	22%	23%	
Current Assets																		
Accts Payable																		
Debt Due																		
Other																		
Current Liab.																		

BUSINESS: The Kroger Company is the nation's largest grocery store operator (by sales), with about 2,450 supermarkets, multi-department stores, and warehouse stores in the Midwest, South, and West (#1 or #2 share in 38 of its 44 major markets). Also operates about 784 convenience stores and 361 fine jewelry stores. Manufactures and processes private label goods at 40 plants. Acquired Fred Meyer, 5/99. Average food store size: 60,000 sq. ft. Has about 338,000 employees. 2010 depreciation rate: 6.0%. Officers & directors own about 1.2% of stock; BlackRock, 7.0%; Kroger savings plan, 5.2% (5/11 proxy). Chairman & CEO: David Dillon. Incorporated: Ohio. Address: 1014 Vine Street, Cincinnati, OH 45202. Telephone: 513-762-4000. Internet: www.kroger.com.

ANNUAL RATES		Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10	to '14-'16
of change (per sh)		8.0%	9.5%	8.0%	8.0%
Sales		6.5%	8.0%	7.5%	7.5%
"Cash Flow"		4.5%	9.0%	8.5%	8.5%
Earnings		--	--	11.0%	11.0%
Dividends		14.5%	8.0%	10.0%	10.0%
Book Value					

Fiscal Year Begins	QUARTERLY SALES (\$ mill.) ^A				Full Fiscal Year
	May Per	Aug.Per	Oct.Per	Jan.Per	
2008	23107	18053	17580	17260	76000
2009	22789	17728	17662	18554	76733
2010	24779	18788	18694	19928	82189
2011	27461	20913	20594	21532	90500
2012	28600	21500	21000	22400	93500

Fiscal Year Begins	EARNINGS PER SHARE ^{AB}				Full Fiscal Year
	May Per	Aug.Per	Oct.Per	Jan.Per	
2008	.58	.42	.39	.53	1.90
2009	.66	.39	.27	.39	1.73
2010	.58	.41	.32	.44	1.74
2011	.70	.47	.33	.50	2.00
2012	.76	.51	.37	.56	2.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	June30	Sep.30	Dec.31	
2008	.075	.09	.09	.09	.345
2009	.09	.09	.09	.095	.365
2010	.095	.095	.095	.105	.390
2011	.105	.105	.105	.115	.430
2012					

The top line at The Kroger Company has been rising at a low double-digit clip, an usually strong figure for the food retailer, particularly considering the paucity of new store development. Higher prices are the key factor behind the gains, both inside the company's stores and at its fuel centers. Overall, Kroger appears to be managing well in this inflationary environment, with identical-store sales growth (excluding fuel) exceeding 5% in recent quarters, results that compare quite favorably to many other food retailers.

The company is making a sizable contribution to its employees' pension plans. The \$650 million contribution, which will be funded with low-cost debt, is being made in connection with the merger of four multi-employer pension funds into a single fund. These moves will result in a roughly \$0.75 charge to earnings in the January quarter, which we have excluded from our estimates, but should boost fiscal-2012 share net \$0.04-\$0.06.

The share count continues to decline, with buybacks shrinking the diluted share base by about 8% over the past year. Given its strong cash flow (and the current

low cost of borrowed funds), the super-market operator figures to remain active on this front, which has been providing a nice boost to the bottom line. **We are raising our earnings estimates.** October-quarter share net edged ahead 3%, to \$0.33, beating our estimate by a penny. Moreover, Kroger provided a relatively positive outlook on it prospects for both the January period and the upcoming fiscal year. For the latter, the company indicated that earnings growth of 8%-10% looks achievable, even before the benefits of the recent pension contribution. Share repurchases should once again contribute to the improvement. We will also be looking for more progress on operating income, which despite the impressive top-line gains, has been essentially flat the past two quarters. In all, we expect earnings to climb 10%, to \$2.20, \$0.10 ahead of our previous estimate. **The timely shares offer worthwhile total return potential to 2014-2016.** Too, an Above-Average (2) rank for Safety will likely enhance this stock's appeal with conservative investors.

Robert M. Greene, CFA January 27, 2012

LAB. CORP. AMER. NYSE-LH		RECENT PRICE	P/E RATIO	Trailing: 14.1 Median: 17.0	RELATIVE P/E RATIO	DIV'D YLD	Nil	VALUE LINE												
TIMELINESS 3 Lowered 8/5/11	High: 45.8 Low: 7.8	45.7 24.9	52.4 18.5	37.7 22.2	50.0 36.7	55.0 44.6	74.3 52.6	82.3 65.1	80.8 52.9	76.7 53.3	89.5 69.5	100.9 74.6	Target Price Range 2014 2015 2016							
SAFETY 1 Raised 12/19/08	LEGENDS --- 11.5 x "Cash Flow" p sh Relative Price Strength 1-for-10 Rev split 5/00 2-for-1 split 6/01 2-for-1 split 5/02 Options: Yes Shaded areas indicate recessions																			
TECHNICAL 3 Raised 1/14/11	2014-16 PROJECTIONS Ann'l Total Price Gain Return High 160 (+85%) 17% Low 130 (+50%) 11%																			
BETA .65 (1.00 = Market)	Insider Decisions J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 Options 0 1 0 2 3 0 0 1 0 to Sell 0 1 1 4 3 0 0 1 0																			
Institutional Decisions 12/2011 202011 302011 to Buy 207 207 219 to Sell 282 285 256 Hlds(000) 96781 94991 95613																				
Percent shares traded 45 30 15																				
% TOT. RETURN 11/11 THIS STOCK VL ARITH. INDEX 1 yr. 4.5 1.2 3 yr. 35.3 104.4 5 yr. 21.1 22.3																				
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16	
34.14	32.69	30.74	32.18	32.97	13.76	15.59	16.97	20.51	22.65	26.31	29.38	36.65	41.60	44.84	50.04	56.45	60.30	Sales per sh	75.15	
2.76	1.99	1.48	1.62	1.93	1.40	2.07	2.41	3.19	3.68	4.24	4.87	6.03	6.40	6.96	7.89	8.85	9.75	"Cash Flow" per sh	13.05	
1.30	.28	d.28	d.05	.30	.83	1.34	1.84	2.23	2.58	2.80	3.32	4.18	4.58	4.89	5.55	6.30	6.95	Earnings per sh A	9.55	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil	
1.53	1.10	.70	1.17	1.35	.40	.62	.50	.58	.70	.74	.95	1.28	1.45	1.10	1.26	1.50	1.55	Cap'l Spending per sh	1.65	
8.37	5.25	2.61	3.08	3.41	6.29	7.69	10.91	13.23	14.68	14.91	16.18	15.54	15.59	20.12	24.66	26.35	31.90	Book Value per sh C	55.35	
49.16	49.17	49.42	50.11	51.52	139.48	141.11	147.74	143.33	136.20	126.50	122.20	111.00	108.30	104.70	100.00	98.50	96.00	Common Shs Outst'g B	90.00	
21.8	NMF	--	--	21.1	26.2	28.1	20.0	13.6	16.2	17.6	19.0	18.0	15.4	13.4	13.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0	
1.46	NMF	--	--	1.20	1.70	1.44	1.09	.78	.86	.94	1.03	.96	.93	.89	.90			Relative P/E Ratio	1.00	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil	
CAPITAL STRUCTURE as of 9/30/11				Total Debt \$1983.6 mill. Due in 5 Yrs \$950.0 mill. LT Debt \$1769.3 mill. LT Interest \$75.0 mill. (41% of Cap'l)																
Leases, Uncapitalized Annual rentals \$145.4 mill.				Pension Assets-12/10 \$264.4 mill. Oblig. \$348.2 mill.																
Pfd Stock None				Common Stock 99,700,000 shs. MARKET CAP: \$8.5 billion (Large Cap)																
CURRENT POSITION				2009	2010	9/30/11														
Cash Assets				148.5	230.7	85.8														
Receivables				574.2	655.6	718.7														
Inventory (FIFO)				90.0	103.4	103.8														
Other				122.9	154.1	164.3														
Current Assets				935.6	1143.8	1072.6														
Accts Payable				183.1	257.8	222.9														
Debt Due				417.2	361.7	214.3														
Other				418.1	501.0	545.0														
Current Liab.				1018.4	1120.5	982.2														
ANNUAL RATES				Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16														
of change (per sh)				10 Yrs.	5 Yrs.	to '14-'16														
Sales				5.5%	14.5%	8.5%														
"Cash Flow"				15.5%	14.0%	10.0%														
Earnings				30.0%	14.5%	11.0%														
Dividends				--	--	Nil														
Book Value				17.0%	7.0%	19.0%														
QUARTERLY SALES (\$ mill.)				Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2008	1103.2	1147.8	1135.1	1119.1	4505.2															
2009	1155.7	1188.8	1185.1	1165.1	4694.7															
2010	1193.6	1238.4	1276.5	1295.4	5003.9															
2011	1368.4	1403.3	1404.5	1383.8	5560															
2012	1420	1460	1470	1440	5790															
EARNINGS PER SHARE A				Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2008	1.14	1.24	1.10	1.10	4.58															
2009	1.22	1.30	1.22	1.16	4.89															
2010	1.30	1.46	1.47	1.34	5.55															
2011	1.52	1.64	1.61	1.53	6.30															
2012	1.65	1.80	1.80	1.70	6.95															
QUARTERLY DIVIDENDS PAID				Mar.31	Jun.30	Sep.30	Dec.31	Full Year												
2007	NO CASH DIVIDENDS BEING PAID																			
2008	NO CASH DIVIDENDS BEING PAID																			
2009	NO CASH DIVIDENDS BEING PAID																			
2010	NO CASH DIVIDENDS BEING PAID																			
2011	NO CASH DIVIDENDS BEING PAID																			

BUSINESS: Laboratory Corporation of America Hldgs. is one of the nation's largest independent clinical laboratory companies. It provides a full range of clinical and anatomical tests to individual physicians, managed-care organizations, hospitals, clinics, and long-term care facilities. Also offers substance-abuse tests. At 12/31/10, it had 51 full-service laboratories and over 1,700 service sites. Medicare and Medicaid account for roughly 18.1% of volume. Has over 31,000 employees. Harris Associates owns 7.4% of common; T. Rowe Price, 5.9%; BlackRock, 5.4%; Officers and directors own 1.8% (4/11 proxy). Pres. & CEO: David P. King. Chairman: Thomas P. Mac Mahon, Inc.: DE. Addr.: 358 S. Main St., Burlington, NC 27215. Tel.: 336-229-1127. Internet: www.labcorp.com.

Laboratory Corporation of America ought to close out 2011 on a positive note. The leading lab-testing company will likely report sales of about \$1.4 billion in the fourth quarter, up 7% from a year ago. We anticipate both testing volume and revenue per requisition will increase at decent clips (1%-2% and 6%-7%, respectively). Adjusted share earnings, which exclude amortization, restructuring, and other special charges, will probably be in the neighborhood of \$1.53. This would mark a 14% rise compared to the year-earlier tally.

The company continued to repurchase stock. It has historically used a portion of its strong free cash flow to buy back shares, and the story remained the same in 2011. In the first nine months of the year, LabCorp spent about \$470 million on repurchases, and we expect more stock was retired in the final period. On a similar note, the company was also in the process of acquiring Orchid Cellmark as we went to press (the tender offer was set to expire on December 9th). We think the move is a prudent use of capital, as the company will be able to further develop its

identity testing business in the U.S. and establish its presence in the U.K. **Next year should be another good one.** We look for revenues to grow 4%, to about \$5.6 billion, and expect share earnings to advance 10%, to \$6.95. **This neutrally ranked issue does not really stand out at this time.** Indeed, LH stock has not received much support from Wall Street of late, even though bottom-line results have been stout. On the brighter side, although broader market volatility remains, this equity has managed to stay rangebound since early August. We surmise this is due to the issue's low Beta, Highest Safety rank, and top marks for Price Stability and Earnings Predictability. Looking longer term, it seems as though some of the robust profit growth we foresee over the pull to 2014-2016 is already being priced into the stock. As a result, 3- to 5-year capital appreciation potential is about average. All told, LH shares seem to be fairly valued at this time, and we think there are better opportunities out there for both retail investors and institutions.

Erik M. Manning
December 16, 2011

(A) Based on average shares outstanding thru '96, diluted thereafter. Excludes nonrecurring items: '95, d\$1.28; '96, d\$3.40; '97, d\$2.38; '98, 55¢; '00, d3¢; '01, d6¢; '02, d7¢; '05, d9¢; '06, d8¢; '07, d25¢; '08, d56¢; '09, 9¢; '10, d26¢. Figures may not sum due to rounding. Next earnings report due late January. (B) In millions, adjusted for stock splits. (C) Includes intangibles. In '10: \$4274.5 mill., \$427.5/sh.

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

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MAXIMUS, INC. NYSE-MMS		RECENT PRICE 43.22	P/E RATIO 19.2 (Trailing: 19.1; Median: 19.0)	RELATIVE P/E RATIO 1.25	DIV'D YLD 1.0%	VALUE LINE	
TIMELINESS 3 Lowered 12/3/10	High: 24.6, 21.2, 20.3, 20.6, 19.4, 19.7, 24.2, 22.5, 25.6, 34.0, 42.8, 46.8	Low: 13.3, 9.1, 8.9, 13.2, 14.3, 11.2, 13.3, 13.2, 16.4, 23.8, 31.2, 41.1					Target Price Range 2015 2016 2017
SAFETY 2 Raised 9/4/09	LEGENDS 14.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 7/11 Options: Yes Shaded areas indicate recessions					128	
TECHNICAL 4 Lowered 2/24/12	2015-17 PROJECTIONS					96	
BETA .75 (1.00 = Market)	Price Gain Ann'l Total High 80 (+85%) 18% Low 60 (+40%) 10%					80	
Insider Decisions						64	
Institutional Decisions						48	
Percent shares traded						40	
to Buy to Sell Hld's(000)						32	
to Buy to Sell Hld's(000)						24	
to Buy to Sell Hld's(000)						16	
to Buy to Sell Hld's(000)						12	
to Buy to Sell Hld's(000)						% TOT. RETURN 1/12	
to Buy to Sell Hld's(000)						1 yr. 33.9 0.0	
to Buy to Sell Hld's(000)						3 yr. 149.3 123.8	
to Buy to Sell Hld's(000)						5 yr. 214.1 27.2	

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
--	4.33	6.41	7.61	9.45	10.60	12.06	12.98	14.16	15.09	16.27	16.64	20.36	20.32	24.22	27.51	30.30	34.40	Revenues per sh ^A	49.15
--	.30	.46	.72	.92	1.09	1.11	1.08	1.22	1.19	.47	.69	1.18	1.89	2.43	3.04	3.00	3.50	"Cash Flow" per sh	5.15
--	.27	.41	.66	.77	.89	.87	.83	.88	.84	.06	.46	.80	1.40	1.81	2.25	2.25	2.70	Earnings per sh ^B	4.15
--	--	--	--	--	--	--	--	--	.15	.20	.20	.20	.23	.24	.30	.40	.50	Div'ds Decl'd per sh ^C	.90
--	.02	.03	.06	.12	.11	.18	.16	.15	.31	.27	.30	.28	.56	.41	.55	.55	.65	Cap'l Spending per sh	.75
--	2.24	2.32	4.18	4.94	6.56	7.02	7.75	8.76	9.46	9.40	9.22	7.53	8.42	9.86	11.08	11.65	12.15	Book Value per sh ^D	15.35
--	29.58	36.45	41.97	42.25	45.97	43.02	43.02	42.64	42.90	43.09	44.39	36.60	35.31	34.35	33.79	33.00	32.00	Common Shs Outst'g ^E	30.00
--	42.5	32.8	23.4	18.0	19.1	19.0	15.8	19.8	19.7	NMF	38.9	24.0	13.5	15.4	16.1	16.0	17.0	Avg Ann'l P/E Ratio	17.0
--	2.45	1.71	1.33	1.17	.98	1.04	.90	1.05	1.05	NMF	2.07	1.44	.90	.98	1.01	1.01	1.01	Relative P/E Ratio	1.15
--	--	--	--	--	--	--	--	--	.9%	1.2%	1.1%	1.0%	1.2%	.9%	.8%	1.0%	1.0%	Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 12/31/11				518.7	558.3	603.8	647.5	700.9	738.6	745.1	717.3	831.7	929.6	1000	1100	Revenues (\$mill) ^A	1475
Total Debt \$1.6 mill. Due in 5 years Nil				13.8%	12.2%	12.6%	12.1%	3.5%	7.1%	13.2%	13.6%	14.5%	15.5%	14.5%	15.0%	Operating Margin	15.5%
LT Debt \$1.6 mill. LT Interest \$1. mill.				7.3	11.2	13.2	15.1	17.6	10.6	12.5	12.2	18.3	22.8	24.0	23.0	Depreciation (\$mill)	29.0
(Total interest coverage: over 25x)				40.3	35.3	38.8	36.1	2.5	20.0	30.7	54.6	65.0	79.9	75.0	90.0	Net Profit (\$mill)	125
(less than 1% of Cap'l)				40.2%	39.5%	39.5%	39.5%	39.0%	36.3%	38.9%	39.3%	36.8%	36.1%	37.0%	37.0%	Income Tax Rate	37.0%
Leases, Uncapitalized: Annual rental \$24.5 mill.				7.8%	6.3%	6.4%	5.6%	.4%	2.7%	4.1%	7.6%	7.8%	8.6%	7.6%	8.1%	Net Profit Margin	8.5%
No Defined Benefit Pension Plan				185.9	201.3	229.5	248.4	247.1	267.1	151.8	164.6	191.5	227.4	250	250	Working Cap'l (\$mill)	325
Pfd Stock None				--	3.8	5.1	3.6	2.0	10.6	--	--	1.4	1.7	Nil	Nil	Long-Term Debt (\$mill)	Nil
Common Stock 33,737,000 shs.				302.1	333.3	373.5	406.0	404.9	409.4	275.7	297.1	338.8	374.5	385	390	Shr. Equity (\$mill)	460
MARKET CAP: \$1.5 billion (Mid Cap)				13.4%	10.5%	10.2%	8.8%	.6%	4.8%	11.1%	18.4%	19.1%	21.2%	19.5%	23.0%	Return on Total Cap'l	27.0%
CURRENT POSITION				13.4%	10.6%	10.4%	8.9%	.6%	4.9%	11.1%	18.4%	19.2%	21.3%	19.5%	23.0%	Return on Shr. Equity	27.0%
2010 2011 12/31/11				13.4%	10.6%	10.4%	7.3%	NMF	2.7%	8.3%	15.7%	16.7%	18.5%	16.0%	18.5%	Retained to Com Eq	21.5%
(SMILL.)				--	--	--	18%	NMF	44%	25%	15%	13%	13%	18%	19%	All Div'ds to Net Prof	22%

Cash Assets	155.3	173.0	191.0
Receivables ^F	153.5	154.1	157.5
Inventory (Avg Cst)	--	--	--
Other	47.3	64.2	63.3
Current Assets	356.1	391.3	411.8
Accts Payable	49.2	55.5	62.5
Debt Due	--	--	--
Other	115.5	108.4	101.3
Current Liab.	164.7	163.9	163.8

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '15-'17
Revenues	10.5%	9.0%	12.5%
"Cash Flow"	10.0%	9.5%	13.0%
Earnings	8.0%	9.5%	14.5%
Dividends	--	--	23.5%
Book Value	8.5%	--	8.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	
2009	169.7	177.2	176.4	194.0	717.3
2010	203.3	204.4	211.5	212.5	831.7
2011	214.1	227.1	238.3	250.1	929.6
2012	239.6	245	255	260.4	1000
2013	265	270	280	285	1100

Fiscal Year Ends	EARNINGS PER SHARE ^B				Full Fiscal Year
	Dec. 31	Mar. 31	Jun. 30	Sep. 30	
2009	.34	.32	.34	.40	1.40
2010	.42	.40	.46	.53	1.81
2011	.50	.54	.57	.64	2.25
2012	.51	.49	.58	.67	2.25
2013	.60	.65	.70	.75	2.70

Calendar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	
2008	.05	.05	.05	.05	.20
2009	.06	.06	.06	.06	.24
2010	.06	.06	.06	.06	.24
2011	.075	.075	.09	.09	.33
2012	.09				

BUSINESS: MAXIMUS, Inc. administers government-sponsored programs, such as Medicaid, Children's Health Insurance Program (CHIP), health care reform, and welfare-to-work, for state and local governments. International operations in Australia, Canada, and the United Kingdom account for 32% of revenues. Core markets: health services (61% of '11 revenues; 61% of operating profit) and human

MAXIMUS is off to a slow start in fiscal 2012, which ends on September 30th. As expected, the rapid earnings growth of the preceding years gave way to a more modest single-digit gain in the December quarter. Revenues rose 12%, with expansion of managed care in Texas helping to make the largest strides in the health-services segment. Profits in that business, though, were down sharply year over year, owing to the timing issues, life-cycle fluctuations in contracts, and the unfavorable mix shift toward the lower-margin, cost-reimbursable contract with Texas.

The U.K. business will likely be a drag on results in upcoming quarters. December-period profits in this division got a one-time boost from about \$4 million in payments associated with the termination of a profitable U.K. program. Business related to a new "work programme" there is now ramping, but start-up costs are likely to keep it in the red until the September quarter. Meanwhile, the health-care arm should rebound from its recent profit setback, though earnings, overall, are likely to show little, if any, improvement for 2012. Assuming the transition in

the U.K. goes smoothly, the company should be back on a solid growth track in fiscal 2013, with share net climbing more than 20%, to \$2.70.

A solid balance sheet gives MAXIMUS flexibility. During fiscal 2011, the company was able to raise its quarterly dividend 50% and repurchase stock, while remaining virtually debt-free. Ample free cash flow should continue to support further dividend hikes and stock buybacks, though management has also expressed an interest in acquisitions that would add new services to the existing portfolio.

The market doesn't seem too concerned about the unexciting near-term earnings picture, pushing these shares to new all-time highs in recent months. At the current valuation, this good-quality stock offers worthwhile 3- to 5-year total return potential, in our view, particularly on a risk-adjusted basis. The long-term outlook looks promising, with the need for governments to reform their welfare and health systems likely underpinning rising demand for MAXIMUS' services.

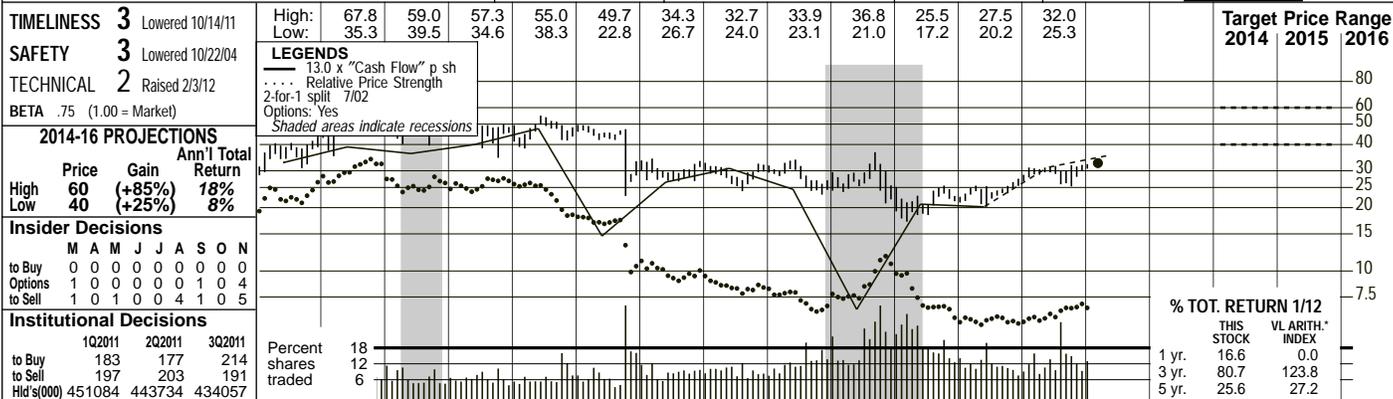
Robert M. Greene, CFA March 2, 2012

(A) Fiscal year ends September 30th. Includes nonrecurring losses: '06, (13c).	'11, (3c). Excludes disc. operations: '10, 3c; '11, d3c. Next earnings report due early May.	(D) Includes intangibles. At 9/30/11: \$77.0 mill., \$2.28/sh. (E) In millions, adjusted for split.	Company's Financial Strength	B++
(B) Diluted Egs. Excludes nonrec. (loss)/gain: '07, (65c); '08, (62c); '09, (23c)/13c; '10, 12c;	(C) Dividends paid late February, May, August, and November.	(F) Includes unbilled accounts receivable. At 9/30/11: \$7.2 million.	Stock's Price Stability	90
			Price Growth Persistence	55
			Earnings Predictability	25

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MARSH & McLENNAN NYSE-MMC

RECENT PRICE **32.62** P/E RATIO **16.6** (Trailing: 20.0 Median: 23.0) RELATIVE P/E RATIO **1.05** DIV'D YLD **2.7%** VALUE LINE



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
8.63	9.56	11.62	13.89	17.04	18.24	17.74	18.62	22.00	21.69	21.30	21.60	21.81	22.53	19.80	19.52	21.60	23.00	Revenues per sh ^A	28.15
1.23	1.38	1.53	2.02	2.53	3.00	2.79	3.08	3.67	1.13	2.03	2.37	1.88	.50	1.60	1.55	2.35	2.75	"Cash Flow" per sh	3.70
.92	1.06	1.18	1.49	1.74	2.05	1.93	2.45	2.81	.33	1.33	1.45	.99	d.14	1.02	1.00	1.80	2.20	Earnings per sh ^B	2.95
.51	.57	.65	.77	.88	.90	1.03	1.11	1.18	1.30	.68	.68	.76	.80	.80	.80	.86	.88	Div'ds Decl'd per sh ^C	1.10
.31	.36	.39	.57	.67	.92	.77	.75	.83	.67	.63	.56	.73	.75	.58	.50	.60	.65	Cap'l Spending per sh	.75
3.81	4.35	6.19	7.07	7.76	9.39	9.23	8.95	10.35	9.02	9.80	10.54	15.03	11.13	11.06	11.87	12.35	13.60	Book Value per sh ^D	15.70
436.64	433.91	517.17	517.73	537.39	556.76	560.64	560.64	526.74	560.64	547.00	551.91	520.39	514.27	530.00	540.51	535.00	530.00	Common Shs Outst'g ^E	510.00
14.8	15.2	19.1	19.0	21.2	26.4	26.2	20.0	16.7	NMF	22.4	20.1	28.7	--	21.0	23.8	16.3	16.3	Avg Ann'l P/E Ratio	17.0
.99	.95	1.10	.99	1.21	1.72	1.34	1.09	.95	NMF	1.19	1.09	1.52	--	1.40	1.53	1.03	1.03	Relative P/E Ratio	1.15
3.7%	3.5%	2.9%	2.7%	2.4%	1.7%	2.0%	2.3%	2.5%	3.1%	2.3%	2.3%	2.7%	2.9%	3.7%	3.4%	2.9%	2.9%	Avg Ann'l Div'd Yield	2.4%

CAPITAL STRUCTURE as of 9/30/11				1995-2012													14-16				
Total Debt \$2930 mill. Due in 5 Yrs \$1557 mill.				9943.0	10440	11588	12159	11652	11921	11350	11587	10493	10550	11560	12220	11560	12220	11560	12220	Revenues (\$mill) ^A	14350
LT Debt \$2670 mill. LT Int. \$180 mill. (31% of Cap'l)				22.4%	25.2%	24.9%	9.1%	10.7%	16.3%	12.9%	5.0%	7.8%	11.7%	16.0%	17.5%	16.0%	17.5%	16.0%	17.5%	Operating Margin	19.0%
Leases, Uncapitalized Annual rentals \$368.0 mill.				325.0	359.0	391.0	456.0	391.0	488.0	442.0	332.0	307.0	291.0	300	310	300	310	300	310	Depreciation (\$mill)	350
Pension Assets-12/10 \$10.2 bill. Oblig.\$14.7 bill.				1238.4	1365.0	1540.0	176.0	722.0	818.0	538.0	d73.0	542.0	549.0	965	1155	965	1155	965	1155	Net Profit (\$mill)	1525
Pfd Stock None				27.2%	35.0%	33.0%	57.6%	28.3%	31.8%	34.8%	NMF	6.9%	26.5%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	Income Tax Rate	30.0%
Common Stock 538.0 mill. shs.				12.5%	13.1%	13.3%	1.4%	6.2%	6.9%	4.7%	NMF	5.2%	5.2%	8.3%	9.5%	8.3%	9.5%	8.3%	9.5%	Net Profit Margin	10.6%
MARKET CAP: \$17.6 billion (Large Cap)				d146.0	d199.0	d188.0	152.0	911.0	285.0	1961.0	1398.0	1228.0	2171.0	1800	2000	1800	2000	1800	2000	Working Cap'l (\$mill)	2300
CURRENT POSITION				2334.0	2891.0	2910.0	4691.0	5044.0	3860.0	3604.0	3194.0	3034.0	3026.0	2800	2800	2800	2800	2800	2800	Long-Term Debt (\$mill)	2800
Cash Assets				5173.0	5018.0	5451.0	5056.0	5360.0	5819.0	7822.0	5722.0	5863.0	6415.0	6615	7200	6615	7200	6615	7200	Shr. Equity (\$mill) ^D	8000
Receivables				17.4%	18.1%	19.3%	2.8%	8.2%	9.7%	5.8%	.3%	7.4%	7.0%	11.0%	12.5%	11.0%	12.5%	11.0%	12.5%	Return on Total Cap'l	15.0%
Other				23.9%	27.2%	28.3%	3.5%	13.5%	14.1%	6.9%	NMF	9.2%	8.6%	14.5%	16.0%	9.2%	8.6%	14.5%	16.0%	Return on Shr. Equity	19.0%
Current Assets				13.0%	15.4%	16.7%	NMF	6.7%	7.6%	1.6%	NMF	1.9%	1.5%	7.5%	9.5%	1.9%	1.5%	7.5%	9.5%	Retained to Com Eq	12.0%
Accts Payable				46%	43%	41%	NMF	50%	46%	77%	NMF	80%	82%	48%	40%	80%	82%	48%	40%	All Div'ds to Net Prof	36%
Debt Due				BUSINESS: Marsh & McLennan Companies, Inc. is a global professional services holding company. Its subsidiary, Marsh, is a leading insurance broker for corporations while taking no underwriting risk. Other subsidiaries include Guy Carpenter (Re-insurance), Mercer (Human Resources and Consulting) and Oliver Wyman (Management Consulting). 2010 revenue: Insurance Services, 54%; Consulting, 46%. Sold The Putnam Group in '07; Kroll Inc. (risk mitigation), 8/10. Has 51,000 employees; Off./Dir. own 1% of common; Capital World, 9.8%; Wellington 8.0%; PRIMECAP, 7.2%; Invesco, 5.9%; T. Rowe Price, 5.0% (4/11 Proxy). Pres./CEO: Brian Duperreault. Addr.: 1166 Ave. of the Americas, NY, NY 10036. Tel.: 212-345-5000. Internet: www.marshmac.com.																	

Marsh & McLennan ought to benefit from strengthening insurance market conditions. A better employment environment should spur pricing and volume growth of new underwriting. We expect recent activity in the property and casualty segment to enable insurers to achieve better terms for new plans. At the same time, demand for reinsurance, which shifts the risk from one insurer to another, ought to remain high in the near-term. These factors should benefit MMC's two insurance operations, Marsh and Guy Carpenter. Elsewhere, the company's consulting segments, which consist of Oliver Wyman and Mercer, may well benefit from a better corporate economy and higher budgets from large and mid-sized businesses. We think that Marsh & McLennan finished the year on a good note in 2011. Moreover, in 2012, we look for bottom-line growth of more than 20%. **We look for mid-single-digit underlying growth at Marsh.** The division has registered strong recurring client retention, as well as a good amount of new business. Revenue growth has been pretty evenly spread across all regions, with

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	3047	3040	2838	2662	11587
2009	2609	2629	2523	2732	10493
2010	2635	2606	2524	2785	10550
2011	2884	2928	2806	2942	11560
2012	3150	3030	2940	3100	12220

Cal-endar	EARNINGS PER SHARE ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	d.40	.13	d.02	.15	d.14
2009	.33	.24	.41	.04	1.02
2010	.49	d.06	.22	.34	1.00
2011	.56	.50	.24	.50	1.80
2012	.62	.61	.36	.61	2.20

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.20	.20	.20	.20	.80
2009	.20	.20	.20	.20	.80
2010	.20	.20	.20	.21	.81
2011	.21	.21	.22	.22	.86
2012					

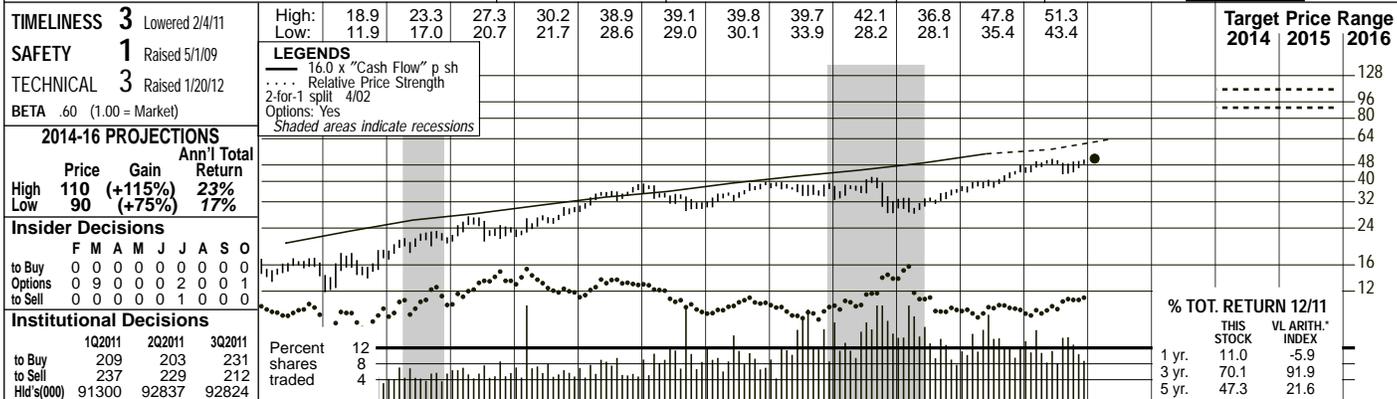
higher rates outside the U.S. and Canada. The top line should be bolstered by the company's expanded operations in South Africa. At the same time, disciplined expense controls should pave the way for stronger bottom line returns. **A number of sectors ought to contribute to success in the consulting segment.** The Retirement and Health and Benefits areas should drive much of the gains, as businesses struggle with a rising number of retirees on the horizon. We also look for higher employment rates to bolster results within the Talent and Rewards segment, as companies allocate more to hire externally. **The balance sheet is relatively healthy.** There is more than \$1.7 billion in cash, representing considerable excess. We look for the company to add share holder value through stock buybacks. MMC recently increased its authorized level to \$1 billion to be used toward near-term buybacks, for example. **In the meantime, Marsh & McLennan shares are currently ranked to mirror the year ahead broader market.**

Garrett Sussman February 17, 2012

(A) Gross commissions, fees, & other income. (B) Avg. shares out. thru 1996, then diluted. (C) Dividends historically paid mid-Feb., May, Aug., Nov. (D) Includes intangibles. In 2010: \$6.8 billion, \$12.60/sh. (E) In millions, adjusted for stock split.

McCORMICK NYSE-MKC

RECENT PRICE **51.40** P/E RATIO **17.2** (Trailing: 18.4 Median: 19.0) RELATIVE P/E RATIO **1.16** DIV'D YLD **2.4%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Price	11.44	11.08	12.16	12.97	14.25	15.50	17.11	16.56	16.53	18.60	19.55	20.88	22.82	24.42	24.22	25.07	27.25	29.45	Sales per sh ^A	37.70
Gain	.99	.94	1.00	1.11	1.27	1.45	1.64	1.76	1.93	2.10	2.24	2.45	2.64	2.83	3.06	3.39	3.55	4.00	"Cash Flow" per sh	5.90
Return	.60	.52	.65	.72	.85	.99	1.10	1.26	1.40	1.51	1.61	1.72	1.92	2.14	2.34	2.65	2.80	3.20	Earnings per sh ^B	5.05
BETA	.26	.28	.30	.32	.34	.38	.40	.42	.46	.56	.64	.72	.80	.88	.96	1.04	1.12	1.24	Div's Div'd per sh ^C	1.72
Options	.51	.48	.30	.38	.35	.39	.81	.79	.67	.51	.56	.65	.61	.66	.63	.67	.65	.70	Cap'l Spending per sh	.80
to Buy	3.20	2.88	2.66	2.68	2.72	2.62	3.34	4.23	5.50	6.55	6.03	7.17	8.49	8.11	10.13	10.99	13.35	15.15	Book Value per sh ^D	23.10
to Sell	162.44	156.41	148.05	145.00	140.80	137.03	138.67	140.09	137.34	135.79	132.60	130.10	127.80	130.10	131.80	133.10	134.00	135.00	Common Shs Outst'g ^E	138.00
Options	18.4	21.8	19.1	21.9	18.6	15.5	18.6	18.7	18.3	22.0	21.3	20.0	19.4	17.2	13.7	14.8	17.1		Avg Ann'l P/E Ratio	20.0
to Buy	1.23	1.37	1.10	1.14	1.06	1.01	.95	1.02	1.04	1.16	1.13	1.08	1.03	1.04	.91	.95	1.05		Relative P/E Ratio	1.35
to Sell	2.4%	2.5%	2.4%	2.0%	2.2%	2.5%	2.0%	1.8%	1.8%	1.7%	1.9%	2.1%	2.2%	2.4%	3.0%	2.6%	2.3%		Avg Ann'l Div'd Yield	1.7%

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Total Debt	2372.3	2320.0	2269.6	2526.2	2592.0	2716.4	2916.2	3176.6	3192.1	3336.8	3650	3975	Sales (\$mill) ^A	5200						
LT Debt	13.7%	15.2%	16.1%	15.9%	16.6%	15.8%	16.0%	15.8%	18.0%	18.1%	19.0%	19.5%	Operating Margin	22.5%						
Leases	73.0	66.8	65.3	72.0	74.6	86.8	82.6	85.6	94.3	95.1	98.0	100	Depreciation (\$mill)	106						
Pension Assets	154.3	179.8	199.2	213.3	222.2	231.9	255.3	282.2	309.5	356.3	380	440	Net Profit (\$mill)	710						
Income Tax Rate	32.8%	31.6%	30.9%	30.1%	32.8%	20.5%	23.4%	25.5%	30.4%	28.5%	30.0%	30.0%	Income Tax Rate	30.0%						
Net Profit Margin	6.5%	7.8%	8.8%	8.4%	8.6%	8.5%	8.8%	8.9%	9.7%	10.7%	10.4%	11.1%	Net Profit Margin	13.7%						
Working Cap'l (\$mill)	d77.9	51.2	49.4	91.3	101.2	118.9	121.8	d65.8	152.3	181.1	545	630	Working Cap'l (\$mill)	1095						
Long-Term Debt (\$mill)	454.1	453.9	448.6	465.0	463.9	569.6	573.5	885.2	875.0	779.9	975	850	Long-Term Debt (\$mill)	325						
Shr. Equity (\$mill)	463.1	592.3	755.2	889.7	799.9	933.3	1085.1	1055.3	1334.6	1462.7	1790	2045	Shr. Equity (\$mill)	3190						
Return on Total Cap'l	18.8%	18.8%	17.7%	16.9%	18.8%	16.6%	16.6%	15.4%	15.2%	17.0%	14.5%	16.0%	Return on Total Cap'l	21.0%						
Return on Shr. Equity	33.3%	30.4%	26.4%	24.0%	27.8%	24.8%	23.5%	26.7%	23.2%	24.4%	21.0%	21.5%	Return on Shr. Equity	22.5%						
Retained to Com Eq	21.4%	20.5%	17.9%	15.3%	17.0%	14.7%	14.0%	16.0%	13.8%	14.9%	13.0%	13.5%	Retained to Com Eq	15.0%						
All Div'ds to Net Prof	36%	33%	32%	36%	39%	41%	41%	40%	41%	39%	39%	38%	All Div'ds to Net Prof	33%						

Category	2009	2010	8/31/11
Cash Assets	39.5	50.8	52.2
Receivables	365.3	386.7	391.7
Inventory (FIFO)	445.9	477.6	600.3
Other	119.8	100.8	119.1
Current Assets	970.5	1015.9	1163.3
Accts Payable	283.6	302.7	303.2
Debt Due	116.1	100.4	.3
Other	418.5	431.7	336.0
Current Liab.	818.2	834.8	639.5

Year	2008	2009	2010	2011	2012
ANNUAL RATES of change (per sh)	10 Yrs	5 Yrs	Est'd '08-'10 to '14-'16		
Sales	5.5%	6.0%	7.5%		
"Cash Flow"	9.5%	8.0%	11.5%		
Earnings	11.0%	9.5%	13.5%		
Dividends	10.5%	11.5%	10.0%		
Book Value	14.0%	10.0%	15.5%		

Fiscal Year Ends	Feb.28	May 31	Aug.31	Nov.30	Full Fiscal Year
2008	724.0	764.1	781.6	906.9	3176.6
2009	718.5	757.3	791.7	924.6	3192.1
2010	764.4	798.3	794.6	979.5	3336.8
2011	782.8	883.7	920.4	1063.1	3650
2012	900	975	1000	1100	3975

Fiscal Year Ends	Feb.28	May 31	Aug.31	Nov.30	Full Fiscal Year
2008	.41	.39	.50	.84	2.14
2009	.44	.42	.57	.91	2.34
2010	.51	.49	.66	.99	2.65
2011	.57	.55	.69	.99	2.80
2012	.65	.65	.75	1.15	3.20

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.22	.22	.22	.22	.88
2009	.24	.24	.24	.24	.96
2010	.26	.26	.26	.26	1.04
2011	.28	.28	.28	.28	1.12
2012	.31				

BUSINESS: McCormick & Company, Inc. is a leading manufacturer, marketer, and distributor of spices, seasonings, flavorings, and other specialty food products for the consumer, industrial, and foodservice markets. Acquired Lawry's, '08; Zatarain's, 6/03. Sold plastic packaging products business, 8/03. Discontinued Gilroy Foods, 3/96. Foreign operations comprise 42% of sales. '10

McCormick likely finished fiscal 2011 (year ended November 30th) on solid footing. (Results were due to be released shortly after we went to press.) Wide acceptance of the company's new products among consumers, coupled with continued strength in demand for its established offerings, probably drove a more-than-9% advance in revenues in both the fourth quarter and full year. And despite higher costs associated with the price of spices, which likely put pressure on margins in the final quarter, we believe McCormick earned around \$2.80 a share in 2011, which represents an increase of almost 6% compared to the prior year's tally. Investors appear confident in the company's prospects, too, as the stock has risen around 5% in price over the last couple of months.

The company is poised for healthy gains in the coming year, as well. McCormick should continue to benefit from its robust new product pipeline, which should drive revenue growth in coming quarters. In addition, the company will probably profit from a more aggressive pricing strategy in the year ahead. And, as

depreciation rate: 8.2%. Has 7,500 employees. Company profit-sharing plan owns 22.7% of common stock; Harry and Lois Wells, 8.1%; officers and directors, 9.5% (2/11 Proxy). Chairman, President, and CEO: Alan Wilson. Incorporated: Maryland. Address: 18 Loveton Circle, P.O. Box 6000, Sparks, Maryland 21152-6000. Telephone: 410-771-7301. Internet: www.mccormick.com.

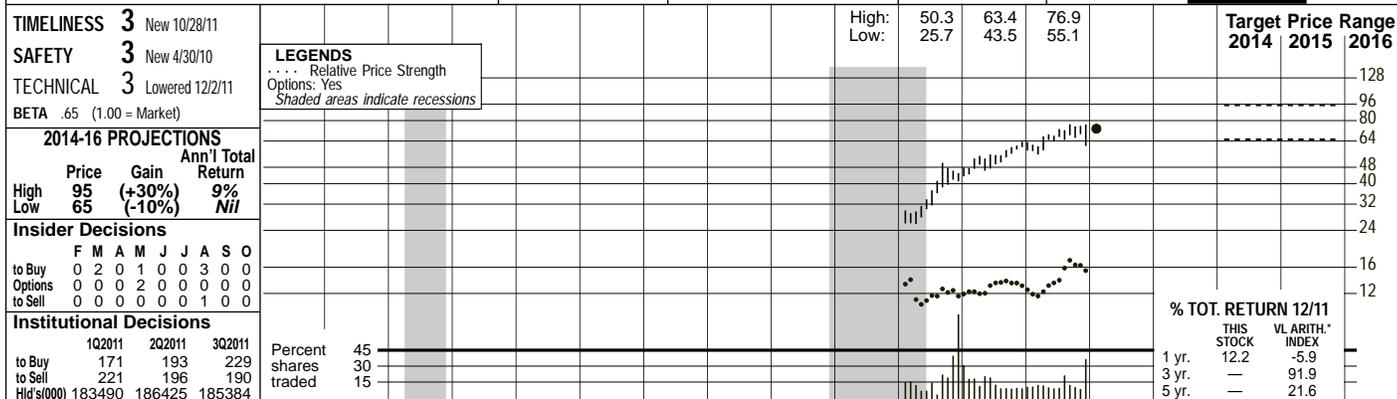
costs moderate, the bottom line should expand at a nice clip. In fact, we believe McCormick will earn around \$3.20 in fiscal 2012, up some 14%. **We look for double-digit earnings growth over the next 3 to 5 years.** Management will likely continue to focus on investments in innovation in an effort to drive growth down the line. Too, McCormick's global footprint will probably expand further in the coming years. With a number of new products hitting the market and a growing presence around the globe, the company is poised for a strong performance over the long haul.

This stock is appealing on a couple of fronts. Although ranked to only keep pace with the broader market over the coming six- to 12-month period, McCormick's favorable long-term outlook gives this equity wide capital appreciation potential over the pull to 2014-2016. Conservative investors should also find this high-quality stock (Safety: 1) attractive. In addition, the company is likely to continue raising its dividend, making this issue of potential interest to those looking for some income.

Kathryn M. Drew January 27, 2012

To subscribe call 1-800-833-0046.

MEAD JOHNSON NYSE-MJN **RECENT PRICE 73.18** **P/E RATIO 27.1** (Trailing: 28.9 Median: NMF) **RELATIVE P/E RATIO 1.83** **DIV'D YLD 1.6%** **VALUE LINE**



	2001	2002	2003	2004	2005	2006	2007 ^D	2008 ^D	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16	
High	50.3	63.4	76.9												
Low	25.7	43.5	55.1												
Target Price Range													2014	2015	2016
Ann'l Total															
Price	95	+30%	9%												
Gain	65	(-10%)	Nil												
Return															
Insider Decisions															
Institutional Decisions															
to Buy	171	193	229												
to Sell	221	196	190												
Hld's(000)	183490	186425	185384												
Percent shares traded	45	30	15												
Meat Johnson Nutrition Company was founded in 1905 and became a wholly owned subsidiary of Bristol-Myers Squibb Company (BMS) in 1967. In 2/09, Mead Johnson completed an initial public offering of 34.5 million shares of its Class A common stock at \$24 per share, with BMS retaining a 55.1% stake. BMS also owned 100% of Class B stock. On December 23, 2009, BMS converted all Class B shares to Class A shares and divested its entire ownership in Mead Johnson through a spin-off.															
CAPITAL STRUCTURE as of 9/30/11 Total Debt \$1534.1 mill. Due in 5 Yrs \$501.4 mill. LT Debt \$1534.1 mill. LT Interest \$53 mill. (Total interest coverage: 15.1x) (111% of Capital)															
Leases, Uncapitalized Annual rentals \$24.5 mill. Pension Liability None															
Pfd Stock None Common Stock 203,564,580 shs. as of 10/21/11 MARKET CAP: \$14.9 billion (Large Cap)															
CURRENT POSITION	2009	2010	9/30/11												
(SMILL.)															
Cash Assets	561.1	595.6	761.3												
Receivables	347.6	352.0	358.9												
Inventory (Avg Cst)	309.9	356.7	441.1												
Other	117.5	144.7	154.6												
Current Assets	1336.1	1449.0	1715.9												
Accts Payable	361.3	365.8	398.2												
Debt Due	120.4	1.2	--												
Other	618.5	609.1	639.4												
Current Liab.	1100.2	976.1	1037.6												
ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16												
of change (per sh)															
Sales	--	--	9.5%												
"Cash Flow"	--	--	12.5%												
Earnings	--	--	12.5%												
Dividends	--	--	25.5%												
Book Value	--	--	NMF												
Cal-endar	QUARTERLY SALES (\$ mill.)	Full Year													
	Mar.31 Jun.30 Sep.30 Dec.31														
2008	703.3 728.6 742.8 707.7	2882.4													
2009	693.0 719.3 699.8 714.4	2826.5													
2010	763.5 764.2 810.2 803.7	3141.6													
2011	899.8 932.0 933.9 909.3	3675													
2012	970 1000 1015 1015	4000													
Cal-endar	EARNINGS PER SHARE ^A	Full Year													
	Mar.31 Jun.30 Sep.30 Dec.31														
2008	.77 .67 .61 .27	2.32													
2009	.55 .66 .48 .31	1.99													
2010	.61 .59 .52 .48	2.20													
2011	.71 .64 .70 .45	2.50													
2012	.80 .75 .75 .70	3.00													
Cal-endar	QUARTERLY DIV'DS PAID ^B	Full Year													
	Mar.31 Jun.30 Sep.30 Dec.31														
2008	-- -- -- --	--													
2009	-- -- .30 .20	.500													
2010	.20 .225 .225 .225	.875													
2011	.225 .26 .26 .26	1.005													
2012	.26														

BUSINESS: Mead Johnson Nutrition Co. provides infant formula and children's nutrition products. It offers formula for routine feeding as well as a range of specialty formulas for mild to severe intolerance, and premature and low birth weight infants. Nutrition products include powdered milk and milk modifiers. Other products include pre- and post-natal nutritional supplements. Geographic breakdown of 2010 sales: Asia/Latin America, 61%; North America/Europe, 39%. Has about 6,500 employees. Officers and directors own less than 1% of common stock; BlackRock, Inc., 9.5%; Morgan Stanley, 5.5% (4/11 Proxy). Pres. & CEO: Stephen W. Golsby. Inc.: Delaware. Addr.: 2701 Patriot Blvd., Glenview, Illinois 60026. Tel.: (847) 832-2420. Internet: www.mjn.com.

Mead Johnson Nutrition stock had a tumultuous close to 2011, selling off about 15% at one point following the death in Missouri of an infant who was using the company's Entamil PREMIUM Newborn formula. Subsequent testing of samples of the product, by both the company and U.S. health inspectors, found no evidence of the bacteria linked to the death. As a result, Mead Johnson doesn't figure to suffer any long-term repercussions from this incident. Still, the initial news coverage, and the decision by some retailers, including Wal-Mart, to remove some shipments of the product from their shelves could disrupt domestic sales for a time. We will await further details from the company before trying to quantify any impact. Earnings likely took a step back in the December quarter. Several factors that contributed to the strong third-quarter gain, including lower pension expenses and customers stepping up purchases ahead of a technology transition, probably reversed themselves in the final three months of 2011. Results also likely were hurt by higher dairy costs in North America and increased SG&A spending.

Continued growth overseas should help to get profits back on track in 2012, with share net likely climbing 20%, to \$3.00. Sales in the Asia/Latin America segment soared 30% in the third quarter, and we think there is ample room for further growth as increasing prosperity allows consumers in emerging economies, such as China, to invest more in the welfare of their children. Meanwhile, the winding down of technology and other costs related to the company gaining its independence from Bristol-Myers should also aid the bottom line this year. The company is making little progress in Europe and North America. Lackluster economic development and low birth rates are creating a challenging environment for MJN in these regions, where it generates about one-third of its revenues. These shares have below-average total return potential to 2014-2016. Although the company has promising opportunities in emerging markets, the current valuation appears to discount much of the earnings growth we envision in the 3 to 5 years ahead.

Robert M. Greene, CFA January 27, 2012

(A) Diluted earnings. Earnings may not sum due to rounding. Next earnings report due January 26th.	(B) Dividends historically paid in early January, April, July and October.	(C) In millions. (D) Pro-forma.	Company's Financial Strength	B+
			Stock's Price Stability	95
			Price Growth Persistence	NMF
			Earnings Predictability	NMF

MERCURY GENERAL NYSE-MCY

RECENT PRICE **44.88** P/E RATIO **15.6** (Trailing: 21.9 Median: 15.0) RELATIVE P/E RATIO **1.10** DIV'D YLD **5.4%** VALUE LINE

TIMELINESS 3 Raised 8/12/11
SAFETY 2 Raised 9/26/03
TECHNICAL 3 Lowered 12/16/11
BETA .70 (1.00 = Market)

High: 44.9 44.5 51.2 50.3 60.3 60.4 59.9 59.1 62.0 46.1 46.7 45.9
 Low: 21.1 32.0 37.3 33.5 46.3 51.2 48.8 48.8 36.1 22.5 37.4 33.8

LEGENDS
 — 13.5 x Earnings p sh
 ... Relative Price Strength
 Options: Yes
 Shaded areas indicate recessions

2014-16 PROJECTIONS

Price	Gain	Ann'l Total Return
High 70	(+55%)	15%
Low 50	(+10%)	8%

Insider Decisions

J	F	M	A	M	J	J	A	S
to Buy	0	0	0	0	0	0	0	0
Options	0	1	1	0	1	0	0	0
to Sell	0	1	1	0	0	0	0	0

Institutional Decisions

1Q2011	2Q2011	3Q2011	
to Buy	69	66	77
to Sell	83	71	76
Hlds(000)	21375	21204	21099

Percent shares traded: 15, 10, 5

% TOT. RETURN 11/11

THIS STOCK	VL ARITH. INDEX
1 yr. 11.2	1.2
3 yr. 19.2	104.4
5 yr. 10.3	22.3

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
11.23	13.72	18.71	20.51	21.83	23.05	25.44	32.04	39.41	46.38	52.15	54.82	54.70	51.29	47.92	46.84	47.25	51.80	P/C Prem Earned p sh	61.15
1.15	1.28	1.57	1.76	1.83	1.96	2.11	2.08	1.92	2.01	2.24	2.76	2.90	2.76	2.65	2.62	2.60	2.75	Investment Inc p sh	4.00
.81	1.07	2.75	3.37	2.42	1.45	1.26	1.75	4.04	7.04	6.70	5.97	5.44	2.26	5.47	4.29	.70	1.55	Underwriting Inc p sh	2.45
1.66	1.93	2.84	3.22	2.45	2.02	1.94	2.05	3.25	4.94	4.43	3.74	4.08	2.12	3.23	2.09	2.90	3.00	Earnings per sh ^A	4.40
.40	.48	.58	.70	.84	.96	1.06	1.20	1.32	1.48	1.72	1.92	2.08	2.32	2.33	2.37	2.41	2.44	Div'ds Decl'd per sh ^B	2.56
10.30	11.66	14.51	16.78	16.71	19.06	19.71	20.21	23.07	26.77	29.44	31.54	34.02	27.28	32.33	32.75	33.40	34.10	Book Value per sh	37.85
54.89	55.01	55.12	54.68	54.43	54.19	54.28	54.36	54.42	54.51	54.61	54.67	54.73	54.76	54.78	54.80	54.80	54.80	Common Shs Outst'g ^C	54.80
173%	202%	265%	307%	193%	147%	190%	216%	186%	191%	192%	172%	156%	175%	108%	128%	Bold figures are Value Line estimates	Bold figures are Value Line estimates	Price to Book Value	157%
10.8	12.2	13.5	16.0	13.2	13.9	19.3	21.3	13.2	10.4	12.8	14.5	13.0	22.6	10.8	20.1	10.8	20.1	Avg Ann'l P/E Ratio	13.5
.72	.76	.78	.83	.75	.90	.99	1.16	.75	.55	.68	.78	.69	1.36	.72	1.29	.72	1.29	Relative P/E Ratio	.90
2.2%	2.0%	1.5%	1.4%	2.6%	3.4%	2.8%	2.7%	3.1%	2.9%	3.0%	3.5%	3.9%	4.8%	6.7%	5.6%	6.7%	5.6%	Avg Ann'l Div'd Yield	4.4%

CAPITAL STRUCTURE as of 9/30/11
 Total Debt \$138.0 mill.

(7% of Cap'l)
 Leases, Uncapitalized Annual rentals \$14.9 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 54,837,927 shs.
 as of 10/28/11
 MARKET CAP: \$2.5 billion (Mid Cap)

FINANCIAL POSITION (2009)	2010	9/30/11
1380.6	1741.5	2145.0
73.2%	72.8%	67.7%
20.9%	20.3%	20.9%
5.9%	6.9%	11.4%
15.6%	14.7%	24.5%
105.3	111.9	177.0
6.1%	6.1%	4.7%
2317	2645	3120
1069.7	1098.8	1255.5
9.8%	10.2%	14.1%
4.5%	4.3%	8.4%
55%	57%	41%

FINANCIAL POSITION (2010)	2010	9/30/11
2704.6	2652.3	2466.9
286.1	359.6	321.8
1241.9	1191.5	1307.9
4232.6	4203.4	4096.6
844.5	833.4	866.2
1053.3	1034.2	978.7
563.9	540.9	442.2
2461.7	2408.5	2287.1

BUSINESS: Mercury General is an insurance holding company that writes private passenger (82.7% of '10 premiums written), and commercial auto insurance (3.3%), as well as other property/casualty insurance (14.0%). Sells through approx. 5,700 agents. Most of the company's business is in California (76.6% of '10 premiums written), but also operates in Georgia, Illinois, Oklahoma, Texas, Florida, Virginia, New York, New Jersey, Arizona, Pennsylvania, Michigan and Nevada. Acq'd American Fidelity 12/96. Has about 4,800 employees. Off. and dir. own 34.7% of stock (incl. George Joseph's 34.3%); (3/11 proxy). Chrmn.: George Joseph. Pres. & CEO: Gabriel Tirador. Inc. CA. Addr.: 4484 Wilshire Blvd., Los Angeles, CA 90010. Tel.: 323-937-1060. Web: www.mercuryinsurance.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 of change (per sh)
Premium Inc	8.5%	1.0%	4.0%
Invest Income	4.0%	5.5%	7.0%
Earnings	-0.5%	-10.0%	10.0%
Dividends	11.0%	9.0%	1.5%
Book Value	6.0%	3.0%	3.5%

Cal-ender	P/C PREMIUMS EARNED (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	720.9	711.2	696.6	680.1	2808.8
2009	666.1	659.2	653.8	646.0	2625.1
2010	640.6	642.7	642.5	640.8	2566.6
2011	638.5	642.3	643.6	665.6	2590
2012	680	700	720	740	2840

Cal-ender	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	1.02	.86	.72	d.48	2.12
2009	.83	.86	.84	.70	3.23
2010	.85	.65	.74	d.15	2.09
2011	.72	.76	.72	.70	2.90
2012	.75	.71	.78	.76	3.00

Cal-ender	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007	.52	.52	.52	.52	2.08
2008	.58	.58	.58	.58	2.32
2009	.58	.58	.58	.59	2.33
2010	.59	.59	.59	.60	2.37
2011	.60	.60	.60	.61	2.41

(A) Basic earnings. Includes capital gains (losses): '01, \$0.08; '00, \$0.05; '99, \$0.06; '98, \$0.09; '97, \$0.06; '96 (\$0.04); '95, \$0.02. Excl. gain/(loss) in '02 and thereafter. Next earnings report due mid-February.
 (B) Dividends historically paid in late March, June, September, and December.
 (C) In millions.
 (D) Expense ratio for 2009 and thereafter includes other operating expenses.

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Company's Financial Strength B++
Stock's Price Stability 95
Price Growth Persistence 15
Earnings Predictability 60
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Mercury General's performance has cooled off a bit. Indeed, both premiums earned and share net registered lackluster year-to-year comparisons during the September quarter. The former came in relatively flat once again, as share earnings clocked in at \$0.72, a 3% slip, which was in line with our estimate. A greater number of new auto sales in the Golden State have spurred an increase in auto insurance premiums. However, this sales jump has been unable to offset a climbing expense ratio, caused by large catastrophe losses after Hurricane Irene.

The insurer recently boosted its cash dividend. The hike represents a modest 2% bump for the quarterly payout, from \$0.60 to \$0.61 a share, or an annualized rate of \$2.44.

Mercury's automobile class plan has been approved by the Department of Insurance. The new outline applies strictly to its California business, which comprises 77% of MCY's portfolio, allowing for a more favorable segmentation of auto policies. The approval ought to make the insurer more competitive and pave the way for attracting fresh customers.

The insurer may face some turbulence attempting to raise rates. This is because unemployment remains stubbornly elevated, despite falling recently from 9.0% to 8.6%. Many drivers are out of work, forcing them to sell vehicles, cease insurance coverage, and utilize more methods of mass transit. In addition, high prices at the pump have put a dent in customers' wallets, hurting overall consumer purchasing power. It is likely these conditions will remain for some time, due to the uneven pace of the economic recovery.

This issue remains neutrally ranked for year-ahead price performance. These shares have risen more than 15% in price since our September review, which discounts a large portion of their capital appreciation potential three to five years hence. However, income-oriented accounts should note this stock's solid dividend yield. The equity has good marks for Safety (2) and Price Stability, as well as a decent Financial Strength rating (B++). All told, the insurer will likely not reach its previous peak level of profitability, last seen in the mid-2000's, anytime soon.

Kenneth DeFranco, Jr. December 16, 2011

MOLSON COORS NYSE-TAP

RECENT PRICE **43.62** P/E RATIO **12.2** (Trailing: 12.6 Median: NMF) RELATIVE P/E RATIO **0.82** DIV'D YLD **2.9%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
Sales per sh ^A	--	--	--	--	--	--	--	--	--	--	32.14	33.00	34.25	25.98	16.29	17.42	19.50	20.15	22.30
"Cash Flow" per sh	--	--	--	--	--	--	--	--	--	--	4.14	4.58	4.72	4.28	4.81	4.65	4.70	5.00	6.10
Earnings per sh ^{A B}	--	--	--	--	--	--	--	--	--	--	1.98	2.16	2.80	2.77	3.80	3.56	3.50	3.75	4.55
Div'ds Decl'd per sh ^C	--	--	--	--	--	--	--	--	--	--	.64	.64	.64	.76	.92	1.08	1.24	1.32	1.64
Cap'l Spending per sh	--	--	--	--	--	--	--	--	--	--	2.37	2.52	2.37	1.25	.67	.95	1.00	1.05	1.20
Book Value per sh ^D	--	--	--	--	--	--	--	--	--	--	31.08	32.85	39.55	32.54	38.04	41.75	45.85	47.00	57.55
Common Shs Outst'g ^E	--	--	--	--	--	--	--	--	--	--	171.34	177.11	180.75	183.80	186.10	186.80	179.50	178.50	168.00
Avg Ann'l P/E Ratio	--	--	--	--	--	--	--	--	--	--	16.6	15.9	16.8	18.0	11.3	12.6	12.6		16.0
Relative P/E Ratio	--	--	--	--	--	--	--	--	--	--	.88	.86	.89	1.08	.75	.81	.80		1.05
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	1.9%	1.9%	1.4%	1.5%	2.1%	2.4%	2.8%		2.3%

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
Sales (\$mill) ^A	--	--	--	--	--	--	--	--	--	--	5506.9	5845.0	6190.6	4774.3	3032.4	3254.4	3500	3600	3750
Operating Margin	--	--	--	--	--	--	--	--	--	--	17.4%	17.4%	17.8%	18.3%	19.5%	19.4%	18.5%	19.5%	20.0%
Depreciation (\$mill)	--	--	--	--	--	--	--	--	--	--	392.8	438.4	345.8	273.4	187.4	202.3	215	220	255
Net Profit (\$mill)	--	--	--	--	--	--	--	--	--	--	316.1	373.6	507.4	512.6	707.4	666.9	630	670	765
Income Tax Rate	--	--	--	--	--	--	--	--	--	--	25.0%	17.5%	20.1%	20.2%	1.1%	15.8%	15.0%	15.0%	20.0%
Net Profit Margin	--	--	--	--	--	--	--	--	--	--	5.7%	6.4%	8.2%	10.7%	23.3%	20.5%	18.0%	18.7%	20.4%
Working Cap'l (\$mill)	--	--	--	--	--	--	--	--	--	--	676.8	634.7	41.2	121.0	181.9	887.0	840	400	895
Long-Term Debt (\$mill)	--	--	--	--	--	--	--	--	--	--	2136.7	2129.8	2260.6	1831.7	1412.7	1959.6	1850	1800	1400
Shr. Equity (\$mill)	--	--	--	--	--	--	--	--	--	--	5324.7	5817.4	7149.4	5980.3	7079.6	7798.8	8225	8400	9730
Return on Total Cap'l	--	--	--	--	--	--	--	--	--	--	5.1%	5.6%	6.1%	7.2%	8.9%	7.4%	6.5%	6.5%	7.0%
Return on Shr. Equity	--	--	--	--	--	--	--	--	--	--	5.9%	6.4%	7.1%	8.6%	10.0%	8.6%	7.5%	8.0%	8.0%
Retained to Com Eq	--	--	--	--	--	--	--	--	--	--	3.7%	4.2%	5.3%	5.9%	7.5%	5.9%	5.0%	5.0%	5.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	38%	34%	26%	31%	24%	31%	35%	35%	35%

Year	2009	2010	9/24/11
Cash Assets	734.2	1217.6	987.2
Receivables	717.2	729.5	723.7
Inventory (LIFO)	236.2	195.0	201.1
Other	75.2	78.8	85.5
Current Assets	1762.8	2220.9	1997.5
Accts Payable	210.3	268.2	261.8
Debt Due	300.3	1.1	46.4
Other	1070.3	1064.6	977.3
Current Liab.	1580.9	1333.9	1285.5

Year	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10
Annual Rates of change (per sh)	--	--	--
Sales	--	-9.0%	2.0%
"Cash Flow"	--	2.0%	5.0%
Earnings	--	11.5%	5.0%
Dividends	--	7.5%	10.0%
Book Value	--	4.0%	7.5%

Cal-endar	QUARTERLY SALES (\$ mill.) ^A				Full Year
	Mar.	Jun.	Sep.	Dec.	
2008	1357	1757	921F	739	4774
2009	559	799	853	821	3032
2010	661	883	875	835	3254
2011	690	934	954	922	3500
2012	725	960	975	940	3600

Cal-endar	EARNINGS PER SHARE ^{A B}				Full Year
	Mar.	Jun.	Sep.	Dec.	
2008	.32	.93	.95	.57	2.77
2009	.53	1.11	1.14	1.02	3.80
2010	.37	1.25	1.28	.66	3.56
2011	.43	1.23	1.14	.70	3.50
2012	.45	1.30	1.25	.75	3.75

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.16	.20	.20	.20	.76
2009	.20	.24	.24	.24	.92
2010	.24	.28	.28	.28	1.08
2011	.28	.32	.32	.32	1.24
2012					

Molson Coors likely ended 2011 with decent results. A strong showing from the *Coors Light* brand probably bolstered the top line, while stock buybacks (discussed below) likely buoyed the bottom line. However, **the company faces a challenging outlook.** Weak demand in the domestic market remains the primary issue. Unfavorable industry trends, coupled with the tough economic environment, has led to soft demand. We expect Molson Coors will continue to struggle in 2012. However, the company's efforts to expand its market share should help earnings advance, year over year. On point, *Coors Light* recently became the number two beer purchased in the United States. Consequently, we target share net of \$3.75 for 2012. **Share repurchases should continue.** The company announced a \$1.2 billion stock buyback program for its Class B stock in 2011. It plans to execute the program over a three-year period. In the third quarter of last year, the brewer bought 6.3 million shares for \$271 million. **Molson Coors' standing in emerging markets may well increase in the coming years.** Given the recent challenges in the U.S. market, the company will probably invest its resources in expanding its footprint abroad. Efforts may well include at least a few bolt-on acquisitions over the coming years. **Longer-term prospects are good.** The aforementioned expansion strategy, along with improved market conditions, ought to help the bottom line bounce back after a tough stretch. **The balance sheet is healthy.** The debt-to-total capital ratio is relatively low. In fact, its debt load is conservative compared to most of its fellow brewers. Furthermore, the company generates strong cash flow, which should support its growth efforts, dividend hikes, and stock repurchase plan for the foreseeable future. **We recommend this issue for patient investors.** Share net should advance at a solid clip over the 2014-2016 time frame. Further, TAP's board will probably continue to raise the company's payout over the coming years. All told, this stock has attractive, risk-adjusted total return potential over the 3- to 5-year pull.

with SABMiller, 7/08. Has approximately 14,660 employees and 18 breweries worldwide. Officers & Directors own 18.0% of common stock; Capital Research Global Investors, 9.2% (4/11 proxy). Chairman: Peter H. Coors. President and CEO: Peter Swinburn. Inc.: Colorado. Address: 1225 17th Street, Denver, Colorado 80202. Telephone: 303-279-6565. Internet: www.molsoncoors.com.

Richard Gallagher
January 27, 2012

(A) Excludes excise taxes. Fiscal year ends last Sunday in December. (B) Based on diluted shares. Next earnings report due early Feb. (C) Dividends usually paid in mid-March, June, September, and December. (D) Includes intangibles. *10: \$6144.2 mill., \$32.89/sh. (E) In millions, adjusted for split. Includes exchangeable shares. (F) Sales exclude U.S. operations starting in the September period of 2008 due to the MillerCoors venture.

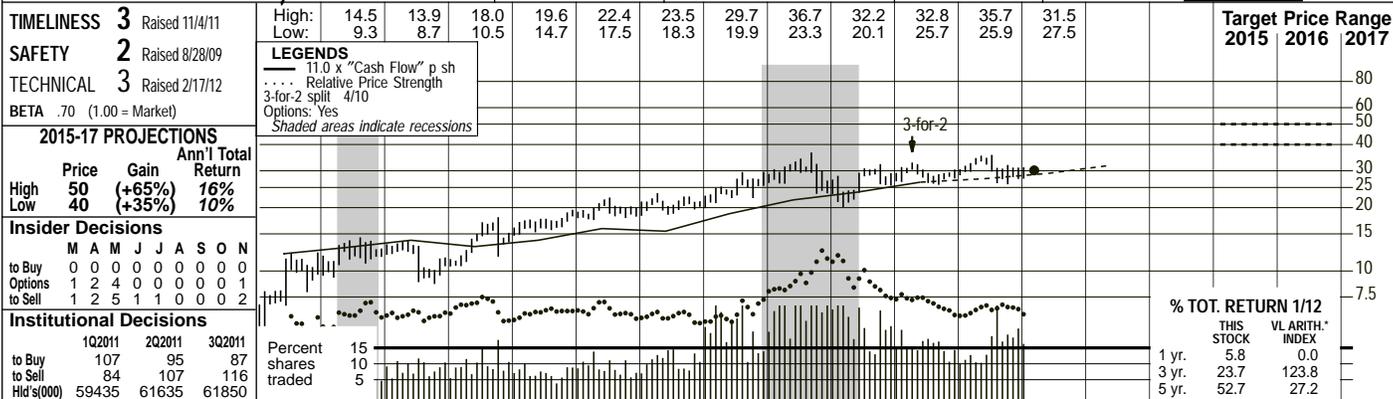
Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	55
Earnings Predictability	90

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OWENS & MINOR, INC. NYSE-OMI

RECENT PRICE **30.09** P/E RATIO **14.8** (Trailing: 15.4 Median: 17.0) RELATIVE P/E RATIO **0.98** DIV'D YLD **2.9%** **VALUE LINE**



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
63.08	64.50	62.99	64.94	70.40	75.06	77.39	72.59	76.34	81.35	91.64	110.92	116.52	127.85	128.07	137.60	144.80	150.40	Sales per sh	161.55
.50	.76	.88	.95	1.10	1.18	1.27	1.19	1.27	1.45	1.40	1.71	1.98	2.41	2.41	2.50	2.65	2.90	"Cash Flow" per sh	3.85
.17	.40	.50	.53	.63	.69	.87	.95	1.02	1.11	.92	1.19	1.63	1.75	1.94	1.94	2.10	2.30	Earnings per sh ^A	3.05
.12	.12	.13	.15	.16	.18	.21	.23	.29	.35	.40	.45	.53	.61	.71	.80	.88	.96	Div's Div Decl'd per sh ^B	1.20
.28	.25	.26	.45	.39	.33	.19	.30	.31	.57	.36	.33	.28	.31	.49	.50	.55	.60	Cap'l Spending per sh	.65
2.66	2.99	3.29	3.72	4.28	4.65	5.30	7.02	7.76	8.64	9.07	10.02	11.08	12.23	13.52	14.65	16.00	17.45	Book Value per sh ^C	23.05
47.86	48.32	48.93	49.07	49.77	50.83	51.17	58.47	59.28	59.28	60.39	61.31	62.16	62.87	63.43	62.70	62.50	63.00	Common Shs Outst'g ^D	65.00
45.1	21.6	19.4	13.9	14.3	17.5	13.3	14.5	16.6	17.5	22.5	20.6	17.9	15.0	14.9	16.0	16.0	16.0	Avg Ann'l P/E Ratio	15.0
2.82	1.25	1.01	.79	.93	.90	.73	.83	.88	.93	1.21	1.09	1.08	1.00	.95	1.00	1.00	1.00	Relative P/E Ratio	1.00
1.6%	1.4%	1.4%	2.1%	1.8%	1.5%	1.8%	1.7%	1.7%	1.8%	1.9%	1.8%	1.9%	2.3%	2.4%	2.6%	2.6%	2.6%	Avg Ann'l Div'd Yield	2.7%

CAPITAL STRUCTURE as of 12/31/11		2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11
Total Debt \$212.6 mill. Due in 5 Yrs \$38.1 mill.		3959.8	4244.1	4525.1	4822.4	5533.7	6800.5	7243.2	8037.6	8123.6	8627.9	9050	9475	Sales (\$mill)	10500				
LT Debt \$212.6 mill. LT Interest \$15.0 mill.		2.9%	2.7%	2.7%	2.9%	2.3%	2.5%	2.9%	2.8%	3.0%	3.0%	3.0%	3.1%	Operating Margin	4.0%				
(LT int. earned: 9.1x)		15.9	15.7	14.9	19.3	28.9	31.8	22.0	25.3	29.1	34.1	35.0	37.0	Depreciation (\$mill)	50.0				
Leases, Uncapitalized Annual rentals \$55.3 mill.		49.3	53.6	60.5	66.6	55.9	72.7	101.3	110.2	123.7	122.0	132	145	Net Profit (\$mill)	200				
No Defined Benefit Pension Plan		38.6%	38.9%	38.0%	39.0%	37.6%	39.5%	38.3%	34.0%	39.1%	39.3%	39.0%	39.0%	Income Tax Rate	40.0%				
Pfd Stock None		1.2%	1.3%	1.3%	1.4%	1.0%	1.1%	1.4%	1.4%	1.5%	1.4%	1.5%	1.5%	Net Profit Margin	1.9%				
Common Stock 63,428,055 shs. as of 10/21/11		385.1	385.8	434.0	405.7	596.3	521.4	644.3	642.0	709.3	793.5	865	950	Working Cap'l (\$mill)	1200				
MARKET CAP: \$1.9 billion (Mid Cap)		365.3	209.5	207.5	204.4	433.1	283.8	359.2	208.4	209.1	212.6	215	215	Long-Term Debt (\$mill)	225				
CURRENT POSITION		271.4	410.4	460.3	512.0	547.5	614.4	689.1	769.2	857.5	919.2	1000	1100	Shr. Equity (\$mill)	1500				
		8.6%	9.4%	10.0%	10.1%	6.4%	9.4%	10.4%	11.9%	12.3%	11.3%	11.5%	11.5%	Return on Total Cap'l	12.0%				
		18.1%	13.1%	13.1%	13.0%	10.2%	11.8%	14.7%	14.3%	14.4%	13.3%	13.0%	13.0%	Return on Shr. Equity	13.5%				
		14.3%	10.0%	9.4%	9.0%	5.8%	7.3%	9.9%	9.3%	9.2%	7.8%	7.5%	7.5%	Retained to Com Eq	8.0%				
		21%	24%	29%	31%	43%	38%	33%	35%	36%	41%	42%	42%	All Div'ds to Net Prof	40%				

BUSINESS: Owens & Minor, Inc. distributes about 220,000 brand name medical and surgical supplies from 52 warehouses to acute care hospitals and hospital-based systems nationwide (approx. 4,400 customers). Deals mainly with acute care hospitals and integrated healthcare networks (95% of '10 sales). Acquired Stuart Medical in 5/94; Medix, 7/99. Wholesale drug div. discount. '91; Direct-to-consumer business discount. '10. Dep. rate in 2010: 15.2%. Has 4,800 employees. BlackRock, Inc. owns 7.7%; Wellington Management, 5.6%; T. Rowe Price, 6.6%; Officers/Directors, 3.1% (3/11 proxy). Chrmn.: G.G. Minor III. Pres. & CEO: Craig Smith. Incorporated: VA. Add.: 9120 Lockwood Blvd., Mechanicsville, VA. 23116. Tel.: 804-723-7000. Web: www.owens-minor.com.

Owens & Minor reported mixed results in 2011. Full-year sales advanced 6% compared to the prior year. However, year-to-year earnings were flat, at \$1.94 a share. The bottom-line shortfall can partly be attributed to higher manufacturing costs from OMI's suppliers, which were then passed along to the company.

We remain cautiously optimistic about 2012 and 2013. The hospital supplies distributor should continue to post solid sales growth over the next two years, no easy feat, given the current challenging purchasing environment. We expect earnings to recover at a high single-digit clip this year and next. That said, a recent 10% dividend hike may well soften the blow of disappointing earnings trends. The board of directors recently approved an increase to \$0.22 a share, the first of which is set to be paid in late March.

The company will likely face a difficult near-term operating environment. Perhaps the main caveat would be subdued hospital utilization rates. Although the economy has brightened, high unemployment continues to deter patient admissions. Also, elevated inventories at

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	1948.6	2013.8	2034.8	2040.4	8037.6
2010	1969.7	2019.8	2063.9	2070.2	8123.6
2011	2123.8	2131.5	2176.7	2195.9	8627.9
2012	2225	2250	2275	2300	9050
2013	2340	2330	2405	2400	9475

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	.36	.45	.44	.50	1.75
2010	.44	.46	.50	.54	1.94
2011	.45	.46	.53	.51	1.94
2012	.48	.49	.55	.58	2.10
2013	.53	.55	.62	.60	2.30

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.13	.13	.13	.13	.52
2009	.15	.15	.15	.15	.60
2010	.17	.17	.17	.17	.68
2011	.20	.20	.20	.20	.80

(A) Primary thru '96, then diluted. Excl. non-rec.: '95, (33c); '98, (20c); '99, 2c; '01, (18c); '02, (5c); '03, (6c); '05, (5c); '06, (17c); '09, 11c; '10 (19c); '11 (13c). Excl. extraordinary items: '01, (17c); '02, 1c. Excl. disc. ops.: '08, (19c); '09 (19c). May not sum due to rounding. Next earnings report due late April.

(B) Divs. historically paid late March, June, Sept., Dec. ■ Div'd reinvestment plan available. (C) Incl. intang., in '10: \$272.1 mill., \$.429/sh. (D) In mill., adj. for split.

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

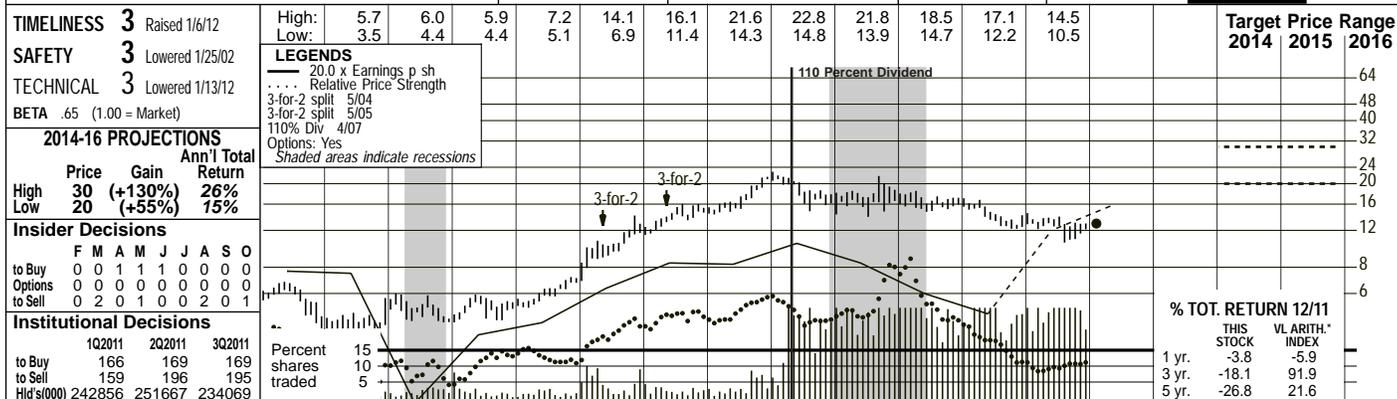
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year-end suggests that purchasing trends may well be affected by an already ample supply of goods in hospitals. We are of the view that the company will be able to maneuver past these challenges, though. **There are several bright spots.** Consolidation within the healthcare industry is a plus for OMI because its diverse portfolio should be able to accommodate larger customers. Also, the joint venture with Mira MEDsource, which allows the company to begin product sourcing in China, may well lead to top- and bottom-line growth. And improved economic conditions allow for expansion opportunities. **But there is not much upside to investing in these shares, given the recent valuation.** Despite solid growth platforms, the stock is neutrally ranked for year-ahead relative price performance. Also, long-term capital appreciation potential is below average. Although our 3- to 5-year earnings projections are favorable, the equity seems adequately priced at present. One draw for income-oriented investors is the dividend yield, which at 2.9%, is above the Value Line median.

Nira Maharaj
February 24, 2012

PEOPLE'S UNITED FIN NDQ-PBCT

RECENT PRICE **12.95** P/E RATIO **18.8** (Trailing: 24.4 Median: 38.0) RELATIVE P/E RATIO **1.30** DIV'D YLD **4.9%** VALUE LINE



	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC 14-16
30.60	31.68	32.52	31.70	31.99	31.14	29.76	41.80	40.76	48.30	55.00	56.20	Mortgage Loans per sh	61.50
27.47	28.90	29.75	29.96	30.54	30.42	29.77	41.40	44.77	49.94	49.50	50.00	Savings Deposits per sh	55.00
.08	.19	.22	.32	.42	.41	.52	.42	.30	.24	.60	.80	Earnings per sh ^A	1.30
.28	.30	.32	.36	.40	.46	.46	.58	.61	.62	.63	.64	Div'ds Decl'd per sh ^B	.75
3.22	3.22	3.42	4.06	4.33	4.49	14.90	15.01	14.78	14.53	15.00	15.85	Book Value per sh	17.10
290.59	291.53	292.95	295.79	297.36	298.62	298.30	344.70	345.00	359.10	360.00	356.00	Common Shs Outst'g ^C	365.00
61.3	27.0	27.9	32.3	33.0	41.4	36.2	41.0	54.4	59.5	21.2	21.2	Avg Ann'l P/E Ratio	20.0
3.14	1.47	1.59	1.71	1.76	2.24	1.92	2.47	3.62	3.81	1.33	1.33	Relative P/E Ratio	1.35
5.6%	5.8%	5.3%	3.5%	2.9%	2.7%	2.4%	3.4%	3.7%	4.3%	5.0%	5.0%	Avg Ann'l Div'd Yield	3.0%
949.6	862.1	765.7	587.9	671.6	731.8	893.9	1220.8	1075.9	1128.0	1360	1415	Gross Income (\$mill)	1800
39.3%	30.5%	25.4%	18.7%	20.6%	27.3%	24.7%	23.0%	17.7%	11.5%	10.0%	8.5%	Int Cost to Gross Inc	19.0%
24.0	55.4	63.8	93.7	124.4	124.0	150.7	139.5	101.2	85.7	210	275	Net Profit (\$mill)	475
31.2%	31.1%	26.6%	21.4%	31.6%	31.8%	33.4%	32.8%	29.9%	32.5%	33.0%	33.5%	Income Tax Rate	35.0%
2.5%	6.4%	8.3%	15.9%	18.5%	16.9%	16.9%	11.4%	9.4%	7.6%	15.4%	19.4%	Net Profit Margin	26.4%
11891	12261	11672	10718	10933	10687	13555	20168	21257	25037	28000	29500	Total Assets (\$mill)	35800
1324.4	1595.9	964.3	100.0	25.0	--	--	15.1	14.8	509.3	425	350	FHLB Advances (\$mill)	150
935.0	939.6	1002.0	1199.8	1288.6	1339.5	4445.4	5175.5	5100.7	5219.3	5400	5650	Shr. Equity (\$mill)	6250
--	--	--	--	--	--	--	--	--	--	2100	2200	New Loan Volume (\$mill)	2400
--	--	--	--	3%	3%	3%	3%	1.4%	2.1%	1.5%	1.0%	Problem Assets to Lns	1.0%
7.9%	7.7%	8.6%	11.2%	11.8%	12.5%	32.8%	25.7%	24.0%	20.8%	19.5%	19.0%	Shr. Eq. to Total Assets	17.5%
46.4%	50.8%	56.5%	58.2%	50.4%	47.4%	49.1%	57.9%	63.6%	71.9%	31.5%	31.0%	G&A Exp to Gross Inc	28.0%
.20%	.45%	.55%	.87%	1.14%	1.16%	1.11%	.69%	.48%	.34%	.75%	.95%	Return on Total Assets	1.35%
2.6%	5.9%	6.4%	7.8%	9.7%	9.3%	3.4%	2.7%	2.0%	1.6%	4.0%	5.0%	Return on Shr. Equity	7.5%

CAPITAL STRUCTURE as of 9/30/11
 ST Debt \$333.4 mill. (6% Debt + Equity)
 LT Debt \$547.1 mill. (9% Debt + Equity)

Pension Assets-12/10 \$318 mill. **Oblig.** \$344 mill.
 Pfd Stock None
Common Stock 360,639,638 shares as of 10/31/11
MARKET CAP: \$4.7 billion (Mid Cap)

EARNINGS FACTORS
 MARGIN (%)
 2009 2010 9/30/11
 Earning Asset Yield 4.23 4.37 4.69
 Cost of Funds 1.25 .80 .63
 Yield-Cost Margin 2.98 3.57 4.06

NET CHANGES (\$mill) 2009 2010 9/30/11
 Loans & Secys. 283.9 5415.9 2327.0
 Deposits 395.2 363.6 2554.0
 FHLB Advances -2 494.5 -175.9
 Other Borrowing 5.1 357.2 45.8

BUSINESS: People's United Financial is a holding company containing the former People's Bank and Chittenden Corp., acquired January 1, 2008. Provides a full range of financial svcs. to individual, corporate, and municipal customers, including lending, cash management, banking, brokerage, equipment leasing, asset management, and insurance. Has about 370 branches throughout the

Northeast, including 286 traditional branches, 84 supermarket branches, and over 400 ATMs. Offs./dirs. own 1.3% of common; Capital World Investors, 5.1%; BlackRock, Inc., 6.5% (3/11 proxy). Has about 5,200 Employees. Chairman: George Carter; Pres. & CEO: John P. Barnes, Inc. CT. Addr.: 850 Main St., Bridgeport, CT 06604. Tel.: 203-338-7171. Internet: www.peoples.com.

ANNUAL RATES Past Past Est'd '08-'10
 of change (per sh) 10 Yrs. 5 Yrs. to '14-'16

Mortgage Lns	6.0%	6.5%	6.0%
Savings Dep	6.0%	8.5%	3.5%
Earnings	-1.0%	--	26.0%
Dividends	11.0%	10.5%	3.5%
Book Value	18.0%	30.5%	2.5%

DEPOSITS (\$mill.)

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31
2008	15160	14532	14152	14269
2009	14845	15023	15050	15446
2010	15397	15834	15675	17933
2011	18110	18278	20487	20900
2012	21100	21400	21700	22000

EARNINGS PER SHARE ^A

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.05	.13	.14	.10	.42
2009	.07	.08	.08	.07	.30
2010	.04	.04	.08	.08	.24
2011	.15	.15	.15	.15	.60
2012	.19	.20	.20	.21	.80

QUARTERLY DIVIDENDS PAID ^B

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.13	.15	.15	.15	.58
2009	.15	.153	.153	.153	.61
2010	.153	.155	.155	.155	.62
2011	.155	.1575	.1575	.1575	.63
2012					

Share net for People's United Financial staged a big turnaround in 2011, compared to the previous year. The thrift is enjoying growing benefits from acquisitions that were completed earlier. What's more, there continues to be decent organic growth in both loans and deposits across the business segments. Lastly, trends in asset quality are fairly encouraging, with nonperforming loans and net charge-offs exhibiting a general decline over the past several quarters. As a result, the company's bottom line likely surged to \$0.60 a share in 2011, relative to \$0.24 in 2010.

Prospects for the new year look good, as well. Of course, that's based primarily on our assumption of further (albeit gradual) improvement in the business environment. Additional repurchases of common stock should help, too. At this point, we believe that People's share net will jump more than 30%, to \$0.80.

Good things appear to be in store during the 2014-2016 period. The company presently operates around 370 branches in the northeastern United States, including such promising markets as Connecticut,

Massachusetts, and New York. Furthermore, management tends to enforce strict underwriting standards, which enabled the thrift to hold up better than some of its competitors during the last recession. Too, acquisitions ought to remain a vital component of People's expansion, made possible by adequate finances. The most recent purchase was Danvers Bancorp, a Massachusetts-based firm holding \$2.6 billion in assets and \$2.1 billion in deposits. It should be mentioned, however, that future business combinations are not included in our presentation because of many uncertainties.

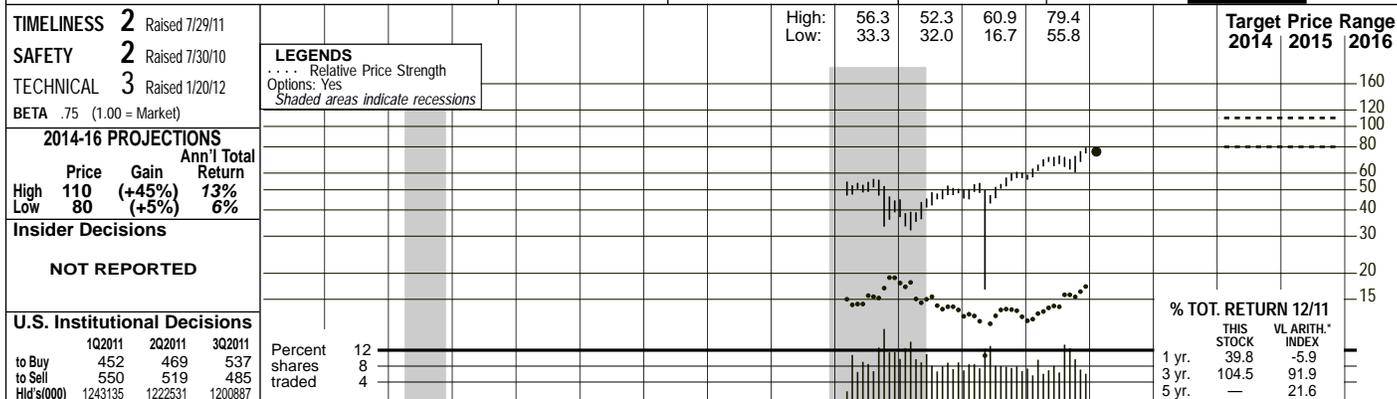
The stock, though an unexciting choice for year-ahead relative price action, is most suitable for conservative, total return investors. Capital appreciation possibilities look attractive at the current quotation. What's more, the present dividend and prospects for additional increases in the distribution are decent. Finally, these shares boast an excellent rating for Price Stability (95 out of 100), as well as a lower-than-market Beta coefficient.

Frederick L. Harris, III January 13, 2012

(A) Diluted earnings. Excludes nonrec. items: '01, 37¢; '04, 75¢; '05, 9¢. Next earnings report due mid-April.
 (B) Dividends historically paid in mid-February.
 (C) In millions, adjusted for stock splits and dividend.

Company's Financial Strength B+
Stock's Price Stability 95
Price Growth Persistence 75
Earnings Predictability 60

PHILIP MORRIS INT. NYSE-PM RECENT PRICE **75.90** P/E RATIO **15.2** (Trailing: 16.1 Median: NMF) RELATIVE P/E RATIO **1.03** DIV'D YLD **4.1%** VALUE LINE



2014-16 PROJECTIONS	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
Price								31.76	32.90	37.58	44.10	45.90	Revenues per sh
Gain								3.86	3.81	4.55	5.50	5.95	"Cash Flow" per sh
Ann'l Total Return								3.32	3.26	3.92	4.85	5.25	Earnings per sh ^B
High	110							1.00	2.24	2.44	2.56	3.08	Div'ds Decl'd per sh ^C
Low	80							.55	.38	.40	.30	.30	Cap'l Spending per sh
Insider Decisions	NOT REPORTED												
U.S. Institutional Decisions	NOT REPORTED												

CAPITAL STRUCTURE as of 9/30/11	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16
Total Debt \$17759 mil. Due in 5 Yrs \$10444 mil.						48260	55096	63640	62080	67713	76250	78000	Revenues (\$mill)
LT Debt \$12870 mil. LT Interest \$800 mil. (84% of Cap'l)						18.1%	17.8%	17.6%	16.3%	16.7%	17.0%	18.0%	Operating Margin
Pfd Stock None						658.0	748.0	842.0	853.0	932.0	1075	1100	Depreciation (\$mill)
Pension Assets-12/10 \$4.9 bill. Oblig. \$5.3 bill.						6146.0	6026.0	6890.0	6342.0	7259.0	8510	9055	Net Profit (\$mill)
Common Stock 1,736,982,437 shares as of 10/31/11						22.2%	28.9%	28.0%	29.1%	27.4%	29.0%	29.0%	Income Tax Rate
MARKET CAP: \$132 billion (Large Cap)						12.7%	10.9%	10.8%	10.2%	10.7%	11.2%	11.6%	Net Profit Margin
CURRENT POSITION						4936.0	6501.0	4795.0	3504.0	952.0	760	1450	Working Cap'l (\$mill)
Cash Assets	1540	1703	3391			2222.0	5578.0	11377	13672	13370	12000	12500	Long-Term Debt (\$mill)
Receivables	3098	3009	3242			14267	15401	7500.0	5716.0	3506.0	4335	3550	Shr. Equity (\$mill)
Inventory (FIFO)	9207	8317	7453			37.3%	28.7%	37.3%	33.7%	45.3%	52.0%	56.0%	Return on Total Cap'l
Other	837	727	1004			43.1%	39.1%	91.9%	NMF	NMF	NMF	NMF	Return on Shr. Equity
Current Assets	14682	13756	15090			30%	30%	64.4%	35.3%	80.9%	93.0%	NMF	Retained to Com Eq
Accts Payable	670	835	1121						68%	61%	53%	58%	All Div'ds to Net Prof
Debt Due	1744	3132	4889										
Other	8764	8837	10040										
Current Liab.	11178	12804	16050										

BUSINESS: Philip Morris International, Inc. manufactures, sells, and distributes a wide range of tobacco products in markets outside the United States. The company's operations are based in Lausanne, Switzerland. Brands include *Marlboro*, *Philip Morris*, *Chesterfield*, *Parliament*, *L&M*, and *Bond Street*. 2010 operating profit breakdown: European Union, 37.6%; Eastern Europe, Middle East and Africa, 27.5%; Asia, 26.6%; Latin America & Canada, 8.3%. Has 54 factories in various markets around the globe. '10 depreciation rate: 7.3%. Has about 78,300 employees. Chairman and Chief Executive Officer: Louis C. Camilleri. Incorporated: Virginia. Address: 120 Park Avenue, New York, New York 10017. Telephone: 917-663-2233. Internet: www.philipmorrisinternational.com.

Philip Morris International likely finished 2011 in fine fashion. (Results were released soon after this report reached subscribers.) Recent price hikes, coupled with cost-saving efforts, probably led to a revenue gain of roughly 5% and a double-digit earnings advance in the fourth quarter. **The company is returning cash to its stockholders.** PM has been actively repurchasing stock in recent months. Moreover, the company raised its quarterly dividend payout by 20%, to \$0.77 a share. What's more, the tobacco behemoth appears to be in good shape to continue these shareholder-friendly activities for the foreseeable future. **We expect 2012 to be another good year.** The company will likely raise prices in many of its markets in the coming months. This, along with solid profits in Asia, will probably lead to a good showing this year. Revenues should climb at a low single-digit rate and earnings at a considerably faster pace. **Long-term prospects remain attractive.** Philip Morris's recent focus on emerging markets, most notably Asia, will likely be the primary growth driver. On point, the company will probably add a few bolt-on acquisitions in the near term, which should further expand its wide footprint. What's more, recent productivity improvements should also support the bottom line going forward. All told, share net may well grow at a steady clip over the 2014-2016 time frame. **The company's balance sheet is in solid shape.** Philip Morris generates a hearty cash flow that easily supports its operations and shareholder-friendly initiatives. In fact, we expect the company to continue repurchasing stock. **This issue is favorably ranked for the year ahead.** Accordingly, momentum-based accounts might want to consider PM shares. Income-oriented investors should take a look here, as well. At the current quotation, this stock offers a dividend yield (4.1%) well above the *Value Line* median (2.2%). However, we suggest long-term capital-gains seekers stay on the sidelines for now. It appears this equity's recent performance has discounted much of its appreciation potential.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
of change (per sh)			
Revenues	--	--	8.0%
"Cash Flow"	--	--	10.0%
Earnings	--	--	10.5%
Dividends	--	--	13.0%
Book Value	--	--	7.5%

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2008	14354	16703	17365	15218	63640
2009	13286	15213	16573	17008	62080
2010	15587	17383	16936	17807	67713
2011	16530	20234	20706	18780	76250
2012	17000	20500	21000	19500	78000

Cal-endar	EARNINGS PER SHARE ^{AB}	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2008	.79	.81	1.01	.71	3.32
2009	.74	.79	.93	.80	3.26
2010	.90	1.07	.99	.96	3.92
2011	1.06	1.35	1.35	1.09	4.85
2012	1.15	1.40	1.45	1.25	5.25

Cal-endar	QUARTERLY DIVIDENDS PAID ^C	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2008	--	--	.46	.54	1.00
2009	.54	.54	.54	.58	2.20
2010	.58	.58	.58	.64	2.38
2011	.64	.64	.64	.77	2.69
2012					

(A) Pro forma data before, January 1, 2008. (B) Diluted earnings. Next earnings report due late February. (C) Dividends historically paid in early January, April, July, and October. (D) Includes intangibles. At 12/31/10: \$14,034 mil. (\$.79 per share). (E) In millions.

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

To subscribe call 1-800-833-0046.

Richard Gallagher January 27, 2012

QUEST DIAGNOST. NYSE-DGX

RECENT PRICE **57.70** P/E RATIO **12.7** (Trailing: 13.7, Median: 17.0) RELATIVE P/E RATIO **0.89** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS 2 Raised 11/4/11	High: 36.6 Low: 7.3	37.9 18.3	48.1 24.5	37.5 23.7	48.4 35.9	54.8 44.3	64.7 48.6	58.6 48.0	59.9 38.7	62.8 42.4	61.7 40.8	61.2 45.1	Target Price Range 2014 2015 2016
SAFETY 2 Raised 3/20/09	LEGENDS 13.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 6/01 2-for-1 split 6/05 Options: Yes Shaded areas indicate recessions												
TECHNICAL 3 Lowered 12/9/11	2-for-1 												
BETA .70 (1.00 = Market)	% TOT. RETURN 11/11 THIS STOCK VS. ARITH. INDEX 1 yr. 19.8 1.2 3 yr. 28.6 104.4 5 yr. 14.4 22.3												
2014-16 PROJECTIONS Ann'l Total Price Gain Return High 115 (+100%) 20% Low 85 (+45%) 11%													
Insider Decisions J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 Options 0 10 3 2 4 3 2 2 1 to Sell 1 11 4 2 5 5 3 4 1													
Institutional Decisions 1Q2011 2Q2011 3Q2011 to Buy 250 230 152 to Sell 190 211 260 Hlds(000) 134506 140786 141636													

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Revenues per sh	--	14.02	12.75	12.14	12.43	18.38	18.89	20.97	22.18	24.00	27.73	32.32	34.55	38.04	41.67	43.05	47.75	49.85	Revenues per sh	56.90
"Cash Flow" per sh	--	d.93	.45	.80	.74	1.29	1.75	2.31	2.77	3.16	3.64	4.32	4.08	4.75	5.52	5.70	6.15	6.55	"Cash Flow" per sh	7.80
Earnings per sh ^A	--	d1.78	d.19	.22	.29	.56	.96	1.61	2.06	2.39	2.66	3.22	2.84	3.27	3.88	4.05	4.30	4.70	Earnings per sh ^A	6.00
Div'ds Decl'd per sh ^B	--	--	--	--	--	--	--	--	--	.30	.36	.40	.40	.40	.40	.40	.47	.71	Div'ds Decl'd per sh ^B	1.07
Cap'l Spending per sh	--	.61	.26	.33	.43	.63	.78	.79	.82	.82	1.13	1.00	1.13	1.12	.93	1.20	1.20	1.20	Cap'l Spending per sh	1.30
Book Value per sh ^C	--	4.66	4.51	4.72	4.86	5.53	6.96	9.03	11.21	10.72	13.92	15.57	17.13	18.92	22.30	23.57	23.45	26.75	Book Value per sh ^C	38.20
Common Shs Outst'g ^D	--	115.29	119.94	120.11	177.41	186.16	192.05	195.93	213.61	213.57	198.46	193.95	194.04	190.57	178.92	171.16	157.00	154.00	Common Shs Outst'g ^D	148.00
Avg Ann'l P/E Ratio	--	--	--	20.4	21.8	35.5	31.2	21.9	14.9	17.9	19.0	17.1	18.6	15.1	13.7	13.0	11.0	11.0	Avg Ann'l P/E Ratio	16.5
Relative P/E Ratio	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Relative P/E Ratio	1.10
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	.7%	.7%	.7%	.8%	.8%	.8%	.8%	.8%	.8%	Avg Ann'l Div'd Yield	1.1%

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
Operating Margin	--	--	--	20.4	21.8	35.5	31.2	21.9	14.9	17.9	19.0	17.1	18.6	15.1	13.7	13.0	11.0	11.0	Operating Margin	21.2%
Depreciation (\$mill)	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Depreciation (\$mill)	260
Net Profit (\$mill)	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Net Profit (\$mill)	895
Income Tax Rate	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Income Tax Rate	36.0%
Net Profit Margin	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Net Profit Margin	10.2%
Working Cap'l (\$mill)	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Working Cap'l (\$mill)	480
Long-Term Debt (\$mill)	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Long-Term Debt (\$mill)	3120
Shr. Equity (\$mill)	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Shr. Equity (\$mill)	5655
Return on Total Cap'l	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Return on Total Cap'l	11.0%
Return on Shr. Equity	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Return on Shr. Equity	16.0%
Retained to Com Eq	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	Retained to Com Eq	13.0%
All Div'ds to Net Prof	--	--	--	1.06	1.24	2.31	1.60	1.20	.85	.95	1.01	.92	.99	.91	.91	.82	.89	.89	All Div'ds to Net Prof	18%

	2009	2010	9/30/11	BUSINESS:	
Total Debt \$4203.7 mill. Due in 5 Yrs \$1875 mill.	3627.8	4108.1	4738.0	15.4%	17.6%
LT Debt \$3367.8 mill. LT Interest \$155.0 mill.	147.7	131.4	153.9	17.6%	20.2%
(49% of Cap'l)	187.8	320.4	436.7	20.2%	21.2%
Leases, Uncapitalized: Ann'l rentals \$174.1 mill.	44.7%	40.6%	40.8%	21.2%	20.8%
No Defined Benefit Pension Plan	5.2%	7.8%	9.2%	20.8%	21.6%
Pfd Stock None	217.9	188.4	272.0	21.6%	20.3%
Common Stock 157,421,000 shares	820.3	796.5	1028.7	20.3%	21.2%
MARKET CAP: \$9.1 billion (Large Cap)	1336.0	1768.9	2394.7	21.2%	22.0%
CURRENT POSITION (SMILL.)	9.7%	13.3%	13.6%	22.0%	21.2%
Cash Assets	14.1%	18.1%	18.2%	21.2%	20.3%
Receivables	14.0%	18.1%	18.2%	20.3%	21.2%
Inventory (FIFO)	--	--	12%	21.2%	20.3%
Other	12%	13%	12%	20.3%	21.2%
Current Assets	10%	10%	10%	21.2%	20.3%
Payables & Other	10%	10%	10%	20.3%	21.2%
Debt Due	10%	10%	10%	21.2%	20.3%
Current Liab.	10%	10%	10%	20.3%	21.2%

	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16	Quest Diagnostics' board padded the quarterly payout for the first time in more than five years. Indeed, this provider of diagnostic testing, information, and services recently raised the annual dividend 70%, to \$0.68 a share. Moreover, in the accompanying press release, top brass said that the company was looking to switch gears in the year ahead. Indeed, management is confident that longer-term growth drivers are already in place, so it is no longer looking to make large or even mid-sized acquisitions. Instead, Quest will focus on improving operational performance and integrating businesses that have been acquired. As a result, the company now plans to return the majority of cash flow to shareholders through a combination of dividends and share repurchases. Investors applauded the news. DGX shares soared more than 10%, after the dividend hike was announced, and have continued climbing since. Thanks, in part, to this newfound momentum, we have increased this issue's Timeliness rank by a notch, to 2 (Above Average), and now expect the stock to outperform the broader market in the year ahead.	
Revenues	11.0%	10.5%	6.5%	Quest will likely close out 2011 in fine fashion. We look for sales to expand roughly 2% in the final period, thanks to recent acquisitions and decent pricing gains. Adjusted share earnings, which exclude restructuring and integration activities among other things, ought to climb about 9%, to \$1.07 a share. Despite some headwinds and the lack-luster economic backdrop, we think the good times will continue to roll in 2012. Volumes will probably remain under some pressure, but pricing actions should help propel the top line forward by 2%-3%. Thanks to ongoing restructuring, productivity-improvement efforts, and stock repurchasing, share earnings ought to climb approximately 9%, to \$4.70. We like this issue's long-term potential. Sure, the stock has traded in a tight range for the better part of the last decade, mostly between \$40 and \$60. But, we think that an improved economic environment and better industry fundamentals will lead to profit growth over the years. This, in turn, will put some upward pressure on the P/E multiple.	
"Cash Flow"	19.0%	11.0%	7.5%	Erik M. Manning	
Earnings	26.5%	9.5%	8.0%	December 16, 2011	
Dividends	--	12.5%	7.0%		
Book Value	15.5%	12.5%	12.0%		

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	1785	1838	1827	1800	7249
2009	1808	1902	1897	1848	7455
2010	1806	1875	1865	1824	7369
2011	1822	1903	1906	1864	7495
2012	1870	1955	1950	1905	7680

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.72	.83	.84	.87	3.27
2009	.89	1.00	1.02	.97	3.88
2010	.95	1.07	1.05	.98	4.05
2011	.93	1.12	1.18	1.07	4.30
2012	1.06	1.23	1.21	1.20	4.70

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.10	.10	.10	.10	.40
2009	.10	.10	.10	.10	.40
2010	.10	.10	.10	.10	.40
2011	.10	.10	.10	.10	.40
2012	.17				.68

(A) Diluted earnings. Excludes nonrecurring: '96, d\$3.65; '99, d\$3.2c; '00, d\$3c; '01, d12c; '02, 1c; '04, d4c; '06, d28c; '07, d\$1.10; '08, d1c. Quarterly figures may not sum due to rounding.
 (B) Dividends historically paid mid-January, April, July, October.
 (C) Includes intangibles. In '10: \$6.0 billion, \$35.05/sh.
 (D) In millions, adjusted for splits.

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RLI CORP. NYSE:RLI				RECENT PRICE	P/E RATIO	Trailing: 11.8 Median: 12.0	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																				
TIMELINESS	4	Lowered 12/16/11	High: 22.5	69.54	15.3	1.08	1.7%		Target Price Range																				
SAFETY	2	Raised 6/28/02	Low: 13.1						2014 2015 2016																				
TECHNICAL	4	Lowered 12/9/11	22.5 23.1 30.2 38.2 43.7 56.5 57.5 61.5 72.1 62.0 62.0 72.9																										
BETA	.80	(1.00 = Market)	22.2 24.5 33.0 40.0 44.8 50.8 44.0 42.5 49.7 50.9																										
2014-16 PROJECTIONS Price Gain Ann'l Total High 85 (+20%) 7% Low 60 (-15%) -2%																													
Insider Decisions J F M A M J J A S to Buy 3 3 0 0 0 0 0 0 0 Options to Buy 5 2 0 1 1 0 3 0 0 to Sell 0 0 0 1 0 0 0 1 0																													
Institutional Decisions 1Q2011 2Q2011 3Q2011 to Buy 71 66 64 to Sell 72 71 69 Hlds(000) 17499 18545 18436																													
LEGENDS 12.0 x Earnings p sh Relative Price Strength 5-for-4 split 6/98 2-for-1 split 10/02 Options: Yes Shaded areas indicate recessions																													
Percent shares traded 12 8 4																													
% TOT. RETURN 11/11 THIS STOCK VL ARITHMETIC INDEX 1 yr. 52.2 1.2 3 yr. 57.7 104.4 5 yr. 71.8 22.3																													
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16										
6.80	6.68	6.57	6.84	9.89	11.81	13.77	14.10	18.42	20.20	19.23	21.85	24.58	24.62	23.14	23.53	26.20	36.90	P/C Prem Earned p sh	62.50										
1.12	1.21	1.14	1.15	1.32	1.48	1.62	1.53	1.75	2.14	2.41	2.94	3.56	3.68	3.17	3.19	2.95	3.40	Investment Inc p sh	5.75										
d.38	.70	.80	.81	.87	.62	.39	.63	1.48	1.58	2.69	3.77	7.04	3.88	4.09	4.54	6.00	7.40	Underwriting Inc p sh	7.45										
.40	1.30	1.33	1.33	1.54	1.45	1.51	1.86	2.27	2.47	3.67	4.38	6.52	4.99	4.70	5.31	5.35	4.35	Earnings per sh ^A	6.00										
.20	.22	.24	.26	.28	.30	.32	.34	.40	.51	.63	.75	.87	.97	1.08	1.15	1.19	1.23	Div'ds Decl'd per sh ^B	1.40										
8.08	10.23	12.35	14.13	14.84	16.66	16.92	18.50	22.02	24.64	27.12	31.16	34.95	32.98	39.14	37.75	42.15	43.60	Book Value per sh	65.65										
19.63	19.55	21.59	20.81	19.75	19.61	19.83	24.68	25.17	25.32	25.55	24.27	22.16	21.47	21.26	20.96	21.00	19.50	Common Shs Outst'g ^C	16.00										
104%	101%	122%	138%	113%	107%	124%	141%	143%	154%	170%	166%	163%	163%	130%	146%			Price to Book Value	110%										
20.9	7.9	11.3	14.7	10.9	12.3	13.9	14.0	13.8	15.4	12.5	11.8	8.8	10.8	10.8	10.4			Avg Ann'l P/E Ratio	12.0										
1.40	49	.65	.76	.62	.80	.71	.76	.79	.81	.67	.64	.47	.65	.72	.67			Relative P/E Ratio	.80										
2.4%	2.1%	1.6%	1.3%	1.6%	1.7%	1.5%	1.3%	1.3%	1.3%	1.4%	1.5%	1.5%	1.8%	2.1%	2.1%			Avg Ann'l Div'd Yield	1.9%										
CAPITAL STRUCTURE as of 9/30/11 Total Debt \$100.0 mill. Due in 5 Yrs \$32.0 mill. (10% of Cap'l) Leases, Uncapitalized Annual rentals \$3.4 million No Defined Benefit Pension Plan Pfd Stock None Common Stock 21,081,400 shs. as of 10/15/11 MARKET CAP: \$1.5 billion (Mid Cap)										273.0	348.1	463.6	511.3	491.3	530.3	544.5	528.8	492.0	493.4	550	720	P/C Premiums Earned	1000						
										57.1%	58.4%	60.2%	59.9%	51.1%	48.4%	35.1%	46.7%	41.3%	40.8%	38.0%	42.0%	Loss to Prem Earned	52.0%						
										34.7%	18.6%	31.8%	32.3%	34.9%	34.3%	36.3%	37.5%	41.0%	39.9%	39.0%	38.0%	Expense to Prem Writ	34.0%						
										8.2%	23.1%	8.1%	7.8%	14.0%	17.3%	28.6%	15.8%	17.7%	19.3%	23.0%	20.0%	Underwriting Margin	14.0%						
										26.3%	20.3%	23.4%	21.0%	26.1%	32.7%	27.0%	30.6%	31.0%	31.7%	32.0%	31.0%	Income Tax Rate	30.0%						
										30.2	38.2	58.6	64.4	96.9	109.8	166.7	108.6	101.7	110.2	110	85.0	Net Profit (\$mill)	95.0						
										4.3%	4.0%	3.4%	3.6%	3.7%	4.1%	4.8%	5.2%	4.4%	4.6%	4.5%	4.6%	Inv Inc/Total Inv	5.5%						
										1391	1719	2134	2469	2736	2771	2627	2419	2539	2515	2850	3075	Total Assets (\$mill)	4000						
										335.4	456.6	554.1	623.7	692.9	756.3	774.4	708.2	832.3	791.4	885	850	Shr. Equity (\$mill)	1050						
										9.0%	8.4%	10.6%	10.3%	14.0%	14.5%	21.5%	15.3%	12.2%	13.9%	12.5%	10.0%	Return on Shr. Equity	9.0%						
										7.2%	6.9%	8.9%	8.4%	11.8%	12.1%	18.9%	12.4%	9.5%	10.1%	10.0%	7.0%	Retained to Com Eq	7.0%						
										20%	17%	16%	19%	16%	16%	12%	19%	22%	27%	22%	28%	All Div'ds to Net Prof	23%						
FINANCIAL POSITION (MILL.) Bonds 1485.3 1441.3 1530.2 Stocks 262.7 321.9 331.3 Other 790.7 751.4 932.9 Total Assets 2538.7 2514.6 2794.4 Unearned Premiums 312.5 301.5 361.6 Reserves 1146.5 1173.9 1180.0 Other 247.4 247.8 385.3 Total Liabilities 1706.4 1723.2 1926.9										BUSINESS: RLI Corp., through its subsidiaries RLI Insurance and Mt. Hawley, writes multiple lines of insurance on an admitted basis in all 50 states. Also underwrites specialty property and casualty insurance on an admitted basis and excess and surplus business on a non-admitted basis. Underwrites earthquake risks (in California). Other companies in the group include: Replacement Lens, Inc.; Li-										cense Express Services, Inc. Has 670 employees. State Street owns 9.7% of common stock; Franklin Res., 8.8%; Neuberger Berman, 7.9%; Gerald Stephens, 6.3%; dir. & off., 12.8%. (3/11 proxy). Pres. and CEO: Jonathan E. Michael; Chairman: Gerald D. Stephens. Add.: 9025 North Lindbergh Drive, Peoria, Illinois 61615. Tel.: 309-692-1000. Internet: www.rlicorp.com.									
ANNUAL RATES of change (per sh) Premium Inc 9.5% Invest Income 10.0% Earnings 13.5% Dividends 14.5% Book Value 9.0%										RLI Corp. posted a year-over-year earnings increase during the September quarter. Earnings per share on an operating basis, exclude capital gains and losses from the investment portfolio, were \$1.23 for the period, a \$0.04 increase over the year-ago tally. The combined ratio was a solid 83.1% during the quarter, which was even with last year's comparable-period tally. This implies that the insurer made nearly \$17 in pretax profits for every \$100 in policies that it insured. The top line also increased, thanks to new business wins, coupled with rate increases in some product segments. Meantime, net investment income declined about 5% relative to 2010, owing to reduced yields on fixed-income securities.										vestment yields likely remain constrained.) The probable decrease in the underwriting margin (100% minus the combined ratio) largely reflects a decrease in favorable reserve development, which adds to earnings, relative to 2011's unsustainable level. For instance, we look for favorable reserves of \$90 million this year, while our expectation for next year is about \$50 million (which is closer to the 2008-2010 mean of about \$55 million).									
Past 10 Yrs. 5 Yrs. Past Est'd '08-'10										We estimate a year-over-year earnings decline in 2012, though we believe this requires an explanation. Though we look for a solid gain in net premiums earned next year, thanks to hardening conditions in the broader insurance market, we forecast an uptick in the combined ratio. (It should be noted that much of the estimated increase in investment income for 2012 reflects increased cash flow, as in-										These shares have catapulted in price over the past three months. We believe this reflects investor optimism regarding the prospects of the insurance industry. This sector is cyclical in nature, and we think a gradually improving economy augurs well for pricing conditions going forward. However, though we like the RLI story, much of the good news appears to be baked into the current price, as these untimely shares are trading well within our 3- to 5-year Target Price Range.									
Full Year 2008 528.8 2009 492.0 2010 493.4 2011 550 2012 720										Full Year 2008 4.99 2009 4.70 2010 5.31 2011 5.35 2012 4.35										December 16, 2011									
Full Year 2007 .84 2008 .97 2009 1.07 2010 1.14										Full Year 2007 1.07 2008 1.14																			
Full Year 2007 .20 2008 .23 2009 .26 2010 .28 2011 .29										Full Year 2007 .22 2008 .26 2009 .27 2010 .29 2011 .30																			
Full Year 2007 .84 2008 .97 2009 1.07 2010 1.14										Full Year 2007 1.07 2008 1.14																			

(A) Dil. eqs. Excludes cap. gains and losses beginning in 2002. Excludes extraordinary gain; '01, 8c. Excludes nonrecurring (charges)/gains: '02, (11c); '06, 89c; '07, 39c; '08, (\$1.39); '09, (\$0.38); '10, 69c. Next eqs. available. Excludes special dividend of \$7.00/share paid on 12/29/10. (B) Div's. historically paid in mid-March, June, Sept., and Dec. (C) Div'd. reinvestment plan available. Excludes special dividend of \$7.00/share paid on 12/29/10. (C) In mill., adj. for stock splits.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	90
Earnings Predictability	70

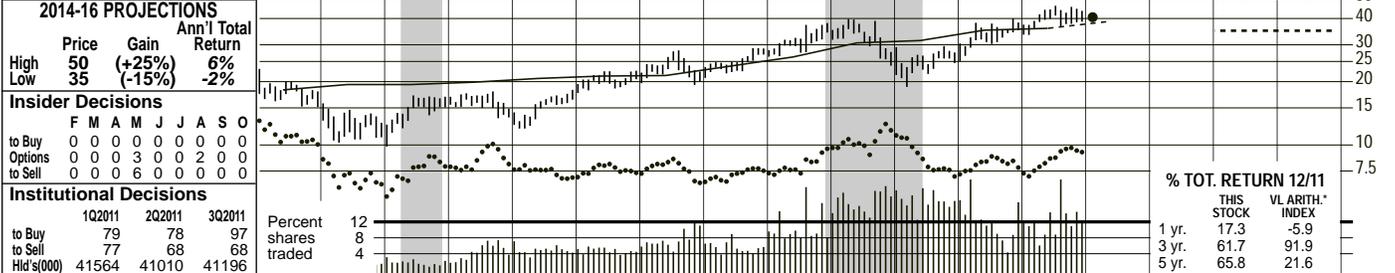
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RUDDICK CORP. NYSE-RDK

RECENT PRICE **40.64** P/E RATIO **17.4** (Trailing: 17.8 Median: 15.0) RELATIVE P/E RATIO **1.18** DIV'D YLD **1.3%** VALUE LINE

TIMELINESS 3 Lowered 11/18/11	High: 15.8 17.2 18.0 18.3 22.5 28.2 28.9 38.0 39.8 29.6 40.0 46.0	Target Price Range 2014 2015 2016
SAFETY 3 New 7/27/90	Low: 10.3 9.8 13.4 12.0 17.7 19.3 20.8 26.3 23.8 18.9 25.1 33.4	
TECHNICAL 4 Lowered 1/20/12	LEGENDS 7.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded areas indicate recessions	
BETA .65 (1.00 = Market)		



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
44.65	46.11	49.36	53.43	56.51	58.04	59.23	56.92	58.95	61.39	61.91	68.67	75.28	82.63	84.00	89.54	87.20	93.35	Sales per sh ^A	121.20
1.78	1.96	2.28	2.43	2.61	2.77	2.77	2.85	2.97	3.04	3.06	3.39	3.75	4.37	4.49	5.03	5.13	5.55	"Cash Flow" per sh	6.85
.84	.92	1.02	1.00	1.08	1.10	1.03	1.21	1.29	1.38	1.44	1.52	1.68	2.00	1.91	2.31	2.28	2.50	Earnings per sh ^B	3.25
.25	.26	.32	.32	.33	.36	.36	.36	.36	.40	.44	.44	.44	.48	.48	.48	.52	.52	Div'ds Decl'd per sh ^C	.60
6.82	7.47	8.17	8.82	9.55	10.23	9.61	9.85	10.71	11.76	12.72	14.10	15.24	17.05	16.73	18.16	19.84	22.00	Book Value per sh	29.40
46.37	46.46	46.60	46.55	46.45	46.22	46.32	46.45	46.22	46.73	47.89	47.56	48.34	48.31	48.55	49.14	49.15	49.50	Common Shs Outst'g ^D	49.50
12.5	13.5	14.5	17.7	17.1	12.3	13.4	13.5	11.3	13.9	16.0	15.2	17.7	17.3	13.2	13.3	17.0		Avg Ann'l P/E Ratio	13.0
.84	.85	.84	.92	.97	.80	.69	.74	.64	.73	.85	.82	.94	1.04	.88	.85	1.07		Relative P/E Ratio	.85
2.4%	2.1%	2.2%	1.8%	1.8%	2.7%	2.6%	2.2%	2.5%	2.1%	1.9%	1.9%	1.5%	1.4%	1.9%	1.6%	1.3%		Avg Ann'l Div'd Yield	1.4%

CAPITAL STRUCTURE as of 10/2/11		2009	2010	2011	2012	14-16
Total Debt	\$287.3 mill.	2743.3	2644.2	2724.7	2868.6	2964.7
LT Debt	\$283.4 mill.	30.7%	31.4%	31.4%	31.8%	31.8%
LT Interest	\$17.0 mill.	6.6%	7.0%	6.6%	6.6%	6.5%
(Total interest coverage: 10.5x)	(23% of Cap'l)	137	143	117	138	145
Leases, Uncapitalized	Annual rentals \$97.6 mill.	48.0	56.4	59.9	64.7	68.6
Pension Assets-9/11	\$234.6 mill.	38.6%	34.4%	35.0%	36.0%	36.2%
Oblig.	\$301.0 mill.	1.7%	2.1%	2.2%	2.3%	2.3%
Pfd. Stock	None	112.3	166.1	161.6	188.0	134.1
Common Stock	49,280,833 shs.	156.4	185.2	157.5	157.6	155.1
as of 11/21/11		445.4	457.7	495.3	549.7	608.9
MARKET CAP: \$2.0 billion (Mid Cap)		9.2%	9.7%	10.1%	10.1%	9.8%
		10.8%	12.3%	12.1%	11.8%	11.3%
		7.0%	8.7%	8.7%	8.4%	7.8%
		35%	30%	28%	29%	30%

Leases, Uncapitalized Annual rentals \$97.6 mill.
Pension Assets-9/11 \$234.6 mill.
Oblig. \$301.0 mill.
Pfd. Stock None
Common Stock 49,280,833 shs. as of 11/21/11
MARKET CAP: \$2.0 billion (Mid Cap)

CURRENT POSITION (SMILL.)

	2009	2010	10/2/11
Cash Assets	37.3	73.6	164.5
Receivables	80.1	99.4	47.1
Inventory (LIFO)	310.3	320.5	287.1
Other	46.6	51.5	261.0
Current Assets	474.3	545.0	759.7
Accts Payable	227.9	228.7	252.9
Debt Due	16.6	18.8	3.9
Other	158.4	154.5	222.6
Current Liab.	402.9	402.0	479.4

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

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11
Sales	4.0%	6.5%	5.5%
"Cash Flow"	6.0%	9.0%	6.0%
Earnings	7.5%	8.5%	7.0%
Dividends	3.5%	3.0%	3.5%
Book Value	6.5%	7.0%	8.5%

Fiscal Year Ends QUARTERLY SALES (\$ mill.)^A Full Fiscal Year

	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2008	976.7	975.5	1013.5	1026.7	3992.4
2009	994.9	1010.0	1024.8	1048.1	4077.8
2010	1040.5	1071.4	1098.6	1190.0	4400.5
2011	1032.3	1050.1	1101.7	1101.5	4285.6
2012	1110	1130	1160	1220	4620

Fiscal Year Ends EARNINGS PER SHARE^{A B} Full Fiscal Year

	Dec.Per	Mar.Per	Jun.Per	Sep.Per	Full Fiscal Year
2008	.48	.50	.51	.51	2.00
2009	.47	.48	.47	.49	1.91
2010	.49	.57	.59	.66	2.31
2011	.71	.54	.54	.50	2.28
2012	.57	.62	.65	.66	2.50

Cal-endar QUARTERLY DIVIDENDS PAID^C Full Year

	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.12	.12	.12	.12	.48
2009	.12	.12	.12	.12	.48
2010	.12	.12	.12	.12	.48
2011	.13	.13	.13	.13	.52
2012	.13				

BUSINESS: Ruddick Corp. is a holding company with two wholly owned subsidiaries: Harris Teeter, Inc., a southeastern regional supermarket chain; and American & Efrid, Inc., a manufacturer and distributor of industrial sewing thread, with operations in North Carolina and 22 countries. The Jordan Graphics, Inc. subsidiary was sold in 1/96. Assets from Threads USA were acquired in 6/96.

Ruddick Corporation seeks to become Harris Teeter Supermarkets. The company recently filed for the official name change after completing the sale of American & Efrid Corporation, its thread-making subsidiary, for \$180 million in cash to KPS Capital Partners, LP. It also intends to switch its ticker symbol from RDK to HTSI. The fresh look should serve to reinforce the business's goal of becoming a pure regional supermarket chain.

The company probably stumbled coming out of the gate in fiscal 2012 (year ends September 30th). Its focus on driving units and transactions likely hurt the bottom line some, as elevated promotional activities gave way to tighter margins. Although sales ought to register an advance in fiscal 2012, and stringent cost controls should help preserve margins and share earnings, we have reduced our outlook. We now anticipate top-line growth of about 8% and share net around \$2.50.

Ruddick will likely utilize the proceeds from its divestiture for expansion. It plans to build a market presence in the Washington, D.C. metro area, which includes northern Virginia, southern

Maryland, and coastal Delaware. The company may even choose to pay down portions of its long-term debt or possibly boost the dividend.

Customer metrics have improved gradually, along with the greater market. Shoppers have been frequenting the grocery store more often of late, as transaction volumes and overall basket prices continue to rise. Many consumers have opted to purchase prepared or organic specialty items and cook in their own homes. This trend has been bolstered by the increasing popularity of individuals seeking more health-conscious items with a lower cost than restaurant offerings.

These shares have fallen a notch in Timeliness since our October review, and are now ranked to mirror the broader market averages over the coming six to 12 months. Investors may want to shy away from this stock for now, since it holds poor capital appreciation potential to 2014-2016 and appears to be selling at a premium on a price-to-earnings basis. All told, we believe better-defined, long-term investment options exist elsewhere, at this juncture.

Kenneth J. DeFranco, Jr. January 27, 2012

(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 early January, April, July, and October. Div'd reinvestment plan available.
(D) In millions.

Earnings may not sum due to rounding. Excludes nonrecurring items: '01, (\$1.05); '02, (\$0.09); '09, (\$0.13); '11, (\$0.41). Next earnings report due early February.

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

SAIC, INC. NYSE-SAI		RECENT PRICE 12.95	P/E RATIO 8.6 (Trailing: 9.3 Median: NMF)	RELATIVE P/E RATIO 0.56	DIV'D YLD Nil	VALUE LINE
TIMELINESS 3 Lowered 8/7/09		High: 21.1	21.1	21.9	20.4	19.8
SAFETY 2 Raised 3/6/09		Low: 16.9	16.1	16.3	15.9	14.9
TECHNICAL 4 Lowered 3/2/12						17.7
BETA .65 (1.00 = Market)						13.3
2015-17 PROJECTIONS						
Price	Gain	Ann'l Total				
High 45	(+245%)	36%				
Low 35	(+170%)	28%				
Insider Decisions						
A M J J A S O N D						
to Buy	0 0 0 0 0 0 0 0 0 0					
Options	1 0 0 0 0 0 0 0 0 0					
to Sell	0 0 0 0 0 0 0 0 0 0					
Institutional Decisions						
1Q2011	2Q2011	3Q2011	Percent	24		
to Buy	127	126	shares	16		
to Sell	140	143	traded	8		
Hld's(000)	153470	156829				

SAIC, Inc., a scientific, engineering, and technology applications company, was founded by J. Robert Beyster, Ph.D. and a small group of scientists in 1969. The company held an initial public offering in October, 2006, and sold 86.25 million shares for net proceeds of \$1.24 billion.	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
	--	--	--	--	20.13	21.63	24.80	27.95	30.71	31.55	32.55	35.65	Revenues per sh ^A	45.45
	--	--	--	--	1.07	1.13	1.32	1.53	1.88	1.75	1.85	2.10	"Cash Flow" per sh	2.70
	--	--	--	--	1.01	.93	1.10	1.25	1.51	1.40	1.50	1.70	Earnings per sh ^{A B}	2.25
	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
	--	--	--	--	.18	.15	.15	.15	.20	.20	.20	.20	Cap'l Spending per sh	.25
	--	--	--	--	3.73	4.60	5.13	5.90	6.88	7.85	9.40	11.10	Book Value per sh ^C	17.45
	--	--	--	--	412.00	413.00	406.00	388.00	362.00	341.00	341.00	341.00	Common Shs Outst'g ^D	341.00
CAPITAL STRUCTURE as of 10/31/11	--	--	--	--	18.5	19.9	17.5	14.5	11.2	10.6	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	18.0
Total Debt \$1852 mill. Due in 5 Yrs \$559 mill.	--	--	--	--	1.00	1.06	1.05	.97	.71	.66			Relative P/E Ratio	1.20
LT Debt \$1299 mill. LT Interest \$77.0 mill.	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil
(Total interest coverage: 12.2x) (36% of Cap'l)	--	--	--	7792.0	8294.0	8935.0	10070	10846	11117	10755	11100	12150	Revenues (\$mill) ^A	15500
	--	--	--	7.3%	7.9%	8.3%	8.6%	8.9%	9.6%	8.5%	8.7%	8.9%	Operating Margin	9.0%
Leases, Uncapitalized Annual rentals \$139.0 mill.	--	--	--	70.0	72.0	80.0	89.0	93.0	111.0	110	115	120	Depreciation (\$mill)	135
	--	--	--	354.8	369.0	386.0	447.0	500.0	569.0	485	520	590	Net Profit (\$mill)	780
Pension Assets-1/11 \$111.0 mill. Oblig. \$131.0 mill.	--	--	--	28.9%	38.8%	38.3%	36.4%	37.4%	35.6%	37.5%	37.5%	37.5%	Income Tax Rate	37.5%
	--	--	--	4.6%	4.4%	4.3%	4.4%	4.6%	5.1%	4.5%	4.7%	4.9%	Net Profit Margin	5.0%
Common Stock 341,207,669 shs.	--	--	--	2912.0	1282.0	1405.0	1534.0	1487.0	2101.0	1425	1565	1725	Working Cap'l (\$mill)	2350
(Includes 181,000,000 Class A preferred 10-vote shares.)	--	--	--	1192.0	1199.0	1098.0	1099.0	1103.0	1849.0	1300	1250	1200	Long-Term Debt (\$mill)	1100
as of 11/18/11	--	--	--	2807.0	1536.0	1901.0	2084.0	2291.0	2491.0	2680	3200	3790	Shr. Equity (\$mill)	5955
MARKET CAP: \$4.4 billion (Mid Cap)	--	--	--	10.0%	15.2%	14.4%	15.3%	15.9%	14.0%	13.0%	12.5%	12.5%	Return on Total Cap'l	11.5%
	--	--	--	12.6%	24.0%	20.3%	21.4%	21.8%	22.8%	18.0%	16.5%	15.5%	Return on Shr. Equity	13.0%
	--	--	--	12.6%	24.0%	20.3%	21.4%	21.8%	22.8%	18.0%	16.5%	15.5%	Retained to Com Eq	13.0%
	--	--	--	--	--	--	--	--	--	Nil	Nil	Nil	All Div'ds to Net Prof	Nil

CURRENT POSITION (\$MILL.)	2009	2010	10/31/11
Cash Assets	861	1367	1463
Receivables	2044	2095	2219
Inventory (FIFO)	288	387	309
Other	--	--	--
Current Assets	3193	3849	3991
Accts Payable	1191	1217	1534
Debt Due	3	3	553
Other	512	528	611
Current Liab.	1706	1748	2698

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '15-'17
of change (per sh)	--	--	8.5%
Revenues	--	--	9.5%
"Cash Flow"	--	--	10.0%
Earnings	--	--	Nil
Dividends	--	--	19.5%
Book Value	--	--	

QUARTERLY REVENUES (\$ mill.) ^A	Full Fiscal Year
Fiscal Year Begins	Apr.Per Jul.Per Oct.Per Jan.Per
2009	2649 2749 2765 2683 10846
2010	2685 2794 2869 2769 11117
2011	2688 2596 2811 2660 10755
2012	2740 2790 2840 2730 11100
2013	3000 3050 3100 3000 12150

EARNINGS PER SHARE ^{A B}	Full Fiscal Year
Fiscal Year Begins	Apr.Per Jul.Per Oct.Per Jan.Per
2009	.29 .31 .34 .31 1.25
2010	.32 .42 .41 .36 1.51
2011	.36 .32 .35 .37 1.40
2012	.34 .38 .41 .37 1.50
2013	.39 .43 .46 .42 1.70

QUARTERLY DIVIDENDS PAID	Full Year
Calendar	Mar.31 Jun.30 Sep.30 Dec.31
2008	
2009	NO CASH DIVIDENDS
2010	BEING PAID
2011	
2012	

BUSINESS: SAIC, Inc. provides scientific, engineering, systems integration, and technical services and solutions to various branches of the U.S. military, agencies of the U.S. Department of Defense, the intelligence community, the U.S. Department of Homeland Security, other U.S. government civil agencies, state and local government agencies, foreign governments, and customers in selected

The story at SAIC, Inc. remains unchanged. The company likely finished 2011 with lackluster results. Indeed, we anticipate both the top and bottom lines fell year to year, some 3% and 7%, respectively. Performance has been stifled by federal budget uncertainty, which has largely halted ongoing programs and pushed back project starts. Moreover, government agencies have been attempting to stretch current resources further, rather than purchase costly third-party services and solutions.

The company ought to bounce back in 2012. Although federal spending levels will probably decline, a few key areas may experience growth this year. Sectors such as cybersecurity, energy, healthcare, intelligence, and logistics should receive the lion's share of government funding. SAIC's book-to-bill ratio presently hovers around 1.3, and its total backlog now clocks in at more than \$18 billion. These factors augur well for revenues and share earnings going forward. **SAIC should be off to the races by 2013.** The company has submitted proposals of over \$30 billion awaiting decision.

commercial markets. Also has energy, healthcare, environmental, and cyber security operations. Has about 43,400 employees. Officers & directors own 1.3% of common stock (4/11 proxy). Chairman: Kenneth Dahlberg, Chief Executive Officer: Walter Havenstein. Inc.: DE. Address: 1710 SAIC Drive, McLean, VA 22102. Tel.: 703-676-4300. Internet: www.saic.com.

Its high win rate for new project submissions and large investments in corporate and defense security software have the business poised to record solid sales and share-net gains in 2013.

A concern for digital safety could provide the company with a financial windfall. Indeed, cybersecurity remains an enterprise risk that continues to evolve. Financial institutions are focused on safeguarding customer assets, health agencies have begun switching to digital records, and energy entities have shifted toward SmartGrid technology. Furthermore, telecommunications firms are seeking to insure quality call service while protecting consumers from fraudulent activities. SAIC has developed the latest-generation applications and solutions for these sectors. Thus, its prospects appear bright three to five years hence.

These good-quality shares are neutrally ranked for year-ahead price performance. That said, this stock holds wide capital appreciation potential to 2015-2017. Long-term investors may want to take note of this intriguing issue.

Kenneth J. DeFranco, Jr. March 2, 2012

(A) Fiscal year ends January 31st.
(B) Diluted earnings. Excludes discontinued operations: '06, 7¢; '07, 7¢; '08, 2¢; '09, 1¢; '10, 12¢. Next earnings report due late March.

(C) Incl intang. In 2010: \$1.9 bill., \$5.22/sh.
(D) In millions.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	35
Earnings Predictability	95

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SAFeway INC. NYSE-SWY

RECENT PRICE **21.12** P/E RATIO **11.7** (Trailing: 12.5; Median: 15.0) RELATIVE P/E RATIO **0.79** DIV'D YLD **3.0%** VALUE LINE

TIMELINESS 2 Raised 4/22/11
SAFETY 2 Raised 1/30/09
TECHNICAL 4 Lowered 1/20/12
BETA .70 (1.00 = Market)

High: 62.7 61.4 46.9 25.8 25.6 26.5 35.6 38.3 34.9 24.2 27.0 25.4
 Low: 30.8 37.4 18.5 16.2 17.3 17.8 22.2 30.1 17.2 17.2 18.7 15.9

LEGENDS
 --- 6.5 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded areas indicate recessions

2014-16 PROJECTIONS
 Price Gain Ann'l Total
 High 45 (+115%) 23%
 Low 35 (+65%) 16%

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

Institutional Decisions
 10/2011 20/2011 30/2011
 to Buy 205 158 185
 to Sell 175 213 193
 Hlds(000) 342599 354068 335018

Percent shares traded: 36, 24, 12

% TOT. RETURN 12/11
 THIS STOCK VL ARITH.
 1 yr. -3.9 -5.9
 3 yr. -5.9 91.9
 5 yr. -34.0 21.6

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
38.37	39.00	47.22	49.94	58.47	63.43	70.27	73.47	80.04	80.02	85.48	91.31	96.08	102.83	105.20	111.55	129.85	136.90	Sales per sh ^A	162.50
1.53	1.80	2.26	2.73	3.38	3.81	4.64	4.81	3.75	3.25	3.48	4.01	4.45	4.91	4.87	4.76	5.35	5.60	"Cash Flow" per sh	6.90
.68	.97	1.25	1.59	1.88	2.13	2.59	2.76	1.80	1.25	1.40	1.73	1.99	2.21	1.75	1.55	1.75	1.85	Earnings per sh ^B	2.60
---	---	---	---	---	---	---	---	---	---	.15	.22	.27	.32	.38	.46	.56	.64	Div'ds Decl'd per sh ^C	.90
1.86	2.68	4.51	6.29	8.28	10.69	12.07	8.23	8.20	9.62	10.95	12.88	15.23	15.82	12.74	13.57	13.75	14.35	Book Value per sh	16.45
427.40	442.80	476.20	490.30	493.60	504.10	488.10	441.00	444.20	447.70	449.40	440.10	440.10	428.90	388.30	368.00	335.00	325.00	Common Shs Outst'g ^D	300.00
14.3	17.8	20.7	26.3	25.1	22.0	18.5	11.8	11.7	17.0	15.8	15.7	17.2	12.4	11.8	14.3	12.0	12.0	Avg Ann'l P/E Ratio	15.0
.96	1.11	1.19	1.37	1.43	1.43	.95	.64	.67	.90	.84	.85	.91	.75	.79	.92	.75	.75	Relative P/E Ratio	1.00
---	---	---	---	---	---	---	---	---	---	.7%	.8%	.8%	1.2%	1.9%	2.1%	2.7%	2.7%	Avg Ann'l Div'd Yield	2.3%

CAPITAL STRUCTURE as of 9/10/11
 Total Debt \$5048.3 mill. Due in 5 Yrs \$2093.5 mill.
 LT Debt \$4206.0 mill. LT Interest \$230.0 mill.
 Incl. \$449.9 mill. capitalized leases.
 (LT interest earned: 4.3x; total interest coverage: 4.2x)

Leases, Uncapitalized Annual rentals \$470.5 mill.

Pension Assets-12/10 \$1.7 bill. **Oblig.** \$2.3 bill.

Pfd Stock None
Common Stock 339,900,000 shs.

MARKET CAP: \$7.2 billion (Large Cap)

2009	2010	9/10/11	
34301	32399	35553	35823
33.2%	33.7%	32.3%	32.1%
10.4%	10.0%	7.2%	5.8%
1773	1695	1817	1802
1327.7	1309.4	802.1	560.2
40.2%	37.2%	36.0%	29.4%
3.9%	4.0%	2.3%	1.6%
d570.8	322.8	43.4	d194.4
6712.3	7521.5	7072.3	6123.7
5889.6	3627.5	3644.3	4306.9
12.2%	13.4%	9.4%	7.2%
22.5%	36.1%	22.0%	13.0%
22.5%	36.1%	22.0%	13.0%
--	--	--	7%

2009	2010	9/10/11	
471.5	778.8	180.5	
522.4	557.4	499.4	
2508.9	2623.4	2779.6	
322.5	273.4	301.9	
3825.3	4233.0	3761.4	
2458.9	2533.4	2290.7	
540.8	536.3	842.3	
1238.1	1244.5	1203.9	
4237.8	4314.2	4336.9	

BUSINESS: Safeway Inc. operates about 1,700 supermarkets in the California, Pacific Northwest, Rocky Mountain, Southwest, Mid-Atlantic, and Western Canada regions, most with #1 or #2 market share. Operates 32 manufacturing and processing facilities. Acq'd. Vons Co., 4/97; Dominick's, 11/98; Carr-Gottstein, 4/99; Randall's, 9/99; Genard's, 2/01. Has a 49% interest in Casa Ley, a food

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 of change (per sh)

Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10
6.5%	5.5%	7.5%
4.0%	7.0%	6.0%
---	4.5%	6.0%
---	---	15.0%
5.5%	8.0%	2.5%

Cal-endar	QUARTERLY SALES (\$ mill.) ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2008	9999	10120	10169	13816	44104
2009	9237	9462	9458	12694	40851
2010	9327	9519	9400	12804	41050
2011	9772	10196	10064	13468	43500
2012	10100	10400	10300	13700	44500

Cal-endar	EARNINGS PER SHARE ^{A B}				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2008	.44	.53	.46	.78	2.21
2009	.34	.57	.31	.53	1.75
2010	.25	.37	.32	.61	1.55
2011	.29	.41	.38	.67	1.75
2012	.31	.44	.41	.69	1.85

Cal-endar	QUARTERLY DIVIDENDS PAID ^C				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.069	.069	.083	.083	.304
2009	.083	.083	.10	.10	.37
2010	.10	.10	.12	.12	.44
2011	.12	.12	.145	.145	.53
2012	.145				

(A) Fiscal yr. ends on Sat. nearest Dec. 31. Interim periods are 12, 12, 12, and 16 wks. long.
(B) Based on diluted shares out. Next egs. report due Feb 23rd. Excl. nonrecr. gain / losses: '01, d15c; '02, d\$3.04; '03, d\$2.18; '05, d15c; '06, 21c; '09, (\$4.41); '11 Q1, d22c. Excl. extra. loss: '97, 13c. '02 results exclude Dominick's (loss of \$1.47), which was temporarily classified as a disc. op. Quarterly egs. adjusted to sum to full-year total.
(C) Div'ds paid in Jan., April, July, Oct.
(D) In millions, adj. for stock split.

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Safeway likely entered 2012 with solid momentum. The top line has been climbing at a mid-single-digit clip, thanks largely to higher prices, inside the company's supermarkets and especially at its gasoline pumps — it operates fuel centers at nearly one-quarter of its stores. Operating profits haven't been able to keep pace with revenues, partly reflecting the increasing mix of fuel sales. Excluding fuel and gift card commissions, though, operating margins increased slightly in the September quarter. Meanwhile, profits, which likely advanced nearly 15%, to \$1.75 a share, in 2011, have been getting a nice boost below the operating line from lower interest costs and a shrinking share base. **Identical-store sales are a mixed bag.** The trend, at least, is moving in the right direction, with "comps" progressing from negative territory in 2010 to a modest gain of 1.5% in the September period. The improvement has been driven by price increases, which have been implemented to offset inflationary pressures on costs of goods sold. Volumes, on the other hand, have faltered, as consumers appear to be sticking to their budgets. One concern is

that this weakness, a challenge shared by many food retailers, will spark greater competition for market share, causing further erosion in Safeway's operating margins. For now, though, we think the competitive environment will remain sufficiently rational to allow share net to edge ahead about 5%, to \$1.85, in 2012. **Safeway continues to emphasize returning cash to shareholders over expanding the store base.** In fact, the retailer is even tightening its geographic footprint. The company has reached an agreement to sell 16 of its stores in the Philadelphia market and plans to close or sell its 11 remaining locations there. Safeway still operates about 125 locations in and around Washington, D.C., though the vast majority of its operations are west of the Mississippi River. **These shares offer solid total return potential to 2014-2016.** The stock is also a timely selection for the year ahead, though market support for this equity would likely falter if the retailer needs to adopt more aggressive pricing tactics to counteract the weakness in volumes. *Robert M. Greene, CFA January 27, 2012*

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	35
Earnings Predictability	85

To subscribe call 1-800-833-0046.

SCHEIN (HENRY) INC. NDQ-HSIC										RECENT PRICE	P/E RATIO	Trailing: 19.1 (Median: 19.0)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
TIMELINESS	3	Lowered 8/20/10	High: 20.8	28.9	35.0	39.7	45.9	54.1	63.4	63.6	56.9	62.6	75.0	73.9	Target Price Range																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
SAFETY	3	New 12/11/98	Low: 13.6	17.6	17.1	28.1	32.7	42.8	45.8	32.1	33.6	51.0	58.5	64.7	2015	2016	2017																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
TECHNICAL	3	Raised 11/11/11	LEGENDS — 14.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 3/05 Options: Yes Shaded areas indicate recessions																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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2015-17 PROJECTIONS <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High 110</td> <td>(+50%)</td> <td>11%</td> </tr> <tr> <td>Low 75</td> <td>(+5%)</td> <td>1%</td> </tr> </table>																	Price	Gain	Ann'l Total Return	High 110	(+50%)	11%	Low 75	(+5%)	1%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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LLC</th> <th>15-17</th> </tr> <tr> <td>18.63</td> <td>21.60</td> <td>23.95</td> <td>28.08</td> <td>28.43</td> <td>29.97</td> <td>32.07</td> <td>38.32</td> <td>46.86</td> <td>53.23</td> <td>58.23</td> <td>66.07</td> <td>71.57</td> <td>72.14</td> <td>81.87</td> <td>92.85</td> <td>99.45</td> <td>99.05</td> <td>Sales per sh^A</td> <td>118.25</td> </tr> <tr> <td>.61</td> <td>.76</td> <td>.99</td> <td>1.08</td> <td>1.24</td> <td>1.44</td> <td>1.66</td> <td>2.02</td> <td>2.17</td> <td>2.56</td> <td>2.80</td> <td>3.45</td> <td>3.90</td> <td>4.07</td> <td>4.73</td> <td>5.38</td> <td>5.70</td> <td>6.15</td> <td>"Cash Flow" per sh</td> <td>7.20</td> </tr> <tr> <td>.47</td> <td>.52</td> <td>.72</td> <td>.72</td> <td>.84</td> <td>1.01</td> <td>1.31</td> <td>1.55</td> <td>1.53</td> <td>1.82</td> <td>2.04</td> <td>2.58</td> <td>2.97</td> <td>3.18</td> <td>3.58</td> <td>3.97</td> <td>4.30</td> <td>4.75</td> <td>Earnings per sh^A</td> <td>5.65</td> </tr> <tr> <td>..</td> <td>Div'ds Decl'd per sh</td> <td>Nil</td> </tr> <tr> <td>.25</td> <td>.23</td> <td>.42</td> <td>.42</td> <td>.35</td> <td>.54</td> <td>.54</td> <td>.45</td> <td>.44</td> <td>.58</td> <td>.76</td> <td>.63</td> <td>.57</td> <td>.57</td> <td>.42</td> <td>.50</td> <td>.55</td> <td>.55</td> <td>Cap'l Spending per sh</td> <td>.65</td> </tr> <tr> <td>6.55</td> <td>5.85</td> <td>5.77</td> <td>6.36</td> <td>6.91</td> <td>7.97</td> <td>9.78</td> <td>11.47</td> <td>12.76</td> <td>14.12</td> <td>16.62</td> <td>19.87</td> <td>21.62</td> <td>23.85</td> <td>26.23</td> <td>27.05</td> <td>31.15</td> <td>35.75</td> <td>Book Value per sh^B</td> <td>51.30</td> </tr> <tr> <td>44.54</td> <td>70.29</td> <td>80.24</td> <td>81.41</td> <td>83.77</td> <td>85.37</td> <td>88.08</td> <td>87.52</td> <td>86.65</td> <td>87.09</td> <td>88.50</td> <td>89.60</td> <td>89.35</td> <td>90.63</td> <td>91.94</td> <td>89.93</td> <td>88.00</td> <td>87.00</td> <td>Common Shs Outst'g^C</td> <td>85.00</td> </tr> <tr> <td>36.7</td> <td>32.4</td> <td>27.4</td> <td>16.4</td> <td>11.1</td> <td>17.6</td> <td>17.8</td> <td>16.9</td> <td>21.9</td> <td>22.0</td> <td>23.5</td> <td>21.6</td> <td>17.7</td> <td>14.6</td> <td>15.9</td> <td>15.9</td> <td colspan="2">Bold figures are Value Line estimates</td> <td>Avg Ann'l P/E Ratio</td> <td>16.5</td> </tr> <tr> <td>2.30</td> <td>1.87</td> <td>1.43</td> <td>.93</td> <td>.72</td> <td>.90</td> <td>.97</td> <td>.96</td> <td>1.16</td> <td>1.17</td> <td>1.27</td> <td>1.15</td> <td>1.07</td> <td>.97</td> <td>1.01</td> <td>1.02</td> <td colspan="2"></td> <td>Relative P/E Ratio</td> <td>1.10</td> </tr> <tr> <td>..</td> <td colspan="2"></td> <td>Avg Ann'l Div'd Yield</td> <td>Nil</td> </tr> <tr> <td colspan="17"> CAPITAL STRUCTURE as of 12/31/11 Total Debt \$418.5 mill. Due in 5 Yrs \$75.0 mill. LT Debt \$363.5 mill. LT Interest \$20.0 mill. (Total interest coverage: 16.6x) (13% of Cap'l) Leases, Uncapitalized Annual Rentals \$60.1 mill. No Defined Pension Benefit Plan Preferred Stock None Common Stock 89,928,082 shares </td> </tr> <tr> <td colspan="17"> <table border="1"> <tr> <th>2009</th> <th>2010</th> <th>12/31/11</th> </tr> <tr> <td>2825.0</td> <td>3353.8</td> <td>4060.3</td> <td>4635.9</td> <td>5153.1</td> <td>5920.2</td> <td>6394.9</td> <td>6538.3</td> <td>7526.8</td> <td>8350.2</td> <td>8750</td> <td>9100</td> <td>7.9%</td> <td>8.1%</td> <td>6.8%</td> <td>7.4%</td> <td>7.2%</td> <td>7.8%</td> <td>8.1%</td> <td>8.4%</td> <td>8.4%</td> <td>7.8%</td> <td>8.3%</td> <td>8.4%</td> <td>Sales (\$mill)^A</td> <td>10050</td> </tr> <tr> <td>7.9%</td> <td>8.1%</td> <td>6.8%</td> <td>7.4%</td> <td>7.2%</td> <td>7.8%</td> <td>8.1%</td> <td>8.4%</td> <td>8.4%</td> <td>7.8%</td> <td>8.3%</td> <td>8.4%</td> <td>28.3</td> <td>36.8</td> <td>51.3</td> <td>60.3</td> <td>64.9</td> <td>73.9</td> <td>78.1</td> <td>81.5</td> <td>101.2</td> <td>115.9</td> <td>118</td> <td>120</td> <td>Operating Margin</td> <td>9.0%</td> </tr> <tr> <td>117.6</td> <td>139.5</td> <td>136.6</td> <td>162.4</td> <td>183.1</td> <td>235.0</td> <td>270.0</td> <td>287.3</td> <td>334.0</td> <td>367.7</td> <td>385</td> <td>415</td> <td>117.6</td> <td>139.5</td> <td>136.6</td> <td>162.4</td> <td>183.1</td> <td>235.0</td> <td>270.0</td> <td>287.3</td> <td>334.0</td> <td>367.7</td> <td>385</td> <td>415</td> <td>Depreciation (\$mill)</td> <td>130</td> </tr> <tr> <td>37.0%</td> <td>37.4%</td> <td>37.1%</td> <td>36.7%</td> <td>35.6%</td> <td>33.9%</td> <td>33.2%</td> <td>32.8%</td> <td>31.9%</td> <td>35.4%</td> <td>31.0%</td> <td>31.0%</td> <td>37.0%</td> <td>37.4%</td> <td>37.1%</td> <td>36.7%</td> <td>35.6%</td> <td>33.9%</td> <td>33.2%</td> <td>32.8%</td> <td>31.9%</td> <td>35.4%</td> <td>31.0%</td> <td>31.0%</td> <td>Income Tax Rate</td> <td>31.0%</td> </tr> <tr> <td>4.2%</td> <td>4.2%</td> <td>3.4%</td> <td>3.5%</td> <td>3.6%</td> <td>4.0%</td> <td>4.2%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.2%</td> <td>4.2%</td> <td>4.2%</td> <td>3.4%</td> <td>3.5%</td> <td>3.6%</td> <td>4.0%</td> <td>4.2%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.2%</td> <td>Net Profit Margin</td> <td>4.8%</td> </tr> <tr> <td>604.2</td> <td>637.3</td> <td>736.8</td> <td>860.3</td> <td>834.8</td> <td>908.2</td> <td>882.6</td> <td>1127.2</td> <td>1001.2</td> <td>1000.9</td> <td>890</td> <td>1165</td> <td>604.2</td> <td>637.3</td> <td>736.8</td> <td>860.3</td> <td>834.8</td> <td>908.2</td> <td>882.6</td> <td>1127.2</td> <td>1001.2</td> <td>1000.9</td> <td>890</td> <td>1165</td> <td>Working Cap'l (\$mill)</td> <td>2200</td> </tr> <tr> <td>242.6</td> <td>247.1</td> <td>525.7</td> <td>489.5</td> <td>455.8</td> <td>423.3</td> <td>266.6</td> <td>243.4</td> <td>395.3</td> <td>363.5</td> <td>350</td> <td>345</td> <td>242.6</td> <td>247.1</td> <td>525.7</td> <td>489.5</td> <td>455.8</td> <td>423.3</td> <td>266.6</td> <td>243.4</td> <td>395.3</td> <td>363.5</td> <td>350</td> <td>345</td> <td>Long-Term Debt (\$mill)</td> <td>300</td> </tr> <tr> <td>861.2</td> <td>1004.1</td> <td>1106.1</td> <td>1229.5</td> <td>1471.0</td> <td>1780.0</td> <td>1932.2</td> <td>2161.5</td> <td>2411.6</td> <td>2432.2</td> <td>2740</td> <td>3110</td> <td>861.2</td> <td>1004.1</td> <td>1106.1</td> <td>1229.5</td> <td>1471.0</td> <td>1780.0</td> <td>1932.2</td> <td>2161.5</td> <td>2411.6</td> <td>2432.2</td> <td>2740</td> <td>3110</td> <td>Share Value (\$mill)</td> <td>4360</td> </tr> <tr> <td>11.5%</td> <td>11.9%</td> <td>8.9%</td> <td>10.2%</td> <td>10.2%</td> <td>11.2%</td> <td>12.6%</td> <td>12.2%</td> <td>12.2%</td> <td>13.1%</td> <td>12.5%</td> <td>12.0%</td> <td>11.5%</td> <td>11.9%</td> <td>8.9%</td> <td>10.2%</td> <td>10.2%</td> <td>11.2%</td> <td>12.6%</td> <td>12.2%</td> <td>12.2%</td> <td>13.1%</td> <td>12.5%</td> <td>12.0%</td> <td>Return on Total Cap'l</td> <td>10.5%</td> </tr> <tr> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>Return on Shr. Equity</td> <td>11.0%</td> </tr> <tr> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>Retained to Com Eq</td> <td>11.0%</td> </tr> <tr> <td>..</td> <td>All Div'ds to Net Prof</td> <td>Nil</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> MARKET CAP: \$6.6 billion (Large Cap) </td> </tr> <tr> <td colspan="17"> CURRENT POSITION <table border="1"> <tr> <th>2009</th> <th>2010</th> <th>12/31/11</th> </tr> <tr> <td>471.2</td> <td>150.3</td> <td>147.3</td> </tr> <tr> <td>725.4</td> <td>885.8</td> <td>888.2</td> </tr> <tr> <td>775.2</td> <td>870.2</td> <td>947.8</td> </tr> <tr> <td>231.7</td> <td>263.0</td> <td>289.2</td> </tr> <tr> <td>2203.5</td> <td>2169.3</td> <td>2272.5</td> </tr> <tr> <td>521.1</td> <td>590.0</td> <td>621.5</td> </tr> <tr> <td>24.5</td> <td>46.0</td> <td>55.0</td> </tr> <tr> <td>530.7</td> <td>532.1</td> <td>595.1</td> </tr> <tr> <td>1076.3</td> <td>1168.1</td> <td>1271.6</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> ANNUAL RATES <table border="1"> <tr> <th>Past 10 Yrs</th> <th>Past 5 Yrs</th> <th>Est'd '08-'10 to '15-'17</th> </tr> <tr> <td>11.0%</td> <td>10.5%</td> <td>7.0%</td> </tr> <tr> <td>14.5%</td> <td>13.5%</td> <td>8.0%</td> </tr> <tr> <td>15.5%</td> <td>14.5%</td> <td>8.5%</td> </tr> <tr> <td>..</td> <td>..</td> <td>Nil</td> </tr> <tr> <td>14.0%</td> <td>13.5%</td> <td>12.5%</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> QUARTERLY SALES (\$mill.)^A <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.</th> <th>Per.</th> <th>Jun.</th> <th>Per.</th> <th>Sep.</th> <th>Per.</th> <th>Dec.</th> <th>Per.</th> <th>Full Year</th> </tr> <tr> <td>2009</td> <td>1485</td> <td>1607</td> <td>1660</td> <td>1786</td> <td colspan="5">6538.3</td> </tr> <tr> <td>2010</td> <td>1760</td> <td>1849</td> <td>1893</td> <td>2024</td> <td colspan="5">7526.8</td> </tr> <tr> <td>2011</td> <td>1948</td> <td>2130</td> <td>2112</td> <td>2340</td> <td colspan="5">8530.2</td> </tr> <tr> <td>2012</td> <td>2070</td> <td>2150</td> <td>2180</td> <td>2350</td> <td colspan="5">8750</td> </tr> <tr> <td>2013</td> <td>2175</td> <td>2275</td> <td>2275</td> <td>2375</td> <td colspan="5">9100</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> EARNINGS PER SHARE^A <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.</th> <th>Per.</th> <th>Jun.</th> <th>Per.</th> <th>Sep.</th> <th>Per.</th> <th>Dec.</th> <th>Per.</th> <th>Full Year</th> </tr> <tr> <td>2009</td> <td>.64</td> <td>.81</td> <td>.80</td> <td>.93</td> <td colspan="5">3.18</td> </tr> <tr> <td>2010</td> <td>.75</td> <td>.90</td> <td>.94</td> <td>.99</td> <td colspan="5">3.58</td> </tr> <tr> <td>2011</td> <td>.82</td> <td>1.01</td> <td>.99</td> <td>1.15</td> <td colspan="5">3.97</td> </tr> <tr> <td>2012</td> <td>1.00</td> <td>1.05</td> <td>1.05</td> <td>1.20</td> <td colspan="5">4.30</td> </tr> <tr> <td>2013</td> <td>1.15</td> <td>1.20</td> <td>1.20</td> <td>1.20</td> <td colspan="5">4.75</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> QUARTERLY DIVIDENDS PAID <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th>Full Year</th> </tr> <tr> <td>2008</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2009</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2010</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2011</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2012</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> BUSINESS: Henry Schein, Inc. is the world's largest distributor of healthcare products to office-based practitioners in the combined North American and European markets. Serves about 700,000 customers worldwide, incl. dentist practitioners, labs, physician offices, animal health clinics, government and other institutions. Distributes dental (consumables 42.2% of '10 sales; large equipment, 15.5%), medical products (19.2%), veterinary supplies (20.4%), and software and related products (2.7%). Has 13,500 employees. Off./dir. own 3.3% of common; T. Rowe Price, 11.9%; FMR, 6.3%; BlackRock, 6.8% (4/11 Proxy). Chair/CEO: Stanley M. Bergman. Pres.: James P. Breslawski. Inc.: DE. Addr.: 135 Duryea Rd., Melville, NY 11747. Tel.: 631-843-5500. Internet: www.henryschein.com. </td> </tr> <tr> <td colspan="17"> Henry Schein closed 2011 on a high note. A better market environment (both domestically and abroad) lifted demand for its medical, dental, and animal healthcare businesses, while internal improvements and the integration of recent acquisitions helped the company gain traction over the course of the year. Furthermore, strength at the electronic and financial services businesses bolstered its Technology and Value-Added services group. All told, the top and bottom lines expanded 16% during the fourth quarter, which included an extra week in 2011, and were up 11% for the full year. </td> </tr> <tr> <td colspan="17"> Management has been hard at work. The company's 2012-2014 strategic plan is well under way, and it ought to focus on improving the cost structure and its processes. All told, we believe this restructuring campaign will help bolster margins and improve profitability going forward. But, HSIC may incur between \$11 million and \$13 million (\$0.08-\$0.10 a share) in restructuring charges this year. Likewise, Schein may well continue to build its global platform, as it realigns its various business segments. It may well eye accre- </td> </tr> <tr> <td colspan="17"> These shares offer modest long-term capital appreciation potential, as they are already trading near the low end of our 2015-2017 Target Price Range. Also, this issue is neutrally ranked for year-ahead relative price performance. </td> </tr> <tr> <td colspan="17"> <i>Orly Seidman February 24, 2012</i> </td> </tr> </table>																	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17	18.63	21.60	23.95	28.08	28.43	29.97	32.07	38.32	46.86	53.23	58.23	66.07	71.57	72.14	81.87	92.85	99.45	99.05	Sales per sh ^A	118.25	.61	.76	.99	1.08	1.24	1.44	1.66	2.02	2.17	2.56	2.80	3.45	3.90	4.07	4.73	5.38	5.70	6.15	"Cash Flow" per sh	7.20	.47	.52	.72	.72	.84	1.01	1.31	1.55	1.53	1.82	2.04	2.58	2.97	3.18	3.58	3.97	4.30	4.75	Earnings per sh ^A	5.65	Div'ds Decl'd per sh	Nil	.25	.23	.42	.42	.35	.54	.54	.45	.44	.58	.76	.63	.57	.57	.42	.50	.55	.55	Cap'l Spending per sh	.65	6.55	5.85	5.77	6.36	6.91	7.97	9.78	11.47	12.76	14.12	16.62	19.87	21.62	23.85	26.23	27.05	31.15	35.75	Book Value per sh ^B	51.30	44.54	70.29	80.24	81.41	83.77	85.37	88.08	87.52	86.65	87.09	88.50	89.60	89.35	90.63	91.94	89.93	88.00	87.00	Common Shs Outst'g ^C	85.00	36.7	32.4	27.4	16.4	11.1	17.6	17.8	16.9	21.9	22.0	23.5	21.6	17.7	14.6	15.9	15.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.5	2.30	1.87	1.43	.93	.72	.90	.97	.96	1.16	1.17	1.27	1.15	1.07	.97	1.01	1.02			Relative P/E Ratio	1.10			Avg Ann'l Div'd Yield	Nil	CAPITAL STRUCTURE as of 12/31/11 Total Debt \$418.5 mill. Due in 5 Yrs \$75.0 mill. LT Debt \$363.5 mill. LT Interest \$20.0 mill. (Total interest coverage: 16.6x) (13% of Cap'l) Leases, Uncapitalized Annual Rentals \$60.1 mill. No Defined Pension Benefit Plan Preferred Stock None Common Stock 89,928,082 shares																	<table border="1"> <tr> <th>2009</th> <th>2010</th> <th>12/31/11</th> </tr> <tr> <td>2825.0</td> <td>3353.8</td> <td>4060.3</td> <td>4635.9</td> <td>5153.1</td> <td>5920.2</td> <td>6394.9</td> <td>6538.3</td> <td>7526.8</td> <td>8350.2</td> <td>8750</td> <td>9100</td> <td>7.9%</td> <td>8.1%</td> <td>6.8%</td> <td>7.4%</td> <td>7.2%</td> <td>7.8%</td> <td>8.1%</td> <td>8.4%</td> <td>8.4%</td> <td>7.8%</td> <td>8.3%</td> <td>8.4%</td> <td>Sales (\$mill)^A</td> <td>10050</td> </tr> <tr> <td>7.9%</td> <td>8.1%</td> <td>6.8%</td> <td>7.4%</td> <td>7.2%</td> <td>7.8%</td> <td>8.1%</td> <td>8.4%</td> <td>8.4%</td> <td>7.8%</td> <td>8.3%</td> <td>8.4%</td> <td>28.3</td> <td>36.8</td> <td>51.3</td> <td>60.3</td> <td>64.9</td> <td>73.9</td> <td>78.1</td> <td>81.5</td> <td>101.2</td> <td>115.9</td> <td>118</td> <td>120</td> <td>Operating Margin</td> <td>9.0%</td> </tr> <tr> <td>117.6</td> <td>139.5</td> <td>136.6</td> <td>162.4</td> <td>183.1</td> <td>235.0</td> <td>270.0</td> <td>287.3</td> <td>334.0</td> <td>367.7</td> <td>385</td> <td>415</td> <td>117.6</td> <td>139.5</td> <td>136.6</td> <td>162.4</td> <td>183.1</td> <td>235.0</td> <td>270.0</td> <td>287.3</td> <td>334.0</td> <td>367.7</td> <td>385</td> <td>415</td> <td>Depreciation (\$mill)</td> <td>130</td> </tr> <tr> <td>37.0%</td> <td>37.4%</td> <td>37.1%</td> <td>36.7%</td> <td>35.6%</td> <td>33.9%</td> <td>33.2%</td> <td>32.8%</td> <td>31.9%</td> <td>35.4%</td> <td>31.0%</td> <td>31.0%</td> <td>37.0%</td> <td>37.4%</td> <td>37.1%</td> <td>36.7%</td> <td>35.6%</td> <td>33.9%</td> <td>33.2%</td> <td>32.8%</td> <td>31.9%</td> <td>35.4%</td> <td>31.0%</td> <td>31.0%</td> <td>Income Tax Rate</td> <td>31.0%</td> </tr> <tr> <td>4.2%</td> <td>4.2%</td> <td>3.4%</td> <td>3.5%</td> <td>3.6%</td> <td>4.0%</td> <td>4.2%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.2%</td> <td>4.2%</td> <td>4.2%</td> <td>3.4%</td> <td>3.5%</td> <td>3.6%</td> <td>4.0%</td> <td>4.2%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.2%</td> <td>Net Profit Margin</td> <td>4.8%</td> </tr> <tr> <td>604.2</td> <td>637.3</td> <td>736.8</td> <td>860.3</td> <td>834.8</td> <td>908.2</td> <td>882.6</td> <td>1127.2</td> <td>1001.2</td> <td>1000.9</td> <td>890</td> <td>1165</td> <td>604.2</td> <td>637.3</td> <td>736.8</td> <td>860.3</td> <td>834.8</td> <td>908.2</td> <td>882.6</td> <td>1127.2</td> <td>1001.2</td> <td>1000.9</td> <td>890</td> <td>1165</td> <td>Working Cap'l (\$mill)</td> <td>2200</td> </tr> <tr> <td>242.6</td> <td>247.1</td> <td>525.7</td> <td>489.5</td> <td>455.8</td> <td>423.3</td> <td>266.6</td> <td>243.4</td> <td>395.3</td> <td>363.5</td> <td>350</td> <td>345</td> <td>242.6</td> <td>247.1</td> <td>525.7</td> <td>489.5</td> <td>455.8</td> <td>423.3</td> <td>266.6</td> <td>243.4</td> <td>395.3</td> <td>363.5</td> <td>350</td> <td>345</td> <td>Long-Term Debt (\$mill)</td> <td>300</td> </tr> <tr> <td>861.2</td> <td>1004.1</td> <td>1106.1</td> <td>1229.5</td> <td>1471.0</td> <td>1780.0</td> <td>1932.2</td> <td>2161.5</td> <td>2411.6</td> <td>2432.2</td> <td>2740</td> <td>3110</td> <td>861.2</td> <td>1004.1</td> <td>1106.1</td> <td>1229.5</td> <td>1471.0</td> <td>1780.0</td> <td>1932.2</td> <td>2161.5</td> <td>2411.6</td> <td>2432.2</td> <td>2740</td> <td>3110</td> <td>Share Value (\$mill)</td> <td>4360</td> </tr> <tr> <td>11.5%</td> <td>11.9%</td> <td>8.9%</td> <td>10.2%</td> <td>10.2%</td> <td>11.2%</td> <td>12.6%</td> <td>12.2%</td> <td>12.2%</td> <td>13.1%</td> <td>12.5%</td> <td>12.0%</td> <td>11.5%</td> <td>11.9%</td> <td>8.9%</td> <td>10.2%</td> <td>10.2%</td> <td>11.2%</td> <td>12.6%</td> <td>12.2%</td> <td>12.2%</td> <td>13.1%</td> <td>12.5%</td> <td>12.0%</td> <td>Return on Total Cap'l</td> <td>10.5%</td> </tr> <tr> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>Return on Shr. Equity</td> <td>11.0%</td> </tr> <tr> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>Retained to Com Eq</td> <td>11.0%</td> </tr> <tr> <td>..</td> <td>All Div'ds to Net Prof</td> <td>Nil</td> </tr> </table>																	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2009	2010	12/31/11	2825.0	3353.8	4060.3	4635.9	5153.1	5920.2	6394.9	6538.3	7526.8	8350.2	8750	9100	7.9%	8.1%	6.8%	7.4%	7.2%	7.8%	8.1%	8.4%	8.4%	7.8%	8.3%	8.4%	Sales (\$mill) ^A	10050	7.9%	8.1%	6.8%	7.4%	7.2%	7.8%	8.1%	8.4%	8.4%	7.8%	8.3%	8.4%	28.3	36.8	51.3	60.3	64.9	73.9	78.1	81.5	101.2	115.9	118	120	Operating Margin	9.0%	117.6	139.5	136.6	162.4	183.1	235.0	270.0	287.3	334.0	367.7	385	415	117.6	139.5	136.6	162.4	183.1	235.0	270.0	287.3	334.0	367.7	385	415	Depreciation (\$mill)	130	37.0%	37.4%	37.1%	36.7%	35.6%	33.9%	33.2%	32.8%	31.9%	35.4%	31.0%	31.0%	37.0%	37.4%	37.1%	36.7%	35.6%	33.9%	33.2%	32.8%	31.9%	35.4%	31.0%	31.0%	Income Tax Rate	31.0%	4.2%	4.2%	3.4%	3.5%	3.6%	4.0%	4.2%	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	4.2%	3.4%	3.5%	3.6%	4.0%	4.2%	4.4%	4.4%	4.4%	4.4%	4.2%	Net Profit Margin	4.8%	604.2	637.3	736.8	860.3	834.8	908.2	882.6	1127.2	1001.2	1000.9	890	1165	604.2	637.3	736.8	860.3	834.8	908.2	882.6	1127.2	1001.2	1000.9	890	1165	Working Cap'l (\$mill)	2200	242.6	247.1	525.7	489.5	455.8	423.3	266.6	243.4	395.3	363.5	350	345	242.6	247.1	525.7	489.5	455.8	423.3	266.6	243.4	395.3	363.5	350	345	Long-Term Debt (\$mill)	300	861.2	1004.1	1106.1	1229.5	1471.0	1780.0	1932.2	2161.5	2411.6	2432.2	2740	3110	861.2	1004.1	1106.1	1229.5	1471.0	1780.0	1932.2	2161.5	2411.6	2432.2	2740	3110	Share Value (\$mill)	4360	11.5%	11.9%	8.9%	10.2%	10.2%	11.2%	12.6%	12.2%	12.2%	13.1%	12.5%	12.0%	11.5%	11.9%	8.9%	10.2%	10.2%	11.2%	12.6%	12.2%	12.2%	13.1%	12.5%	12.0%	Return on Total Cap'l	10.5%	13.7%	13.9%	12.3%	13.2%	12.4%	13.2%	14.0%	13.2%	13.9%	15.1%	14.0%	13.5%	13.7%	13.9%	12.3%	13.2%	12.4%	13.2%	14.0%	13.2%	13.9%	15.1%	14.0%	13.5%	Return on Shr. Equity	11.0%	13.7%	13.9%	12.3%	13.2%	12.4%	13.2%	14.0%	13.2%	13.9%	15.1%	14.0%	13.5%	13.7%	13.9%	12.3%	13.2%	12.4%	13.2%	14.0%	13.2%	13.9%	15.1%	14.0%	13.5%	Retained to Com Eq	11.0%	All Div'ds to Net Prof	Nil	MARKET CAP: \$6.6 billion (Large Cap)																	CURRENT POSITION <table border="1"> <tr> <th>2009</th> <th>2010</th> <th>12/31/11</th> </tr> <tr> <td>471.2</td> <td>150.3</td> <td>147.3</td> </tr> <tr> <td>725.4</td> <td>885.8</td> <td>888.2</td> </tr> <tr> <td>775.2</td> <td>870.2</td> <td>947.8</td> </tr> <tr> <td>231.7</td> <td>263.0</td> <td>289.2</td> </tr> <tr> <td>2203.5</td> <td>2169.3</td> <td>2272.5</td> </tr> <tr> <td>521.1</td> <td>590.0</td> <td>621.5</td> </tr> <tr> <td>24.5</td> <td>46.0</td> <td>55.0</td> </tr> <tr> <td>530.7</td> <td>532.1</td> <td>595.1</td> </tr> <tr> <td>1076.3</td> <td>1168.1</td> <td>1271.6</td> </tr> </table>																	2009	2010	12/31/11	471.2	150.3	147.3	725.4	885.8	888.2	775.2	870.2	947.8	231.7	263.0	289.2	2203.5	2169.3	2272.5	521.1	590.0	621.5	24.5	46.0	55.0	530.7	532.1	595.1	1076.3	1168.1	1271.6	ANNUAL RATES <table border="1"> <tr> <th>Past 10 Yrs</th> <th>Past 5 Yrs</th> <th>Est'd '08-'10 to '15-'17</th> </tr> <tr> <td>11.0%</td> <td>10.5%</td> <td>7.0%</td> </tr> <tr> <td>14.5%</td> <td>13.5%</td> <td>8.0%</td> </tr> <tr> <td>15.5%</td> <td>14.5%</td> <td>8.5%</td> </tr> <tr> <td>..</td> <td>..</td> <td>Nil</td> </tr> <tr> <td>14.0%</td> <td>13.5%</td> <td>12.5%</td> </tr> </table>																	Past 10 Yrs	Past 5 Yrs	Est'd '08-'10 to '15-'17	11.0%	10.5%	7.0%	14.5%	13.5%	8.0%	15.5%	14.5%	8.5%	Nil	14.0%	13.5%	12.5%	QUARTERLY SALES (\$mill.)^A <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.</th> <th>Per.</th> <th>Jun.</th> <th>Per.</th> <th>Sep.</th> <th>Per.</th> <th>Dec.</th> <th>Per.</th> <th>Full Year</th> </tr> <tr> <td>2009</td> <td>1485</td> <td>1607</td> <td>1660</td> <td>1786</td> <td colspan="5">6538.3</td> </tr> <tr> <td>2010</td> <td>1760</td> <td>1849</td> <td>1893</td> <td>2024</td> <td colspan="5">7526.8</td> </tr> <tr> <td>2011</td> <td>1948</td> <td>2130</td> <td>2112</td> <td>2340</td> <td colspan="5">8530.2</td> </tr> <tr> <td>2012</td> <td>2070</td> <td>2150</td> <td>2180</td> <td>2350</td> <td colspan="5">8750</td> </tr> <tr> <td>2013</td> <td>2175</td> <td>2275</td> <td>2275</td> <td>2375</td> <td colspan="5">9100</td> </tr> </table>																	Cal-endar	Mar.	Per.	Jun.	Per.	Sep.	Per.	Dec.	Per.	Full Year	2009	1485	1607	1660	1786	6538.3					2010	1760	1849	1893	2024	7526.8					2011	1948	2130	2112	2340	8530.2					2012	2070	2150	2180	2350	8750					2013	2175	2275	2275	2375	9100					EARNINGS PER SHARE^A <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.</th> <th>Per.</th> <th>Jun.</th> <th>Per.</th> <th>Sep.</th> <th>Per.</th> <th>Dec.</th> <th>Per.</th> <th>Full Year</th> </tr> <tr> <td>2009</td> <td>.64</td> <td>.81</td> <td>.80</td> <td>.93</td> <td colspan="5">3.18</td> </tr> <tr> <td>2010</td> <td>.75</td> <td>.90</td> <td>.94</td> <td>.99</td> <td colspan="5">3.58</td> </tr> <tr> <td>2011</td> <td>.82</td> <td>1.01</td> <td>.99</td> <td>1.15</td> <td colspan="5">3.97</td> </tr> <tr> <td>2012</td> <td>1.00</td> <td>1.05</td> <td>1.05</td> <td>1.20</td> <td colspan="5">4.30</td> </tr> <tr> <td>2013</td> <td>1.15</td> <td>1.20</td> <td>1.20</td> <td>1.20</td> <td colspan="5">4.75</td> </tr> </table>																	Cal-endar	Mar.	Per.	Jun.	Per.	Sep.	Per.	Dec.	Per.	Full Year	2009	.64	.81	.80	.93	3.18					2010	.75	.90	.94	.99	3.58					2011	.82	1.01	.99	1.15	3.97					2012	1.00	1.05	1.05	1.20	4.30					2013	1.15	1.20	1.20	1.20	4.75					QUARTERLY DIVIDENDS PAID <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th>Full Year</th> </tr> <tr> <td>2008</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2009</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2010</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2011</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> <tr> <td>2012</td> <td colspan="5">NO DIVIDENDS BEING PAID</td> </tr> </table>																	Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year	2008	NO DIVIDENDS BEING PAID					2009	NO DIVIDENDS BEING PAID					2010	NO DIVIDENDS BEING PAID					2011	NO DIVIDENDS BEING PAID					2012	NO DIVIDENDS BEING PAID					BUSINESS: Henry Schein, Inc. is the world's largest distributor of healthcare products to office-based practitioners in the combined North American and European markets. Serves about 700,000 customers worldwide, incl. dentist practitioners, labs, physician offices, animal health clinics, government and other institutions. Distributes dental (consumables 42.2% of '10 sales; large equipment, 15.5%), medical products (19.2%), veterinary supplies (20.4%), and software and related products (2.7%). Has 13,500 employees. Off./dir. own 3.3% of common; T. Rowe Price, 11.9%; FMR, 6.3%; BlackRock, 6.8% (4/11 Proxy). Chair/CEO: Stanley M. Bergman. Pres.: James P. Breslawski. Inc.: DE. Addr.: 135 Duryea Rd., Melville, NY 11747. Tel.: 631-843-5500. Internet: www.henryschein.com.																	Henry Schein closed 2011 on a high note. A better market environment (both domestically and abroad) lifted demand for its medical, dental, and animal healthcare businesses, while internal improvements and the integration of recent acquisitions helped the company gain traction over the course of the year. Furthermore, strength at the electronic and financial services businesses bolstered its Technology and Value-Added services group. All told, the top and bottom lines expanded 16% during the fourth quarter, which included an extra week in 2011, and were up 11% for the full year.																	Management has been hard at work. The company's 2012-2014 strategic plan is well under way, and it ought to focus on improving the cost structure and its processes. All told, we believe this restructuring campaign will help bolster margins and improve profitability going forward. But, HSIC may incur between \$11 million and \$13 million (\$0.08-\$0.10 a share) in restructuring charges this year. Likewise, Schein may well continue to build its global platform, as it realigns its various business segments. It may well eye accre-																	These shares offer modest long-term capital appreciation potential, as they are already trading near the low end of our 2015-2017 Target Price Range. Also, this issue is neutrally ranked for year-ahead relative price performance.																	<i>Orly Seidman February 24, 2012</i>																
1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
18.63	21.60	23.95	28.08	28.43	29.97	32.07	38.32	46.86	53.23	58.23	66.07	71.57	72.14	81.87	92.85	99.45	99.05	Sales per sh ^A	118.25																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
.61	.76	.99	1.08	1.24	1.44	1.66	2.02	2.17	2.56	2.80	3.45	3.90	4.07	4.73	5.38	5.70	6.15	"Cash Flow" per sh	7.20																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
.47	.52	.72	.72	.84	1.01	1.31	1.55	1.53	1.82	2.04	2.58	2.97	3.18	3.58	3.97	4.30	4.75	Earnings per sh ^A	5.65																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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.25	.23	.42	.42	.35	.54	.54	.45	.44	.58	.76	.63	.57	.57	.42	.50	.55	.55	Cap'l Spending per sh	.65																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
6.55	5.85	5.77	6.36	6.91	7.97	9.78	11.47	12.76	14.12	16.62	19.87	21.62	23.85	26.23	27.05	31.15	35.75	Book Value per sh ^B	51.30																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
44.54	70.29	80.24	81.41	83.77	85.37	88.08	87.52	86.65	87.09	88.50	89.60	89.35	90.63	91.94	89.93	88.00	87.00	Common Shs Outst'g ^C	85.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
36.7	32.4	27.4	16.4	11.1	17.6	17.8	16.9	21.9	22.0	23.5	21.6	17.7	14.6	15.9	15.9	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	16.5																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
2.30	1.87	1.43	.93	.72	.90	.97	.96	1.16	1.17	1.27	1.15	1.07	.97	1.01	1.02			Relative P/E Ratio	1.10																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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CAPITAL STRUCTURE as of 12/31/11 Total Debt \$418.5 mill. Due in 5 Yrs \$75.0 mill. LT Debt \$363.5 mill. LT Interest \$20.0 mill. (Total interest coverage: 16.6x) (13% of Cap'l) Leases, Uncapitalized Annual Rentals \$60.1 mill. No Defined Pension Benefit Plan Preferred Stock None Common Stock 89,928,082 shares																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
<table border="1"> <tr> <th>2009</th> <th>2010</th> <th>12/31/11</th> </tr> <tr> <td>2825.0</td> <td>3353.8</td> <td>4060.3</td> <td>4635.9</td> <td>5153.1</td> <td>5920.2</td> <td>6394.9</td> <td>6538.3</td> <td>7526.8</td> <td>8350.2</td> <td>8750</td> <td>9100</td> <td>7.9%</td> <td>8.1%</td> <td>6.8%</td> <td>7.4%</td> <td>7.2%</td> <td>7.8%</td> <td>8.1%</td> <td>8.4%</td> <td>8.4%</td> <td>7.8%</td> <td>8.3%</td> <td>8.4%</td> <td>Sales (\$mill)^A</td> <td>10050</td> </tr> <tr> <td>7.9%</td> <td>8.1%</td> <td>6.8%</td> <td>7.4%</td> <td>7.2%</td> <td>7.8%</td> <td>8.1%</td> <td>8.4%</td> <td>8.4%</td> <td>7.8%</td> <td>8.3%</td> <td>8.4%</td> <td>28.3</td> <td>36.8</td> <td>51.3</td> <td>60.3</td> <td>64.9</td> <td>73.9</td> <td>78.1</td> <td>81.5</td> <td>101.2</td> <td>115.9</td> <td>118</td> <td>120</td> <td>Operating Margin</td> <td>9.0%</td> </tr> <tr> <td>117.6</td> <td>139.5</td> <td>136.6</td> <td>162.4</td> <td>183.1</td> <td>235.0</td> <td>270.0</td> <td>287.3</td> <td>334.0</td> <td>367.7</td> <td>385</td> <td>415</td> <td>117.6</td> <td>139.5</td> <td>136.6</td> <td>162.4</td> <td>183.1</td> <td>235.0</td> <td>270.0</td> <td>287.3</td> <td>334.0</td> <td>367.7</td> <td>385</td> <td>415</td> <td>Depreciation (\$mill)</td> <td>130</td> </tr> <tr> <td>37.0%</td> <td>37.4%</td> <td>37.1%</td> <td>36.7%</td> <td>35.6%</td> <td>33.9%</td> <td>33.2%</td> <td>32.8%</td> <td>31.9%</td> <td>35.4%</td> <td>31.0%</td> <td>31.0%</td> <td>37.0%</td> <td>37.4%</td> <td>37.1%</td> <td>36.7%</td> <td>35.6%</td> <td>33.9%</td> <td>33.2%</td> <td>32.8%</td> <td>31.9%</td> <td>35.4%</td> <td>31.0%</td> <td>31.0%</td> <td>Income Tax Rate</td> <td>31.0%</td> </tr> <tr> <td>4.2%</td> <td>4.2%</td> <td>3.4%</td> <td>3.5%</td> <td>3.6%</td> <td>4.0%</td> <td>4.2%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.2%</td> <td>4.2%</td> <td>4.2%</td> <td>3.4%</td> <td>3.5%</td> <td>3.6%</td> <td>4.0%</td> <td>4.2%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.4%</td> <td>4.2%</td> <td>Net Profit Margin</td> <td>4.8%</td> </tr> <tr> <td>604.2</td> <td>637.3</td> <td>736.8</td> <td>860.3</td> <td>834.8</td> <td>908.2</td> <td>882.6</td> <td>1127.2</td> <td>1001.2</td> <td>1000.9</td> <td>890</td> <td>1165</td> <td>604.2</td> <td>637.3</td> <td>736.8</td> <td>860.3</td> <td>834.8</td> <td>908.2</td> <td>882.6</td> <td>1127.2</td> <td>1001.2</td> <td>1000.9</td> <td>890</td> <td>1165</td> <td>Working Cap'l (\$mill)</td> <td>2200</td> </tr> <tr> <td>242.6</td> <td>247.1</td> <td>525.7</td> <td>489.5</td> <td>455.8</td> <td>423.3</td> <td>266.6</td> <td>243.4</td> <td>395.3</td> <td>363.5</td> <td>350</td> <td>345</td> <td>242.6</td> <td>247.1</td> <td>525.7</td> <td>489.5</td> <td>455.8</td> <td>423.3</td> <td>266.6</td> <td>243.4</td> <td>395.3</td> <td>363.5</td> <td>350</td> <td>345</td> <td>Long-Term Debt (\$mill)</td> <td>300</td> </tr> <tr> <td>861.2</td> <td>1004.1</td> <td>1106.1</td> <td>1229.5</td> <td>1471.0</td> <td>1780.0</td> <td>1932.2</td> <td>2161.5</td> <td>2411.6</td> <td>2432.2</td> <td>2740</td> <td>3110</td> <td>861.2</td> <td>1004.1</td> <td>1106.1</td> <td>1229.5</td> <td>1471.0</td> <td>1780.0</td> <td>1932.2</td> <td>2161.5</td> <td>2411.6</td> <td>2432.2</td> <td>2740</td> <td>3110</td> <td>Share Value (\$mill)</td> <td>4360</td> </tr> <tr> <td>11.5%</td> <td>11.9%</td> <td>8.9%</td> <td>10.2%</td> <td>10.2%</td> <td>11.2%</td> <td>12.6%</td> <td>12.2%</td> <td>12.2%</td> <td>13.1%</td> <td>12.5%</td> <td>12.0%</td> <td>11.5%</td> <td>11.9%</td> <td>8.9%</td> <td>10.2%</td> <td>10.2%</td> <td>11.2%</td> <td>12.6%</td> <td>12.2%</td> <td>12.2%</td> <td>13.1%</td> <td>12.5%</td> <td>12.0%</td> <td>Return on Total Cap'l</td> <td>10.5%</td> </tr> <tr> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>13.7%</td> <td>13.9%</td> <td>12.3%</td> <td>13.2%</td> <td>12.4%</td> <td>13.2%</td> <td>14.0%</td> <td>13.2%</td> <td>13.9%</td> <td>15.1%</td> <td>14.0%</td> <td>13.5%</td> <td>Return on Shr. 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Equity	11.0%	13.7%	13.9%	12.3%	13.2%	12.4%	13.2%	14.0%	13.2%	13.9%	15.1%	14.0%	13.5%	13.7%	13.9%	12.3%	13.2%	12.4%	13.2%	14.0%	13.2%	13.9%	15.1%	14.0%	13.5%	Retained to Com Eq	11.0%	All Div'ds to Net Prof	Nil																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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BUSINESS: Henry Schein, Inc. is the world's largest distributor of healthcare products to office-based practitioners in the combined North American and European markets. Serves about 700,000 customers worldwide, incl. dentist practitioners, labs, physician offices, animal health clinics, government and other institutions. Distributes dental (consumables 42.2% of '10 sales; large equipment, 15.5%), medical products (19.2%), veterinary supplies (20.4%), and software and related products (2.7%). Has 13,500 employees. Off./dir. own 3.3% of common; T. Rowe Price, 11.9%; FMR, 6.3%; BlackRock, 6.8% (4/11 Proxy). Chair/CEO: Stanley M. Bergman. Pres.: James P. Breslawski. Inc.: DE. Addr.: 135 Duryea Rd., Melville, NY 11747. Tel.: 631-843-5500. Internet: www.henryschein.com.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Henry Schein closed 2011 on a high note. A better market environment (both domestically and abroad) lifted demand for its medical, dental, and animal healthcare businesses, while internal improvements and the integration of recent acquisitions helped the company gain traction over the course of the year. Furthermore, strength at the electronic and financial services businesses bolstered its Technology and Value-Added services group. All told, the top and bottom lines expanded 16% during the fourth quarter, which included an extra week in 2011, and were up 11% for the full year.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Management has been hard at work. The company's 2012-2014 strategic plan is well under way, and it ought to focus on improving the cost structure and its processes. All told, we believe this restructuring campaign will help bolster margins and improve profitability going forward. But, HSIC may incur between \$11 million and \$13 million (\$0.08-\$0.10 a share) in restructuring charges this year. Likewise, Schein may well continue to build its global platform, as it realigns its various business segments. It may well eye accre-																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
These shares offer modest long-term capital appreciation potential, as they are already trading near the low end of our 2015-2017 Target Price Range. Also, this issue is neutrally ranked for year-ahead relative price performance.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
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(A) Fiscal year ends last Saturday of December. Diluted earnings. Excludes nonrecurring losses: '00, \$0.16; '02, \$0.01; '03, \$0.02; '05, \$0.08; '07, \$0.02; '08, \$0.30; '09, \$0.26.
 (B) Includes intangibles, In '10, \$1.83 bill., \$1.90/share.
 (C) In millions, adjusted for a stock split.
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SILGAN HOLDINGS NDQ-SLGN		RECENT PRICE	P/E RATIO	Trailing P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE												
		37.73	13.0	(Trailing: 16.8) (Median: 12.0)	0.93	1.2%													
TIMELINESS	2 Raised 8/5/11	High: 4.3	6.6	10.9	11.0	15.5	18.8												
SAFETY	3 Raised 10/6/06	Low: 1.3	1.9	4.5	4.8	9.6	12.6												
TECHNICAL	4 Raised 12/30/11	LEGENDS --- 7.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 9/05 2-for-1 split 5/10 Options: Yes Shaded areas indicate recessions						29.5											
BETA	.75 (1.00 = Market)	29.5	36.9	46.8	21.6	25.8	33.7												
2014-16 PROJECTIONS Price Gain Ann'l Total High 50 (+35%) 8% Low 35 (-5%) Nil								Target Price Range 2014 2015 2016 80 60 50 40 30 25 20 15 10 7.5											
Insider Decisions F M A M J J A S O to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 0 1 0 0 1 0 1 to Sell 0 0 0 4 0 0 4 0 1		Institutional Decisions 12/2011 202011 3Q2011 to Buy 80 93 79 to Sell 107 119 109 Hlds(000) 48986 49898 49228						% TOT. RETURN 11/11 THIS STOCK VL ARITH' INDEX 1 yr. 15.0 1.2 3 yr. 79.4 104.4 5 yr. 93.0 22.3											
1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
--	23.18	20.03	23.81	26.46	26.51	27.18	27.27	31.63	32.72	33.48	35.48	38.72	41.04	40.05	43.95	51.15	52.15	Sales per sh	60.00
--	1.41	1.55	1.65	1.85	1.76	1.88	2.02	2.32	2.73	2.90	3.06	3.45	3.62	3.98	4.11	4.95	5.20	"Cash Flow" per sh	5.80
--	.36	.69	.60	.67	.49	.53	.71	.80	1.13	1.26	1.37	1.61	1.72	2.07	1.89	2.62	2.95	Earnings per sh A	3.45
--	--	--	--	--	--	--	--	--	.11	.20	.24	.32	.34	.38	.42	.44	.46	Div'ds Decl'd per sh B	.52
--	.94	.82	1.18	1.25	1.26	1.30	1.63	1.45	1.39	1.20	1.62	2.05	1.62	1.30	1.51	2.35	2.30	Cap'l Spending per sh	1.45
--	d3.14	d.89	d.78	d.69	d.29	.21	.87	1.65	2.80	3.67	4.88	6.63	6.90	8.96	7.92	9.60	10.70	Book Value per sh C	13.55
--	60.65	75.45	73.03	70.19	70.81	71.41	72.92	73.09	73.98	74.54	75.18	75.48	76.05	76.57	69.88	70.00	70.00	Common Shs Outst'g D	70.00
--	--	12.0	11.9	7.2	5.2	8.2	10.7	9.0	10.2	12.6	14.2	16.4	14.4	12.1	16.2	14.8	14.8	Avg Ann'l P/E Ratio	12.0
--	--	.69	.62	.41	.34	.42	.58	.51	.54	.67	.77	.87	.87	.81	1.04	.95	.95	Relative P/E Ratio	.80
--	--	--	--	--	--	--	--	--	1.0%	1.3%	1.2%	1.2%	1.4%	1.5%	1.4%	1.1%	1.1%	Avg Ann'l Div'd Yield	1.4%
CAPITAL STRUCTURE as of 9/30/11 Total Debt \$1430.9 mill. Due in 5 Yrs \$364 mill. LT Debt \$1312.8 mill. LT Interest \$58.0 mill. (LT Int. earned: 5.8x; Total Int. Coverage: 5.4x) (68% of Cap'l) Leases, Uncapitalized: Annual rentals \$29.4 mill.		1941.0	1988.3	2312.2	2420.4	2495.6	2667.5	2923.0	3121.0	3066.8	3071.5	3500	3650	Sales (\$mill)	4200				
Pension Assets-12/10 \$494.2 mill. Oblig. \$541.4 mill.		13.3%	13.2%	12.4%	13.1%	13.2%	13.4%	13.8%	13.5%	14.5%	14.6%	14.5%	14.5%	Operating Margin	14.0%				
Pfd Stock None Common Stock 69,802,589 shs. as of 10/31/11		95.5	94.9	110.7	118.5	121.2	126.2	138.0	144.0	145.3	142.9	160	160	Depreciation (\$mill)	165				
MARKET CAP: \$2.6 billion (Mid Cap)		38.6	52.2	58.6	83.2	94.7	104.0	122.8	131.6	159.4	144.7	185	210	Net Profit (\$mill)	240				
CURRENT POSITION 2009 2010 9/30/11 (SMILL.)		40.0%	39.5%	40.0%	41.2%	39.1%	33.0%	36.5%	35.7%	35.6%	34.7%	34.5%	34.5%	Income Tax Rate	34.5%				
Cash Assets 305.8 175.2 140.5 Receivables 196.6 214.4 579.5 Inventory (Avg Cst) 387.2 438.5 580.4 Other 24.6 36.4 45.2 Current Assets 914.2 864.5 1346.6 Accts Payable 277.8 288.9 278.9 Debt Due 26.1 13.9 118.2 Other 120.4 121.3 236.8 Current Liab. 424.3 424.1 633.9		2.0%	2.6%	2.5%	3.4%	3.8%	3.9%	4.2%	4.2%	5.2%	4.7%	5.3%	5.6%	Net Profit Margin	5.7%				
ANNUAL RATES Past Past Est'd '08-'10 of change (per sh) 10 Yrs. 5 Yrs. to '14-'16		119.9	204.9	194.5	211.5	200.3	284.8	280.3	282.4	489.9	440.4	710	775	Working Cap'l (\$mill)	925				
Sales 5.5% 5.5% 6.5% "Cash Flow" 8.0% 9.5% 6.5% Earnings 10.5% 15.5% 10.0% Dividends -- -- 5.5% Book Value -- 33.5% 17.5%		886.8	936.7	953.9	819.9	699.5	929.2	879.6	726.0	773.3	890.7	1300	1300	Long-Term Debt (\$mill)	1200				
QUARTERLY SALES (\$ mill.) Full Year		15.1	63.1	120.8	207.4	273.4	366.5	500.1	524.6	685.8	553.6	670	750	Shr. Equity (\$mill)	950				
EARNINGS PER SHARE A Full Year		8.9%	8.5%	8.7%	10.5%	11.9%	10.2%	11.0%	12.5%	12.6%	11.9%	11.0%	11.5%	Return on Total Cap'l	12.5%				
Cal-endar Mar.31 Jun.30 Sep.30 Dec.31		NMF 82.7%	48.5%	40.1%	34.6%	28.4%	24.6%	25.1%	23.2%	26.1%	27.5%	27.5%	27.5%	Return on Shr. Equity	25.5%				
2008 .28 .44 .69 .31 1.72 2009 .35 .45 .96 .31 2.07 2010 .35 .47 .84 .22 1.89 2011 .37 .53 1.12 .60 2.62 2012 .48 .70 1.22 .55 2.95		--	--	--	10%	16%	17%	20%	20%	18%	22%	17%	16%	All Div'ds to Net Prof	15%				
QUARTERLY DIVIDENDS PAID B Full Year		2007 .08 .08 .08 .08 .32	2008 .085 .085 .085 .085 .34	2009 .095 .095 .095 .095 .38	2010 .105 .105 .105 .105 .42	2011 .11 .11 .11 .11													

Silgan Holdings will likely report strong 2011 results. Despite the various headwinds faced over the course of the year, the company has been able to expand both its top and bottom lines from 2010's figures. Indeed, pressure came from a weak fruit and vegetable pack season, stagnant demand for single-serve beverages, and economic troubles in Europe. Results, however, were supported by recent acquisitions, price increases, and improvements in productivity. All told, the company should register a share net of about \$2.60 on revenues of \$3.5 billion. **The outlook for 2012 appears even better.** The closures business should advance, as volumes are expected to improve and the pass-through of higher polypropylene costs that strained results in 2011 should not be a factor next year. The metal container segment is also likely to gain some ground with the help of recently acquired Vogel&Noot and Nestlé Purina PetCare. Too, the vegetable and fruit season should return to normal levels next year, and customer inventory reduction is not expected to reoccur. Improvement in the plastics business will probably

take a bit longer, but, overall, 2012 numbers should post a nice advance over 2011. **The balance sheet remains in decent shape.** Capital will likely be deployed strategically, as has been done in the past. Additional acquisitions may be in the cards. Indeed, Silgan remains on the lookout for attractive opportunities. Stock buybacks may also be on the horizon, as there is still a good amount remaining in the company's \$300 million share-repurchase authorization. **Regulatory issues in France may boost Silgan's operations in the long term.** The country is considering banning bisphenol A (BPA) from use in food containers in 2015. Over the past five years, Silgan has been investing in BPA replacement technology. The passing of this legislation could open the doors to new opportunities in Europe. **Momentum investors may want to take shares of Silgan Holdings into consideration,** as they are ranked to outpace the broader market over the next six to 12 months. Their 3- to 5-year appreciation potential is subpar, however.

Marija Dabovic
December 30, 2011

(A) Diluted earnings. Excludes nonrecurring items, net: '02, 2c; '03, (23c); '04, 2c; '05, (9c); '11 20c. May not sum due to rounding. Next earnings report due early February.
 (B) Dividends historically paid mid-Mar, mid-Jun, mid-Sept, mid-Dec.
 (C) Includes Intangibles. In '10: \$396.8 million, \$5.68/share.
 (D) In millions, adj. for splits.

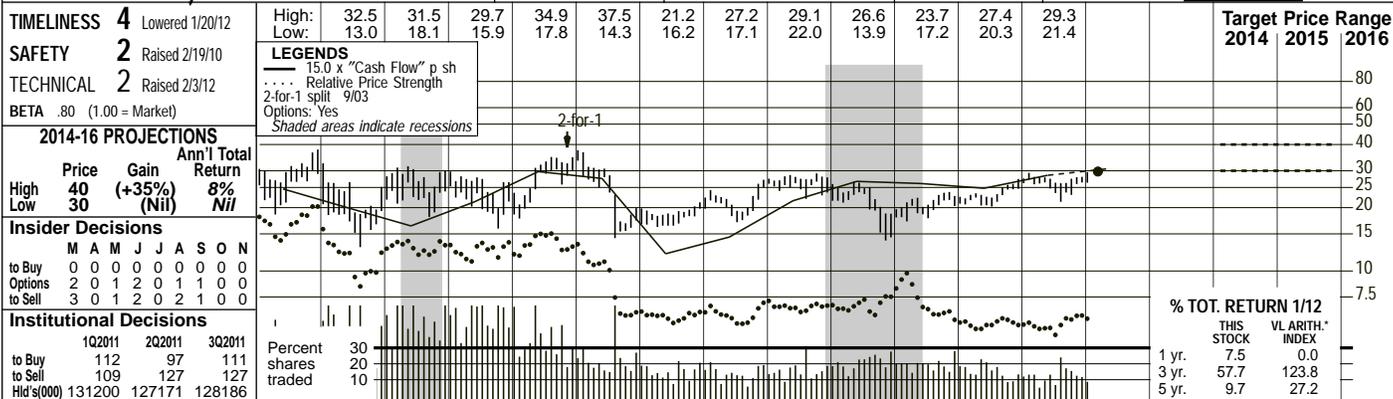
Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	95
Earnings Predictability	95

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SYNOPSYS, INC. NDQ-SNPS

RECENT PRICE **29.76** P/E RATIO **19.3** (Trailing: 21.0; Median: 21.0) RELATIVE P/E RATIO **1.22** DIV'D YLD **Nil** **VALUE LINE**



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16	
3.41	4.37	4.78	5.40	5.80	6.23	5.72	6.16	7.58	7.94	6.80	7.79	8.28	9.43	9.26	9.30	10.72	11.30	Sales per sh ^A	13.60	
.59	.52	1.05	1.06	1.63	1.34	1.09	1.42	1.98	1.84	.80	.97	1.44	1.78	1.74	1.65	1.90	2.05	"Cash Flow" per sh ^A	2.45	
.38	.29	.74	.71	1.29	.74	.50	1.11	1.59	1.02	.39	.54	1.04	1.28	1.37	1.20	1.42	1.60	Earnings per sh ^B	2.00	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Div'ds Decl'd per sh	Nil	
.27	.49	.52	.44	.47	.54	.69	.33	.32	.33	.30	.34	.31	.27	.27	.26	.40	.35	Cap'l Spending per sh	.40	
2.34	2.88	3.94	4.96	6.23	5.43	4.09	7.57	9.24	9.19	8.35	8.27	9.81	10.78	12.55	14.14	14.66	15.90	Book Value per sh ^D	19.45	
77.94	80.87	104.45	133.07	138.98	125.75	118.86	147.12	155.18	137.62	145.90	140.57	146.37	141.79	146.95	148.48	143.31	146.00	Common Shs Outst'g ^C	148.00	
34.8	NMF	25.6	26.7	19.8	31.9	48.6	22.0	16.6	26.5	46.0	37.7	25.3	17.1	14.4	17.9	18.4		Avg Ann'l P/E Ratio	18.0	
2.33	NMF	1.48	1.39	1.13	2.07	2.49	1.20	.95	1.40	2.45	2.04	1.34	1.03	.96	1.15	1.15		Relative P/E Ratio	1.20	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--		Avg Ann'l Div'd Yield	Nil

CAPITAL STRUCTURE as of 10/31/11																		
Total Debt None				680.4	906.5	1177.0	1092.1	991.9	1095.6	1212.5	1337.0	1360.0	1380.7	1535.6	1650	Sales (\$mill) ^A	2010	
				12.0%	27.8%	33.9%	24.5%	12.9%	13.2%	18.7%	24.0%	23.3%	20.7%	22.2%	22.5%	Operating Margin	23.0%	
				65.2	53.5	55.9	90.2	59.8	58.0	55.3	53.1	56.0	53.5	59.1	65.0	Depreciation (\$mill) ^E	65.0	
				64.6	155.7	252.0	162.5	57.5	77.7	155.7	199.6	199.4	191.3	235	Net Profit (\$mill) ^B	300		
Leases, Uncapitalized: Annual rentals \$45.1 mill.				35.8%	32.5%	31.3%	9.6%	31.3%	23.0%	28.9%	25.5%	30.1%	22.3%	26.2%	25.0%	Income Tax Rate ^B	25.0%	
No Defined Benefit Pension Plan				9.5%	17.2%	21.4%	14.9%	5.8%	7.1%	12.8%	14.9%	14.7%	13.9%	13.9%	14.2%	Net Profit Margin	14.9%	
Common Stock 143,308,000 shs.				165.3	151.9	434.2	171.8	130.8	23.4	296.4	413.3	649.2	326.0	329.2	360	Working Cap'l (\$mill)	440	
				.1	3.8	--	--	--	--	--	--	--	--	--	Nil	Long-Term Debt (\$mill)	Nil	
				485.7	1113.5	1433.4	1265.0	1218.9	1163.2	1436.4	1528.4	1844.2	2100.2	2101.3	2325	Shr. Equity (\$mill) ^D	2875	
MARKET CAP: \$4.3 billion (Mid Cap)				13.3%	13.9%	17.6%	12.8%	4.7%	6.7%	10.8%	13.1%	10.8%	9.1%	10.2%	10.0%	Return on Total Cap'l	10.5%	
				13.3%	14.0%	17.6%	12.8%	4.7%	6.7%	10.8%	13.1%	10.8%	9.1%	10.2%	10.0%	Return on Shr. Equity	10.5%	
CURRENT POSITION (\$MILL.)				13.3%	14.0%	17.6%	12.8%	4.7%	6.7%	10.8%	13.1%	10.8%	9.1%	10.2%	10.0%	Retained to Com Eq	10.5%	
				--	--	--	--	--	--	--	--	--	--	--	Nil	All Div'ds to Net Prof	Nil	

BUSINESS: Synopsys, Inc. provides technology solutions used to develop electronics and electronic systems. It supplies the electronic design automation (EDA) software that engineers use to design, create, and test integrated circuits (ICs), aka chips, as well as pre-designed circuits that engineers use as components of larger chip designs. Also provides technical services to support its solutions and helps customers develop chips and electronic systems. 2011 Backlog, \$2.5 bill.; foreign sales, 54%. Had 6,803 employees at 10/11. Officers/directors own 2.6% of common; Dodge & Cox, 16.6%; Ameriprise Fin'l, 14.6% (2/11 Proxy). Chmn./CEO: Aart De Geus. Inc.: DE. Addr.: 700 E. Middlefield Road, Mountain View, CA 94043. Tel.: 650-962-5000. Internet: www.synopsys.com.

Synopsys reported solid growth for fiscal 2011 (year ended October 31st). The top and bottom lines advanced 11% and 18%, respectively, compared to the prior year. These advances are attributable to overall growth and an increase in profitability. Moreover, the backlog increased from \$2.4 billion, to \$2.5 billion. This figure consists of money that is guaranteed to be paid to Synopsys over the next few years and is important for the company, as over 80% of any given year's sales are scheduled from this account.

Looking ahead to fiscal 2012, we expect the top line to come in at \$1.65 billion and share earnings of \$1.60, reflecting modest gains for sales while earnings per share will continue with double-digit growth, helped out by expanding margins. Despite the unsettled economy, Synopsys sees opportunity for electronics to do well, as the markets for mobile, cloud, and smart devices remain attractive.

Synopsys expects to close its acquisition of Magma Design Automation by June, 2012. Magma is considered to be the fourth largest player in the electronic design automation space (with Synopsys and helps customers develop chips and electronic systems. 2011 Backlog, \$2.5 bill.; foreign sales, 54%. Had 6,803 employees at 10/11. Officers/directors own 2.6% of common; Dodge & Cox, 16.6%; Ameriprise Fin'l, 14.6% (2/11 Proxy). Chmn./CEO: Aart De Geus. Inc.: DE. Addr.: 700 E. Middlefield Road, Mountain View, CA 94043. Tel.: 650-962-5000. Internet: www.synopsys.com.

Fiscal Year Ends	Jan.	Apr.	July	Oct.	Per	Full Fiscal Year
2008	315.5	324.6	344.1	352.8		1337.0
2009	339.7	336.8	345.2	338.3		1360.0
2010	330.2	338.1	336.9	375.5		1380.7
2011	364.6	393.7	386.8	390.5		1535.6
2012	415	415	410	410		1650

Fiscal Year Ends	Jan.	Apr.	July	Oct.	Per	Full Fiscal Year
2008	.34	.29	.32	.33		1.28
2009	.41	.35	.37	.24		1.37
2010	.30	.32	.29	.29		1.20
2011	.34	.37	.37	.34		1.42
2012	.40	.40	.40	.40		1.60

Fiscal Year Ends	Mar.31	Jun.30	Sep.30	Dec.31	Full Fiscal Year
2008					
2009					
2010					
2011					
2012					

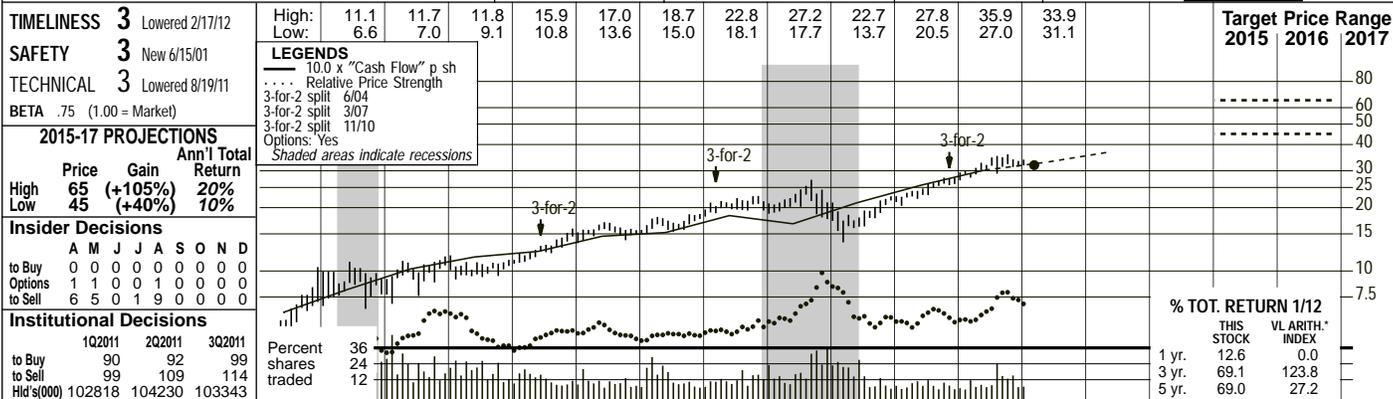
(A) Fisc. yr ends the Sat. nearest Oct. 31st. In '04, switched to subscription-based model, which hurt the top and bottom lines through to '06. (B) Dil. non-GAAP earnings excl. stock-based compensation exp: '08, 43¢; '09, 39¢; '10, 40¢; '11, 27¢. Next earnings report due early March. (C) In mill., adj'd for split. (D) Incl. intang. At 10/31/11, \$1485.3 mill. (\$10.36/sh.).

To subscribe call 1-800-833-0046.

Company's Financial Strength	B++
Stock's Price Stability	90
Price Growth Persistence	40
Earnings Predictability	55

WASTE CONNECTIONS NYSE-WCN

RECENT PRICE **31.91** P/E RATIO **20.7** (Trailing: 21.6; Median: 20.0) RELATIVE P/E RATIO **1.35** DIV'D YLD **1.2%** VALUE LINE



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
--	--	1.70	2.56	3.41	4.09	5.27	5.82	5.88	7.00	8.05	9.53	8.76	10.11	11.58	13.57	15.30	16.90	Revenues per sh	23.20
--	--	.21	.42	.64	.82	1.02	1.16	1.24	1.46	1.53	1.84	1.68	2.11	2.56	3.02	3.30	3.70	"Cash Flow" per sh	5.20
--	--	.07	.23	.36	.42	.58	.64	.71	.79	.77	.95	.97	.98	1.24	1.48	1.60	1.80	Earnings per sh ^A	2.60
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.08	.32	.37	.42	Div'ds Decl'd per sh ^B	.70
--	--	.20	.26	.28	.43	.60	.73	.66	.95	1.23	.95	1.09	1.18	1.30	1.35	1.50	1.50	Cap'l Spending per sh	1.90
--	--	1.92	3.07	3.74	4.11	4.77	5.56	6.61	6.97	7.19	7.71	10.48	11.48	11.99	12.58	13.35	14.30	Book Value per sh	17.20
--	--	31.84	71.23	89.37	92.55	94.66	96.75	107.11	103.09	102.40	100.58	119.76	117.90	113.95	110.91	108.00	105.00	Common Shs Outst'g ^C	96.00
--	--	NMF	28.0	15.2	21.4	16.9	16.0	18.1	19.5	22.1	21.6	22.2	19.0	19.7	21.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	20.5
--	--	NMF	1.60	.99	1.10	.92	.91	.96	1.04	1.19	1.15	1.34	1.27	1.25	1.33			Relative P/E Ratio	1.35
--	--	--	--	--	--	--	--	--	--	--	--	--	--	.3%	1.0%			Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 12/31/11				2009	2010	12/31/11	BUSINESS: Waste Connections, Inc. provides solid waste management services (collection, transfer, disposal, and recycling) to approximately two million commercial, industrial, and residential customers. WC currently provides services, mainly in secondary markets, in 27 western and southern states, plus New York. It operated 135 collection operations, 44 active landfills, 54 transfer stations, and 39 recycling facilities at 12/31/10. Also provides intermodal rail services for waste transfer. Generates about 55% of revs. from exclusive markets. Has 5,510 employees. Offs./dirs. own 0.9% of the stock (3/11 proxy). Chrmn. and CEO: Ronald J. Mittelstaedt, Inc.: DE. Addr.: 35 Iron Point Circle, Suite 200, Folsom, CA 95630. Tel.: 916-608-8200. Internet: www.wasteconnections.com.											
Total Debt \$1190.9 mill. Due in 5 Yrs \$817.2 mill.				498.7	563.5	629.4	rarely entailed increased pricing pressures for WC's operation in that area. All told, margin improvement and much healthier percentage earnings gains appear to be in the cards for 2013 and 2014 than for this year. Increases in Waste Connections' cash flow per share have exceeded annual earnings percentage gains in recent years. That's mainly due to a jump in the amortization of intangibles (related to acquisitions) since 2008 and accounting revisions. This year's estimated cash flow, net of expected capital expenditures and dividends, is \$170 million. These funds, along with possibly about \$100 million in new debt, should cover the acquisition and share-repurchase programs. Debt requirements to fund these activities will likely decrease in the three subsequent years. This neutrally ranked stock has good 3- to 5-year appreciation potential. Given ample cash flow and acquisition opportunities, as well as the likelihood of a declining share count, earnings may well average about \$2.60 a share during the 2015-2017 period. <i>David R. Cohen</i> March 2, 2012											
LT Debt \$1172.8 mill. LT Interest \$60.0 mill. (Total interest coverage: 6.8x) (46% of Cap'l)				34.8%	34.1%	33.4%												
Leases, Uncapitalized: Annual rentals \$12.0 mill.				39.0	47.3	55.4												
No Defined Pension Benefit Plan				57.8	65.3	77.2												
Pfd Stock None				37.1%	36.3%	36.2%												
Common Stock 110,907,782 shs.				11.6%	11.6%	12.3%												
MARKET CAP: \$3.5 billion (Mid Cap)				d23.1	d15.1	d12.8												
CURRENT POSITION				578.5	601.9	489.3												
CASH ASSETS				451.7	537.5	707.5												
RECEIVABLES				7.2%	7.1%	7.4%												
OTHER ASSETS				12.8%	12.2%	10.9%												
ACCTS PAYABLE				12.8%	12.2%	10.9%												
DEBT DUE				12.8%	12.2%	10.9%												
OTHER LIAB.				12.8%	12.2%	10.9%												
CURRENT LIAB.				12.8%	12.2%	10.9%												

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year	Cal-endar	EARNINGS PER SHARE ^A	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	262.7	302.8	316.0	309.9	1191.4			
2010	307.5	330.5	345.8	336.0	1319.8			
2011	331.5	390.2	404.0	397.7	1505.4			
2012	385	415	435	415	1650			
2013	415	445	465	450	1775			

Cal-endar	QUARTERLY DIVIDENDS PAID	Full Year		
Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	--	--	--	--
2009	--	--	--	--
2010	--	--	--	.075
2011	.075	.075	.075	.09
2012	.09			

(A) Diluted earnings. Excludes nonrecurring losses: '98, 8¢; '99, 20¢; '00, 4¢; '01, 21¢; '02, 4¢; '04, 7¢; '06, 8¢; '09, 7¢; '10, 7¢; '11, 3¢. Excludes nonrecurring gains: '08, 2¢. Excl. loss of discontinued operation: '05, 1¢. Next earnings report due late April.
(B) Dividends paid late Feb., May, Aug., Nov.
(C) In millions, adj. for stock splits.

WASTE MANAGEMENT NYSE-WM

RECENT PRICE **35.10** P/E RATIO **15.7** (Trailing: 16.0 Median: 19.0) RELATIVE P/E RATIO **1.03** DIV'D YLD **4.0%** VALUE LINE

TIMELINESS 3 Raised 9/3/10	High: 32.5	31.3	29.7	31.4	31.0	38.6	41.2	39.3	34.2	37.3	39.7	35.6	Target Price Range 2015 2016 2017
SAFETY 2 Lowered 3/4/11	Low: 22.5	20.2	19.4	25.7	26.8	30.1	32.4	24.5	22.1	31.1	27.8	32.1		120
TECHNICAL 3 Lowered 10/7/11	LEGENDS --- 7.5 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded areas indicate recessions												80
BETA .80 (1.00 = Market)	2015-17 PROJECTIONS Price Gain Ann'l Total High 55 (+55%) 15% Low 40 (+15%) 7%												64
Insider Decisions A M J J A S O N D to Buy 0 0 0 0 1 0 0 0 0 Options 0 3 0 0 1 0 1 0 2 to Sell 0 6 0 7 0 0 1 0 1													48
Institutional Decisions 1Q2011 2Q2011 3Q2011 to Buy 289 290 301 to Sell 239 230 267 Hlds(000) 367269 370377 362862													32
Percent shares traded 15 10 5													24
% TOT. RETURN 1/12 THIS STOCK VL ARITH. INDEX 1 yr. -4.5 0.0 3 yr. 24.2 123.8 5 yr. 8.3 27.2													16

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
9.41	12.00	20.88	21.20	20.06	18.03	18.74	20.09	21.95	23.67	25.04	26.61	27.28	24.26	26.34	29.05	30.55	32.40	Revenues per sh	37.90
2.23	3.04	4.28	4.30	3.51	3.35	3.42	3.47	3.78	4.05	4.36	4.68	4.74	4.43	4.64	4.85	5.10	5.45	"Cash Flow" per sh	6.45
1.13	1.62	1.82	1.81	1.20	1.16	1.31	1.24	1.41	1.55	1.82	2.07	2.19	2.00	2.10	2.14	2.28	2.50	Earnings per sh ^A	3.05
--	--	--	.01	.01	.01	.01	.01	.75	.85	.88	.96	1.08	1.16	1.26	1.36	1.42	1.48	Div'ds Decl'd per sh ^B	1.70
2.50	2.00	2.71	2.14	2.11	2.11	2.16	2.08	2.21	2.14	2.49	2.42	2.49	2.43	2.32	2.90	3.10	3.25	Cap'l Spending per sh	3.60
8.28	12.07	7.19	7.11	7.71	8.59	8.93	9.66	10.47	11.08	11.66	11.58	12.03	12.93	13.18	13.20	13.45	13.80	Book Value per sh ^C	15.15
139.59	217.78	608.31	619.32	622.65	628.02	594.60	576.12	570.21	552.25	533.68	500.12	490.74	486.12	475.05	460.50	452.00	444.00	Common Shs Outst'g ^D	422.00
24.2	23.3	25.0	20.0	15.5	23.9	19.6	19.8	20.4	18.7	19.4	17.7	15.4	14.6	16.3	16.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.0
1.52	1.34	1.30	1.14	1.01	1.22	1.07	1.13	1.08	1.00	1.05	.94	.93	.97	1.04	1.03			Relative P/E Ratio	1.00
--	--	--	.0%	.1%	.0%	.0%	.0%	2.6%	2.9%	2.5%	2.6%	3.2%	4.0%	3.7%	3.9%			Avg Ann'l Div'd Yield	3.4%

CAPITAL STRUCTURE as of 12/31/11				2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC		15-17
Total Debt \$9756 mill. Due in 5 Yrs \$4150 mill.				1142	11574	12516	13074	13363	13310	13388	11791	12515	13378	13800	14250	14500	14800	15100	Revenues (\$mill)	16000
LT Debt \$9125 mill. LT Interest \$470 mill.				25.8%	24.5%	24.1%	24.2%	25.4%	26.4%	25.7%	27.1%	25.8%	24.9%	25.1%	25.2%	25.1%	25.2%	25.3%	Operating Margin	25.3%
(Total interest coverage: 4.3x) (60% of Cap'l)				1222.0	1265.0	1336.0	1361.0	1334.0	1259.0	1238.0	1166.0	1194	1229	1265	1300	1265	1300	1265	Depreciation (\$mill)	1425
Leases, Uncapitalized Annual rentals \$135 mill.				809.0	734.0	820.0	877.0	994.0	1080.0	1087.0	986.0	1011	1007	1045	1125	1045	1125	1125	Net Profit (\$mill)	1300
No Defined Benefit Pension Plan				35.3%	35.7%	31.0%	24.2%	33.7%	36.4%	38.1%	34.9%	35.0%	33.6	35.5%	35.5%	35.5%	35.5%	35.5%	Income Tax Rate	35.5%
Pfd Stock None.				7.3%	6.3%	6.6%	6.7%	7.4%	8.1%	8.1%	8.4%	8.1%	7.5%	7.7%	7.9%	7.9%	8.1%	Net Profit Margin	8.1%	
Common Stock 460,500,000 shs.				d473.0	d744.0	d386.0	194.0	d86.0	d118.0	d701.0	109.0	d3.0	d689	d500	d300	d300	d300	Working Cap'l (\$mill)	100	
MARKET CAP: \$16.2 billion (Large Cap)				8062.0	7997.0	8182.0	8165.0	7495.0	8008.0	7491.0	8124.0	8674	9125	9300	9300	9300	9300	Long-Term Debt (\$mill)	9200	
CURRENT POSITION				5308.0	5563.0	5971.0	6121.0	6222.0	5792.0	5902.0	6285.0	6260	6070	6075	6125	6125	6125	Shr. Equity (\$mill)	6400	
ANNUAL RATES				7.8%	6.9%	7.2%	7.9%	9.2%	9.7%	9.8%	8.3%	8.4%	7.5%	9.0%	9.0%	9.0%	Return on Total Cap'l	10.0%		
Past 10 Yrs				15.2%	13.2%	13.7%	14.3%	16.0%	18.6%	18.4%	15.7%	16.2%	16.6%	17.0%	18.5%	18.5%	Return on Shr. Equity	20.5%		
Past 5 Yrs				15.1%	13.1%	6.5%	7.0%	8.3%	10.1%	9.4%	6.6%	6.5%	6.1%	6.5%	7.5%	7.5%	Retained to Com Eq	9.0%		
Est'd '08-'10				1%	1%	53%	51%	48%	46%	49%	58%	60%	63%	62%	59%	59%	All Div'ds to Net Prof	56%		

Cal-endar	2009	2010	12/31/11
Cash Assets	1140	539	258
Receivables	1527	1656	1775
Other	343	287	346
Current Assets	3010	2482	2379
Accts Payable	567	601	725
Debt Due	749	233	631
Other	1585	1651	1712
Current Liab.	2901	2485	3068

Cal-endar	2009	2010	2011	2012	2013
Revenues	2.5%	3.5%	5.5%	5.5%	5.5%
"Cash Flow"	1.5%	4.0%	5.0%	5.0%	5.0%
Earnings	2.5%	8.5%	5.5%	5.5%	5.5%
Dividends	68.5%	17.0%	5.5%	5.5%	5.5%
Book Value	5.5%	4.0%	2.5%	2.5%	2.5%

Cal-endar	2009	2010	2011	2012	2013
Mar.31	2810	2952	3023	3006	11791
Jun.30	2935	3158	3235	3187	12515
Sep.30	3103	3347	3522	3406	13378
Dec.31	3250	3450	3590	3510	13800
Full Year	3350	3600	3690	3610	14250

Cal-endar	2009	2010	2011	2012	2013
Mar.31	.42	.50	.56	.52	2.00
Jun.30	.41	.54	.55	.60	2.10
Sep.30	.39	.50	.62	.63	2.14
Dec.31	.37	.54	.69	.68	2.28
Full Year	.48	.59	.72	.71	2.50

Cal-endar	2008	2009	2010	2011	2012
Mar.31	.27	.27	.27	.27	1.08
Jun.30	.29	.29	.29	.29	1.16
Sep.30	.315	.315	.315	.315	1.26
Dec.31	.34	.34	.34	.34	1.36
Full Year	.355	.355	.355	.355	1.36

BUSINESS: Waste Management is the largest solid-waste disposal company in No. America. The company and USA Waste Services merged in July, 1998. Other major acquisitions incl.: Western Waste (5/96), Sanifill (9/96), and United Waste Systems (8/97). It operates about 270 landfills, 600 collection operations and 345 transfer stations in No. Amer.; '10 rev. mix consisted of collection (57%), landfill fees (18%), and waste-to-energy, recycling, transfer stations (25%). Western and southern regions account for 46% of total revenues. Has about 42,800 employees. Off/dir. control less than 1.0% of stock (3/11 proxy). Chairman: John C. Pope. CEO: David P. Steiner. Inc.: DE. Address: 1001 Fannin, Suite 4000, Houston, TX 77002. Tel.: 713-512-6200. Internet: www.wm.com.

Waste Management's acquisition expenditures more than doubled, to \$867 million in 2011 . . . The largest purchase, completed in July for about \$425 million, was Oakleaf, which serves as an intermediary between its customers and third-party waste-collection companies. Access to a number of national accounts as well as the potential of directing more of Oakleaf's collections to its own landfills were prime attractions to WM for this deal. The company also supplemented its sizable recycling operation with the acquisition of a specialist in extracting materials from obsolete electronic goods.

. . . but meaningful bottom-line benefits from these additions will likely not be evident until the second half of this year. That is management's current assessment of the slower-than-expected pace of internalizing Oakleaf's waste-collection stream and the realization of other consolidation synergies. Moreover, a recent drop in prices for paper and cardboard is hurting profits at Recycling, while the Waste-to-Energy division is being similarly impacted by reduced prices on its latest energy-supply contracts. All

told, despite a significantly lower average share count, year-to year earnings increases will likely be minimal in the first half of 2012, before beginning to improve in the September quarter.

We expect almost all of the company's free cash flow to continue to be returned to shareholders, via dividends and share repurchases, for a while. Following the most recent dividend increase, in the first quarter, the annualized payment of \$1.42 a share has almost doubled since 2004. Too, share repurchases averaged \$538 million per annum in 2010 and 2011, and a somewhat smaller level appears to be in the cards for this year.

Share-earnings gains should be much improved in 2013 versus the estimated gain in 2012, given the likelihood of a solid profit increase at Oakleaf and the stabilization of results at the recycling and waste-to-energy operations. Also, the effective tax rate should remain in the 35%-36% range.

This main investment attraction of this neutrally ranked stock is an above-average dividend yield.

David R. Cohen
March 2, 2012

(A) Based on diluted shares. Next earnings report due late April. Excludes extraord. losses: '96, \$0.89; '97, \$0.39; '98, \$3.14; '99, \$2.46; '00, \$1.36; '01, \$0.36; '03, \$0.18; '10, \$0.12; '11 Q-3, \$0.04. Excl. extraord. gains: '02, \$0.02; '04, \$0.20; '05, \$0.54; '06, \$0.28; '07, \$0.16; '09, \$0.01.	(B) Dividends usually paid in late March, June, Sept., and Dec. ■ Div. reinvestment plan avail. (C) Incl. intangs. At 12/31/10: \$6021 mill., \$12.68/sh.	(D) In millions.	Company's Financial Strength A
			Stock's Price Stability 95
			Price Growth Persistence 50
			Earnings Predictability 95

WEIS MARKETS NYSE-WMK

RECENT PRICE **40.74** P/E RATIO **14.9** (Trailing: 15.6; Median: 17.0) RELATIVE P/E RATIO **1.01** DIV'D YLD **2.9%** VALUE LINE

TIMELINESS 3 Raised 5/6/11	High: 45.3	38.3	39.5	37.5	39.9	44.2	46.3	47.1	40.3	37.9	41.3	42.2	Target Price Range		
SAFETY 1 New 7/27/90	Low: 32.0	25.8	26.9	27.4	31.0	36.1	37.8	38.2	26.0	22.7	32.6	36.5	2014	2015	2016
TECHNICAL 3 Raised 5/27/11	LEGENDS 9.0 x "Cash Flow" p sh Relative Price Strength Options: No Shaded areas indicate recessions														
BETA .65 (1.00 = Market)															

2014-16 PROJECTIONS																
Price	Gain	Ann'l Total														
High	55	(+35%)	Return													
Low	45	(+10%)	10%													
Insider Decisions																
to Buy																
Options to Sell																
Institutional Decisions																
to Buy																
to Sell																
Hld's(000)																
Percent shares traded																
© VALUE LINE PUB. LLC																

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	14-16	
38.71	41.70	43.54	44.72	48.09	49.44	73.09	73.52	75.26	77.60	82.26	83.15	85.98	89.83	93.54	97.42	102.40	103.35	Sales per sh ^A	114.80
2.65	2.78	2.95	2.91	2.98	3.02	3.83	3.86	3.71	3.83	4.20	3.97	3.73	3.78	4.32	4.59	4.80	4.95	"Cash Flow" per sh	5.60
1.84	1.87	1.90	1.80	1.87	1.81	1.65	2.10	2.01	2.11	2.35	2.07	1.69	1.74	2.33	2.54	2.70	2.80	Earnings per sh ^{AB}	3.25
.80	.88	.94	.98	1.02	1.06	1.08	1.08	1.10	1.12	1.12	1.16	1.16	1.16	1.16	1.16	2.17	1.20	Div'ds Decl'd per sh ^{CM}	1.30
18.61	19.47	20.28	21.33	22.03	22.74	19.31	20.31	21.20	21.15	22.35	23.31	24.04	24.52	25.68	27.07	27.50	29.10	Book Value per sh ^D	34.65
42.53	42.04	41.77	41.76	41.69	41.69	27.20	27.19	27.14	27.03	27.02	26.99	26.97	26.97	26.90	26.90	27.00	27.00	Common Shs Outst'g ^E	27.00
14.6	16.6	16.7	19.8	19.8	20.1	19.6	15.4	16.3	16.5	16.5	19.8	25.1	19.9	14.3	14.3	14.5	14.5	Avg Ann'l P/E Ratio	16.0
.98	1.04	.96	1.03	1.13	1.31	1.00	.84	.93	.87	.88	1.07	1.33	1.20	.95	.92	.90	.90	Relative P/E Ratio	1.05
3.0%	2.8%	3.0%	2.8%	2.8%	2.9%	3.3%	3.3%	3.3%	6.1%	2.9%	2.8%	2.7%	3.3%	3.5%	3.2%	5.5%	5.5%	Avg Ann'l Div'd Yield	2.6%

CAPITAL STRUCTURE as of 9/24/11															
Total Debt None															
Leases, Uncapitalized Annual rentals \$33.3 mill.															
Pension Assets-12/10: None Oblig.: \$7.7 mill.															
Pfd Stock None															
Common Stock 26,898,443 shs.															
MARKET CAP: \$1.1 billion (Mid Cap)															
CURRENT POSITION															
Cash Assets															
Receivables															
Inventory (LIFO)															
Other															
Current Assets															
Accts Payable															
Other															
Current Liab.															

ANNUAL RATES															
of change (per sh)															
Sales															
"Cash Flow"															
Earnings															
Dividends															
Book Value															

Cal-endar	QUARTERLY SALES (\$ mill.) ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2008	595.7	603.4	603.9	619.4	2422.4
2009	606.2	615.4	623.2	671.4	2516.2
2010	664.2	653.7	640.0	662.5	2620.4
2011	659.5	676.7	678.6	750.2	2765
2012	685	695	695	715	2790

Cal-endar	EARNINGS PER SHARE ^{AB}				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.Per	
2008	.33	.48	.30	.63	1.74
2009	.61	.56	.58	.58	2.33
2010	.65	.76	.61	.52	2.54
2011	.69	.77	.63	.61	2.70
2012	.71	.78	.66	.65	2.80

Cal-endar	QUARTERLY DIVIDENDS PAID ^{CM}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.29	.29	.29	.29	1.16
2009	.29	.29	.29	.29	1.16
2010	.29	.29	.29	.29	1.16
2011	.29	.29	.29	1.30	2.17

Earnings at Weis Markets likely advanced about 6% in the recently concluded year. Share net rose at a low-single-digit clip in the first nine months of the year, but we expect the pace picked up considerably in the December quarter, owing to a comparatively weak profit performance in the prior-year period. Also aiding the comparison, the recent fourth quarter was one week longer than the typical 13-week interim.

The top line is advancing at a solid clip. Unlike the previous two years, when results were boosted by the 2009 acquisition of a small chain in Binghamton, New York, 2011's growth was driven by rising sales at existing stores. In fact, comparable-store sales trends improved nicely as 2011 progressed, from a gain of .6% in the March quarter to an increase of 6.5% in the September period. Higher prices are likely driving most of the advance, as the company looks to pass on inflationary pressures on its cost structure. Notably, gross margins have narrowed over the past year, suggesting that Weis is proceeding cautiously in implementing price hikes, rather than risk having value-

conscious shoppers defect to competing food retailers.

Weis has been increasing its capital spending, which likely approached \$100 million in 2011, versus an average of just \$60 million in the preceding four years.

The company has also paid out a special dividend, with shareholders receiving a one-time payout of \$1.00 a share in late November. At the same time, Weis also raised its regular quarterly dividend 3.4%, to \$0.30 a share, the first such increase since 2006. The company likely dipped into its sizable cash coffers to pay for the special dividend, but operating cash flow should be sufficient to fund recurring capital spending and the regular dividend going forward.

These shares will likely appeal most to conservative investors. The stock carries our top rank (1) for Safety and also offers an above-average dividend yield. Appreciation potential, though, is modest, reflecting our expectations that earnings in 2012 and out to mid-decade will likely advance at a relatively pedestrian mid-single-digit annual clip.

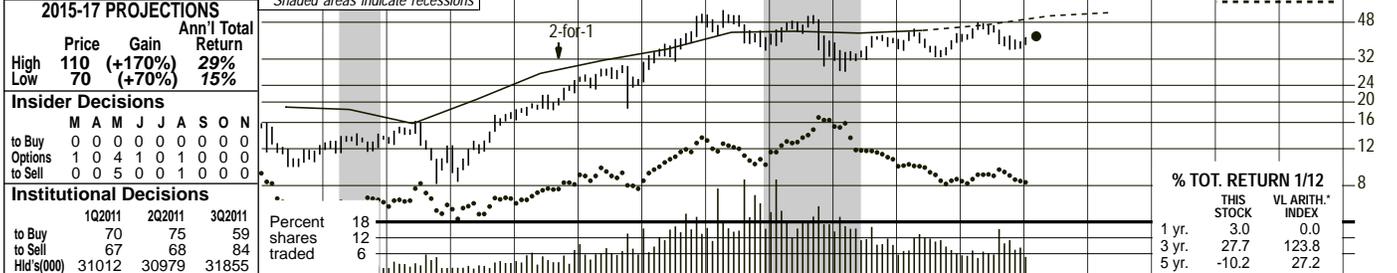
Robert M. Greene, CFA January 27, 2012

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WEST PHARM. NYSE-WST

RECENT PRICE **41.12** P/E RATIO **16.3** (Trailing: 18.9; Median: 18.0) RELATIVE P/E RATIO **1.08** DIV'D YLD **1.8%** VALUE LINE

TIMELINESS 3 Raised 11/12/10	High: 14.2	16.3	17.9	25.5	30.0	52.8	54.8	52.0	41.8	44.8	48.0	42.4	Target Price Range 2015 2016 2017	
SAFETY 3 Lowered 12/3/04	Low: 11.4	8.1	8.3	16.4	18.6	24.8	35.2	29.5	27.8	32.7	35.5	37.3		120
TECHNICAL 3 Raised 2/17/12	LEGENDS — 10.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 9/04 Options: Yes Shaded areas indicate recessions													80
BETA .80 (1.00 = Market)	2015-17 PROJECTIONS												64	



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC 15-17	
14.00	13.66	14.96	16.00	15.03	13.84	14.49	16.77	19.99	23.95	27.76	31.58	32.14	31.99	33.17	35.28	35.70	35.80	Sales per sh	48.65
1.90	2.06	2.32	2.46	1.89	1.84	1.58	2.06	2.74	3.17	3.58	4.30	4.35	4.26	4.38	4.67	5.15	5.35	"Cash Flow" per sh	8.00
.96	1.11	1.14	1.21	.60	.73	.45	.94	1.33	1.39	1.93	2.37	2.38	2.11	2.10	2.34	2.60	2.95	Earnings per sh ^A	5.30
.27	.29	.31	.33	.35	.37	.39	.41	.43	.46	.50	.54	.58	.62	.66	.68	.72	.78	Div'ds Decl'd per sh ^B	.96
.97	1.04	1.39	1.58	2.00	1.54	1.30	2.08	2.12	1.85	2.74	4.01	4.24	3.18	2.14	2.82	2.45	2.30	Cap'l Spending per sh	3.25
7.69	8.38	7.66	7.88	7.16	6.16	6.96	8.80	11.12	11.42	12.60	15.02	14.90	17.55	18.79	19.38	21.65	22.70	Book Value per sh ^C	33.15
32.77	33.14	30.05	29.33	28.62	28.69	28.96	29.26	27.09	29.21	32.90	32.30	32.70	33.00	33.30	33.80	35.00	37.00	Common Shs Outst'g ^D	37.00
13.2	13.5	13.2	14.6	20.3	17.5	28.7	14.1	15.1	19.0	19.6	18.8	18.0	17.1	18.1	18.1	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	17.0
.83	.78	.69	.83	1.32	.90	1.57	.80	.80	1.01	1.06	1.00	1.08	1.14	1.15	1.16			Relative P/E Ratio	1.15
2.1%	1.9%	2.0%	1.8%	2.9%	2.9%	3.0%	3.1%	2.1%	1.7%	1.3%	1.2%	1.4%	1.7%	1.7%	1.7%			Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 9/30/11				2009	2010	9/30/11	BUSINESS: West Pharmaceutical Services manufactures systems and component parts (stoppers, seals, syringe components) used in the delivery of injectable drugs. Also supplies packaging and delivery system components to food processors and makers of personal care products. Its West Monarch Analytical Labs division provides testing services that help drug companies meet closure/packaging regulatory guidelines. Foreign (non-U.S.) sales: 52% of '10 total; R&D: 2.2%. Has about 6,600 employees. Officers & directors own about 6.2% of common; Franklin Advisory, 10.6% (3/11 Proxy). Chairman, President & CEO: Donald E. Morel, Jr. Incorporated: PA. Address: 101 Gordon Drive, P.O. Box 645, Lionville, PA 19341. Tel.: 610-594-2900. Web: www.westpharma.com.													
Total Debt \$378.0 mill. Due in 5 Yrs \$108.0 mill.				16.2%	15.9%	17.2%	419.7	490.7	541.6	699.7	913.3	1020.1	1051.1	1055.7	1104.7	1192.3	1250	1325	Sales (\$mill)	1800
LT Debt \$323.3 mill. LT Interest \$20.0 mill.				33.0	33.0	33.2	16.2%	15.9%	17.2%	17.1%	17.4%	17.6%	17.6%	16.4%	16.1%	16.2%	17.0%	17.0%	Operating Margin	20.0%
Inc. \$162 mill 4.0% sub notes ('47) cv. into 17.90 shs. at \$55.85.				12.8	27.3	40.9	23.8%	30.0%	25.7%	28.7%	29.6%	28.7%	24.7%	23.4%	22.8%	24.8%	24.0%	26.0%	Depreciation (\$mill)	95.0
(LT interest earned: 10.8x; total interest coverage: 8.2x) (27% of Cap'l)				3.0%	5.6%	7.6%	12.8	27.3	40.9	45.2	65.0	82.4	81.7	72.4	72.8	82.0	96.0	96.0	Net Profit (\$mill)	200
Leases, Uncapitalized Annual rentals \$9.9 mill.				73.6	97.8	110.0	23.8%	30.0%	25.7%	28.7%	29.6%	28.7%	24.7%	23.4%	22.8%	24.8%	24.0%	26.0%	Income Tax Rate	24.0%
Pensions Assets-12/10 \$212.3 mill. Oblig. \$283.5 mill.				159.2	167.0	150.8	3.0%	5.6%	7.6%	6.5%	7.1%	8.1%	7.8%	6.9%	6.6%	6.9%	7.7%	7.2%	Net Profit Margin	11.1%
Pfd Stock None				201.5	257.6	301.1	73.6	97.8	110.0	112.4	124.8	229.4	207.1	226.1	266.9	228.8	300	320	Working Cap'l (\$mill)	415
Common Stock 33,716,732 shares as of 10/31/11				4.7%	7.5%	10.0%	159.2	167.0	150.8	280.7	235.8	394.6	382.1	379.1	358.1	349.4	275	250	Long-Term Debt (\$mill)	210
MARKET CAP: \$1.4 billion (Mid Cap)				6.4%	10.6%	13.6%	201.5	257.6	301.1	333.5	414.5	485.3	487.1	579.1	625.7	654.9	765	850	Shr. Equity (\$mill)	1225
CURRENT POSITION (SMILL.)				8.7%	6.0%	9.3%	4.7%	7.5%	10.0%	8.5%	11.0%	10.2%	10.3%	8.3%	8.3%	8.2%	9.5%	10.5%	Return on Total Cap'l	14.5%
Cash Assets	83.1	110.2	119.2	6.4%	10.6%	13.6%	6.4%	10.6%	13.6%	13.6%	15.7%	17.0%	16.8%	12.5%	11.6%	12.0%	12.5%	Return on Shr. Equity	16.0%	
Receivables	138.7	126.4	153.1	.8%	6.0%	9.3%	.8%	6.0%	9.3%	9.3%	11.8%	13.4%	13.0%	9.0%	8.2%	9.0%	8.5%	Retained to Com Eq	13.0%	
Inventory (LIFO)	129.2	147.0	155.5	87%	43%	31%	87%	43%	31%	31%	24%	21%	23%	28%	30%	28%	27%	All Div'ds to Net Prof	18%	
Other	46.2	53.0	75.7	West Pharmaceutical Services closed out 2011 in respectable fashion. The company posted adjusted earnings of \$0.59 a share, a 40% increase over last year's figure. The implementation of surcharges and contractual price increases that went into effect late last year worked to offset higher raw material costs, and helped boost operating profits during the final period. Our share-net estimate for 2012 is \$2.60. This figure assumes top-line growth of around 5% at constant exchange rates, which is inline with the company's guidance. West's prospects, though improving, are still a bit uncertain this year due to several factors, including rising costs, currency headwinds, and unpredictable adoption rates for new products. For 2013, we are introducing an earnings estimate of \$2.95. We think West will probably only see a modest revenue and earnings increase next year, as new devices continue to take hold with customers. However, there remains a significant opportunity for West Pharm to deliver strong top- and bottom-line gains out to 2015-2017. The company recently updated its long-term outlook for sales and profitability, with revenues in the range of \$1.7 billion to \$1.9 billion and an operating margin of approximately 20% by 2016. West Pharm's earlier projections called for sales of \$1.6 billion and an operating margin of 19% by 2014. The updated outlook reflects an additional development period of about a year to allow for completion of formal stability testing and for required regulatory paperwork to be submitted for Daikyo Crystal Zenith products (Pharmaceutical Delivery Systems). West Pharmaceutical's shares do not stand out for year-ahead relative price performance (Timeliness: 3). However, we do anticipate that the company will post materially higher share earnings by 2015-2017, which ought to give this equity above-average price appreciation potential out to mid-decade. And if the company is successful in its large-scale commercialization efforts related to CZ, revenues could significantly ramp up in 2014 or early 2015, and provide greater upside than we are forecasting. Steven Shnyder February 24, 2012																
Current Assets	397.2	436.6	503.5																	
Accts Payable	68.4	63.2	71.7																	
Debt Due	.5	.3	54.7																	
Other	102.2	106.2	102.9																	
Current Liab.	171.1	169.7	229.3																	

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '08-'10	Full Year
of change (per sh)	10 Yrs	5 Yrs	to '15-'17	
Sales	8.0%	10.0%	6.0%	1055.7
"Cash Flow"	7.0%	10.5%	9.0%	1104.7
Earnings	8.5%	12.5%	13.5%	1192.3
Dividends	6.5%	7.5%	6.5%	1250
Book Value	8.5%	10.5%	10.0%	1325

Cal-endar	QUARTERLY SALES (\$ mill.)				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.31	
2009	242.4	261.0	258.9	293.4	1055.7
2010	274.7	281.8	271.4	276.8	1104.7
2011	295.4	307.9	293.6	295.4	1192.3
2012	315	320	305	310	1250
2013	335	340	325	325	1325

Cal-endar	EARNINGS PER SHARE ^A				Full Year
	Mar.Per	Jun.Per	Sep.Per	Dec.31	
2009	.42	.58	.45	.67	2.11
2010	.58	.64	.46	.42	2.10
2011	.60	.62	.53	.59	2.34
2012	.67	.69	.61	.63	2.60
2013	.73	.75	.73	.74	2.95

Cal-endar	QUARTERLY DIVIDENDS PAID ^B				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.14	.14	.14	.15	.57
2009	.15	.15	.15	.16	.61
2010	.16	.16	.16	.17	.65
2011	.17	.17	.17	.18	.69
2012	.18				

(A) Diluted earnings. Based on average shares outstanding through '06. Excl. nonrec. gains/(losses): '96, (45¢); '97, 23¢; '98, (94¢); '99, 3¢; '03, 15¢; '04, (24¢); '05, (12¢); '07, (31¢); '08, 12¢; '09, 01¢; '10 1Q, (1¢); '10 2Q, (2¢); '10 3Q, 5¢. Next earnings report due early May. (B) Dividends historically paid early Feb, May, Aug., and Nov. ■ Dividend reinvestment plan available. (C) Incl. goodwill. In '10: \$167.6 mill., \$5.03/share. (D) In millions, adjusted for split. (E) Quarterlies don't add to annual total due to rounding.

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

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	Average Dividend Yield ^a	Forecasted Growth Rate ^b	Cost of Equity ^c
Burlington Northern Santa Fe	1.47%	12.74%	14.21%
CSX	1.06	15.52	16.58
Norfolk Southern	1.41	14.92	16.34
Union Pacific	1.91	12.67	14.57
Weighted average ^d			15.18

TABLE 5.3

Cost-of-equity estimates for U.S. railroads, 2005. The estimates use the constant-growth DCF model, which in this case probably overestimates the railroads' true cost of equity because the forecasted growth rates cannot be sustained in perpetuity.

^a Average of monthly dividend yields during 2005.

^b Based on IBES averages of security analysts' growth forecasts.

^c Some rows do not add up because of rounding.

^d Weights based on total market values of the railroads' common stock.

Source: U.S. Surface Transportation Board, "Railroad Cost of Capital—2005," September 15, 2006.

Dangers Lurk in Constant-Growth Formulas

The simple constant-growth DCF formula is an extremely useful rule of thumb, but no more than that. Naive trust in the formula has led many financial analysts to silly conclusions.

We have stressed the difficulty of estimating r by analysis of one stock only. Try to use a large sample of equivalent-risk securities. Even that may not work, but at least it gives the analyst a fighting chance, because the inevitable errors in estimating r for a single security tend to balance out across a broad sample.

In addition, resist the temptation to apply the formula to firms having high current rates of growth. Such growth can rarely be sustained indefinitely, but the constant-growth DCF formula assumes it can. This erroneous assumption leads to an overestimate of r . Table 5.3 is probably an example of such an overestimate. The four largest U.S. railroads were expanding rapidly in 2005 and 2006 as they recovered from a period of low profitability. Security analysts were forecasting continued recovery and earnings growth at 12% to 15% for the next few years. But the rate of growth was bound to slow down when the recovery was completed. Thus analysts and investors were not assuming a single future growth rate, but at least two: a near-term rate of rapid growth, then a transition to a moderate long-term growth rate. There was no basis for assuming 12% to 15% growth in perpetuity.

DCF Valuation with Varying Growth Rates Consider Growth-Tech, Inc., a firm with $DIV_1 = \$50$ and $P_0 = \$50$. The firm has plowed back 80% of earnings and has had a return on equity (ROE) of 25%. This means that *in the past*

$$\text{Dividend growth rate} = \text{plowback ratio} \times \text{ROE} = .80 \times .25 = .20$$

The temptation is to assume that the future long-term growth rate g also equals .20. This would imply

$$r = \frac{.50}{50.00} + .20 = .21$$