BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

IN RE:	)	
	)	
PETITION OF CHATTANOOGA GAS	)	
FOR GENERAL RATE INCREASE,	)	**Docket No. 09-00183**
IMPLEMENTATION OF ENERGYSMART,	)	
AND IMPLEMENTATION OF REVENUE	)	
DECOUPLING MECHANISM	)	
	)	

JOINT SUBMISSION OF AGREED LATE FILED EXHIBITS

At the final day of the Hearing in this matter on April 26, 2010, Mr. Jerry Kettles of the Tennessee Regulatory Authority (TRA) Staff asked that the parties to this action submit certain information as a late filed exhibit or exhibits. He further suggested that the parties attempt to agree on the items to be submitted in response to his request. Pursuant to that request, the parties conferred and have agreed that the attached Exhibits are responsive to the request for late filed exhibits made by Mr. Kettles. Accordingly, the parties jointly submit the attached three Exhibits, labeled as Late Filed Exhibits 1, 2 and 3 into the record in this cause.

Jointly submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

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This the 7th day of May, 2010.

C. Scott Jackson

EXHIBIT 1

Late Filed Exhibit 1

VALUE LINE Investment Survey®

PAGES 2957-2968
File in page order in the *Selection & Opinion* binder.

PART 2 — *Selection & Opinion* — APRIL 2, 2010

Dear Subscribers,

As part of our ongoing efforts to keep *The Value Line Investment Survey* the most valuable investment resource for our subscribers, the entire service, including all Ranks, is now being released on the Value Line Web Site at 8:00 A.M. Eastern Time on Mondays. You can access each week's issue at www.valueline.com by entering your user name and password. We look forward to continuing to provide you with accurate and timely investment research. Thank you.

The Value Line View

In This Issue

The *Selection & Opinion* Index appears on page 3009 (March 5, 2010).

In Three Parts: Part 1 is the Summary & Index. This is Part 2, Selection & Opinion. Part 3 is Ratings & Reports. Volume LXV, Number 32.

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ECONOMIC AND STOCK MARKET COMMENTARY

The housing market remains the notable exception in an otherwise improving economy. Reports issued recently showed further declines in housing starts (which remain near their recession lows) and building permits, weaker sales of new homes and existing residences, additional increases in foreclosures, and high levels of bank repossessions. Also, housing prices remain depressed and there are few suggestions—given high, and in some cases increasing, inventory levels—that they will soon recover to any degree.

A quick turnaround is unlikely along this front. Housing sentiment readings are mostly negative and the major inducements—aside from weak pricing—for home purchases, such as improving job prospects and the ease of securing financing, are not present. So while this sector may stabilize in the months ahead, a notable recovery is unlikely before 2011.

Other areas are doing better. For example, recent data showed firming trends in durable goods orders and car sales (with the latter underpinned by major incentives), along with slight increases in industrial production and factory use, as U.S. industry ramps up following the end of the recession.

Meantime, this growth is coming without material pressure on the pricing side, as the economic slack left over from the aforementioned recession is helping to keep prices and wages—therefore inflation—under control. This point was confirmed by recent data on producer (wholesale) and consumer prices, with the former falling sharply in February, while the latter held steady. Moreover, little is likely to change over the next several quarters, as unemployment, industrial capacity, and housing inventories are all at sufficiently high levels to keep serious pricing pressures at bay.

As a result, the Federal Reserve can take a go-slow approach. Our sense is that the central bank will be in no hurry to raise interest rates, with borrowing costs unlikely to rise until the second half of this year.

The picture is bright enough to keep investor sentiment positive. The stock market has climbed sharply in the past year, as confidence about the viability of the business up cycle has gained traction. Meantime, recent passage of the historic healthcare package has thus far not dampened enthusiasm for stocks. The continuing strength in the market, however, has made valuations rather frothy.

Conclusion: Stocks could still be set to move higher, but we caution that price-earnings ratios are notably richer than they were a year ago. Please refer to the inside back cover of *Selection & Opinion* for our Asset Allocation Model's current reading.

	3/17/2010	3/24/2010	%Change 1 week	%Change 12 months
Dow Jones Industrial Average	10733.67	10836.15	+1.0%	+41.5%
Standard & Poor's 500	1166.21	1167.72	+0.1%	+44.8%
N.Y. Stock Exchange Composite	7474.13	7408.16	-0.9%	+46.3%
NASDAQ Composite	2389.09	2398.76	+0.4%	+58.2%
NASDAQ 100	1936.22	1951.84	+0.8%	+58.1%
American Stock Exchange Index	1907.11	1875.44	-1.7%	+37.6%
Value Line (Geometric)	336.31	335.58	-0.2%	+73.5%
Value Line (Arithmetic)	2487.12	2484.00	-0.1%	+92.7%
London (FT-SE 100)	5644.6	5677.8	+0.6%	+45.2%
Tokyo (Nikkei)	10846.98	10815.03	-0.3%	+27.4%
Russell 2000	683.98	683.68	0.0%	+64.2%

Model Portfolios: Recent Developments

PORTFOLIO I

At this writing, the first quarter is drawing to a close, and it appears that Portfolio I will likely post a good return. True, our group got off to a slow start, reflecting the difficult market in the month of January. However, the portfolio's performance began to improve in early February, as investor sentiment turned more positive, and by the end of the month our group had made a full recovery. Meanwhile, our holdings continued to find support in March, with advances from recent additions *Guess* and *Jo-Ann Stores* lending a welcome hand.

The final tally has not yet been recorded, but the portfolio's top performing stocks are likely to be *NII Holdings* and *ResMed*, with gains in the 20% range. *TJX Companies*, *Express Scripts*, and *TreeHouse Foods* look to have turned in a good showing, as well, with returns in the mid-to-high teens. As it stands now, *Google* and *MasterCard* shares probably will bring up the rear for the quarter. The performance of *GOOG* stock has likely been hindered by the company's problems with the Chinese government. The Internet search giant is taking the actions it deems appropriate, which should work to give investors a clearer perspective. Although *MA* stock has found renewed support, it has yet to fully recover from the disappointment registered with its fourth-quarter earnings report. There are no changes this week.

PORTFOLIO II

Portfolio II's momentum slowed a touch recently, as investors seemed to have been up for a little profit taking. That said, we are making no changes to its composition this week. Indeed, the portfolio remains well positioned to achieve healthy risk-adjusted total returns in both the short- and long-term. Currently, 80% of these issues hold our Highest rank (1) for Safety, and the portfolio's average dividend yield remains well above the *Value Line* median. Two stocks that we anticipate will sustain solid price momentum in the near term are *Medtronic* and *Aflac*. At this point, it remains unclear what kind of impact the historic health care bill will have on *MDT*. In the meantime, though, the medical device maker should continue to benefit from innovation and a strong product pipeline, with a couple of catheters likely to receive FDA approval in the coming months. *Aflac* is also poised for top- and bottom-line growth this year, thanks largely to new product and policy sales. Both stocks are currently ranked 1 (Highest) for relative year-ahead price performance.

Portfolio II also houses shares offering substantial long-term growth prospects, such as *Lockheed Martin* and *Automatic Data Processing*. The former ought to benefit significantly from the F-35 fighter-jet program, while improving computer outsourcing trends and a solid market share should support *ADP's* 3- to 5-year growth potential.

PORTFOLIO III

Portfolio III and the broader U.S. stock market continue to trend higher as the second quarter gets under way, despite bearish predictions that the year-long rally would fizzle in the wake of costly healthcare reform and sovereign-debt crises in Greece and Portugal. Indeed, investors appear to be focusing more on rising corporate profits, easy monetary policy, and the recovering economy than on macro issues that are much harder to quantify. Notably, too, domestic equities still seem to be a better bet these days (in terms of risk/reward) than either bonds or international issues.

Starwood Hotels & Resorts Worldwide has been the group's best performing stock so far this year, appreciating upwards of 20% in value. The lodging company's December-period share net of $0.51 came in better than our estimate and Wall Street's consensus view, thanks to higher domestic occupancy rates and a pickup in international RevPAR (Revenue Per Available Room). We expect these positive trends, along with margin improvements and gains in emerging markets (e.g., China and India), to support results through 2010. Meanwhile, over the long haul, *Starwood* should benefit from cost-cutting activities, healthy unit development, and an expansion of the global luxury market. A further transition to an asset-light business model ought to be a plus, too, by boosting profitability and reducing the firm's exposure to volatile real estate markets. We are making no changes to Portfolio III this week, though we continue our search for quality names with attractive long-term appeal.

PORTFOLIO IV

This week, we are purchasing shares of *Abbott Laboratories* for Portfolio IV. *ABT* stock offers a dividend yield of about 3.3%, and typically pays out around 45% of profits to shareholders. Moreover, it is ranked to outpace the year-ahead market averages (2) and is top ranked for Safety (1). The lion's share of *ABT's* more than $30 billion in revenues is derived from sales of adult and pediatric pharmaceuticals. It also offers nutritional, diagnostic, and vascular products. The company registered a 23% earnings gain in 2009 and is forecasting another 13%-14% jump this year, on rising sales of arthritis drug, *Humira,* and strengthening demand internationally. Acquisitions may provide a lift to the bottom line, as well. For one, recently added chemical and plastic product maker Solvay should boost share net by $0.10 in 2010. To make room for *ABT*, we are selling our position in propane and fuel distributor Suburban Propane L.P. SPH shares have fallen to 4 (Below Average) for Timeliness.

The portfolio's value has been holding steady of late. We recommend the grouping to those with a conservative investment approach who want a healthy and predictable stream of dividend income, along with price appreciation potential. Timely selections here include *Abbott, Buckeye Partners L.P., Enterprise Products, Heinz (H.J.), National Presto, Sanofi-Aventis,* and *Sara Lee.* Among these holdings, *BPL*, *EPD*, and *NPK* each offer yields of better than 6.0%.

[redacted]

(primarily suitable for more aggressive investors)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
1402	AAPL	Apple Inc.	228.36	1	3	17.7	Nil	1.10	A++	Computers/Peripherals
1169	BLL	Ball Corp.	54.52	2	2	12.7	0.7	1.00	B++	Packaging & Container
1816	CHKP	Check Point Software	34.85	2	2	18.8	Nil	0.80	A	E-Commerce
2582	CTSH	Cognizant Technology	52.52	1	3	27.1	Nil	1.15	A+	Computer Software/Svcs
1187	CL	Colgate-Palmolive	85.34	2	1	17.9	2.5	0.55	A++	Household Products
989	ESRX	Express Scripts 'A'	102.00	1	3	24.9	Nil	0.95	A	Pharmacy Services
2620	GOOG	Google, Inc.	549.00	2	2	23.2	Nil	0.90	A++	Internet
2105	GES	Guess Inc.	48.41	1	3	17.7	1.3	1.25	B++	Apparel
1408	HPQ	Hewlett-Packard	53.15	2	1	15.0	0.6	1.00	A++	Computers/Peripherals
2199	JAS	Jo-Ann Stores	42.60	1	3	19.5	Nil	1.10	B+	Retail (Special Lines)
2157	SHOO	Madden (Steven) Ltd.	47.42	1	3	16.4	Nil	1.00	B++	Shoe
2556	MA	MasterCard Inc.	245.59	2	3	19.9	0.2	1.20	A++	Financial Svcs. (Div.)
990	MHS	Medco Health Solutions	66.07	2	1	22.0	Nil	0.70	A+	Pharmacy Services
942	NIHD	NII Holdings	41.65	2	3	18.9	Nil	1.80	B+	Telecom. Services
2112	RL	Polo Ralph Lauren 'A'	84.90	2	3	19.3	0.5	1.20	A	Apparel
224	RMD	ResMed Inc.	62.83	1	2	25.0	Nil	0.75	A	Medical Supplies
1379	SLAB	Silicon Labs.	49.00	2	3	29.3	Nil	1.10	B+	Semiconductor
2609	SY	Sybase Inc.	48.20	2	3	23.4	Nil	0.80	B++	Computer Software/Svcs
2219	TJX	TJX Companies	43.53	2	1	14.4	1.4	0.80	A+	Retail (Special Lines)
1938	THS	TreeHouse Foods	45.12	1	2	18.6	Nil	0.60	A	Food Processing

To qualify for purchase in the above portfolio, a stock must have a Timeliness Rank of 1 and a Financial Strength Rating of at least B+. If a stock's Timeliness rank falls below 2, it will be automatically removed. Stocks in the above portfolio are selected and monitored by Charles Clark, Associate Research Director.

[redacted]

(primarily suitable for more conservative investors)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
1586	ABT	Abbott Labs.	54.34	2	1	13.2	3.2	0.60	A++	Drug
1540	AFL	Aflac Inc.	53.50	1	3	10.9	2.3	1.15	B+	Insurance (Life)
2574	ADP	Automatic Data Proc.	44.91	3	1	18.6	3.0	0.70	A++	Computer Software/Svcs
597	CB	Chubb Corp.	51.93	3	1	9.1	2.9	0.90	A	Insurance (Prop/Cas.)
1186	CLX	Clorox Co.	65.11	3	2	15.0	3.3	0.65	B++	Household Products
1961	KO	Coca-Cola	55.30	3	1	16.6	3.2	0.60	A++	Beverage
1187	CL	Colgate-Palmolive	85.34	2	1	17.9	2.5	0.55	A++	Household Products
1768	ITT	ITT Corp.	53.30	3	1	13.7	1.9	1.00	A+	Diversified Co.
1362	INTC	Intel Corp.	22.67	3	1	15.5	2.8	1.05	A++	Semiconductor
208	JNJ	Johnson & Johnson	65.36	3	1	13.4	3.1	0.60	A++	Medical Supplies
559	LMT	Lockheed Martin	84.78	3	1	11.1	3.1	0.85	A++	Aerospace/Defense
305	MCD	McDonald's Corp.	67.35	2	1	15.4	3.3	0.65	A++	Restaurant
215	MDT	Medtronic, Inc.	45.72	1	1	13.8	1.8	0.75	A++	Medical Supplies
1369	MCHP	Microchip Technology	29.07	3	3	23.3	4.7	1.00	B+	Semiconductor
2602	PAYX	Paychex, Inc.	32.76	3	1	22.9	3.8	0.85	A	Computer Software/Svcs
1971	PEP	PepsiCo, Inc.	66.86	3	1	16.8	2.9	0.60	A++	Beverage
1622	SNY	Sanofi-Aventis	38.15	2	1	11.7	4.2	0.75	A+	Drug
1952	SYY	Sysco Corp.	29.43	3	1	15.2	3.4	0.70	A++	Retail/Wholesale Food
948	TEF	Telefonica SA ADR	72.05	3	2	8.4	8.3	0.85	B++	Telecom. Services
2149	WMT	Wal-Mart Stores	55.89	3	1	14.6	2.2	0.60	A++	Retail Store

To qualify for purchase in the above portfolio, a stock must have a yield that is in the top half of the Value Line universe, a Timeliness Rank of at least 3 (unranked stocks may be selected occasionally), and a Safety Rank of 3 or better. If a stock's Timeliness Rank falls below 3, that stock will be automatically removed. Stocks are selected and monitored by Jason A. Smith, Senior Analyst.

(primarily suitable for investors with a 3- to 5-year horizon)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	3- to 5-yr Appreciation Potential	Industry Name
1540	AFL	Aflac Inc.	53.50	1	3	10.9	2.3	1.15	30 - 85%	Insurance (Life)
987	CVS	CVS Caremark Corp.	35.92	3	1	13.1	1.0	0.80	65 - 110	Pharmacy Services
1593	CELG	Celgene Corp.	64.41	2	2	28.0	Nil	0.80	85 - 150	Drug
967	CSCO	Cisco Systems	26.64	3	1	19.7	Nil	0.95	30 - 50	Telecom. Equipment
2323	DIS	Disney (Walt)	34.01	2	1	17.0	1.0	1.00	75 - 105	Entertainment
2398	ESV	Ensco Int'l plc	44.01	3	3	9.2	0.2	1.25	50 - 115	Oilfield Svcs/Equip.
2620	GOOG	Google, Inc.	549.00	2	2	23.2	Nil	0.90	60 - 120	Internet
2400	HAL	Halliburton Co.	30.71	3	3	26.2	1.2	1.35	15 - 80	Oilfield Svcs/Equip.
2309	HOG	Harley-Davidson	28.48	4	3	NMF	1.4	1.50	5 - 60	Recreation
1920	HRL	Hormel Foods	41.83	3	1	15.2	2.0	0.65	45 - 80	Food Processing
208	JNJ	Johnson & Johnson	65.36	3	1	13.4	3.1	0.60	55 - 90	Medical Supplies
1922	K	Kellogg	54.76	3	1	15.6	2.8	0.60	35 - 75	Food Processing
2405	NOV	National Oilwell Varco	42.48	3	3	11.5	0.9	1.60	40 - 110	Oilfield Svcs/Equip.
561	NOC	Northrop Grumman	65.19	3	1	12.2	2.7	0.80	90 - 140	Aerospace/Defense
1971	PEP	PepsiCo, Inc.	66.86	3	1	16.8	2.9	0.60	50 - 85	Beverage
647	DGX	Quest Diagnostics	57.28	3	2	13.7	0.7	0.65	50 - 100	Medical Services
2345	HOT	Starwood Hotels	44.05	3	3	80.1	0.5	1.55	-10 - 35	Hotel/Gaming
1790	X	U.S. Steel Corp.	63.32	3	3	NMF	0.3	1.75	10 - 75	Steel (Integrated)
650	UNH	UnitedHealth Group	33.16	2	2	11.0	0.1	1.00	95 - 170	Medical Services
1384	XLNX	Xilinx Inc.	27.32	3	3	17.1	2.3	0.90	45 - 100	Semiconductor

To qualify for purchase in the above portfolio, a stock must have worthwhile and longer-term appreciation potential. Among the factors considered for selection are a stock's Timeliness and Safety Rank and its 3- to 5-year appreciation potential. (Occasionally a stock will be unranked (NR), usually because of a short trading history or a major corporate reorganization.) Stocks in the above portfolio are selected and monitored by Justin Hellman, Senior Industry Analyst.

(primarily suitable for investors interested in current income)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
1586	ABT	Abbott Labs.	54.34	2	1	13.2	3.2	0.60	A++	Drug
509	ARLP	Alliance Resource	42.12	3	3	10.8	7.8	1.10	B+	Coal
1592	BMY	Bristol-Myers Squibb	26.79	3	1	14.7	4.8	0.75	A	Drug
521	BPL	Buckeye Partners L.P.	59.85	2	2	16.0	6.3	0.85	B+	Oil/Gas Distribution
930	CTL	CenturyTel Inc.	35.34	3	2	9.9	8.2	0.75	B++	Telecom. Services
152	ED	Consol. Edison	44.17	3	1	13.8	5.4	0.65	A+	Electric Utility (East)
1578	DD	Du Pont	38.31	3	1	16.7	4.4	1.10	A++	Chemical (Basic)
526	EPD	Enterprise Products	33.58	2	3	16.8	6.8	0.85	B+	Oil/Gas Distribution
1917	HNZ	Heinz (H.J.)	46.86	2	1	15.9	3.8	0.70	A+	Food Processing
1988	NA.TO	Nat'l Bank of Canada	62.60	3	2	10.4	4.1	0.65	B++	Bank (Canadian)
1773	NPK	National Presto Ind.	125.05	1	3	13.3	6.5	0.95	B++	Diversified Co.
1532	O	Realty Income Corp.	30.22	3	3	30.8	5.7	0.90	B+	R.E.I.T.
1996	RAI	Reynolds American	54.10	3	3	11.2	6.7	0.60	B+	Tobacco
1622	SNY	Sanofi-Aventis	38.15	2	1	11.7	4.2	0.75	A+	Drug
1931	SLE	Sara Lee Corp.	14.02	2	2	14.3	3.2	0.85	B++	Food Processing
165	SCG	SCANA Corp.	37.99	4	2	13.2	5.0	0.65	A	Electric Utility (East)
948	TEF	Telefonica SA ADR	72.05	3	2	8.4	8.3	0.85	B++	Telecom. Services
1997	UVV	Universal Corp.	55.00	3	3	11.7	3.4	0.85	B++	Tobacco
955	VOD	Vodafone Group ADR	22.57	3	2	11.0	5.8	0.80	B++	Telecom. Services
2245	XEL	Xcel Energy Inc.	21.30	3	2	13.6	4.7	0.65	B++	Electric Utility (West)

To qualify for purchase in the above portfolio, a stock must have a yield that is at least 1% above the median for the Value Line universe, a Timeliness Rank of at least 3, and a Financial Strength Rating of at least B+. If a stock's Timeliness Rank falls below 4, that stock will be automatically removed. Stocks are selected and monitored by Damon Churchwell, Analyst-Specialist.

Industry Analysis: Canadian Energy

The Canadian Energy Industry is made up of a small, yet diverse group of companies. A majority of the group consists of oil and /or natural gas explorers and producers, but there are also energy transporters and electricity generators. Many, running various business lines, have a horizontal structure. Others, with both upstream and downstream energy assets, ranging from drilling to drive-thru gas stations, are vertical entities.

This group has to deal with a challenging business environment, and operating results may undergo wide swings, exacerbated by fluctuations in commodities prices and currency exchange. Too, companies with significant overseas operations have to comply with the environmental, antitrust, investment and various other laws of foreign governments, which affect growth opportunities and profitability. Effective management teams prove themselves over extended periods, scoring solid average annual revenue, net-profit, and share-price gains.

Stocks of the exploration and production companies typically appeal to venturesome investors seeking to gain from cyclical upswings in the sector. Conservative investors with a penchant for income will like the stable stocks of the transporters and electric utilities.

Meanwhile, some of the members of the Canadian Energy group are structured as investment trusts. These income vehicles reward shareholders with the majority of their net profits. Traditionally, the trusts have been considered safe havens, given their history of relatively stable stock prices and high dividend yields. However, the deep decline in global economic activity experienced in late 2008 and early 2009 proved them not to be as recession resistant as investors thought. Moreover, tougher provincial and governmental operating and tax regulations have tarnished some of their investment luster. Many of the trusts appear to be weighing the benefits of adopting a corporate structure similar to that of a standard oil and gas producer.

Canada's Resources

Canada has always been known for its abundant resources. And, being close to a major consumer of resources, i.e., the United States, the country is well situated geographically. Though many in the industry *have* diversified their operations overseas, keeping the core business in economically and politically stable Canada is a major plus, as a good number of investors know.

As concerns over the world supply of oil persist, the industry has directed attention to the Western Canadian Sedimentary Basin, where there are significant bitumen (a pre-cursor to oil) deposits in tar sands. In recent years, as the price of oil rose above $50 a barrel, bitumen deposits in Alberta, which are expensive to extract and refine, became economical to tap. Most investors are aware that oil prices are volatile in the short run, depending on the supply/demand balance. Still, dips in the commodity's price can cause concern in the investment community about the viability of tar sands production. Canadian Energy companies appear to be of the opinion that oil will remain a key fuel around the globe for some time to come and that, provided production can at least break even in a weak market, tar sands operations are viable for the long term.

Energy transportation companies have focused on building an extensive infrastructure across Canada, reaching into local markets and the United States The Canadian economy has had a decent history of expansion, easing dependence on the United States and other foreign markets. When the domestic economy is healthy, it's cost-effective to serve the home market, and transporters direct more funds to local pipeline development.

The Canadian government has adopted a broad range of environmental regulations, which have heightened costs for the industry and the risk to investors. With respect to extracting oil sands, there is a fair degree of public opposition. Indeed, such extraction generates two to four times the amount of greenhouse gases produced in conventional oil recovery. As a result, several industry members have shifted some resources toward the development of alternative energy, including wind and hydroelectric power. Additionally, many gas producers have taken a keen interest in British Columbia shale deposits, which offer a means to limit carbon emissions.

Currency/Commodities Price Risk

Canadian energy companies doing business with the United States or inside foreign countries are exposed to currency exchange risk on the revenue and cost lines. Currency hedging helps to limit the impact. In some cases, companies issue debt denominated in American dollars or another nation's currency, which, depending on Canadian exchange rates over a certain period, can result in gains or losses. Foreign investors should remember that dividend income from Canadian stocks is subject to a 15% withholding tax; there may be capital gains tax considerations, as well.

Prices for oil and natural gas, determined by the supply/demand equation, will fluctuate throughout the global economic cycle. Commodities prices will boost or suppress revenue, and managements must anticipate or react quickly to market trends, adjusting cost structures to maximize net income.

Downstream assets that produce, for example, gasoline, diesel and jet fuel, are most visibly affected by oil prices. High prices for crude severely impact margins, since customers are particularly resistant to increases in the cost of refined fuels, especially during weak economic times. Also, government regulation over the service cost of oil and natural gas distribution can restrict profitability.

Orly Seidman
Analyst-Specialist

Sector Analysis

Investors who want to look at the "big picture" often start by examining the state of economy and the stock market in general, and then look, in order, at market sectors, at industries within a sector, and then at companies within a given industry.

This week, in the table below, Value Line provides its quarterly update on the 10 sectors we follow, which include nearly 100 industries. Taking each sector in turn, we provide a broad overview and highlight any notable changes in rank. The sector ranks are based on the Timeliness ranks of the individual stocks within the sectors, and are positioned from 1 (Highest) to 10 (Lowest) in order of attractiveness.

	Rank	
Sector	**4/10**	**1/10**
Healthcare	1	2
Technology	2	1
Consumer Staples	3	3
Consumer Cyclical	4	4
Basic Materials	5	5
Financial	6	6
Industrial	7	8
Utilities	8	10
Telecom	9	7
Energy	10	9

Healthcare

The Healthcare sector has returned to the top slot for Timeliness, which it held for all of 2009, after a three-month drop to second place earlier this year. Demand for medical products and services remains very strong and there is a huge base of activity, given that healthcare accounts for about 1/6 of domestic GDP. That makes the segment a larger entity than the economies of every nation in the world except those of the United States as a whole, Japan, China, Germany, France, and the United Kingdom.

The aging of the baby-boom generation continues to provide a favorable undercurrent for the sector as an older population requires additional medical attention and prescription drugs. The passage of healthcare legislation will broaden customer rolls, as well. Earnings momentum should be sufficient to allow the group to outperform on a relative basis.

Technology

Investors leaned toward tech stocks in the early stages of the economic recovery, since they figured adding technology was the quickest way companies could boost their productivity. As such, the tech-heavy NASDAQ outpaced the other major averages in the year following the market's March, 2009 lows. But with much good news factored into share prices, positive earnings surprises and favorable corporate viewpoints from some industry leaders will probably be necessary to push this group higher from here.

Consumer Staples

The Consumer Staples sector has value for the stability it provides, as demand for food, beverages, tobacco, and household items tends to be steady most of the time. During the "Great Recession", however, consumers noticeably traded down from premium products on everything from ketchup to laundry detergent, hurting pricing power at companies here. Customers may be more cost-conscious until boom times arrive again. Even so, prospects for a subdued economic recovery provide this defensive sector, which offers good dividend yields and high Safety ranks, with some allure.

Consumer Cyclical

The Consumer Cyclical sector has been one of the winners this year, as investors speculate that results will improve for the assortment of industries that rely on discretionary consumer spending. To be sure, there has been some bounce in retail sales lately, and auto sales are due to perk up. But it's not clear how lasting this bounce will be. Hurdles to increased consumption include high unemployment, slow wage gains, less available credit, and less home equity. A recovery in the housing market would be a good leading indicator for a sustained resurgence in this sector.

Basic Materials

The Basic Materials sector has settled near the middle of all groups for Timeliness after a weak stretch in early 2009. The industries here largely produce materials used in home construction, building construction, and heavy manufacturing, including automobiles. Those markets were among the hardest hit during the recent global recession, but have since showed signs of a comeback, particularly in China. This sector draws strength from the China-growth story perhaps more than any other. Increased demand for scrap metal of late is another positive sign. A negative here is that the winding down of stimulative policies on the part of central banks around the globe may hurt sentiment.

Financial

Restoring the Financial sector's fitness is the key to reinvigorating the broader economy, since credit in an important part of wealth creation. That's why the Federal Reserve and Treasury have gone to great lengths to nurse the na-

To implement a "sector approach" to investing, do the following:

1. Select the three or four sectors that are ranked the most attractive.

2. Select the most attractive industries within the sectors. Our sector groups are shown on the facing page. Industry Timeliness ranks may be found in the tables on the front cover, or on page 24 of the *Summary & Index*.

3. Select one or two of the most attractive stocks within those industries. The table called "Timely Stocks in Timely Industries" on page 25 of the *Summary & Index* is a good starting place.

tion's financial system back to health.

It's a plus that much of the government intervention process is set to begin finishing up, but several obstacles to sector performance remain. Home loan foreclosures are still rising, the commercial real estate market is weak, and new regulations could hurt profitability. It's not clear if all the cleanup work on banks' balance sheets has been completed, either. The suspension of "mark-to-market" rules in 2009 allowed banks and thrifts to avoid costly writedowns of securities, but those investments might fetch less than cost when they are ultimately sold. Overall, the Financial sector is more speculative than it used to be, particularly after numerous dividend reductions have lessened its appeal for income.

Industrial

The Industrial sector is up a notch in Timeliness this week, although a significant amount of the nation's industrial capacity remains underutilized. Recent operating rates in the 70%-75% range are above the low of 68% hit in June of 2009, but are still subpar by historical standards. Manufacturing provides some of the best-paying jobs, too. Factory workers let go permanently are unlikely to find jobs that pay as well in the service sector. That could prove a drag on the recovery.

Utilities

The Utilities sector is the biggest mover this week, up two notches in Timeliness to eighth place. Investors will continue to look to shares of electric, gas, and water utilities for income in this period of near-zero interest rates. Utility stocks aren't especially cheap, and underlying operations have been hurt in many cases by reduced demand, but dividends are generally secure. The better stocks in the sector come with a measure of dividend growth.

Telecommunications

Telecom stocks have been laggards of late, as several concerns have come to the forefront. More customers are dropping land-line phones in favor of wireless phones to keep from paying an extra bill, and keen competition in wireless recently resulted in price wars that have reduced margins. The subdued consumer environment has also meant less spending on premium phones and plans. Meantime, telecom companies have had to lay out more cash to upgrade their networks. Heightened competition and increased spending needs have taken some of the shine off the group.

Energy

The Energy sector brings up the rear for Timeliness this week, as falling natural gas prices and persistently weak refining margins hurt companies with activities in those lines. That's despite the nice comeback that oil prices have made in the preceding 12 months. Traders appear to be looking forward to a resumption of the long-term trend toward increased petroleum product demand. Having supplies drawn down by rising demand, rather than by companies reducing production, would indeed be the bullish scenario investors are optimistic will materialize.

Robert Mitkowski, Jr.
Associate Research Director

BY INDUSTRY

BASIC MATERIALS
Chemical (Basic)
Chemical (Diversified)
Chemical (Specialty)
Metal & Mining (Div.)
Paper & Forest Products
Precious Metals
Steel (General)
Steel (Integrated)

FINANCIAL
Bank
Bank (Canadian)
Bank (Midwest)
Financial Svcs (Div.)
Insurance (Life)
Insurance (Prop/Casualty)
Investment Co.
Investment Co. (Foreign)
Public/Private Equity
R.E.I.T.
Reinsurance
Securities Brokerage
Thrift

TECHNOLOGY
Computer & Peripherals
Computer Software & Svcs
E-Commerce
Internet
Semiconductor
Semiconductor (Cap Equip)

CONSUMER-CYCLICAL
Advertising
Apparel
Auto Parts
Auto & Truck
Cable TV
Educational Services
Entertainment
Entertainment Technology
Foreign Electron/Entertn
Furniture/Home Furnishings
Homebuilding
Hotel/Gaming
Newspaper
Publishing
Recreation
Restaurant
Retail Automotive
Retail Building Supply
Retail (Special Lines)
Retail Store
Shoe

TELECOMMUNICATIONS
Telecom Equipment
Telecom Services
Wireless Networking

CONSUMER STAPLES
Beverage
Retail/Wholesale Food
Grocery
Household Products
Tobacco
Toiletries/Cosmetics

HEALTHCARE
Biotechnology
Drug
Health Info Services
Medical Services
Medical Supplies
Pharmacy Services

UTILITIES
Electric Utility (Central)
Electric Utility (East)
Electric Utility (West)
Natural Gas Utility
Oil/Gas Distribution
Water Utility

ENERGY
Canadian Energy
Coal
Natural Gas (Diversified)
Oilfield Services/Equip
Petroleum (Integrated)
Petroleum (Producing)

INDUSTRIAL
Aerospace/Defense
Air Transport
Building Materials
Diversified Co.
Electrical Equipment
Electronics
Environmental
Funeral Services
Heavy Construction
Human Resources
Industrial Services
Information Services
Machinery
Maritime
Metal Fabricating
Office Equip & Supplies
Packaging & Container
Power
Precision Instrument
Property Management
Railroad
Trucking

Timely Stocks with Low Risk

In this screen, we identify stocks for investors seeking the best of both worlds: strong expected relative price performance with a minimum level of risk. To generate this list, we first screened for issues with both Timeliness and Safety ranks of at least 2 (Above Average). Then, to further reduce the relative collective risk that is usually associated with stocks that offer high returns, we limited our cut to equities with a Price Stability Index in the upper 10% of our Universe (the Index runs from 5 to 100, with 100 being the best). Finally, like most previous screens, we required that each stock pay a respectable dividend; a dividend yield of at least 2.4%, 0.5% above the current median, was desirable this time around.

In today's market, screening for these relatively strict criteria provides a limited selection of choice issues; this list is relatively small and includes some of the more established and conservatively run companies. Nonetheless, some issues may exhibit greater price swings than others. For instance, *General Mills'* share price would probably be somewhat more stable than *Sara Lee's*.

The composition of this group differs from our previous screens, in that two utility stocks made the cut. Moreover, there are others on this roster that could be characterized as being of interest to income investors. Meanwhile, equities arising from this screen are typically considered defensive, and this group, for the most part, seems to fit this profile. Notwithstanding the past strength of the stock market, the current prospects for economic growth are accompanied with an higher-than-usual degree of uncertainty. Accordingly, investors may well be drawn to the shares listed here, since they rate well for Safety. Also, note that a few of the issues found here offer a dividend yield that is well above the minimum yield that we required to be included in this list. In all, the general nature of the stocks in this screen should hold some allure for those investors on the conservative side.

This list, on balance, will likely warrant the consideration of risk-averse accounts seeking good near-term price performance. As always, we advise our subscribers to consult the full-page analyses in *Ratings & Reports* before committing any funds.

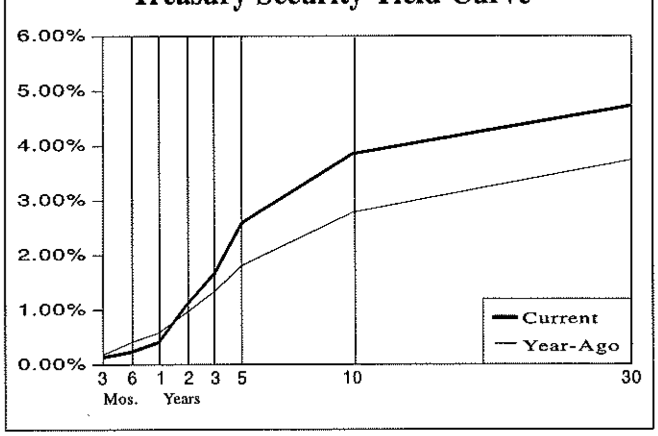
Ratings & Reports Page	Ticker	Company	Recent Price	Timeliness	Safety	Current Yield	Price Stability Index	Industry
1586	ABT	Abbott Labs.	54.34	2	1	3.2%	100	Drug
521	BPL	Buckeye Partners L.P.	59.85	2	2	6.3	90	Oil/Gas Distribution
1187	CL	Colgate-Palmolive	85.34	2	1	2.5	100	Household Products
1915	GIS	Gen'l Mills	73.57	2	1	2.7	100	Food Processing
2310	HAS	Hasbro, Inc.	38.23	1	2	2.6	90	Recreation
1917	HNZ	Heinz (H.J.)	46.86	2	1	3.8	100	Food Processing
386	IDC	Interactive Data	31.98	2	2	2.5	90	Information Services
1925	MKC	McCormick & Co.	39.71	2	1	2.6	100	Food Processing
305	MCD	McDonald's Corp.	67.35	2	1	3.3	100	Restaurant
917	OGE	OGE Energy	38.75	2	2	3.8	100	Electric Util. (Central)
1194	PG	Procter & Gamble	64.53	2	1	2.7	100	Household Products
564	RTN	Raytheon Co.	57.25	2	1	2.6	100	Aerospace/Defense
1622	SNY	Sanofi-Aventis	38.15	2	1	4.2	95	Drug
1931	SLE	Sara Lee Corp.	14.02	2	2	3.2	90	Food Processing
609	TRV	Travelers Cos.	53.90	2	2	2.4	90	Insurance (Prop/Cas.)
921	WEC	Wisconsin Energy	50.34	2	2	3.3	100	Electric Util. (Central)

Selected Yields

TAXABLE

	Recent (3/24/10)	3 Months Ago (12/22/09)	Year Ago (3/25/09)
Market Rates			
Discount Rate	0.75	0.50	0.50
Federal Funds	0.00-0.25	0.00-0.25	0.00-0.25
Prime Rate	3.25	3.25	3.25
30-day CP (A1/P1)	0.15	0.12	0.51
3-month LIBOR	0.28	0.25	1.23
Bank CDs			
6-month	0.25	0.31	0.83
1-year	0.44	0.54	1.04
5-year	1.99	1.95	2.06
U.S. Treasury Securities			
3-month	0.13	0.07	0.18
6-month	0.23	0.16	0.40
1-year	0.41	0.40	0.58
5-year	2.59	2.46	1.81
10-year	3.85	3.75	2.78
10-year (inflation-protected)	1.61	1.35	1.38
30-year	4.73	4.61	3.74
30-year Zero	5.00	4.80	3.77

	Recent (3/24/10)	3 Months Ago (12/22/09)	Year Ago (3/25/09)
Mortgage-Backed Securities			
GNMA 6.5%	1.90	3.38	3.48
FHLMC 6.5% (Gold)	1.30	1.94	2.99
FNMA 6.5%	1.85	1.91	3.00
FNMA ARM	2.93	2.41	3.60
Corporate Bonds			
Financial (10-year) A	5.18	5.50	7.51
Industrial (25/30-year) A	5.80	5.80	6.48
Utility (25/30-year) A	5.93	5.86	6.28
Utility (25/30-year) Baa/BBB	6.40	6.59	7.71
Foreign Bonds (10-Year)			
Canada	3.54	3.60	2.96
Germany	3.08	3.26	3.15
Japan	1.35	1.26	1.29
United Kingdom	3.98	3.91	3.28
Preferred Stocks			
Utility A	5.42	5.63	6.11
Financial A	5.68	6.35	9.42
Financial Adjustable A	5.47	5.47	5.47



Treasury Security Yield Curve

TAX-EXEMPT

	Recent (3/24/10)	3 Months Ago (12/22/09)	Year Ago (3/25/09)
Bond Buyer Indexes			
20-Bond Index (GOs)	4.32	4.18	4.98
25-Bond Index (Revs)	4.92	4.92	5.81
General Obligation Bonds (GOs)			
1-year Aaa	0.30	0.30	0.50
1-year A	1.12	1.23	0.60
5-year Aaa	1.49	1.58	2.15
5-year A	2.48	2.75	2.45
10-year Aaa	3.02	3.17	3.24
10-year A	4.04	4.13	3.74
25/30-year Aaa	4.44	4.48	4.85
25/30-year A	5.48	5.42	5.85
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.77	4.75	5.90
Electric AA	4.75	4.70	6.00
Housing AA	5.57	5.66	6.30
Hospital AA	5.08	5.21	6.25
Toll Road Aaa	4.81	4.79	6.05

Federal Reserve Data

BANK RESERVES

(Two-Week Period; in Millions, Not Seasonally Adjusted)

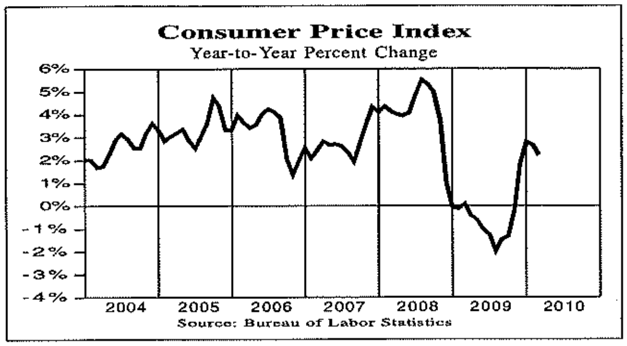
	Recent Levels			Average Levels Over the Last...		
	3/10/10	2/24/10	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	1163127	1192278	-29151	1098928	1035753	907737
Borrowed Reserves	101275	102895	-1620	136615	200733	334538
Net Free/Borrowed Reserves	1061852	1089383	-27531	962313	835020	573199

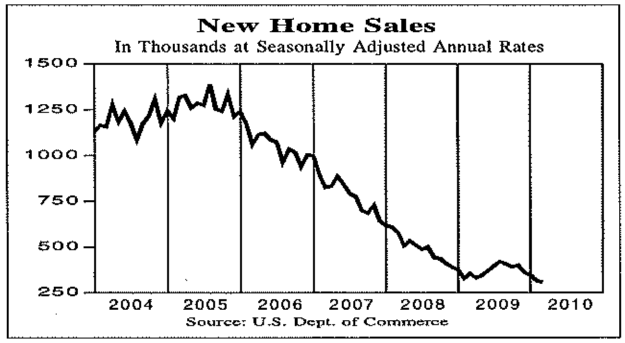
MONEY SUPPLY

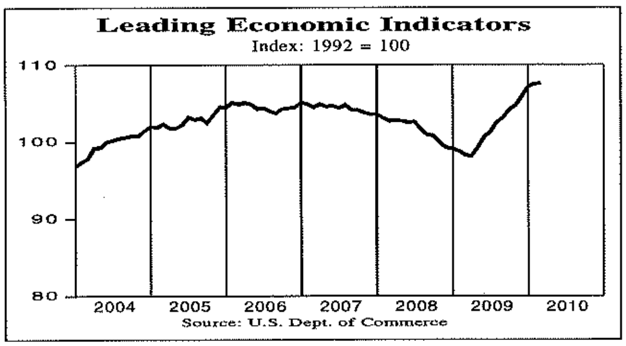
(One-Week Period; in Billions, Seasonally Adjusted)

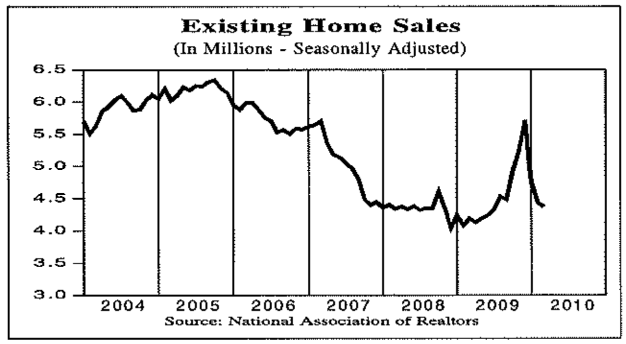
	Recent Levels			Growth Rates Over the Last...		
	3/8/10	3/1/10	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1700.3	1712.9	-12.6	3.6%	5.6%	8.4%
M2 (M1+savings+small time deposits)	8513.3	8526.6	-13.3	-1.0%	2.1%	1.5%

Tracking the Economy









Major Insider Transactions†

Latest Full-Page Report	Timeliness Rank	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
2532	3	Amer. Express	R.D. Walter, Dir.	3/12/10	20,000	230,300	$40.82	41.24
2537	3	Block (H&R)	C. Andrews, Officer	3/12/10	15,000	15,000	$16.82	17.62
119	1	Bruker Corp.	F.H. Laukien, Chair.	3/15/10-3/17/10	200,000	38,749,445	$13.91-$14.36	13.79
2513	3	KeyCorp	E.W. Stack, Dir.	3/12/10	10,000	10,000	$7.63	7.69
133	2	Mettler-Toledo Int'l	O.A. Filliol, CEO	3/12/10	2,549	25,427	$106.09	109.77
2521	3	Susquehanna Bancshs.	J.G. Pierne, V.P.	3/15/10	10,000	23,675	$8.00	9.21
456	3	UGI Corp.	P. Kelly, CFO	3/17/10	10,000	46,042	$25.86	26.40

Latest Full-Page Report	Timeliness Rank	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
1586	2	Abbott Labs.	M.D. White, Chair.	3/10/10	70,700	1,272,309	$55.00	54.34
2393	3	Cameron Int'l Corp.	S.R. Erikson, Chair.	3/17/10	100,000	2,330,124	$44.25	42.11
522	2	Clean Energy Fuels	M.A. Pickens *	3/12/10	200,000	1,700,000	$21.55	21.62
522	2	Clean Energy Fuels	A.J. Littlefair, CEO	3/15/10	200,000	582,419	$21.85	21.62
2512	4	JPMorgan Chase	S.D. Black, Officer	3/17/10	168,574	654,276	$44.00	44.58
1535	3	Vornado R'lty Trust	S. Roth, Chair.	3/12/10	100,000	1,722,983	$73.61	75.96
2149	3	Wal-Mart Stores	H.L. Scott Jr., Dir.	3/15/10	102,367	820,637	$55.38	55.89

* *Beneficial owner of more than 10% of common stock.*
† *Includes only large transactions in U.S.-traded stocks; excludes shares held in the form of limited partnerships, excludes options & family trusts.*

Major Insider Transactions are obtained from Vickers Stock Research Corporation.

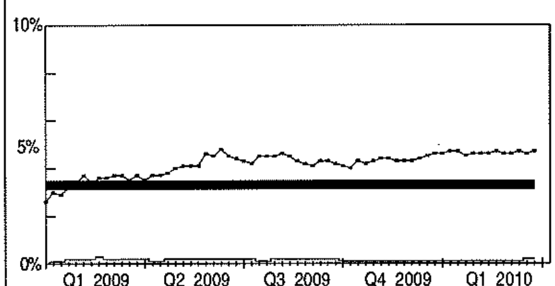
Market Monitor

Valuations and Yields	3/24	3/17	13-week range	50-week range	Last market top (7-13-2007)	Last market bottom (3-9-2009)
Median price-earnings ratio of VL stocks	17.9	17.6	16.3 - 17.9	13.0 - 17.9	19.7	10.3
P/E (using 12-mo. est'd EPS) of DJ Industrials	14.7	14.6	14.0 - 15.4	13.5 - 26.8	16.1	17.3
Median dividend yield of VL stocks	1.9%	1.9%	1.9 - 2.2%	1.9 - 3.0%	1.6%	4.0%
Div'd yld. (12-mo. est.) of DJ Industrials	2.6%	2.6%	2.6 - 2.8%	2.6 - 3.5%	2.2%	4.0%
Prime Rate	3.3%	3.3%	3.3 - 3.3%	3.3 - 3.3%	8.3%	3.3%
Fed Funds	0.2%	0.2%	0.1 - 0.2%	0.1 - 0.2%	5.3%	0.2%
91-day T-bill rate	0.1%	0.2%	0.1 - 0.2%	0.0 - 0.2%	5.0%	0.3%
AAA Corporate bond yield	5.3%	5.1%	5.1 - 5.5%	5.0 - 6.0%	5.8%	5.5%
30-year Treasury bond yield	4.7%	4.6%	4.5 - 4.7%	3.7 - 4.8%	5.1%	3.7%
Bond yield minus average earnings yield	-0.3%	-0.6%	-0.9 - -0.3%	-2.3 - -0.3%	0.7%	-4.3%
Market Sentiment						
Short interest/avg. daily volume (5 weeks)	13.0	13.1	11.2 - 13.1	7.3 - 16.2	8.1	8.6
CBOE put volume/call volume	.86	.84	.73 - 1.05	.72 - 1.26	.91	.93

VALUE LINE ASSET ALLOCATION MODEL

(Based only on economic and financial factors)

	Current (effective market open 8/17/09)	Previous
Common Stocks	60%-70%	65%-75%
Cash and Treasury Issues	40%-30%	35%-25%



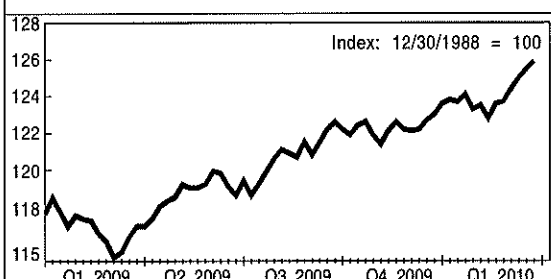
INTEREST RATES

Prime Rate

Federal Funds

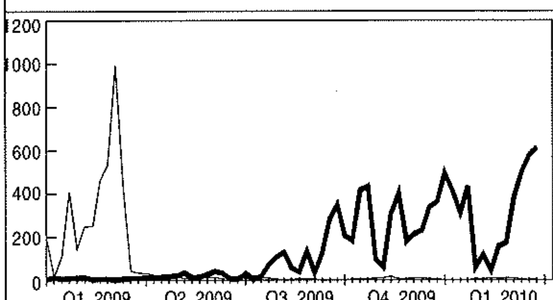
30-Year Treasury Bond

	Recent	Previous Week
Prime Rate	3.3%	3.3%
Fed Funds	0.2%	0.2%
30-Yr. Treasury	4.7%	4.6%



VALUE LINE UNIVERSE

	Recent	Previous Week
Advances	1179	1241
Declines	499	439
Issues Covered	1694	1695
Market Value ($ Trillion)	16.394	16.236



VALUE LINE COMPOSITE

New Highs

New Lows

	Recent	Previous Week
New Highs	611	577
New Lows	5	2

INDUSTRY PRICE PERFORMANCE LAST SIX WEEKS ENDING 3/23/2010

7 Best Performing Industries

Shoe	+25.8%
Steel (General)	+24.1%
Furn/Home Furnishings	+24.0%
Retail (Special Lines)	+22.5%
Apparel	+21.7%
Recreation	+21.4%
Auto & Truck	+20.6%

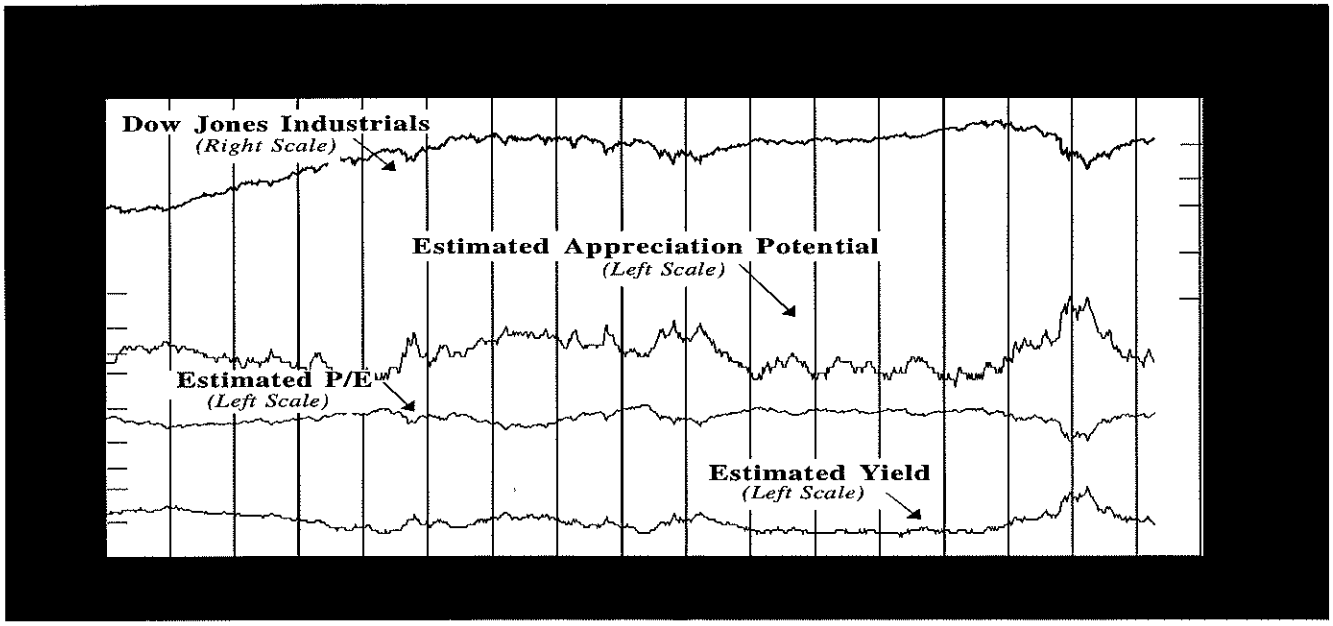
7 Worst Performing Industries

Power	-1.0%
Natural Gas (Div.)	+3.1%
Petroleum (Producing)	+3.6%
Canadian Energy	+3.6%
Reinsurance	+5.5%
Oilfield Svcs/Equip.	+6.1%
Tobacco	+6.5%

The corresponding change in the Value Line Arithmetic Average is +14.4%

[redacted]

Stock Market Averages



	Composite 1665 stocks	Industrials 1553 stocks	Rails 7 stocks	Utilities 105 stocks
3/18/2010	335.27	273.94	2948.35	220.93
3/19/2010	331.35	270.54	2931.65	220.46
3/22/2010	334.99	273.69	2950.19	220.57
3/23/2010	338.44	276.63	2939.74	221.92
3/24/2010	335.58	274.34	2910.97	219.46
%Change last 4 weeks	+7.7%	+8.0%	+7.8%	+3.6%

Composite 65 stocks	Industrials 30 stocks	Transportation 20 stocks	Utilities 15 stocks
3682.34	10779.17	4422.50	382.12
3663.13	10741.98	4373.73	381.80
3668.88	10785.89	4381.31	379.41
3697.27	10888.83	4410.39	380.97
3669.89	10836.15	4362.06	377.43
+4.5%	+4.5%	+6.5%	+1.5%

WEEKLY VALUE LINE GEOMETRIC AVERAGES *(JANUARY 2, 2009 - MARCH 24, 2010)*

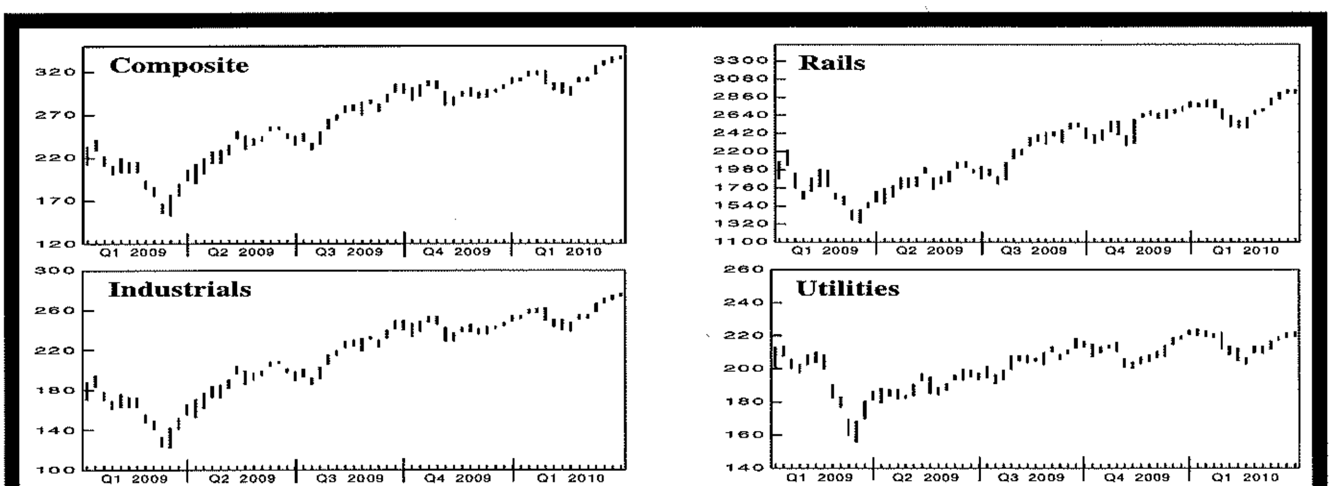


EXHIBIT 2

Late Filed Exhibit 2

VALUE LINE
Investment Survey®

PAGES 3017-3032
File in page order in the *Selection & Opinion* binder.

PART 2 — *Selection & Opinion* — FEBRUARY 26, 2010

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The Quarterly Economic Review

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In Three Parts: Part 1 is the Summary & Index. This is Part 2, Selection & Opinion. Part 3 is Ratings & Reports. Volume LXV, Number 27.

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ECONOMIC AND STOCK MARKET COMMENTARY

A business recovery is under way. Three months ago, in our last "Quarterly Economic Review," we noted that the recession had faded into history, having been brought to an apparent end in the third quarter of 2009, when the U.S. gross domestic product posted its first gain (2.2%) in over a year. In the several months since then, the recession's demise has become more evident, with GDP surging ahead by 5.7% in the fourth quarter. (Note: The group that determines when a recession begins and ends—The National Bureau of Economic Research—has yet to affirm that this downturn has concluded. However, we think that it will do so shortly.) In any event, the recession, which began in late 2007, proved long and painful, and its effects may linger for years to come, especially in the areas of housing, employment, credit availability, and fiscal and monetary policy.

The strength and sustainability of the economic recovery are open questions at this time. The business upturn seemed to initially get under way with a flourish, with GDP at first reported to have risen by 3.5% during the third quarter of 2009. However, that gain was pared to 2.8% and then 2.2% in revisions that were issued in late November and late December, respectively. Now, as we peer out into 2010, the economy's outlook is uncertain, following the historically lackluster showing in the third quarter of 2009 and the stronger outcome in the final three months of the year. (However, it should be noted that the late-year surge was helped materially by a positive swing in inventories, as businesses moved to slow their pace of inventory liquidations, because demand for goods and services rose selectively.) We believe the economy will extend its winning ways in the current quarter, although probably at a slower pace—perhaps 2.5%-2.8%. This likely deceleration reflects our expectation that help from inventories will be less appreciable; the impact of fiscal stimulus on growth will fade; the housing and employment trends will be no better than neutral; and credit availability will be

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Statistical Summary for 2009-2011

	2009:4	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2	2010	2011
GDP AND OTHER KEY MEASURES									
Real Gross Domestic Product	*13154*	*13242*	*13327*	*13409*	*13502*	*13609*	*13713*	*13370*	*13769*
Total Light Vehicle Sales (Mill. Units)	*10.8*	*11.0*	*11.5*	*12.0*	*12.5*	*13.0*	*13.5*	*11.8*	*13.8*
Housing Starts (Million Units)	*0.55*	*0.60*	*0.70*	*0.80*	*0.95*	*1.10*	*1.20*	*0.76*	*1.28*
After-Tax Profits ($Bill.)	*1262*	*1122*	*1214*	*1291*	*1426*	*1257*	*1335*	*1263*	*1368*
ANNUALIZED RATES OF CHANGE									
Gross Domestic Product (Real)	*5.7*	*2.7*	*2.5*	*2.6*	*2.8*	*3.2*	*3.1*	*2.9*	*3.0*
GDP Deflator	*0.6*	*2.0*	*1.0*	*1.5*	*1.5*	*1.5*	*1.5*	*1.5*	*1.6*
CPI-All Urban Consumers	*3.4*	*1.8*	*1.5*	*1.7*	*1.8*	*2.0*	*2.2*	*1.7*	*2.3*
AVERAGE FOR THE PERIOD									
National Unemployment Rate	*10.0*	*9.9*	*9.9*	*9.8*	*9.8*	*9.7*	*9.5*	*9.9*	*9.4*
Prime Rate	*3.3*	*3.3*	*3.3*	*3.5*	*3.8*	*4.0*	*4.5*	*3.5*	*4.8*
10-Year Treasury Note Rate	*3.5*	*3.7*	*3.8*	*4.0*	*4.0*	*4.1*	*4.1*	*3.9*	*4.1*

Value Line Forecast for the U.S. Economy

	ACTUAL	ESTIMATED						
	2009:3	2009:4	2010:1	2010:2	2010:3	2010:4	2011:1	2011:2
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS (2005 CHAIN WEIGHTED $) BILLIONS OF DOLLARS								
Final Sales	13127	13199	13248	13314	13380	13463	13546	13640
Total Consumption	9253	9299	9368	9437	9512	9587	9658	9730
Nonresidential Fixed Investment	1269	1278	1294	1300	1308	1324	1347	1379
Structures	380	365	359	350	339	332	328	332
Equipment & Software	880	908	934	963	991	1021	1053	1088
Residential Fixed Investment	360	365	360	369	380	397	420	449
Exports	1479	1542	1572	1603	1622	1645	1668	1697
Imports	1837	1883	1937	1991	2039	2077	2107	2144
Federal Government	1043	1043	1055	1069	1070	1068	1055	1040
State & Local Governments	1546	1545	1544	1547	1546	1547	1545	1542
Gross Domestic Product	14245	14465	14634	14765	14912	15071	15247	15421
Real GDP (2005 Chain Weighted $)	12973	13154	13242	13327	13409	13502	13609	13713
PRICES AND WAGES-ANNUAL RATES OF CHANGE								
GDP Deflator	0.4	0.6	2.0	1.0	1.5	1.5	1.5	1.5
CPI-All Urban Consumers	3.6	3.4	1.8	1.5	1.7	1.8	2.0	2.2
PPI-Finished Goods	4.4	7.6	3.0	1.5	2.0	2.0	2.5	2.5
Employment Cost Index—Total Comp.	1.8	1.5	1.8	2.0	2.0	2.0	2.1	2.1
Productivity	7.2	6.2	2.5	2.0	1.5	1.0	1.0	0.5
PRODUCTION AND OTHER KEY MEASURES								
Industrial Prod. (% Change, Annualized)	6.9	7.0	5.0	4.0	4.0	4.0	4.0	4.0
Factory Operating Rate (%)	67.1	68.3	69.5	71.0	72.0	73.0	73.5	74.0
Nonfarm Inven. Change (2005 Chain Weighted $)	-141.4	-27.3	10.0	15.0	25.0	35.0	45.0	50.0
Housing Starts (Mill. Units)	0.59	0.55	0.60	0.70	0.80	0.95	1.10	1.20
Existing House Sales (Mill. Units)	5.29	6.03	5.50	5.70	5.75	5.80	5.70	5.80
Total Light Vehicle Sales (Mill. Units)	11.5	10.8	11.0	11.5	12.0	12.5	13.0	13.5
National Unemployment Rate (%)	9.6	10.0	9.9	9.9	9.8	9.8	9.7	9.5
Federal Budget Surplus (Unified, FY, $Bill)	-330.8	-390.4	-475.0	-172.0	-344.0	-384.0	-388.0	-65.0
Price of Oil ($Bbl., U.S. Refiners' Cost)	64.39	68.10	71.40	69.00	71.00	73.30	77.00	80.00
MONEY AND INTEREST RATES								
3-Month Treasury Bill Rate (%)	0.2	0.1	0.2	0.3	0.5	0.8	1.3	1.8
Federal Funds Rate (%)	0.2	0.1	0.1	0.1	0.2	0.6	1.0	1.5
10-Year Treasury Note Rate (%)	3.5	3.5	3.7	3.8	4.0	4.0	4.1	4.1
Long-Term Treasury Bond Rate (%)	4.3	4.2	4.5	4.5	4.6	4.7	4.8	4.8
AAA Corporate Bond Rate (%)	5.3	5.2	5.7	5.7	5.8	5.8	5.9	6.0
Prime Rate (%)	3.3	3.3	3.3	3.3	3.5	3.8	4.0	4.5
INCOMES								
Personal Income (Annualized % Change)	1.2	4.0	5.0	4.5	4.2	4.0	4.5	4.5
Real Disp. Inc. (Annualized % Change)	-1.4	2.1	1.5	3.0	2.5	1.5	1.0	2.0
Personal Savings Rate (%)	4.5	4.6	4.0	4.5	4.5	4.3	3.8	3.5
After-Tax Profits (Annualized $Bill)	1174	1262	1122	1214	1291	1426	1257	1335
Yr-to-Yr % Change	-7.7	10.0	15.0	12.0	10.0	13.0	12.0	10.0
COMPOSITION OF REAL GDP-ANNUAL RATES OF CHANGE								
Gross Domestic Product	2.2	5.7	2.7	2.5	2.6	2.8	3.2	3.1
Final Sales	1.5	2.2	1.5	2.0	2.0	2.5	2.5	2.8
Total Consumption	2.8	2.0	3.0	3.0	3.2	3.2	3.0	3.0
Nonresidential Fixed Investment	-5.9	2.9	5.0	2.0	2.5	5.0	7.0	10.0
Structures	-18.4	-15.4	-6.0	-10.0	-12.0	-8.0	-5.0	5.0
Equipment & Software	1.5	13.3	12.0	13.0	12.0	13.0	13.0	14.0
Residential Fixed Investment	18.9	5.7	-5.0	10.0	12.0	20.0	25.0	30.0
Exports	17.8	18.1	8.1	8.0	4.9	5.9	5.7	7.1
Imports	21.3	10.5	11.9	11.6	9.9	7.8	5.8	7.2
Federal Government	8.0	0.1	4.4	5.5	0.5	-0.9	-4.6	-5.7
State & Local Governments	-0.6	-0.3	-0.2	0.8	-0.2	0.1	-0.4	-0.9

Value Line Forecast for the U.S. Economy

	ACTUAL				*ESTIMATED*					
	2005	2006	2007	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
GROSS DOMESTIC PRODUCT AND ITS COMPONENTS (2005 CHAIN WEIGHTED $) BILLIONS OF DOLLARS										
Final Sales	12588	12917	13234	13341	13115	13351	13702	14154	14649	15147
Total Consumption	8819	9074	9314	9291	9237	9476	9766	10030	10261	10517
Nonresidential Fixed Investment	1347	1454	1544	1570	1289	1307	1401	1583	1742	1864
Structures	351	384	441	487	391	345	338	378	416	441
Equipment & Software	996	1070	1097	1069	888	977	1102	1300	1430	1530
Residential Fixed Investment	775	718	585	451	359	377	461	540	604	665
Exports	1305	1422	1546	1629	1469	1611	1712	1854	2017	2171
Imports	2028	2151	2194	2124	1823	2011	2162	2320	2464	2595
Federal Government	876	895	906	976	1027	1065	1034	1001	981	991
State & Local Governments	1494	1507	1537	1544	1543	1546	1542	1549	1565	1584
Gross Domestic Product	12638	13399	14078	14441	14260	14845	15516	16268	17107	17990
Real GDP (2005 Chain Weighted $)	12638	12976	13254	13312	12988	13370	13769	14209	14692	15177
PRICES AND WAGES-ANNUAL RATES OF CHANGE										
GDP Deflator	3.3	3.2	2.7	2.2	1.2	1.5	1.6	1.6	1.7	1.8
CPI-All Urban Consumers	3.4	3.2	2.9	3.8	1.5	1.7	2.3	2.4	2.5	2.8
PPI-Finished Goods	4.9	3.0	3.9	6.4	1.9	2.1	2.6	2.7	2.8	3.0
Employment Cost Index—Total Comp.	3.1	2.9	3.1	2.8	1.2	2.0	2.2	2.3	2.5	2.6
Productivity	1.8	1.0	1.4	2.8	5.2	1.8	0.8	1.3	1.3	1.2
PRODUCTION AND OTHER KEY MEASURES										
Industrial Prod. (% Change)	3.3	2.2	1.7	-2.2	-3.9	4.3	4.2	3.8	3.7	3.5
Factory Operating Rate (%)	78.6	79.4	79.4	75.1	66.9	71.4	74.5	75.0	76.0	78.0
Nonfarm Inven. Change (2005 Chain Weighted $)	39.1	46.3	-3.7	-34.3	-111.7	21.3	48.8	65.0	60.0	50.0
Housing Starts (Mill. Units)	2.07	1.81	1.34	0.90	0.55	0.76	1.28	1.50	1.65	1.75
Existing House Sales (Mill. Units)	7.08	6.51	5.67	4.89	5.17	5.69	5.80	6.00	6.30	6.50
Total Light Vehicle Sales (Mill. Units)	17.0	16.5	16.1	13.1	10.4	11.8	13.8	15.0	16.0	17.0
National Unemployment Rate (%)	5.1	4.6	4.6	5.8	9.3	9.9	9.4	8.3	7.5	7.0
Federal Budget Surplus (Unified, FY, $Bill)	-321.0	-248.0	-162.0	-455.0	-1475.0	-1375.0	-985.0	-900.0	-700.0	-600.0
Price of Oil ($Bbl., U.S. Refiners' Cost)	56.56	66.12	72.18	99.75	58.50	71.00	81.00	85.00	90.00	95.00
MONEY AND INTEREST RATES										
3-Month Treasury Bill Rate (%)	3.1	4.7	4.4	1.4	0.2	0.5	2.1	3.0	3.7	4.5
Federal Funds Rate (%)	3.2	5.0	5.0	1.9	0.2	0.3	1.8	3.3	3.8	4.5
10-Year Treasury Note Rate (%)	4.3	4.8	4.6	3.7	3.3	3.9	4.1	4.5	5.0	5.5
Long-Term Treasury Bond Rate (%)	4.6	4.9	4.8	4.3	4.1	4.6	4.9	5.3	5.8	6.3
AAA Corporate Bond Rate (%)	5.2	5.6	5.6	5.6	5.3	5.8	6.0	6.4	6.7	7.0
Prime Rate (%)	6.2	8.0	8.0	5.1	3.3	3.5	4.8	6.0	7.0	7.5
INCOMES										
Personal Income (% Change)	5.6	7.1	6.1	3.8	-0.1	4.4	4.6	5.0	5.3	5.5
Real Disp. Inc. (% Change)	1.4	3.5	2.8	1.3	1.8	2.1	2.1	2.2	2.7	3.2
Personal Savings Rate (%)	0.4	0.7	0.6	1.8	4.6	4.3	3.5	3.0	3.5	4.0
After-Tax Profits ($Bill)	1207	1405	1436	1231	1111	1263	1368	1450	1552	1676
Yr-to-Yr % Change	34.5	16.4	2.2	-14.3	-9.8	13.7	8.3	6.0	7.0	8.0
COMPOSITION OF REAL GDP-ANNUAL RATES OF CHANGE										
Gross Domestic Product	3.1	2.7	2.1	0.4	-2.4	2.9	3.0	3.2	3.4	3.3
Final Sales	3.1	2.8	2.4	1.4	-1.7	1.8	2.6	3.3	3.5	3.4
Total Consumption	3.0	3.0	2.8	0.2	-0.6	2.6	3.0	2.7	2.3	2.5
Nonresidential Fixed Investment	7.2	7.5	4.9	1.6	-17.9	1.4	7.2	13.0	10.0	7.0
Structures	1.3	8.2	12.7	11.2	-19.7	-11.7	-2.1	12.0	10.0	6.0
Equipment & Software	9.3	7.2	1.7	-3.0	-16.9	10.0	3.0	18.0	10.0	7.0
Residential Fixed Investment	6.3	-7.1	-17.9	-20.8	-20.3	4.8	22.5	17.0	12.0	10.0
Exports	7.0	9.1	8.4	6.2	-9.8	9.6	6.3	8.3	8.8	7.6
Imports	5.9	6.0	2.2	-3.5	-14.2	10.3	7.5	7.3	6.2	5.3
Federal Government	1.2	2.3	1.6	6.0	5.2	3.8	-2.9	-3.2	-2.0	1.0
State & Local Governments	-0.1	1.3	2.3	1.1	-0.1	0.2	-0.3	0.5	1.0	1.2

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Continued from cover page

limited as before. Consumers could well be reticent to spend aggressively in such a setting. All told, the current period could more closely resemble the third quarter of 2009, in aggregate strength, than the final three months of last year. That said, the evolving economic up cycle still looks to be durable, if initially uninspiring. Indeed . . .

The business recovery may well be an understated affair for at least a year, with the prospective showing in the first quarter probably being the rule throughout 2010. Note, however, that our revised business forecast is more upbeat than it was three months ago. However, we do not envision a prototypical V-shaped recovery. Tight credit, lackluster trends in housing and employment, and uneven retail activity (the consumer remains the weak link in the recovery chain) aren't consistent with a booming up cycle. However, a swing in GDP from last year's decline of 2.4% to a possible increase of 2.9% in 2010 certainly would qualify as meaningful.

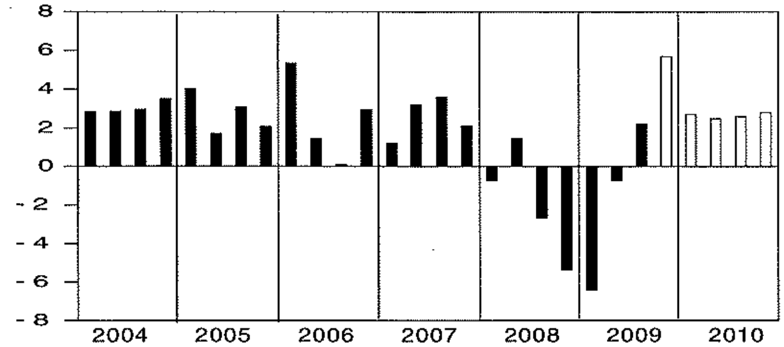
There are risks to our forecast. Economic modeling always contains some conjecture. In this case, our principal assumptions are that the coming 3 to 5 years will bring no new extended military crises, as well as no pandemic, drought, or major terrorist incident. Our forecast also presumes sustained expansions in housing and employment, few missteps in fiscal or monetary policy, no serious flareups of inflation, and no bouts of deflation, such as took place in the 1930s.

SOME SPECIFICS

Economic Growth: As noted, the economy grew by 2.2% in the third quarter of 2009, its first advance in five quarters. It strengthened further during the final three months of the year, gaining a stellar 5.7%, in part due to a lesser decline in inventories than we had seen in earlier quarters. We note, however, that this positive swing might lessen somewhat in the current quarter. If that is the case and we

Gross Domestic Product *Chart 1*

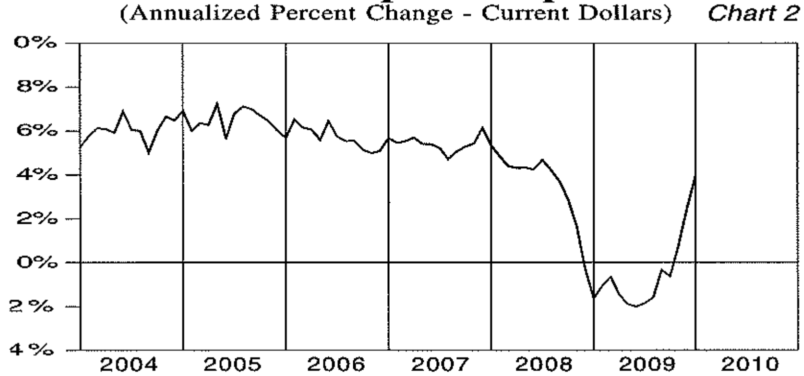
Real Annualized Percent Change - 2005 Chain-Weighted Dollars



Source: U.S. Dept. of Commerce

Personal Consumption Expenditures

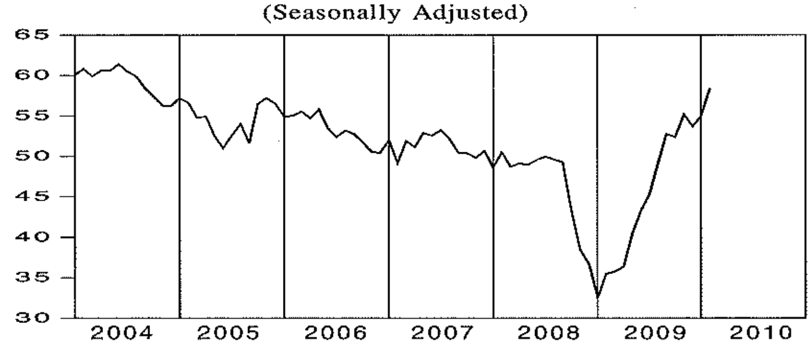
(Annualized Percent Change - Current Dollars) *Chart 2*



Source: U.S. Dept. of Commerce

ISM - Manufacturing Index *Chart 3*

(Seasonally Adjusted)



Source: Institute for Supply Management

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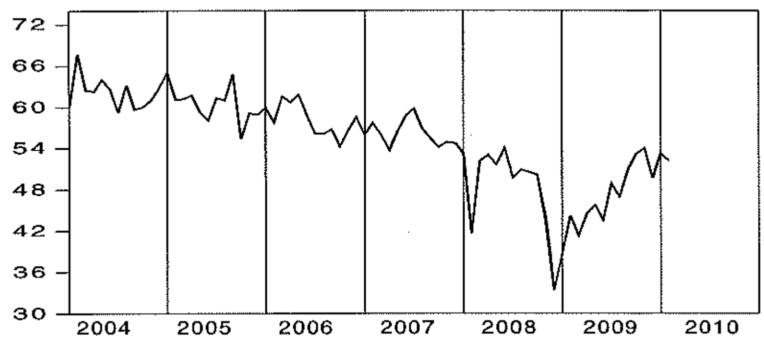
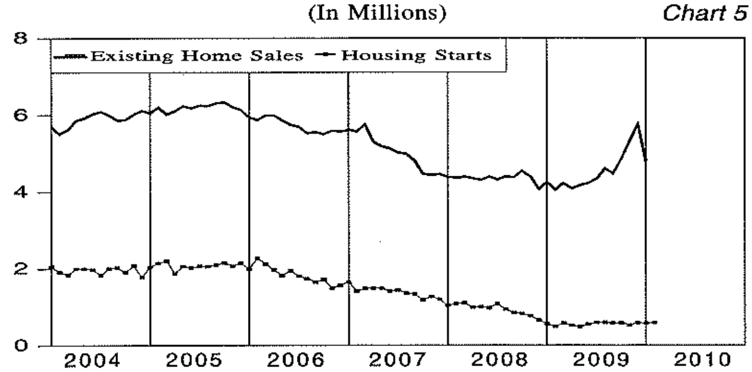
ISM - Nonmanufacturing Index
(Seasonally Adjusted) *Chart 4*



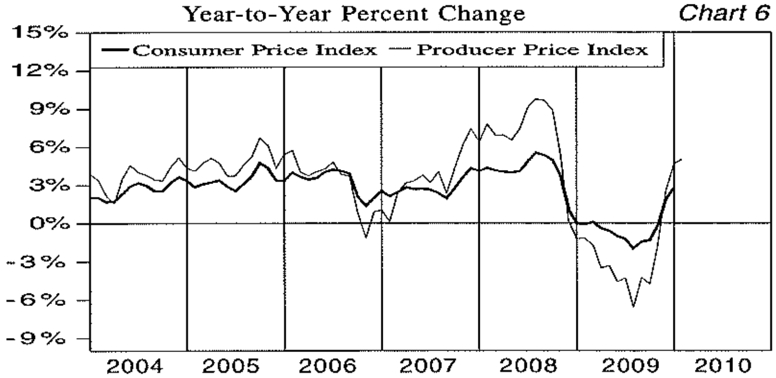
Source: Institute for Supply Management

Existing Home Sales & Housing Starts
(In Millions) *Chart 5*



Sources: U.S. Dept. of Commerce, Nat'l Assoc. of Realtors

Consumer and Producer Price Indexes
Year-to-Year Percent Change *Chart 6*



Source: Bureau of Labor Statistics

again experience a draw down in inventories, a material slowdown in growth could follow. Our forecast is for GDP to rise by a more moderate 2.5%-2.8% in the current three-month period (Chart 1).

Going forward this year, we would expect retail spending—a modest net positive in the second half of 2009 on the strength of a decent, but hardly notable, holiday shopping season—to contribute incrementally again. Our forecast is for an increase in overall consumption of 2.5%-2.7% this year (Chart 2). Meanwhile, there has been a further pickup in manufacturing, as data recently issued by the Instituite for Supply Management chronicled progress in an area that has been strengthening since last summer (Chart 3). We have also seen gains in nonmanufacturing, although here the record is notably spottier than it is in manufacturing (Chart 4).

Two other important variables in the recovery equation are housing and employment. The key influences in housing include credit availability, the first-time homebuyers' tax credit, housing affordability, and the outlook for pricing. An uneven comeback, at best, is ahead for this sector in 2010 (Chart 5). Then, there is the outlook for employment and unemployment in the year ahead. The key question in this area is just how far companies will be able to push their remaining workers before deciding that they simply must bring in new staff. Our feeling is that a modest number of new jobs will return in 2010, but we will not see the major gains needed to really get the consumer ball rolling. The end result of this is likely to be 2010 GDP growth of 2.9%, somewhat more than we thought three months ago, but hardly an imposing number. We think growth will rise to 3.0% in 2011, and then advance into the 3.2%-3.4% range by 2013-2015. We note that this is an average growth projection over an extended period. Within such a lengthy timeframe, we could see one or more brief setbacks, or even the onset of a new recession.

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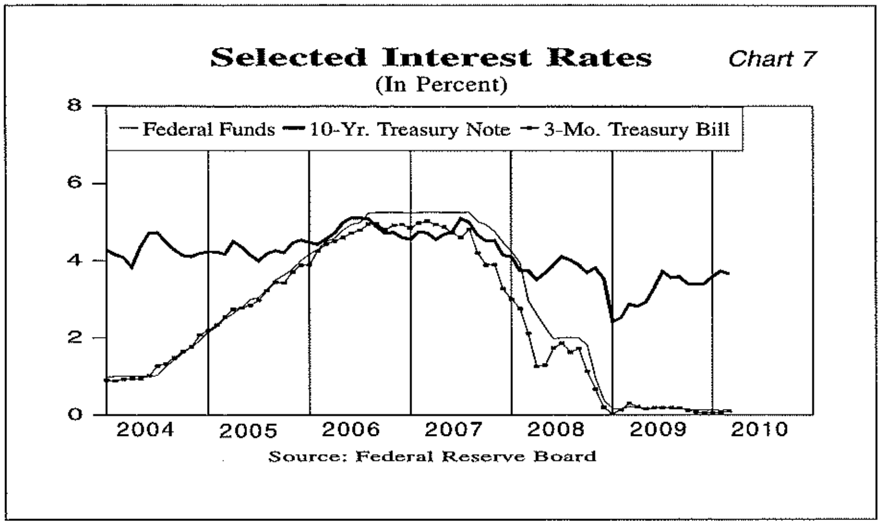
Inflation: Recent indicators show that core inflation, which is the rate of price change excluding the volatile food and energy components, is still rather tame, notwithstanding earlier increases in commodity prices. This relative calm on the pricing front, and our forecast of a continuation of this benign trend during the year ahead, reflects the current excess capacity in product markets and, especially, in the labor market. That said, we sense that the best inflation news may be in the near term, and that the wealth of new government initiatives over the past year will eventually put inflation on the front burner again. Inflation is a long-term threat and will require exit strategies of some merit on both the fiscal and monetary ends (Chart 6). As for the possiblity of deflation (or falling prices), we think there is less likelihood of that result than we had feared a year ago, when the global economies seemed to be in danger of going into freefall. However, the recent debt worries across parts of the euro zone, if not relieved, could again bring on deflation headlines—if not the actual feared result itself.



Interest Rates: Here, as well, the problems are off in the distance—but with inflation likely to be a long-term concern of some note, chances are that both short- and long-term interest rates will climb. Our sense is that the former, which are controlled by the Federal Reserve, will increase this year, as the Fed backs away from its historic monetary easing and starts to gradually raise borrowing costs. In fact, as we were going to press, the central bank announced that it would hike its discount rate, the rate it charges on short-term loans to banks, by 0.25 percentage points, to 0.50%. We note that this will not affect loans to consumers, but it is suggestive of things to come on the monetary front going forward, in our view. Meantime, we think long-term rates, which reflect inflationary expectations, and which have stabilized in the 3.7% area on the 10-year Treasury note and 4.7% on the 30-year bond, will rise in the next 3 to 5 years, to 5.5% and 6.3%, respectively (Chart 7). Those rate projections assume a rather stable upslope in inflation. If the presumptive pricing gains are more serious, the resultant climb in bond yields might be sharper. In the less likely cases of disinflation or deflation, rates might fall below forecast levels.

Corporate Profits: Earnings fell in 2008 and 2009, as the recession and immediate aftermath proved unkind to corporate bottom lines. In fact, only jawboning and increasing productivity kept even worse results at bay. What gains there were—and these mainly came later in 2009—largely derived from reducing costs. Revenue growth remained very spotty, and that's been the principal disappointment during the formative stages of the business expansion. Going forward, we expect to see a gradual pickup in revenues as consumer and industrial demand firms up as the up cycle matures. With year-to-year comparisons easy for the first several quarters of 2010, we would expect a 12-month increase in net of 12%-15%. We project further gains to 2013-2015, as a maturing economic up cycle helps to prop up corporate results. However, as profit comparisons inevitably become more difficult, earnings growth could slow into the mid-single-digit range.

THE STOCK MARKET

Perhaps nowhere has volatility been as pronounced as it has in the stock market of the past half decade. Specifically, stocks rose steadily from late 2002 to October, 2007, with the Dow surging from the mid-7,000 area to above 14,000 in the process. Then, the bursting of the housing bubble, the unfolding financial crisis, the plunge in earnings, and mounting fears of a global economic meltdown and consequent wave of deflation combined to send equities into the worst bear market in decades, with the Dow plunging from more than 14,000 to the mid-6000 area by early last March. More than half of that loss was made up in the final 10 months of 2009, with the Dow climbing from roughly 6,500 last March to 10,700 in January of this year. Stocks have backtracked in recent weeks, though, as worries about economic growth here, debt issues in the euro zone, and valuations in general have proliferated and taken some of the earlier froth out of the market.

On balance, stocks now look to be reasonably valued based on our view that the economy and earnings will do relatively well in 2010, in an economic expansion that appears sustainable.

Conclusion: We think a cautiously upbeat view of the market is justified now, given decent fundamentals and reasonable valuations. Please refer to the inside back cover of *Selection & Opinion* for our Asset Allocation Model's current reading.

Investors' Datebook: March, 2010

DATE	EVENT
3/1	13- & 26-Week Treasury Bill Auction Personal Income and Outlays, January-8:30 Construction Expenditures, January-10:00 ISM's Purchasing Manager's Index, February-10:00
3/4	Initial Unemployment Claims-8:30 Factory Orders, January-10:00 Weekly Fed Data-4:30 Productivity & Costs (Revised)
3/5	Employment Situation, February-8:30 Consumer Installment Credit, January-3:00
3/8	13- & 26-Week Treasury Bill Auction
3/10	Treasury Budget Report, February-2:00 Wholesale Trade, January
3/11	Initial Unemployment Claims-8:30 Merchandise Trade Balance, January-8:30 Weekly Fed Data-4:30
3/12	Advance Retail Sales, February-8:30 Mfg. & Trade: Inventories & Sales, January-10:00
3/15	13- & 26-Week Treasury Bill Auction Capacity Utilization, February-9:15 Industrial Production, February-9:15
3/16	FOMC Meeting Housing Starts & Building Permits, February-8:30
3/17	Producer Price Index, February-8:30
3/18	Consumer Price Index, February-8:30 Initial Unemployment Claims-8:30 Leading Indicators, February-10:00 Weekly Fed Data-4:30 Real Earnings, February
3/22	13- & 26-Week Treasury Bill Auction
3/24	Durable Goods Orders, February-8:30 New Home Sales, February-10:00
3/25	Initial Unemployment Claims-8:30 Weekly Fed Data-4:30
3/26	Corporate Profits, 4Q09 (Final) Gross Domestic Product, 4Q09 (Final)
3/29	13 - & 26-Week Treasury Bill Auction Personal Income and Outlays, February-8:30
3/30	Agricultural Prices
3/31	Factory Orders, February-10:00

Source: Office of Management & Budget.

Model Portfolios: Recent Developments

PORTFOLIO I

On a relative basis, Portfolio I performed respectably through the first two months of the first quarter. To be sure, we would much rather show a gain than a loss for this timeframe, but the modest decline posted so far, when viewed in the context of the choppy investment waters of late, is not seen as indicative of our group's prospects. Rather, our sense is that the companies currently held in the portfolio should continue performing well on an operating basis in the year ahead, suggesting that, on average, investor support for our selections is likely to remain relatively firm. All in all, then, we are satisfied with the portfolio's composition, and are making no changes this week.

Meanwhile, *Hewlett-Packard's* recent earnings report for the three-month period ending January 31st made for good reading, with financial and operating performances that met with shareholder approval. Indeed, in an era where investors are paying close attention to the top line, *HPQ* did not disappoint. Moreover, the high-tech giant raised its earnings forecast for the fiscal year ending October 31st. When we purchased these shares, we mentioned the company's opportunity in the services arena, given the acquisition of EDS. We are looking for conformation in this regard in the second half of *HP*'s fiscal year, as business begins to flow from its order book.

PORTFOLIO II

Earnings season is winding down, and *Wal-Mart* is typically one of the last to report for Portfolio II. This time around, the retail giant offered up some mixed results. The company did exceed our share-net estimate by a few pennies in its fiscal 2009 fourth quarter (ended January 31, 2010). Still, *Wal-Mart* did not appear to have as strong a holiday season as originally anticipated. In fact, domestic same-store sales slipped 1.6%, falling below the company's prior forecast of flat, plus or minus 1%. Investors seemed a little disappointed initially with *Wal-Mart's* guidance for the first quarter of fiscal 2010, as well. Our current estimate stands at the top end of the retailer's \$0.81-\$0.85 share-net forecast, the midpoint of which still represents an 8% year-to-year increase. Beyond this, we look for double-digit annual advances over the coming 3 to 5 years. *WMT* remains a high-quality stock, offering attractive risk-adjusted long-term total return potential.

On the acquisition front, *Abbott Labs* closed its \$6.2 billion purchase of Belgium-based Solvay Pharmaceuticals. On top of adding a bevy of new and diverse products to its portfolio, including branded generics, the purchase opens the door for *Abbott* into key emerging markets, especially in Eastern Europe and Asia. The deal should add nearly \$3 billion to *ABT's* top line in 2010 and almost pay for itself in a few years.

PORTFOLIO III

The share-price action across Portfolio III and the broader stock market remains quite choppy, as nervous investors shift back and forth between bullishness and bearishness. But earnings reports, by and large, continue to impress. And corporate profits appear poised to head higher through 2010 and into next year, even if the current economic expansion proceeds at a halting, slower-than-hoped-for pace. *Hormel*, the group's well-managed packaged-food company, recently posted better-than-expected financial results for the first quarter of fiscal 2010 (year ends October 30th). Indeed, share net of \$0.82 for the January interim easily topped our \$0.67 call, on a surprisingly healthy 3% rise in volume. We suspect management's success jump-starting the top line is attributable to efforts to step up advertising and roll out new value-added products that can compete more effectively with inexpensive private-label items. The company is also cutting costs and having success with an acquisition strategy that is enabling it to quickly gain ground in booming segments of the food space (e.g., Mexican fare).

Looking out to 2013-2015, *Hormel's* prospects seem especially bright. Top and bottom lines gains ought to be supported by accretive deals (the balance sheet is in top shape) and a further move up the value-added ladder, as the company continues to transition from a meatpacker into a higher margined consumer-goods outfit. We are making no changes to Portfolio III this week.

PORTFOLIO IV

Portfolio IV is winding down earnings season in decent shape. Stock prices have treaded water for much of this year, curbed by lackluster profit outlooks, in addition to concerns about unemployment and Greece's deficit. Of late, though, overall returns have been helped a bit by positive signs in the housing market, healthy GDP prospects, and some relief in Europe. Dividends are also providing a boost to the portfolio's returns.

Recently, *SCANA Corp.* recorded a profit decline for the December quarter. The South Carolina-based utility's bottom line was hampered by lower electric margins and decreased gas revenues. Management guided toward share net of between \$2.85 and \$3.05 for 2010, as compared with \$2.85 in 2009. *SCG* shares were largely unaffected by the news, but fell from 3 (Average) to 4 (Below Average) in our Timeliness Ranking System. The stock has an approximate 5.4% yield.

Additionally, food processor *Heinz* pre-announced January-period earnings of \$0.82 a share, representing a \$0.06 year-over-year gain. It also raised its full-year forecast to between \$2.82 and \$2.85. The top and bottom lines are benefiting from rapid growth in emerging markets, along with volume increases in the U.S. and Europe, fueled by marketing initiatives. Moreover, the company hinted that it will up its dividend by a greater extent in fiscal 2010 than it did in fiscal 2009 (ends April 2010).

(primarily suitable for more aggressive investors)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
1589	AGN	Allergan, Inc.	59.85	2	1	19.6	0.3	0.90	A+	Drug
711	AMX	America Movil	45.89	2	3	11.5	1.2	1.30	B++	Telecom. Services
1402	AAPL	Apple Inc.	203.40	1	3	15.8	Nil	1.10	A++	Computers/Peripherals
1169	BLL	Ball Corp.	52.04	2	2	12.3	0.8	1.00	B++	Packaging & Container
1816	CHKP	Check Point Software	32.79	2	2	17.7	Nil	0.80	A	E-Commerce
2582	CTSH	Cognizant Technology	47.43	1	3	24.4	Nil	1.15	A+	Computer Software/Svcs
1187	CL	Colgate-Palmolive	80.62	2	1	16.9	2.6	0.55	A++	Household Products
773	ESRX	Express Scripts 'A'	87.30	2	3	19.9	Nil	0.95	A	Pharmacy Services
2620	GOOG	Google, Inc.	541.30	2	2	22.9	Nil	0.90	A++	Internet
1408	HPQ	Hewlett-Packard	49.44	2	1	13.9	0.6	1.00	A++	Computers/Peripherals
2157	SHOO	Madden (Steven) Ltd.	40.00	1	3	13.8	Nil	1.00	B++	Shoe
2556	MA	MasterCard Inc.	225.30	2	3	18.3	0.3	1.20	A++	Financial Svcs. (Div.)
774	MHS	Medco Health Solutions	63.07	2	1	21.1	Nil	0.70	A+	Pharmacy Services
727	NIHD	NII Holdings	38.09	1	3	15.5	Nil	1.80	B+	Telecom. Services
2112	RL	Polo Ralph Lauren 'A'	79.72	2	3	18.2	0.5	1.20	A	Apparel
224	RMD	ResMed Inc.	55.45	2	2	22.1	Nil	0.75	A	Medical Supplies
1379	SLAB	Silicon Labs.	45.92	2	3	27.5	Nil	1.10	B+	Semiconductor
2609	SY	Sybase Inc.	42.07	2	3	20.4	Nil	0.80	B++	Computer Software/Svcs
2219	TJX	TJX Companies	38.47	2	1	12.7	1.2	0.80	A+	Retail (Special Lines)
1938	THS	TreeHouse Foods	42.41	2	2	17.5	Nil	0.60	A	Food Processing

To qualify for purchase in the above portfolio, a stock must have a Timeliness Rank of 1 and a Financial Strength Rating of at least B+. If a stock's Timeliness rank falls below 2, it will be automatically removed. Stocks in the above portfolio are selected and monitored by Charles Clark, Associate Research Director.

(primarily suitable for more conservative investors)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
1586	ABT	Abbott Labs.	54.59	2	1	13.3	2.9	0.60	A++	Drug
1540	AFL	Aflac Inc.	48.25	1	3	9.8	2.6	1.15	B+	Insurance (Life)
2574	ADP	Automatic Data Proc.	41.30	3	1	17.1	3.3	0.70	A++	Computer Software/Svcs
596	CB	Chubb Corp.	49.88	3	1	8.5	2.8	0.90	A	Insurance (Prop/Cas.)
1186	CLX	Clorox Co.	59.90	3	2	13.9	3.5	0.65	B++	Household Products
1961	KO	Coca-Cola	54.82	2	1	16.5	3.1	0.60	A++	Beverage
1187	CL	Colgate-Palmolive	80.62	2	1	16.9	2.6	0.55	A++	Household Products
1768	ITT	ITT Corp.	49.47	3	1	12.7	1.7	1.00	A+	Diversified Co.
1362	INTC	Intel Corp.	20.72	3	1	14.2	3.0	1.05	A++	Semiconductor
208	JNJ	Johnson & Johnson	63.61	3	1	13.0	3.2	0.60	A++	Medical Supplies
559	LMT	Lockheed Martin	76.03	3	1	9.9	3.3	0.85	A++	Aerospace/Defense
306	MCD	McDonald's Corp.	64.01	3	1	14.7	3.4	0.65	A++	Restaurant
215	MDT	Medtronic, Inc.	42.97	2	1	13.0	2.0	0.75	A++	Medical Supplies
1369	MCHP	Microchip Technology	27.20	3	3	21.8	5.0	1.00	B+	Semiconductor
2602	PAYX	Paychex, Inc.	29.87	3	1	20.9	4.2	0.85	A	Computer Software/Svcs
1971	PEP	PepsiCo, Inc.	61.31	3	1	15.4	3.1	0.60	A++	Beverage
1622	SNY	Sanofi-Aventis	36.75	2	1	11.3	4.4	0.75	A+	Drug
1952	SYY	Sysco Corp.	28.18	3	1	14.5	3.6	0.70	A++	Retail/Wholesale Food
733	TEF	Telefonica SA ADR	69.96	3	2	9.0	5.8	0.85	B++	Telecom. Services
2149	WMT	Wal-Mart Stores	53.56	3	1	13.9	2.2	0.60	A++	Retail Store

To qualify for purchase in the above portfolio, a stock must have a yield that is in the top half of the Value Line universe, a Timeliness Rank of at least 3 (unranked stocks may be selected occasionally), and a Safety Rank of 3 or better. If a stock's Timeliness Rank falls below 3, that stock will be automatically removed. Stocks are selected and monitored by Jason A. Smith, Senior Analyst.

(primarily suitable for investors with a 3- to 5-year horizon)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	3- to 5-yr Appreciation Potential	Industry Name
1540	AFL	Aflac Inc.	48.25	1	3	9.8	2.6	1.15	45 - 105%	Insurance (Life)
771	CVS	CVS Caremark Corp.	33.52	3	1	12.4	1.0	0.80	80 - 125	Pharmacy Services
1593	CELG	Celgene Corp.	57.93	2	2	25.2	Nil	0.80	105 - 175	Drug
751	CSCO	Cisco Systems	24.00	3	1	19.4	Nil	0.95	25 - 65	Telecom. Equipment
2323	DIS	Disney (Walt)	30.47	2	1	15.2	1.1	1.00	95 - 130	Entertainment
2398	ESV	Ensco Int'l plc	41.91	3	3	8.8	0.2	1.25	55 - 125	Oilfield Svcs/Equip.
2620	GOOG	Google, Inc.	541.30	2	2	22.9	Nil	0.90	65 - 125	Internet
2400	HAL	Halliburton Co.	31.05	3	3	26.5	1.2	1.35	15 - 75	Oilfield Svcs/Equip.
2309	HOG	Harley-Davidson	24.08	3	3	96.3	1.7	1.50	25 - 85	Recreation
1920	HRL	Hormel Foods	40.26	3	1	14.6	2.1	0.65	50 - 85	Food Processing
208	JNJ	Johnson & Johnson	63.61	3	1	13.0	3.2	0.60	55 - 95	Medical Supplies
1922	K	Kellogg	52.60	3	1	15.0	2.9	0.60	45 - 80	Food Processing
2405	NOV	National Oilwell Varco	44.07	3	3	11.9	0.9	1.60	35 - 105	Oilfield Svcs/Equip.
561	NOC	Northrop Grumman	59.56	3	1	11.2	3.0	0.80	95 - 125	Aerospace/Defense
1971	PEP	PepsiCo, Inc.	61.31	3	1	15.4	3.1	0.60	65 - 105	Beverage
646	DGX	Quest Diagnostics	56.69	2	2	13.8	0.7	0.65	40 - 85	Medical Services
2345	HOT	Starwood Hotels	37.47	3	3	68.1	0.5	1.55	5 - 60	Hotel/Gaming
1790	X	U.S. Steel Corp.	51.14	3	3	NMF	0.4	1.75	35 - 115	Steel (Integrated)
649	UNH	UnitedHealth Group	31.63	2	2	10.4	0.1	1.00	105 - 170	Medical Services
1384	XLNX	Xilinx Inc.	25.04	3	3	15.7	2.6	0.90	60 - 120	Semiconductor

To qualify for purchase in the above portfolio, a stock must have worthwhile and longer-term appreciation potential. Among the factors considered for selection are a stock's Timeliness and Safety Rank and its 3- to 5-year appreciation potential. (Occasionally a stock will be unranked (NR), usually because of a short trading history or a major corporate reorganization.) Stocks in the above portfolio are selected and monitored by Justin Hellman, Senior Industry Analyst.

(primarily suitable for investors interested in current income)

Ratings & Reports Page	Ticker	Company	Recent Price	Time-liness	Safety	P/E	Yield%	Beta	Financial Strength	Industry Name
508	ARLP	Alliance Resource	40.89	3	3	11.1	7.6	1.10	B+	Coal
1592	BMY	Bristol-Myers Squibb	24.21	3	1	13.3	5.3	0.75	A	Drug
520	BPL	Buckeye Partners L.P.	56.07	2	2	15.2	6.7	0.85	B+	Oil/Gas Distribution
716	CTL	CenturyTel Inc.	35.14	3	2	10.1	8.0	0.75	B++	Telecom. Services
152	ED	Consol. Edison	42.95	3	1	13.5	5.5	0.65	A+	Electric Utility (East)
1578	DD	Du Pont	32.74	3	1	14.3	5.1	1.10	A++	Chemical (Basic)
1917	HNZ	Heinz (H.J.)	44.52	2	1	15.6	4.0	0.70	A+	Food Processing
526	NRGY	Inergy, L.P.	35.32	3	3	24.4	7.8	1.00	B+	Oil/Gas Distribution
1988	NA.TO	Nat'l Bank of Canada	58.80	3	2	9.8	4.3	0.65	B++	Bank (Canadian)
1773	NPK	National Presto Ind.	115.60	1	3	12.3	4.8	0.95	B++	Diversified Co.
1532	O	Realty Income Corp.	27.85	3	3	28.4	6.2	0.90	B+	R.E.I.T.
1996	RAI	Reynolds American	51.71	3	3	10.7	7.0	0.60	B+	Tobacco
1622	SNY	Sanofi-Aventis	36.75	2	1	11.3	4.4	0.75	A+	Drug
1931	SLE	Sara Lee Corp.	13.43	2	2	13.7	3.4	0.85	B++	Food Processing
165	SCG	SCANA Corp.	35.25	4	2	12.3	5.4	0.65	A	Electric Utility (East)
532	SPH	Suburban Propane	45.08	3	3	11.9	7.5	0.75	B+	Oil/Gas Distribution
733	TEF	Telefonica SA ADR	69.96	3	2	9.0	5.8	0.85	B++	Telecom. Services
1997	UVV	Universal Corp.	53.04	3	3	11.3	3.5	0.85	B++	Tobacco
740	VOD	Vodafone Group ADR	22.13	3	2	9.7	6.1	0.80	B++	Telecom. Services
2245	XEL	Xcel Energy Inc.	20.60	3	2	13.1	4.9	0.65	B++	Electric Utility (West)

To qualify for purchase in the above portfolio, a stock must have a yield that is at least 1% above the median for the Value Line universe, a Timeliness Rank of at least 3, and a Financial Strength Rating of at least B+. If a stock's Timeliness Rank falls below 4, that stock will be automatically removed. Stocks are selected and monitored by Damon Churchwell, Analyst-Specialist.

Industry Analysis: Chemical (Specialty)

The Specialty Chemicals Industry is a mature sector. For decades, many industries have utilized specialty chemicals in manufacturing and finishing. Some specific areas where these products are used include: agriculture, requiring fertilizers and crop protection applications; electronics, needing agents to produce printed circuit boards and other components; housing, which relies on chemicals for construction materials, sealants, coatings, paints and plastics; and consumer goods, such as perfumes, detergents, paper items and pharmaceuticals.

Market Dynamics

Despite a lengthy history, there's still room for innovation. Since specialty chemicals are widely used, changes to industrial and consumer product life cycles and new offerings can create demand for variations. Notably, growing concern about the global environment has led to eco-friendly restrictions, with the aim of reducing pollutants and greenhouse gases. This, in turn, is resulting in unique chemical applications, such as water-based plastics and paints, biodegradable electronic components, and low-impact food-and-beverage packaging. Too, developing energy fields, e.g., rechargeable batteries, wind and solar power, hold promise for expanded markets.

Though this industry is mature, member companies, some more than others, *are* subject to swings in the macroeconomic cycle. Indeed, for many, sales and earnings performance will track the fortunes of the housing, heavy construction, and industrial sectors. Investors might want to monitor industrial output, railcar loadings, housing starts, and other economic indicators to gauge the demand for specialty chemicals.

Investors should also consider the supply/demand balance in this industry. Not surprising, excess inventory may be an indicator of a slowdown and coming price pressure and earnings weakness. Importantly, competition is a factor. The population of specialty chemical manufacturers is growing, especially in low-cost, moderately regulated locales in Asia, the Middle East, and South America.

Net-Profit Factors

The net profit of a specialty chemical company is sensitive to the cost of raw materials. Energy and commodities prices are volatile. Natural gas and petroleum products are widely used to create specialty chemicals. For example, many paints and coatings are made with titanium dioxides and petroleum distillates. Also, plastics require various petroleum-based resins. Minerals and metals, such as cobalt, nickel and certain powders, play a large role in producing some chemical products, and their prices can soar during periods of industrial expansion, impacting margins.

Fortunately for these companies, when energy and/or commodities costs are high, they can implement surcharges, as long as customers are aware of the situation. Pass-through agreements with customers, linking product prices with raw-material price indexes, are common. Investors should note, though, that surcharges often lag the cost trend, leading to seemingly contradictory demand/earnings relationships.

Historically, Specialty Chemical companies have turned in very respectable operating and net profit margins, in the teens and high single-digits, respectively. Managements usually react quickly when inventories are building and there are signs of a broader downturn. They may undertake restructuring, entailing temporary plant shutdowns, production consolidation, staff reductions, product line eliminations, and asset divestitures. Too, companies sometimes build facilities in foreign countries with close proximity to end-markets, economical labor, and limited government oversight. Wide margins are a good measure of operating efficiency, and typically yield favorable returns on shareholder equity.

Capital Considerations

Generally, Specialty Chemical companies have high capital spending requirements, mostly involving the upkeep and expansion of production and transportation facilities. In the industry, debt-to-total capital ratios range from zero to as high as 60%, with the mean hewing close to 30%. Those producers with substantial leverage pose greater interest rate risk to investors, especially if a significant portion of borrowings needs to be refinanced in the short term or is subject to floating rates. Heavy debt burdens are not necessarily bad. They often indicate a period of expansion.

Many of the companies in this industry are decent cash flow generators and have built up solid cash positions. They favor using funds for product development, brick-and-mortar expansion, and acquisitions, activities that enlarge the customer base. Management has to initiate expansion carefully and at the right time in the business cycle. There are a number of chemical companies that have endured costly, poorly timed, and badly executed business combinations. Their stockholders have suffered along with them. Safer, though somewhat less desirable, uses of cash include, share repurchases, special payouts to investors, and regular dividend hikes.

Investment Appeal

On balance, the stocks of Specialty Chemical companies are best classified as growth-and-income holdings. But that's not to say that growth investors should look elsewhere. When a company is new or has developed a product with meaningful sales potential or entered a large market, it may well enjoy an extended period of expansion, with commensurate gains in its stock price. Over time, however, the majority of new entrants mature and typically wind up offering Wall Street good diversification, international exposure, downside protection, and steady dividend payments.

Adam Rosner
Analyst-Specialist

Low-Risk Stocks for Worthwhile Total Return

This week we have screened the Value Line database for stocks that combine below-average risk with worthwhile total return potential over the long haul. First, we limited the field to equities with Safety ranks of 1 or 2 (Highest or Above Average). By definition, these are stocks that, in our opinion, have less than normal total risk.

Then, we required price appreciation potential to 2013-2015 of at least 75%, which is somewhat above the current median of 65% for all stocks under our review. Next, we specified that the remaining equities must have a current dividend yield of at least 3.1%, 100 basis points higher than the 2.1% median yield for the Value Line universe. We further limited the selection to stocks with projected three- to five-year average annual dividend growth of at least 5.0% (well above the average pace of inflation that Value Line forecasts for the same period). To tie the growth and income criteria together, we required an average annual total return over the next three to five years of 18%, which is favorable given the returns currently available. For reference, we also present the projected average annual earnings growth over the three- to five-year pull for companies that survived this examination.

Finally, we eliminated all holdings with subpar prospects for market performance over the next six to 12 months. That is, equities ranked below 3, or Average, for Timeliness were discarded. This step was taken to screen out stocks that are most at risk of underperformance in the near term, in spite of their otherwise attractive investment attributes.

Of course, the sturdy relative price momentum and high investment quality implied by the above criteria would suggest limited opportunities for a good dividend yield and worthwhile three- to five-year price gains. Indeed, the resulting roster is a quite small and elite group of stocks that appears suitable for patient investors who seek worthwhile total returns, but are also averse to excess risk. This list should be particularly useful in today's market, given the volatility that has been prevalent as investors deal with the uncertain prospects for economic growth.

We would advise investors to use this screen, and all others presented in *Selection & Opinion*, as a starting point for investigating stocks that meet specific investment criteria. We suggest that a point for further investigation would begin by consulting the latest *Ratings & Reports* page for those stocks of interest.

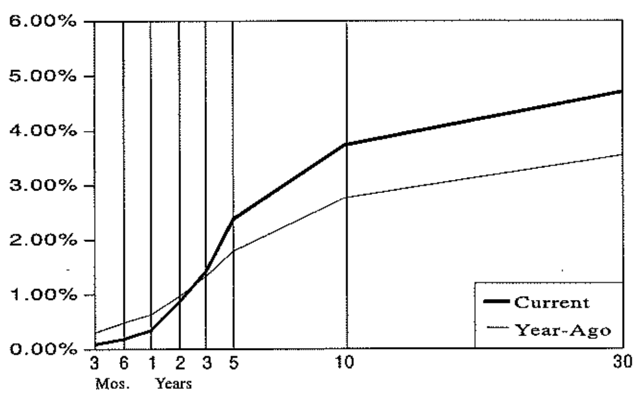
Ratings & Reports Page	Ticker	Company Name	Safety	3-5 Year EPS Growth	3-5 Year Avg. Apprec. Potential	Current Yield	3-5 Yr. Div'd Growth	Total Return	Timeliness
2574	ADP	Automatic Data Proc.	1	9.0%	95%	3.3%	9%	20%	3
1906	CPB	Campbell Soup	2	10.5	125	3.3	7	24	3
1186	CLX	Clorox Co.	2	10.0	85	3.5	10	19	3
559	LMT	Lockheed Martin	1	11.5	165	3.3	15	29	3
1622	SNY	Sanofi-Aventis	1	11.0	85	4.4	8	19	2
1931	SLE	Sara Lee Corp.	2	12.0	85	3.4	6	19	2
733	TEF	Telefonica SA ADR	2	10.5	125	5.8	10	26	3
1940	UL	Unilever PLC ADR	1	8.0	95	3.5	5	20	3

	2/10/2010	2/17/2010	%Change 1 week	%Change 12 months
Dow Jones Industrial Average	10038.38	10309.24	+2.7%	+36.5%
Standard & Poor's 500	1068.13	1099.51	+2.9%	+39.3%
N.Y. Stock Exchange Composite	6819.12	7035.20	+3.2%	+42.4%
NASDAQ Composite	2147.87	2226.29	+3.7%	+51.4%
NASDAQ 100	1749.76	1810.86	+3.5%	+52.6%
American Stock Exchange Index	1786.24	1864.86	+4.4%	+36.7%
Value Line (Geometric)	297.07	309.49	+4.2%	+59.8%
Value Line (Arithmetic)	2186.30	2279.45	+4.3%	+83.6%
London (FT-SE 100)	5131.9	5276.6	+2.8%	+30.8%
Tokyo (Nikkei)	9963.99	10306.83	+3.4%	+34.8%
Russell 2000	595.82	624.83	+4.9%	+45.7%

Selected Yields

	Recent (2/17/10)	3 Months Ago (11/18/09)	Year Ago (2/18/09)
TAXABLE			
Market Rates			
Discount Rate	0.50	0.50	0.50
Federal Funds	0.00-0.25	0.00-0.25	0.00-0.25
Prime Rate	3.25	3.25	3.25
30-day CP (A1/P1)	0.16	0.14	0.52
3-month LIBOR	0.25	0.27	1.25
Bank CDs			
6-month	0.25	0.34	0.87
1-year	0.45	0.58	1.20
5-year	1.97	2.23	2.14
U.S. Treasury Securities			
3-month	0.09	0.02	0.30
6-month	0.18	0.14	0.48
1-year	0.34	0.28	0.63
5-year	2.38	2.19	1.80
10-year	3.73	3.36	2.76
10-year (inflation-protected)	1.44	1.15	1.61
30-year	4.70	4.30	3.55
30-year Zero	4.96	4.47	3.43

Treasury Security Yield Curve



	Recent (2/17/10)	3 Months Ago (11/18/09)	Year Ago (2/18/09)
Mortgage-Backed Securities			
GNMA 6.5%	2.99	3.03	4.05
FHLMC 6.5% (Gold)	1.75	2.03	3.92
FNMA 6.5%	2.61	1.99	3.78
FNMA ARM	2.98	2.42	3.90
Corporate Bonds			
Financial (10-year) A	5.41	5.21	8.33
Industrial (25/30-year) A	5.85	5.52	6.14
Utility (25/30-year) A	5.93	5.51	5.74
Utility (25/30-year) Baa/BBB	6.44	6.24	7.07
Foreign Bonds (10-Year)			
Canada	3.47	3.41	2.86
Germany	3.19	3.29	2.99
Japan	1.33	1.31	1.26
United Kingdom	4.03	3.68	3.39
Preferred Stocks			
Utility A	5.40	5.68	6.03
Financial A	7.14	7.14	13.57
Financial Adjustable A	5.52	5.52	5.52
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.34	4.40	4.89
25-Bond Index (Revs)	4.96	5.02	5.67
General Obligation Bonds (GOs)			
1-year Aaa	0.31	0.42	0.55
1-year A	1.10	1.38	0.65
5-year Aaa	1.55	1.82	1.85
5-year A	2.59	3.00	2.15
10-year Aaa	3.12	3.27	2.90
10-year A	4.10	4.18	3.40
25/30-year Aaa	4.45	4.49	4.72
25/30-year A	5.50	5.48	5.72
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.77	4.78	5.80
Electric AA	4.76	4.79	5.90
Housing AA	5.63	5.72	6.15
Hospital AA	5.03	5.19	6.10
Toll Road Aaa	4.83	4.91	5.95

Federal Reserve Data

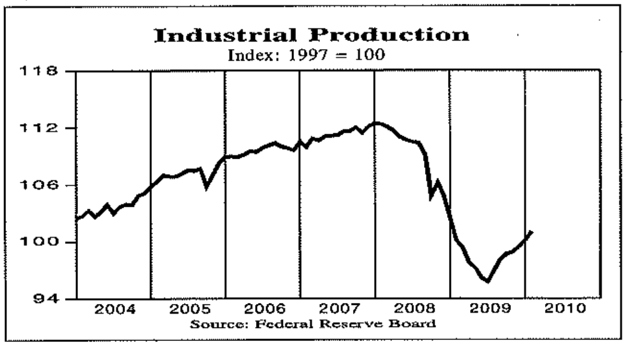
BANK RESERVES
(Two-Week Period; in Millions, Seasonally Adjusted)

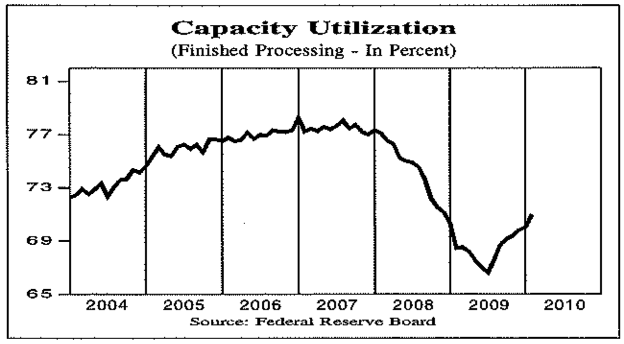
	Recent Levels			Average Levels Over the Last...		
	2/10/10	1/27/10	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	1119423	1063401	56022	1071836	974870	868086
Borrowed Reserves	126874	125300	1574	168048	233876	369577
Net Free/Borrowed Reserves	992549	938101	54448	903789	740994	498509

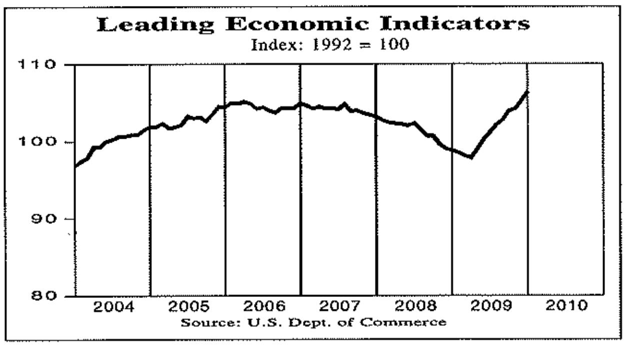
MONEY SUPPLY
(One-Week Period; in Billions, Seasonally Adjusted)

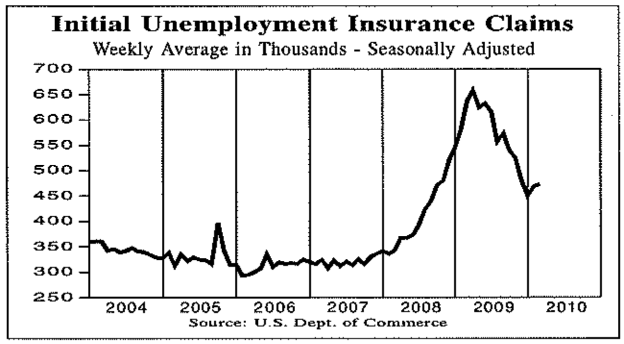
	Recent Levels			Growth Rates Over the Last...		
	2/1/10	1/25/10	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1692.0	1677.0	15.0	3.8%	3.3%	8.4%
M2 (M1+savings+small time deposits)	8471.4	8464.4	7.0	-1.3%	1.1%	1.8%

Tracking the Economy









Major Insider Transactions†

Latest Full-Page Report	Timeliness Rank	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
324	-	Brink's (The) Co.	M.T. Dan, Chair.	2/11/10	10,000	101,345	$24.35	25.78
1579	3	FMC Corp.	P.R. Brondeau, CEO	2/8/10	18,500	72,303	$53.57-$53.88	56.48
2552	3	Legg Mason	J.A. Sullivan, V.P.	2/4/10-2/8/10	42,600	217,436	$24.65-$25.12	26.30
1807	3	NYSE Euronext	D.L. Niederauer, CEO	2/10/10	25,000	76,284	$24.32	25.67
225	3	St. Jude Medical	J.W. Brown, Dir.	2/5/10	10,000	75,429	$37.50	38.23
260	4	United Parcel Serv.	J. Thompson, Dir.	2/9/10-2/10/10	17,421	18,546	$56.77-$57.72	57.33
1319	3	WESCO Int'l	R. Heyse, CFO	2/3/10	10,750	22,750	$28.96	28.33

Latest Full-Page Report	Timeliness Rank	Company	Insider, Title	Date	Shares Traded	Shares Held	Price Range	Recent Price
2540	1	Cash Amer. Int'l	D.R. Feehan, CEO	2/5/10	70,300	182,685	$35.45-$36.28	37.25
2620	2	Google, Inc.	L. Page, Pres.	2/8/10-2/10/10	83,334	NA	$529.00-$541.00	541.30
2620	2	Google, Inc.	S. Brin, Pres.	2/2/10	20,953	4,100	$531.69-$533.91	541.30
403	4	Hess Corp.	J.B. Hess, Chair.	2/8/10	41,735	552,150	$58.10-$58.89	60.46
2597	2	Microsoft Corp.	W.H. Gates III, Dir.	2/3/10-2/5/10	7,000,000	675,970,258	$27.96-$28.55	28.35
1127	3	NVR, Inc.	D.C. Schar, Chair.	2/8/10	14,514	70,000	$676.76	705.16
137	1	OSI Systems	D. Chopra, Chair.	2/9/10	100,000	498,807	$27.26	28.16

* *Beneficial owner of more than 10% of common stock.*

† *Includes only large transactions in U.S.-traded stocks; excludes shares held in the form of limited partnerships, excludes options & family trusts.*

Major Insider Transactions are obtained from Vickers Stock Research Corporation.

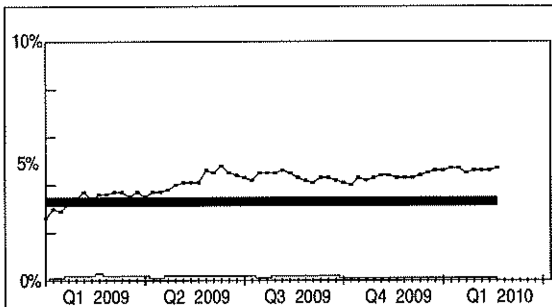
Market Monitor

Valuations and Yields	2/17	2/10	13-week range	50-week range	Last market top (7-13-2007)	Last market bottom (3-9-2009)
Median price-earnings ratio of VL stocks	16.4	16.3	16.3 - 17.5	10.5 - 17.6	19.7	10.3
P/E (using 12-mo. est'd EPS) of DJ Industrials	14.0	14.5	14.0 - 15.4	13.5 - 26.8	16.1	17.3
Median dividend yield of VL stocks	2.1%	2.2%	2.0 - 2.2%	2.0 - 3.8%	1.6%	4.0%
Div'd yld. (12-mo. est.) of DJ Industrials	2.7%	2.8%	2.7 - 2.8%	2.7 - 4.0%	2.2%	4.0%
Prime Rate	3.3%	3.3%	3.3 - 3.3%	3.3 - 3.3%	8.3%	3.3%
Fed Funds	0.1%	0.1%	0.1 - 0.1%	0.1 - 0.2%	5.3%	0.2%
91-day T-bill rate	0.1%	0.1%	0.0 - 0.1%	0.0 - 0.2%	5.0%	0.3%
AAA Corporate bond yield	5.4%	5.3%	5.2 - 5.5%	5.0 - 6.0%	5.8%	5.5%
30-year Treasury bond yield	4.7%	4.6%	4.3 - 4.7%	3.5 - 4.8%	5.1%	3.7%
Bond yield minus average earnings yield	-0.7%	-0.9%	-0.9 - -0.4%	-4.0 - -0.3%	0.7%	-4.3%
Market Sentiment						
Short interest/avg. daily volume (5 weeks)	11.2	11.5	10.7 - 12.8	7.3 - 16.2	8.1	8.6
CBOE put volume/call volume	.89	1.05	.73 - 1.05	.72 - 1.26	.91	.93

VALUE LINE ASSET ALLOCATION MODEL

(Based only on economic and financial factors)

	Current (effective market open 8/17/09)	Previous
Common Stocks	60%-70%	65%-75%
Cash and Treasury Issues	40%-30%	35%-25%



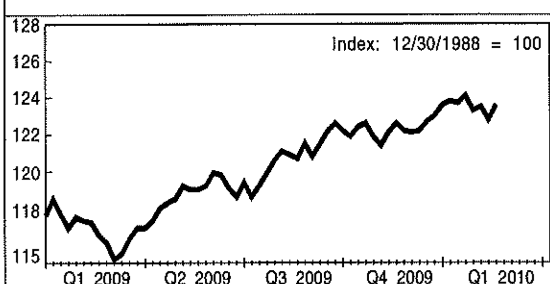
INTEREST RATES

Prime Rate

Federal Funds

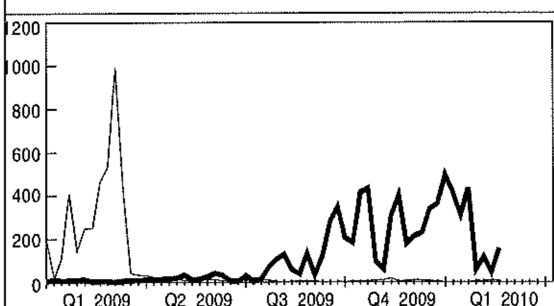
30-Year Treasury Bond

	Recent	Previous Week
Prime Rate	3.3%	3.3%
Fed Funds	0.1%	0.1%
30-Yr. Treasury	4.7%	4.6%



VALUE LINE UNIVERSE

	Recent	Previous Week
Advances	1500	277
Declines	193	1411
Issues Covered	1698	1697
Market Value ($ Trillion)	15.353	15.012



VALUE LINE COMPOSITE

New Highs

New Lows

	Recent	Previous Week
New Highs	156	45
New Lows	7	11

INDUSTRY PRICE PERFORMANCE LAST SIX WEEKS ENDING 2/16/2010

7 Best Performing Industries

Bank (Midwest)	+8.4%
Homebuilding	+7.5%
Restaurant	+6.9%
Toiletries/Cosmetics	+6.9%
Bank	+6.8%
Tobacco	+2.8%
Furn/Home Furnishings	+2.6%

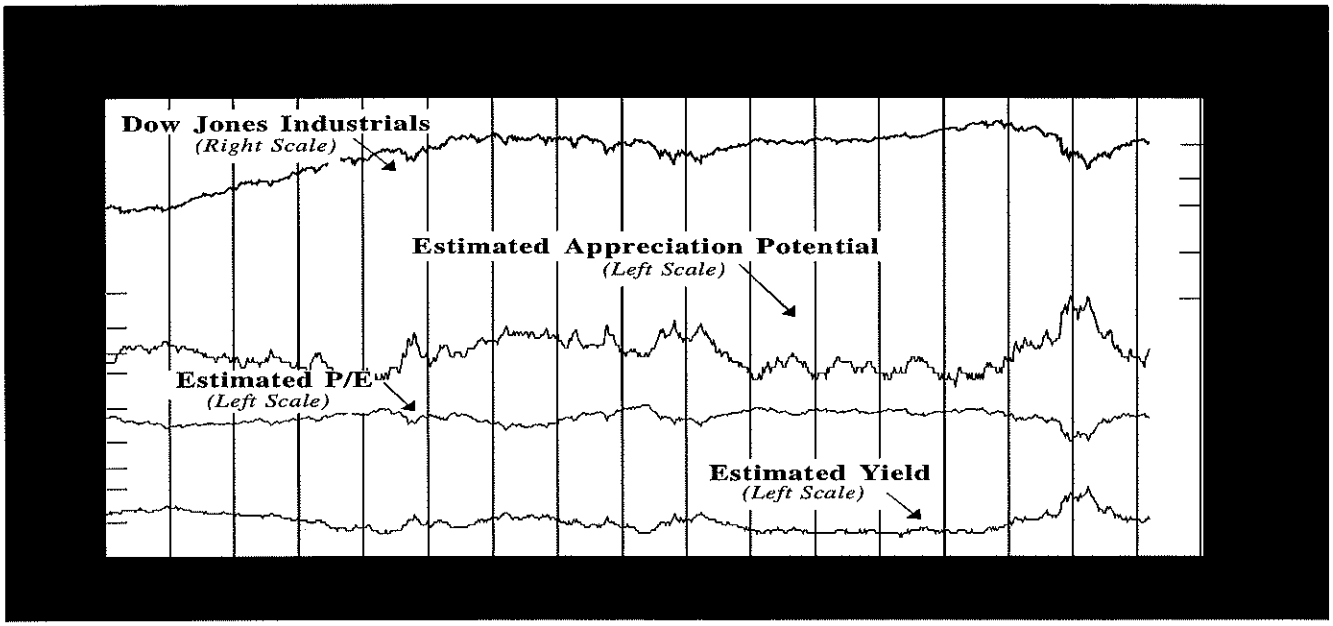
7 Worst Performing Industries

Power	-16.2%
Steel (Integrated)	-12.2%
Trucking	-10.4%
Telecom. Services	-9.8%
Environmental	-9.3%
Internet	-8.5%
Investment Co. (Foreign)	-8.4%

The corresponding change in the Value Line Arithmetic Average is -1.9%

[redacted]

Stock Market Averages



	Composite 1668 stocks	Industrials 1556 stocks	Rails 8 stocks	Utilities 104 stocks
2/11/2010	301.51	245.73	2602.74	206.23
2/12/2010	302.67	246.74	2608.34	206.21
2/15/2010		HOLIDAY		
2/16/2010	307.87	251.00	2653.46	209.66
2/17/2010	309.49	252.40	2651.00	209.90
%Change last 4 weeks	-2.5%	-2.4%	0.0%	-4.2%

Composite 65 stocks	Industrials 30 stocks	Transportation 20 stocks	Utilities 15 stocks
3419.87	10144.19	3923.16	367.38
3405.80	10099.14	3917.56	364.55
	HOLIDAY		
3468.06	10268.81	3997.86	371.55
3475.62	10309.24	4007.62	370.29
-3.8%	-2.8%	-3.4%	-7.3%

WEEKLY VALUE LINE GEOMETRIC AVERAGES *(JANUARY 9, 2009 - FEBRUARY 17, 2010)*

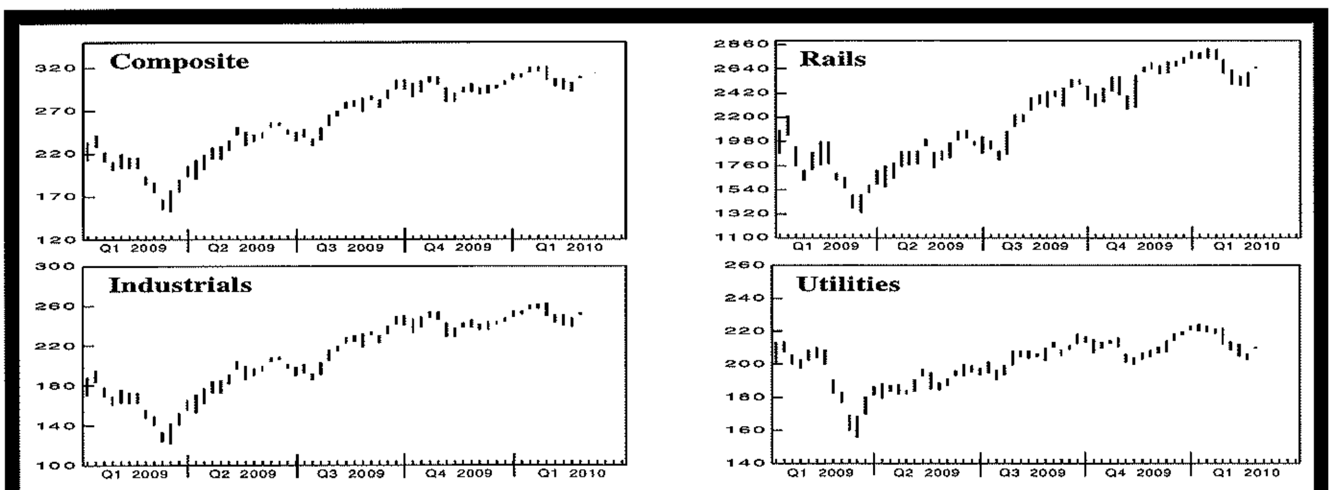


EXHIBIT 3

Late Filed Exhibit 3

Federal Reserve Statistical Release

H.15

Selected Interest Rates

Release Date: April 26, 2010

Release dates | Daily update | Historical data | Data Download Program (DDP) | About | Announcements

Current release *Other formats:* Screen reader | ASCII | PDF (17 KB)

Data Download Program

FEDERAL RESERVE STATISTICAL RELEASE

H.15 (519) SELECTED INTEREST RATES
For use at 2:30 p.m. Eastern Time

Yields in percent per annum April 26, 2010

Instruments	2010 Apr 19	2010 Apr 20	2010 Apr 21	2010 Apr 22	2010 Apr 23	Week Ending Apr 23	Week Ending Apr 16	2010 Mar
Federal funds (effective) 1 2 3	0.20	0.20	0.20	0.20	0.20	0.21	0.19	0.16
Commercial Paper 3 4 5 6								
Nonfinancial								
1-month	0.18	0.20	0.20	0.20	0.20	0.20	0.19	0.15
2-month	0.20	0.25	0.22	0.23	0.21	0.22	0.21	0.17
3-month	0.20	0.23	n.a.	n.a.	0.26	0.23	0.24	0.20
Financial								
1-month	0.23	0.23	0.23	0.23	0.21	0.23	0.22	0.20
2-month	0.25	0.31	0.29	0.35	0.30	0.30	0.30	0.21
3-month	0.28	0.28	0.30	0.28	0.30	0.29	0.30	0.24
CDs (secondary market) 3 7								
1-month	0.23	0.24	0.24	0.25	0.25	0.24	0.24	0.19
3-month	0.29	0.30	0.30	0.31	0.32	0.30	0.30	0.23
6-month	0.40	0.41	0.42	0.43	0.43	0.42	0.41	0.34
Eurodollar deposits (London) 3 8								
1-month	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.28
3-month	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
6-month	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45
Bank prime loan 2 3 9	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Discount window primary credit 2 10	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
U.S. government securities								
Treasury bills (secondary market) 3 4								
4-week	0.15	0.14	0.14	0.15	0.14	0.14	0.15	0.11
3-month	0.16	0.16	0.15	0.16	0.16	0.16	0.16	0.15
6-month	0.23	0.24	0.23	0.24	0.25	0.24	0.24	0.22
1-year	0.40	0.40	0.41	0.42	0.43	0.41	0.42	0.37
Treasury constant maturities								
Nominal 11								
1-month	0.15	0.14	0.14	0.15	0.14	0.14	0.15	0.12
3-month	0.16	0.16	0.15	0.16	0.16	0.16	0.16	0.15
6-month	0.23	0.24	0.23	0.24	0.26	0.24	0.24	0.23
1-year	0.43	0.42	0.44	0.45	0.46	0.44	0.44	0.40
2-year	1.01	1.05	1.03	1.07	1.10	1.05	1.05	0.96
3-year	1.59	1.62	1.60	1.64	1.68	1.63	1.63	1.51
5-year	2.54	2.56	2.52	2.57	2.61	2.56	2.57	2.43
7-year	3.25	3.25	3.20	3.26	3.30	3.25	3.27	3.16
10-year	3.83	3.82	3.77	3.80	3.84	3.81	3.85	3.73
20-year	4.54	4.51	4.45	4.48	4.51	4.50	4.54	4.49
30-year	4.70	4.67	4.61	4.65	4.67	4.66	4.70	4.64
Inflation indexed 12								
5-year	0.63	0.60	0.57	0.62	0.62	0.61	0.63	0.56
7-year	1.15	1.10	1.06	1.11	1.11	1.11	1.15	1.08
10-year	1.49	1.47	1.42	1.46	1.47	1.46	1.50	1.51
20-year	1.88	1.86	1.81	1.84	1.84	1.85	1.89	1.98
30-year	2.05	2.03	1.98	2.01	2.01	2.02	2.05	2.15
Inflation-indexed long-term average 13	2.00	1.97	1.92	1.95	1.95	1.96	2.00	2.10
Interest rate swaps 14								
1-year	0.53	0.56	0.59	0.58	0.62	0.57	0.56	0.53
2-year	1.11	1.17	1.19	1.16	1.25	1.18	1.18	1.14
3-year	1.71	1.78	1.78	1.75	1.85	1.77	1.79	1.74
4-year	2.22	2.29	2.28	2.25	2.35	2.28	2.30	2.24
5-year	2.65	2.71	2.68	2.65	2.76	2.69	2.72	2.65

7-year	3.25	3.30	3.26	3.23	3.34	3.27	3.30	3.24
10-year	3.76	3.80	3.74	3.73	3.82	3.77	3.80	3.74
30-year	4.47	4.50	4.43	4.41	4.48	4.46	4.49	4.48
Corporate bonds								
Moody's seasoned								
Aaa 15	5.28	5.27	5.20	5.23	5.26	5.25	5.28	5.27
Baa	6.25	6.22	6.15	6.18	6.21	6.20	6.26	6.27
State & local bonds 16				4.37		4.37	4.43	4.36
Conventional mortgages 17				5.07		5.07	5.07	4.97

n.a. Not available.

Footnotes

1. The daily effective federal funds rate is a weighted average of rates on brokered trades.

2. Weekly figures are averages of 7 calendar days ending on Wednesday of the current week; monthly figures include each calendar day in the month.

3. Annualized using a 360-day year or bank interest.

4. On a discount basis.

5. Interest rates interpolated from data on certain commercial paper trades settled by The Depository Trust Company. The trades represent sales of commercial paper by dealers or direct issuers to investors (that is, the offer side). The 1-, 2-, and 3-month rates are equivalent to the 30-, 60-, and 90-day dates reported on the Board's Commercial Paper Web page (www.federalreserve.gov/releases/cp/).

6. Financial paper that is insured by the FDIC's Temporary Liquidity Guarantee Program is not excluded from relevant indexes, nor is any financial or nonfinancial commercial paper that may be directly or indirectly affected by one or more of the Federal Reserve's liquidity facilities. Thus the rates published after September 19, 2008, likely reflect the direct or indirect effects of the new temporary programs and, accordingly, likely are not comparable for some purposes to rates published prior to that period.

7. An average of dealer bid rates on nationally traded certificates of deposit.

8. Bid rates for Eurodollar deposits collected around 9:30 a.m. Eastern time.

9. Rate posted by a majority of top 25 (by assets in domestic offices) insured U.S.-chartered commercial banks. Prime is one of several base rates used by banks to price short-term business loans.

10. The rate charged for discounts made and advances extended under the Federal Reserve's primary credit discount window program, which became effective January 9, 2003. This rate replaces that for adjustment credit, which was discontinued after January 8, 2003. For further information, see www.federalreserve.gov/boarddocs/press/bcreg/2002/200210312/default.htm. The rate reported is that for the Federal Reserve Bank of New York. Historical series for the rate on adjustment credit as well as the rate on primary credit are available at www.federalreserve.gov/releases/h15/data.htm.

11. Yields on actively traded non-inflation-indexed issues adjusted to constant maturities. The 30-year Treasury constant maturity series was discontinued on February 18, 2002, and reintroduced on February 9, 2006. From February 18, 2002, to February 9, 2006, the U.S. Treasury published a factor for adjusting the daily nominal 20-year constant maturity in order to estimate a 30-year nominal rate. The historical adjustment factor can be found at www.treas.gov/offices/domestic-finance/debt-management/interest-rate/ltcompositeindex_historical.shtml. Source: U.S. Treasury.

12. Yields on Treasury inflation protected securities (TIPS) adjusted to constant maturities. Source: U.S. Treasury. Additional information on both nominal and inflation-indexed yields may be found at www.treas.gov/offices/domestic-finance/debt-management/interest-rate/index.html.

13. Based on the unweighted average bid yields for all TIPS with remaining terms to maturity of more than 10 years.

14. International Swaps and Derivatives Association (ISDA(R)) mid-market par swap rates. Rates are for a Fixed Rate Payer in return for receiving three month LIBOR, and are based on rates collected at 11:00 a.m. Eastern time by Garban Intercapital plc and published on Reuters Page ISDAFIX(R)1. ISDAFIX is a registered service mark of ISDA. Source: Reuters Limited.

15. Moody's Aaa rates through December 6, 2001, are averages of Aaa utility and Aaa industrial bond rates. As of December 7, 2001, these rates are averages of Aaa industrial bonds only.

16. Bond Buyer Index, general obligation, 20 years to maturity, mixed quality; Thursday quotations.

17. Contract interest rates on commitments for fixed-rate first mortgages. Source: Primary Mortgage Market Survey(R) data provided by Freddie Mac.

Note: Weekly and monthly figures on this release, as well as annual figures available on the Board's historical H.15 web site (see below), are averages of business days unless otherwise noted.

Current and historical H.15 data are available on the Federal Reserve Board's web site (www.federalreserve.gov/). For information about individual copies or subscriptions, contact Publications Services at the Federal Reserve Board (phone 202-452-3244, fax 202-728-5886). For paid electronic access to current and historical data, call STAT-USA at 1-800-782-8872 or 202-482-1986.

Description of the Treasury Nominal and Inflation-Indexed Constant Maturity Series

Yields on Treasury nominal securities at "constant maturity" are interpolated by the U.S. Treasury from the daily yield curve for non-inflation-indexed Treasury securities. This curve, which relates the yield on a security to its time to maturity, is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market. These market yields are calculated from composites of quotations obtained by the Federal Reserve Bank of New York. The constant maturity yield values are read from the yield curve at fixed maturities, currently 1, 3, and 6 months and 1, 2, 3, 5, 7, 10, 20, and 30 years. This method provides a yield for a 10-year maturity, for example, even if no outstanding security has exactly 10 years remaining to maturity. Similarly, yields on inflation-indexed securities at "constant maturity" are interpolated from the daily yield curve for Treasury inflation protected securities in the over-the-counter market. The inflation-indexed constant maturity yields are read from this yield curve at fixed maturities, currently 5, 7, 10, and 20 years.

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