The Value Line Sample Page

The "Cash Flow" line—reported earnings plus depreciation ("cash flow") multiplied by a number selected to correlate the stock's 3- to 5-year projected target price, with "cash flow" projected out over the same period.

Recent Price—see page 2 of the *Summary & Index* for the date, just under "Index to Stocks."

P/E ratio—the recent price divided by the latest six months' earnings per share plus earnings estimated for the next six months.

Monthly price ranges of the stock—plotted on a ratio (logarithmic) grid to show percentage changes in true proportion. For example, a ratio chart equalizes the move of a $10 stock that rises to $11 with that of a $100 stock that rises to $110. Both have advanced 10% and over the same space on a ratio grid.

Trailing and Median P/E—the first is the recent price divided by the sum of reported earnings for the past 4 quarters; the second is an average of the price/earnings ratios over the past 10 years.

Value Line's Ranks—the rank for Timeliness; the rank for Safety; the Technical rank. Beta, the stock's sensitivity to fluctuations of the market as a whole, is included in this box, but is not a rank. *(See Glossary for Industry rank.)*

The Legends box contains the "cash flow" multiple, the amounts and dates of recent stock splits, and an indication if options on the stock are traded.

Projected stock price in 3 to 5 years. Also, the total expected % gain/loss before dividends and the Annual Total Return (% including dividends).

The record of insider decisions—decisions by officers and directors to buy or sell as reported to the SEC.

Stock purchases/sales by institutions—the number of times institutions with more than $100 million of assets under management bought or sold stock during the past three quarters and the total number of shares held by those institutions at the end of each quarter.

Historical Array—historical financial data appears in regular type.

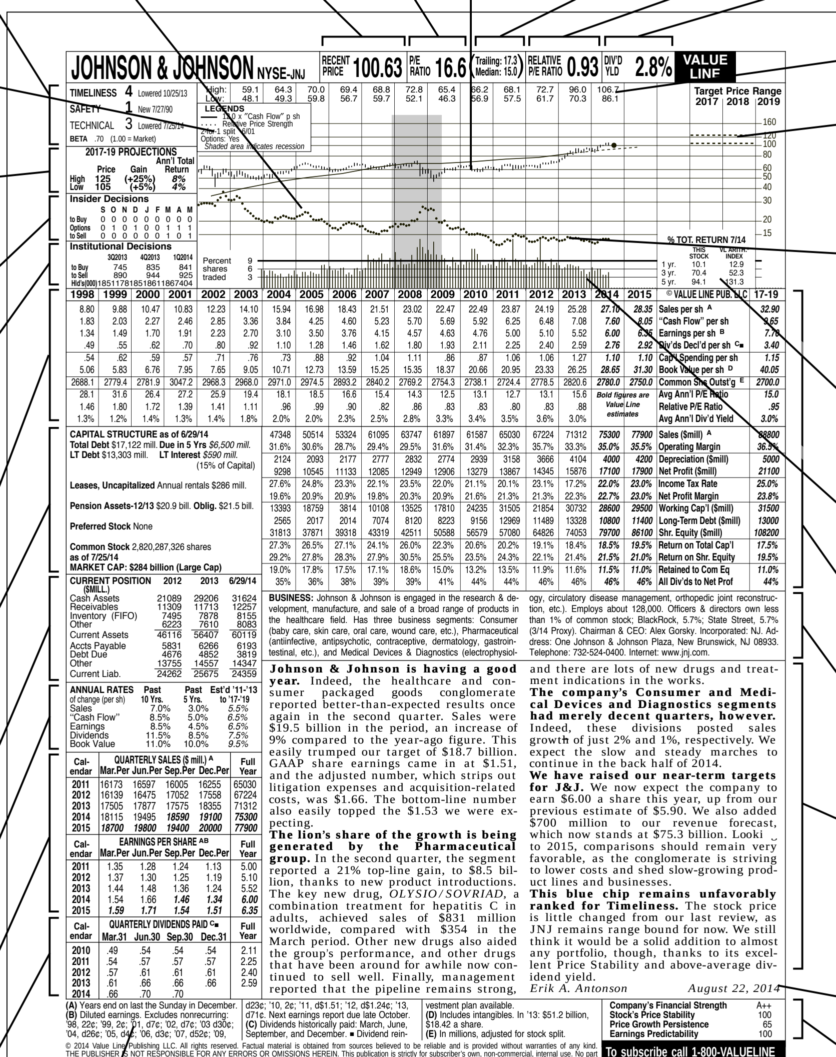
The Capital Structure as of the indicated recent date showing, among other things, the $ amount and % of capital in long-term debt and preferred stock.

Current Position—total current assets and total current liabilities, and their detail.

Annual Rates of Change (on a compound pershare basis). Actual for each of the past 5 and 10 years, estimated for the next 3 to 5 years.

Quarterly Sales are shown on a gross basis. Quarterly earnings on a per-share basis (estimates in bold type).

Quarterly Dividends Paid are actual payments. The total of dividends paid in four quarters may not equal the figure shown in the annual series on dividends declared in the Historical and Statistical Arrays. (Sometimes a dividend declared at the end of the year will be paid in the first quarter of the following year.)



Relative P/E ratio—the stock's current P/E divided by the median P/E for all stocks under Value Line review.

Dividend Yield—cash dividends estimated to be declared in the next 12 months divided by the recent price.

The stock's highest and lowest prices of the year.

Target Price Range—the range in which a stock price is likely to trade in the 3- to 5-year projection period. Also shown in the "Projections" box on the left.

Relative Price Strength describes the stock's past price performance relative to the Value Line (Arithmetic) Average of approximately 1,700 stocks. (A rising line indicates the stock price has been rising more than the Value Line universe.)

The % Total Return shows the price appreciation and dividends of a stock and the Value Line (Arithmetic) Index for the past 1, 3, and 5 years.

The percent of shares traded monthly—the number of shares traded each month as a % of the total outstanding.

Statistical Array—Value Line estimates and projections appearing in the area on the right side are in ***bold italics.***

Business Data—a brief description of the company's business and major products, along with other important data.

Analyst's Commentary—A 300 – 400 word report on recent developments and prospects – issued every three months on a preset schedule. Supplementary reports are issued when there is major news.

The expected date of receipt by subscribers. This is also referred to as the issue date.

Value Line's Indexes of Financial Strength, Stock's Price Stability, Price Growth Persistence, and Earnings Predictability. *(See Glossary for definitions.)*

Footnotes explain a number of things, such as the way earnings are reported, whether basic or diluted.

Building An Investment Portfolio

Value Line®

BUILDING YOUR PORTFOLIO: What Value Line Does	BUILDING YOUR PORTFOLIO: What You Do	MAINTAINING YOUR PORTFOLIO
By Industry—Timeliness™		
Value Line ranks groups in order of their Timeliness. (Relative performance in the next 12 months). You will find them listed on the page following the Index to Stocks section in the *Summary & Index.*	Read the latest Value Line reports on the top-ranked industries. Select at least six industry groups shown to be most timely. See page 1 of the *Summary & Index* for the page numbers of these industry reports.	
By Stock—Timeliness™		
Value Line ranks approximately 1,700 stocks in five categories according to their Timeliness. The top 100 stocks are ranked 1 (Highest) for expected relative performance in the next 12 months; 300 are ranked 2 (Above Average); about 900, 3 (Average); 300, 4 (Below Average); and 100, 5 (Lowest).	Make up a list of those stocks included in your six or more most timely industry groups that are ranked 1 (Highest) or 2 (Above Average) for performance in the next 12 months. You will find the latest full-page report on each stock in *Ratings & Reports*.	When and if a stock in your portfolio is found to be no longer a timely investment—that is to say, it has fallen in rank to 4 or 5 for Timeliness—make that stock a candidate for sale. (See Post Script and Note at the bottom of this page.)
By Stock—Safety™		
Value Line also ranks approximately 1,700 stocks according to their Safety in five categories with 1 (Highest) expected to be least volatile and financially most strong, and 5 (Lowest) most volatile and least strong financially.	Eliminate from this list of timely stocks in timely industries those that fall short of your Safety standard.	These Safety ranks are significant and should not be ignored.
By Stock—Technical		
Value Line also ranks approximately 1,700 stocks according to their expected price performance relative to the overall market in the next three to six months, based on a complex analysis of the stock's relative performance during the prior 52 weeks. Unlike the Timeliness Rank, earnings are not a factor in the Technical Rank.	Particularly if you are a short-term investor, you should look at the Technical Ranks and try to limit purchases to stocks with Technical Ranks of 1 or 2. Under no circumstances, however, should the Technical Rank replace the Timeliness Rank, which has a superior record over the years.	
By Stock—Income		
Value Line estimates the next 12 months' dividend yield of each stock based on its most recent price. The expected yield is updated in the *Summary & Index*. Value Line also shows, for comparative purposes, the median yield of all dividend-paying stocks on the first page of the *Summary & Index*.	If one of your objectives is income, you should eliminate from your list those that fall short of your current-income standard. For example, if your standard is 3%, eliminate stocks that yield less than 3%. Or if you accept a stock that yields less than 3%, see to it that other stocks you select yield enough to bring the average up to 3%.	When a stock is sold, replace it with another stock ranked 1 or 2 for Timeliness that also meets your standards for Safety and current income. It would be best in the long run to maintain diversification through at least 15 or more stocks in a variety of different and diverse industries. (See Note below.)
Value Line Reports		
Value Line reports on each stock and each industry once every three months, on a preset schedule, in the *Ratings & Reports* section. The page numbers on which the reports appear are shown in the *Summary & Index*. When evidence requires, a "Supplementary Report" is published. The "Supplementary Reports" appear in the final pages of the *Ratings & Reports* section, as well as on our Web site.	Read the latest Value Line reports on the industry groups and stocks that have qualified according to all of your standards. Make your final selection of stocks from the list that has been refined through the above procedures. See to it that you have stock representation in a variety of different and diverse industry groups.	
Selection & Opinion		
Value Line's *Selection & Opinion* section provides a current appraisal of the economy and of the stock market. It recommends how much of one's capital should be invested in common stocks and how much set aside temporarily in cash reserves. Value Line will also recommend, as a general strategy, investments in stocks with lower Betas if we believe that stocks in general are overvalued in the marketplace.		When the Value Line service in its *Selection & Opinion* section recommends building cash reserves because the general market seems temporarily to be too high, sell stocks and invest instead in short-term government bonds or other safe instruments. In selling, dispose of stocks ranked 5 or 4 or 3 for Timeliness, in that order.

Post Script: Aggressive accounts may follow a policy of switching out of stocks when they fall to rank 3 for Timeliness and replacing them with others ranked 1. This strategy, of course, will result in a higher turnover rate. Tests have shown that, if followed consistently year in and year out, such a strategy will give an even higher return than the less aggressive policy of switching only when stocks have fallen to ranks 4 and 5.

Note: There can be no assurance that every one of the 1700 stocks will always perform in accordance with its rank for Timeliness. But it can be said that a high percentage have done so in the past and that you place the odds strongly in your favor by keeping your portfolio lined up with the Timeliness Ranks. Note that diversification is essential to this strategy.

Of the Safety Ranks, it can be said that stocks ranked high for Safety have held up better than average during significant market declines in the past. In strongly rising markets, however, high Safety could prove to be a restraining influence upon performance. For example, in the case of two stocks, both ranked 1 (Highest) for Timeliness, the stock ranked 1 for Safety will tend to go up less than another ranked 5 for Safety during a rising phase in the market. Conversely, in a down market, the stock with the high Safety Rank should hold up better than the stock ranked 1 for Timeliness that rated low for Safety.

In the case of well diversified portfolios—those consisting of at least 15 or more stocks in a variety of different industries—we recommend that risk be controlled by applying Beta instead of the Safety ranks.

Explanation: In a widely diversified portfolio, the variations in individual stock prices in response to their individual characteristic risks tend to cancel each other out, leaving the general market fluctuation as the main influence. The Beta measures the individual stock's sensitivity to the general market. The Safety Rank, on the other hand, is a measure of the stock's total risk, i.e., sensitivity to the market plus sensitivity to all other factors affecting the individual stock's price.

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