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COMPANY SUMMARY

Monday, October 1, 2007

Speaker: Bob Cummins

Rating: Strong Buy

Food Industry Comment:

Dean Foods (DF-\$26)

	<u>2006</u>	<u>2007E(a)</u>	<u>2008E</u>	<u>Dividend/ Yield</u>	<u>Shares Out. (mil.)</u>	<u>12-Mo. Range (b)</u>	<u>12-Mo. Target</u>
EPS (c)	\$2.12	\$1.52	\$1.90	nil	136.6	\$37-\$24	\$33-\$34
P/E	-	17.1x	13.7x	-			

- (a) Equal to \$1.35 pro forma for recapitalization and \$15 per share distribution effective April 2, 2007.
- (b) Adjusted for special dividend.
- (c) Continuing operations. Excludes nonrecurring gains and charges.

Dean Foods, with annual sales of \$11 billion, is the nation's leading processor and marketer of dairy products, and has long been regarded as one of the best managed companies in the food industry. A combination of dramatic inflation in raw milk prices and increased competition in organic milk led to lower earnings in this year's second quarter, and results for the quarter just ended (to be reported in early November) are expected to be even worse. On the other hand, the shares at this price are close to their 12-month low, and 30% below their adjusted 2007 high of \$37.40, reached in April. The company has been raising its selling prices, and management has expressed optimism that results will start to show some improvement in the December quarter. Moreover, we expect that raw milk prices will gradually decline as farmers increase their production, and that competitive pressures in organics will eventually ease. We calculate recovery earning power at \$1.90 per share, assuming a return to normal margins in both the dairy and the specialty divisions. We cut our rating on the stock in May as the storm clouds gathered, but given the present depressed price, we believe the shares have appeal for venturesome investors. We are raising our rating to "1" (Strong Buy), and establishing a 12-month target price of \$33-\$34.

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See page 10 for Analyst's Certification, pages 10-11 for Important Disclosures and pages 11-12 for Other Disclosures and Disclaimers

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A discussion of Dean's earnings performance this year is complicated by the fact that on April 2nd the company, which has never paid a quarterly dividend, paid its shareholders a special cash dividend of \$15 per share, or a total of \$1.94 billion, which it financed through increased debt. On April 3rd, the shares began trading ex-dividend, at a price roughly \$15 lower than the previous day's close. Besides affecting the stock price, the distribution led to higher interest expense and lower EPS. At June 30th, total debt, net of cash, was \$5.3 billion, up from \$3.3 billion at the end of March, while interest expense in 2Q was \$88.9 million, versus \$52.2 million in 1Q, an increase of \$36.7 million, or 70%.

Dean had a strong first quarter, with sales up 5%, operating income 14%, and net income 17%. EPS rose by a substantial 25%, from \$0.40 to \$0.50, as a result of an aggressive share repurchase program, which has now been halted in view of the one-time dividend. We calculate that if the distribution had taken place at the beginning of the year, EPS for 1Q would have been \$0.33.

Both Dean's Dairy Group and its smaller specialty unit, White Wave, achieved healthy 1Q increases in operating income, up 9% and 25%, respectively. By the time 1Q results were reported, however, on May 3rd, management was making cautionary comments about the prospects for both units over the balance of the year. Horizon Organic, the dominant brand in a rapidly growing subsegment of the dairy industry, had already begun to see significantly increased competitive activity related to an estimated 40% increase in organic milk supplies this year, compared with normal growth in demand of 20%-25% a year. The company also stated its increasing concerns about industry forecasts of steadily rising prices for conventional milk, and the complexities of passing those costs on to the retailers. In view of those issues, management reduced its earnings guidance from \$1.72-\$1.78 for the year to the low end of that range, while targeting 2Q EPS at \$0.37-\$0.38. Subsequently, on June 12th, in a press release, CEO Gregg Engles lowered those expectations to \$1.52-\$1.58 and \$0.30-\$0.31.

Second quarter results were released on August 7th and the company's concerns proved to be accurate. Sales increased 15%, attributable mainly to price increases to offset its rising milk costs, which averaged \$16.25 per hundred-weight, up 48% from a year ago. Segment operating income at White Wave increased 8%, as improved results for other brands more than offset lower earnings for Horizon, but Dairy Group profits declined 9%. Thus, operating income after corporate expense was down 10%. EPS were \$0.30, which not only was well below management's earlier forecasts, but lower than the pro forma \$0.33 earned in 1Q, contrary to the normal seasonal pattern. Reported EPS for 2Q-06 were \$0.55, or \$0.37 pro forma for this year's dividend distribution.

On the conference call, management stated that it expected 3Q to be even more difficult, with earnings likely to be in the \$0.24-\$0.28 range (versus \$0.56 reported, and \$0.37 pro forma last year). Annual guidance was reiterated at \$1.52-\$1.58, but it was clear that even the low end was

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not assured. Subsequent discussions with the company indicate that the average cost of raw milk in 3Q was approximately double the year-ago price, and while the company has continued to raise its own prices, it still has a way to go. It is also putting a strong emphasis on reducing waste, which is significantly more costly now that milk prices have risen. Dean had expected that milk costs would start to decline in 4Q, but now some experts are predicting that prices will remain high.

This year's dramatic runup in milk prices does not reflect a decline in production, inasmuch as U.S. milk output is running more than 3% above a year ago. Instead, in addition to a sympathetic response to the dramatic price increases in the past 12 months for agricultural commodities in general, Dean's management cites unusually strong export demand for U.S. nonfat dry milk, due to a number of influences including a drought in Australia and reduced exports from Europe. The company believes that U.S. dairy farmers have the capacity to continue increasing milk output if the demand justifies it, although they also have other options, such as planting grain.

In the organic milk area, the large increase in supplies this year is an anomaly, reflecting a one-time change in government regulations that led farmers to accelerate their conversion of land to organic production. Management expects the increases in supply to slow gradually to a more normal rate. Meanwhile, consumer demand has strengthened in response to increased marketing activity and lower effective prices. Horizon saw some weakness in its market share initially as competition heated up, but its share has been rebounding since mid-summer. Dean remains bullish on the growth potential for its organic products, although time will tell whether retail prices will recover to the levels seen in the period of short supply.

On August 29th, Dean announced the resignation of Alan Bernon, age 53, President of the company's Dairy Group. Mr. Bernon joined Dean in 1997 when Dean purchased Garelick Farms, a New England dairy operation owned by his family. At that time he became a member of Dean's Board of Directors and Chief Operating Officer of its Northeast Region. Effective January 1, 2006, he became President of the Dairy Group nationwide, upon the retirement of its previous President. The company declines to comment on whether Mr. Bernon's departure 20 months later is related to the Group's current problems, or whether he was asked to resign. We note that in the press release, Gregg Engles, Chairman and CEO, praised his contributions to the company's success, and also that he remains on the Board. Mr. Engles himself has assumed direct responsibility for leadership of the Dairy Group. In a recent conversation, a member of management voiced the opinion that Mr. Engles in his new position would accelerate the pace of change in the company.

Table 1: Dean Foods Company - Quarterly Summary (millions except EPS) (a)

	2007 (d)	2006	2005 Restated (b)	2005	2004 Restated (c)	2005	2004	2003
March								
Net Sales	\$2,629.7	\$2,509.0	\$2,474.6	\$2,561.8	\$2,260.2	\$2,743.2	\$2,452.2	\$2,144.9
Cost of Sales	1,942.5	1,857.7	1,863.3	1,948.5	1,839.7	2,085.3	1,839.7	1,573.6
Gross Profit	687.3	651.3	611.3	613.3	565.1	658.0	612.4	571.2
Operating Costs	527.3	508.8	478.2	477.9	440.5	494.9	452.5	415.9
Operating Income	159.9	142.5	132.9	135.4	124.6	163.1	160.0	155.3
Interest Expense	52.2	47.5	39.2	41.0	41.1	42.6	42.5	55.3
Other Expense (Income)	(0.1)	0.1	(0.1)	(0.1)	(1.5)	(0.2)	(1.6)	(0.5)
Total	52.1	47.6	39.1	40.9	39.6	42.4	41.0	54.8
Income Before Taxes	107.8	94.9	93.8	94.5	85.0	120.7	119.0	100.5
Income Taxes	40.7	37.5	37.4	37.6	33.9	46.5	45.1	38.5
Net Income	\$67.0	\$57.4	\$56.5	\$56.9	\$51.1	\$74.2	\$73.9	\$62.0
Diluted Shares	134.5	142.4	155.7	155.7	162.7	155.7	162.7	135.6
Earnings Per Share	\$0.50	\$0.40	\$0.36	\$0.37	\$0.31	\$0.48	\$0.45	\$0.42
% of Sales:								
Gross Profit	26.1%	26.0%	24.7%	23.9%	25.0%	24.0%	25.0%	26.6%
Operating Costs	20.0	20.3	19.3	18.6	19.5	18.1	18.5	19.4
Operating Income	6.1	5.7	5.4	5.3	5.5	5.9	6.5	7.2
Effective Tax Rate	37.8%	39.5%	39.9%	39.8%	39.9%	38.5%	37.9%	38.3%
June								
Net Sales	\$2,843.6	\$2,477.9	\$2,515.1	\$2,602.6	\$2,603.3	\$2,806.6	\$2,806.6	\$2,222.6
Cost of Sales	2,155.6	1,794.0	1,867.9	1,949.9	2,016.1	2,168.4	2,168.4	1,621.4
Gross Profit	688.1	683.8	647.2	652.7	587.2	638.2	638.2	601.2
Operating Costs	530.6	509.6	485.1	487.7	455.0	469.2	469.2	413.7
Operating Income	157.4	174.2	162.2	165.0	132.2	169.0	169.0	187.5
Interest Expense	86.9	48.8	36.6	40.7	42.6	44.1	44.1	50.1
Other Expense (Income)	-	(0.1)	(0.2)	(0.2)	(0.2)	(0.1)	(0.1)	(0.3)
Total	88.9	48.7	38.4	40.5	42.4	44.0	44.0	49.8
Income Before Taxes	68.5	125.6	123.8	124.5	89.8	125.0	125.0	137.7
Income Taxes	26.8	49.0	48.2	48.5	36.2	47.9	47.9	52.0
Net Income	\$41.6	\$76.6	\$75.5	\$76.0	\$53.6	\$77.1	\$77.1	\$85.7
Diluted Shares	138.4	140.4	157.2	157.2	163.6	157.2	163.6	144.8
Earnings Per Share	\$0.30	\$0.55	\$0.48	\$0.48	\$0.33	\$0.49	\$0.47	\$0.56
% of Sales:								
Gross Profit	24.2%	27.6%	25.7%	25.1%	22.6%	24.7%	22.7%	27.0%
Operating Costs	18.7	20.6	19.3	18.8	17.5	16.7	16.7	18.6
Operating Income	5.5	7.0	6.4	6.3	5.1	6.0	6.0	8.4
Effective Tax Rate	39.2%	39.0%	38.9%	39.0%	40.3%	38.3%	38.3%	37.8%

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Table 1: (Continued) (a)

	2007	2006	2005	2005	2005	2004	2005	2004	2003
			Restated (b)		Restated (c)				
September									
Net Sales	\$2,517.8	(2)%	\$2,569.4	\$2,646.6	+2%	\$2,583.6	\$2,772.5	\$2,306.8	+20%
Cost of Sales	1,823.8		1,918.4	1,997.2		1,977.9	2,127.7	1,713.3	
Gross Profit	694.0	+7	651.0	649.4	+7	605.6	644.8	593.5	+9
Operating Costs	519.8		495.1	491.5		485.0	480.5	416.4	
Operating Income	174.2	+12	156.0	157.9	+12	140.6	164.3	177.1	(7)
Interest Expense	48.0		37.8	40.2		41.8	43.2	45.8	
Other Expense (Income)	(0.1)		(0.2)	(0.2)		0.4	0.4	(1.8)	
Total	48.0		37.7	40.0		42.2	43.6	44.0	
Income Before Taxes	126.2	+7	118.3	117.9	+20	98.4	120.7	133.1	(9)
Income Taxes	48.4		44.8	44.8		40.3	46.4	50.0	
Net Income	\$77.9	+6%	\$73.5	\$73.1	+26%	\$83.1	\$74.3	\$83.1	(11)%
Diluted Shares	139.2	(10)%	155.5	155.5	(4)%	162.1	162.1	160.5	+1%
Earnings Per Share	\$0.56	+19	\$0.47	\$0.47	+31	\$0.36	\$0.46	\$0.52	(12)
% of Sales:									
Gross Profit	27.6%		25.3%	24.5%		23.4%	23.3%	25.7%	
Operating Costs	20.7		19.2	18.5		18.0	17.4	18.0	
Operating Income	6.9		6.1	6.0		5.4	5.9	7.7	
Effective Tax Rate	38.4%		37.9%	38.0%		41.0%	38.4%	37.8%	
December									
Net Sales	\$2,593.8	(1)%	\$2,615.6	\$2,694.6	+4%	\$2,589.2	\$2,791.1	\$2,510.3	+11%
Cost of Sales	1,883.2		1,941.8	2,024.2		1,963.2	2,122.0	1,899.8	
Gross Profit	710.7	+5	673.7	670.5	+7	626.0	669.1	610.5	+10
Operating Costs	525.8		506.1	504.7		459.5	466.7	421.3	
Operating Income	184.9	+10	167.6	165.8	-	166.5	202.4	189.2	+7
Interest Expense	50.2		44.6	47.1		40.8	42.4	44.1	
Other Expense (Income)	0.5		(0.2)	(0.3)		0.9	0.9	(0.1)	
Total	50.7		44.3	46.8		41.7	43.3	44.0	
Income Before Taxes	134.2	+9	123.3	119.0	(5)	124.8	159.1	145.1	+10
Income Taxes	50.3		48.1	45.6		47.8	60.3	55.2	
Net Income	\$83.9	+12%	\$75.1	\$73.4	(5)%	\$77.0	\$98.8	\$89.9	+10%
Diluted Shares	137.4	(6)%	145.5	145.5	(6)%	155.5	155.5	161.4	(4)%
Earnings Per Share	\$0.61	+17	\$0.52	\$0.50	-	\$0.50	\$0.64	\$0.56	+14
% of Sales:									
Gross Profit	27.4%		25.8%	24.9%		24.2%	24.0%	24.3%	
Operating Costs	20.3		19.4	18.7		17.8	16.7	16.8	
Operating Income	7.1		6.4	6.2		6.4	7.3	7.5	
Effective Tax Rate	37.5%		39.0%	38.3%		38.3%	37.9%	38.0%	

(a) Formerly Suiza Foods. Excludes nonrecurring items.

(b) Reflects sale of Iberian operations.

(c) Reflects spinoff of TreeHouse Foods, sale of Marie's and Dean's Dips, and expensing of stock options (FAS 123R).

(d) Reflects special dividend of \$1.94 billion (\$15.00 per share) to stockholders on April 2 and corresponding increase in debt. Pro forma EPS in March quarter were \$0.33.

Table 2: Dean Foods Company - Quarterly Segment Results, Continuing Operations (millions) (a)

	2007		2006		2006		2005		2005		2004	
			Restated (b)				Restated (c)					
March- Net Sales:												
Dairy Group	\$2,307.1	+5%	\$2,207.7		\$2,202.1	-	\$2,193.1		\$2,189.8	+12%	\$1,956.8	
WhiteWave Foods	322.7	+7	301.4		307.0	+9%	281.5		268.9	+22	220.7	
Total	2,629.7	+5	2,509.0		2,509.0	+1	2,474.6		2,458.7	+13	2,177.5	
Corporate/Other	-	-	-		-	-	-		103.1	+25	82.6	
Total	\$2,629.7	+5%	\$2,509.0		\$2,509.0	+1%	\$2,476.6		\$2,561.8	+13%	\$2,260.2	
Operating Income:												
Dairy Group	\$171.1	+9%	\$156.6		\$152.7	+2%	\$149.0		\$148.6	+7%	\$138.3	
WhiteWave Foods	27.8	+25	22.2		26.1	+107	12.6		9.3	(5)	9.8	
Total	198.8	+11	178.8		178.8	+11	161.6		157.9	+7	148.1	
Corporate/Other	(38.9)	-	(36.3)		(36.4)	-	(28.6)		(19.4)	-	(13.2)	
Total	\$159.9	+12%	\$142.5		\$142.5	+7%	\$132.9		\$138.5	+3%	\$134.9	
Operating Margin:												
Dairy Group	7.4%		7.1%		6.9%		6.8%		6.8%		7.1%	
WhiteWave Foods	8.6		7.4		8.5		4.5		3.5		4.4	
Total	7.6		7.1		7.1		6.5		6.4		6.8	
Corporate/Other	-		-		-		-		-		-	
Total	6.1%		5.7%		5.7%		5.4%		5.4%		6.0%	
June- Net Sales:												
Dairy Group	\$2,518.1	+16%	\$2,176.1		\$2,170.7	(3)%	\$2,227.6		\$2,224.6	(2)%	\$2,271.2	
WhiteWave Foods	325.6	+8	301.8		307.2	+7	287.5		273.4	+13	242.3	
Total	2,843.6	+15	2,477.9		2,477.9	(1)	2,515.1		2,498.0	(1)	2,513.5	
Corporate/Other	-	-	-		-	-	-		104.5	+16	89.8	
Total	\$2,843.6	+15%	\$2,477.9		\$2,477.9	(1)%	\$2,515.1		\$2,602.6	-	\$2,603.3	
Operating Income:												
Dairy Group	\$165.3	(9)%	\$181.2		\$180.5	+5%	\$171.4		\$171.0	+10%	\$154.8	
WhiteWave Foods	31.7	+8	29.3		30.0	+5	28.6		28.5	+177	10.3	
Total	197.0	(6)	210.5		210.5	+5	200.1		199.5	+21	165.1	
Corporate/Other	(39.5)	-	(36.2)		(36.2)	-	(37.9)		(27.7)	-	(21.8)	
Total	\$157.4	(10)%	\$174.2		\$174.2	+7%	\$162.2		\$171.7	+20%	\$143.3	
Operating Margin:												
Dairy Group	6.6%		8.3%		8.3%		7.7%		7.7%		6.8%	
WhiteWave Foods	9.7		9.7		9.8		9.9		10.4		4.3	
Total	6.9		8.5		8.5		8.0		8.0		6.6	
Corporate/Other	-		-		-		-		-		-	
Total	5.5%		7.0%		7.0%		6.4%		6.6%		5.5%	

(Continued)

Table 2: (Continued) (a)

	2007	2006 Restated (b)	2006	2005 Restated (c)	2005	2004
Sept.- Net Sales:						
Dairy Group		\$2,209.4	\$2,204.1	(3)%	\$2,270.3	\$2,267.5 +1%
WhiteWave Foods		308.4	313.6	+5	299.1	284.9 +10
Total		2,517.8	2,517.8	(2)	2,569.4	2,552.4 +2
Corporate/Other		-	-	-	-	94.2 +5
Total		<u>\$2,517.8</u>	<u>\$2,517.8</u>	(2)%	<u>\$2,569.4</u>	<u>\$2,646.6</u> +2%
Operating Income:						
Dairy Group		\$173.7	\$172.7	+10%	\$156.5	\$156.2 +5%
WhiteWave Foods		35.4	36.5	+1	36.2	35.9 +42
Total		209.1	209.1	+9	192.7	192.1 +10
Corporate/Other		(34.9)	(34.9)	-	(36.7)	(28.4) -
Total		<u>\$174.2</u>	<u>\$174.2</u>	+12%	<u>\$156.0</u>	<u>\$163.7</u> +8%
Operating Margin:						
Dairy Group		7.9%	7.8%		6.9%	6.9%
WhiteWave Foods		11.5	11.6		12.1	12.6
Total		8.3	8.3		7.5	7.5
Corporate/Other		(1.4)	(1.4)		(1.4)	-
Total		<u>6.9%</u>	<u>6.9%</u>		<u>6.1%</u>	<u>6.2%</u>
Dec.- Net Sales:						
Dairy Group		\$2,248.7	\$2,244.0	(2)%	\$2,282.5	\$2,279.6 +3%
WhiteWave Foods		345.1	349.8	+5	333.2	317.2 +10
Total		2,593.8	2,593.8	(1)	2,615.6	2,596.8 +4
Corporate/Other		-	-	-	-	97.9 (1)
Total		<u>\$2,593.8</u>	<u>\$2,593.8</u>	(1)%	<u>\$2,615.6</u>	<u>\$2,694.6</u> +4%
Operating Income:						
Dairy Group		\$173.1	\$172.1	+4%	\$165.2	\$164.1 +6%
WhiteWave Foods		45.8	46.8	+24	37.6	38.2 (9)
Total		218.9	218.9	+8	202.7	202.3 +3
Corporate/Other		(34.1)	(34.1)	-	(35.1)	(30.4) -
Total		<u>\$184.9</u>	<u>\$184.9</u>	+10%	<u>\$167.6</u>	<u>\$171.9</u> (3)%
Operating Margin:						
Dairy Group		7.7%	7.7%		7.2%	7.2%
WhiteWave Foods		13.3	13.4		11.3	12.0
Total		8.4	8.4		7.7	7.8
Corporate/Other		(1.3)	(1.3)		(1.3)	-
Total		<u>7.1%</u>	<u>7.1%</u>		<u>6.4%</u>	<u>6.4%</u>

(a) Excludes nonrecurring items. Reflects spinoff of TreeHouse Foods and sale of Marie's and Dean's Dips.

(b) Reflects transfer of Hershey business from White Wave Foods to Dairy Group.

(c) Reflects expensing of stock options and divestiture of Iberian operations.

Table 3: Dean Foods Company - Annual Segment Results, Continuing Operations (millions) (a)

	Compound Annual Growth	2006	2005	2004 (b)	2003 (c)	2002 (d)
Net Sales:						
Dairy Group	4%	\$8,841.8	\$8,999.5	\$8,712.4	\$7,547.2	\$7,601.0
WhiteWave Foods	33	1,256.7	1,175.2	1,013.1	598.9	401.7
Total	6%	\$10,098.6	\$10,174.7	\$9,725.5	\$8,146.1	\$8,002.7
		(2)%	+3%	+15%	(1)%	
		+7	+16	+69	+49	
		(1)%	+5%	+19%	+2%	
Sales % of Total:						
Dairy Group	88%		88%	90%	93%	95%
WhiteWave Foods	12		12	10	7	5
Operating Income:						
Dairy Group	4%	\$684.7	\$647.2	\$604.2	\$640.2	\$592.5
WhiteWave Foods	54	132.7	109.8	81.5	2.9	23.5
Total	7%	\$817.4	\$757.0	\$685.7	\$643.1	\$616.0
		+6%	+7%	(6)%	+8%	
		+21	+35	-	(88)	
		+8%	+10%	+7%	+4%	
Income % of Total:						
Dairy Group	84%		85%	88%	100%	96%
WhiteWave Foods	16		15	12	-	4
Operating Margin:						
Dairy Group	7.7%		7.2%	6.9%	8.5%	7.8%
WhiteWave Foods	10.6		9.3	8.0	-	5.9
Total	8.1%		7.4%	7.1%	7.9%	7.7%

(a) Reflects spinoff of TreeHouse Foods and sale of Marie's Dips and Dressings, Dean's Dips, and Iberian operations.

(b) Reflects acquisition of Milk Products of Alabama, Ross Swiss Dairies and Horizon Organic.

(c) Reflects acquisition of Kohler Mix and Melody Farms.

(d) Reflects acquisition of Marie's and WhiteWave (Silk).

Table 4: Dean Foods Company - Average Monthly Raw Milk Prices (cwt.) (a)

	<u>2007</u>		<u>2006</u>		<u>2005</u>
January	\$13.44	-	\$13.40		b
February	14.25	+14%	12.50		b
March	14.81	+30	11.40		b
April	16.00	+46	10.93		b
May	17.54	+62	10.82		b
June	20.11	+78	11.29		b
July	21.14	+92	11.00	(24)%	\$14.40
August	19.86	+80	11.01	(20)	13.76
September	20.08	+71	11.71	(17)	14.13
October			12.37	(14)	14.35
November			12.78	(5)	13.39
December			13.31	(1)	13.40

(a) Class III, CME spot. Source: Doane's Agricultural Report.

(b) Not available.

Analyst's Certification

I Robert J. Cummins certify that the views expressed in this research report accurately reflect my personal views about the subject companies and their securities. I also certify that I have not been and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendations in this report. Other Dean Foods reports issued by me are: 2/1/05 (\$35.30) – Strong Buy – Target \$40-\$41; 5/18/05 (\$38.50) – Strong Buy – Target \$42-\$43; 1/12/06 (\$38) – Strong Buy – Target \$42-\$43; 3/3/06 (\$38) – Strong Buy – Target \$42-\$43; 8/3/06 (\$38) – Strong Buy – Target \$44-\$45; 2/12/07 (\$44) – Strong Buy – Target \$50-\$51; 5/10/07 (\$32.30) – Buy – Target \$35-\$36.

Important Disclosures

Guide to Investment Ratings and Target Prices:

Strong Buy ("1"). The stock's total return is expected to exceed significantly the average total return of the analyst's industry coverage universe over the next 12 months.

Buy ("2"). The stock's total return is expected to exceed the average total return of the analyst's industry coverage universe over the next 12 months.

Hold (Neutral) ("3"). The stock's total return is expected to equal the average total return of the analyst's industry coverage universe over the next 12 months.

Sell ("4"). The stock's total return is expected to be below the average total return of the analyst's industry coverage universe over the next 12 months.

Analyst's Ratings Distribution

		% Investment Banking
Buy*	71%	0%
Hold	29%	0%
Sell	0%	0%

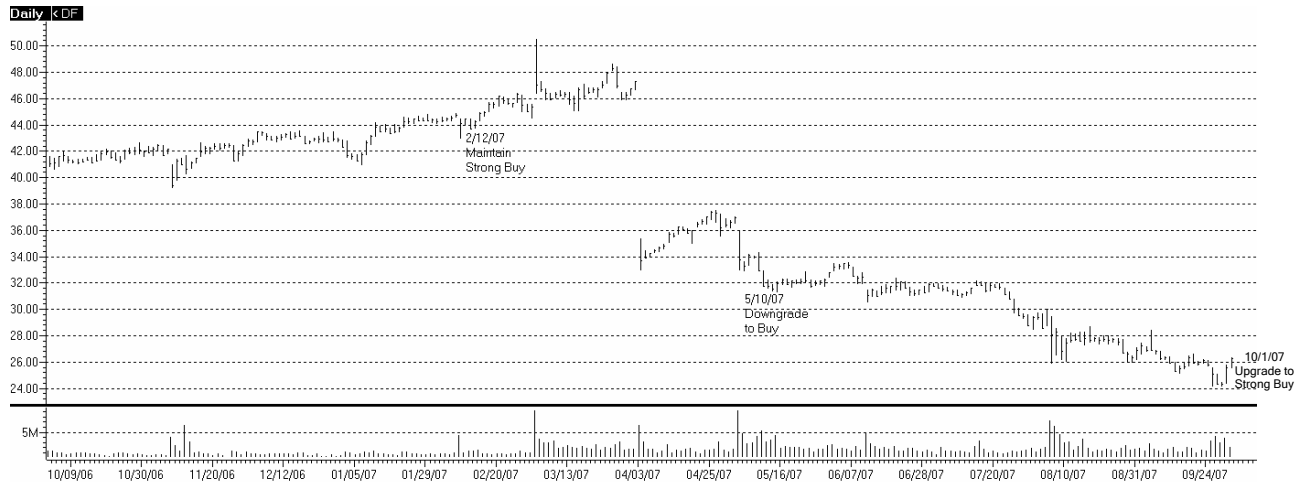
*Includes companies rated "Strong Buy" and "Buy."

Unless otherwise specified, the time frame for price targets included in this report is 12 months.

Our target prices are based on projected earnings for the following calendar year, and an assumed price/earnings ratio in line with the company's historical valuation or those of other companies with similar businesses and prospects.

The principal risks to the achievement of our price targets, in addition to general market trends, are disappointing earnings and a lower than expected price/earnings ratio.

Important Disclosures, continued



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