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SEPTEMBER 9, 2009

COMPANY SUMMARY

Wednesday, September 9, 2009

Speaker: Bob Cummins

Rating: Strong Buy

Food Industry Comment:

Del Monte Foods (DLM-$12)

	F2009	F2010E	F2011E	Dividend/ Yield	Shares Out. (mil.)	12-Mo. Range	12-Mo. Target
EPS (a)	$0.74	$0.95	$1.10	$0.20	198.4	$12-$5	$14-$15
P/E	-	12.6x	10.9x	1.7%			

(a) April fiscal years. Excludes nonrecurring gains and charges.

Del Monte's July quarter is typically the low point of its fiscal year. In the past year, it accounted for only 20% of annual sales, and first-quarter EPS in the past four years have ranged from $0.06 in F2006 and F2007 to a $0.04 loss in F2009. Thus, results for the July, 2009 period came as a pleasant surprise to investors, as sales rose by a healthy 12%, while more importantly, gross profits rose 63%, operating income increased from a depressed $13 million to $121 million, net income went from a negative $8 million to a positive $59 million, and EPS were $0.30, very likely a new high in the history of the company. The gross margin expanded from 21.9% to 31.9%, while the operating margin gained from a razor-thin 1.8% to a healthy 14.9% of sales. Needless to say, the stock rose on the news, reaching its highest price since August, 2007, while most other food stocks are still struggling to get back to their 12-month highs.

The company attributes the strong F1Q results to the successful implementation of price increases to offset rising commodity costs; solid volume growth; productivity initiatives; and increased marketing expenditures. More specifically, we give credit to Rick Wolford, Chairman, President and CEO, whose Accelerated Growth Plan has rejuvenated Del Monte. We expect another solid performance in the October quarter, followed by more difficult comparisons in the second half. Meanwhile, the shares remain reasonably priced at 12.6 times our estimate of $0.95 per share for the April 2010 fiscal year. We are reemphasizing our Strong Buy ("1") rating, and raising our 12-month target price of $11-$12 in our June report to $14-$15.

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See page 9 for Analyst's Certification, pages 9-10 for Important Disclosures and pages 10-11 for Other Disclosures and Disclaimers

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The larger of the company's two business units is **Consumer Products**, with sales in F2009 of just under $2 billion, or 54% of the total, and operating income before corporate expense of $195 million, or 47%. Including the benefit of a 53rd week in the April quarter, Consumer sales for the year rose just under 12%, while profits increased 36%. The operating margin expanded to 10.0% of sales, up from 9.1% in F2008. Besides the traditional Del Monte brand canned foods, the division markets other food products under the S&W, Contadina, College Inn and other brands, as well as chilled fruit items.

In addition to its long-established position in consumer foods, DLM is one of the nation's largest producers and marketers of **Pet Products**, which generated sales in the past year of $1.7 billion, up 17% from F2008. Segment operating income declined 11%, reflecting higher costs and increased marketing expenditures. Nevertheless, the division still had a higher operating margin than the Consumer division, at 13.1%, down from 16.2%. It accounted for 46% of sales, but 53% of profits. Over the years, DLM has expanded its pet food and snack lines through acquisitions, and it has an array of well recognized brands, including Meow Mix, Kibbles 'n Bits, 9Lives, Milk-Bone, Pup-Peroni, Meaty Bone, Snausages, Pounce and others.

As shown by Table 2, both business segments achieved strong sales and earnings growth in the July quarter, but that of Pet Products was particularly impressive, with sales up 20% to a record high for the period. Profits were nearly seven times the prior year's depressed level, while the operating margin rose from an unsatisfactory 4.5% a year ago to a staggering 24.9% of sales.

Not to be ignored, Consumer Foods also performed well in the first quarter. Sales rose only 5%, but that was against a 21% increase in the prior-year period. Operating income was more than three times that of a year ago, and the profit margin rebounded to a more normal 8.0%, up from only 2.6%.

In the September 3rd earnings release, management raised F2010 EPS guidance from $0.76-$0.80 to $0.88-$0.92, on sales growth of 4%-6%. That implies EPS of $0.58-$0.62 over the final nine months, versus $0.79 last year. We recognize that managements typically provide conservative guidance; that the January and April quarters last year saw healthy margin expansion; that the April period benefited by an estimated $0.03 from the extra week; and that the company now plans to increase marketing expenditures 40%-50% this year, up from 30%-40% previously. On the other hand, last year's October quarter was weak, with margins under pressure, while the strong margin expansion evident in the July 2009 quarter is not likely to dissipate quickly. Our conclusion is that the revised EPS guidance is too low.

Table 1: Del Monte Foods Company - Quarterly Data (millions except EPS) (a)

	F2010		F2009		F2008 Cont. Ops. (f)	F2008		F2007 (d)		F2006 Cont. Ops. (c)	F2006	
July												
Net Sales	$813.7	+12%	$726.2	+16%	$626.8	$753.5	+12%	$674.1	+9%	$616.6	$671.1	+7%
Cost of Products Sold	553.8		566.8		457.9	568.0		505.1		466.7	509.3	
Gross Profit	259.9	+63	159.4	(6)	168.9	185.5	+10	169.1	+13	149.9	161.8	+8
SG&A Expenses	139.0		146.1		127.6	135.5		122.1		108.1	114.4	
Operating Income	120.9	nm	13.3	(68)	41.3	50.0	+6	47.0	+12	41.8	47.4	(3)
Interest Expense	24.2		27.6		32.8	38.0		30.5		21.2	21.2	
Other Expense (Income)	1.9		(1.1)		0.6	0.6		0.3		-	-	
Total	26.1		26.5		33.4	38.6		30.8		21.2	21.2	
Income BeforeTaxes	94.8	nm	(13.2)	-	7.9	11.4	(30)	16.2	(21)	20.6	26.2	+16
Income Taxes	35.9		(5.2)		2.9	4.4		4.3		7.8	9.9	
Net Income	$58.9	nm	$(8.0)	-	$5.0	$7.0	(41)%	$11.9	(7)%	$12.8	$16.3	+17%
Diluted Shares	199.5	+1%	197.7	(4)%	205.6	205.7	+1%	204.0	(3)%	210.5	210.5	(1)%
Earnings Per Share	$0.30	nm	$(0.04)	-	$0.02	$0.03	(50)	$0.06	-	$0.06	$0.08	+33
Gross Margin	31.9%		21.9%		26.9%	24.6%		25.1%		24.3%	24.1%	
SG&A/Sales	17.0		20.1		20.4	18.0		18.1		17.5	17.0	
Operating Margin	14.9		1.8		6.6	6.6		7.0		6.8	7.1	
Effective Tax Rate	37.9%		39.4%		36.7%	38.6%		26.7%		37.9%	37.8%	
October												
Net Sales			$901.0	+11%	$808.2	$938.1	+5%	$893.5	+13%	$793.2	$882.3	+4%
Cost of Products Sold			666.5		588.5	703.8		644.9		580.6	650.8	
Gross Profit			234.5	+7	219.7	234.3	(6)	248.6	+17	212.6	231.5	+3
SG&A Expenses			155.0		140.3	149.4		146.2		129.0	139.1	
Operating Income			79.5	-	79.4	84.9	(17)	102.4	+22	83.6	92.4	(6)
Interest Expense			30.1		35.9	41.0		42.9		22.9	22.9	
Other Expense (Income)			12.0		(1.7)	(1.7)		0.1		1.1	1.1	
Total			42.1		34.2	39.3		43.0		24.0	24.0	
Income BeforeTaxes			37.4	(17)	45.2	45.6	(23)	59.4	-	59.6	68.4	(4)
Income Taxes			10.1		17.5	16.9		22.8		22.3	25.7	
Net Income			$27.3	(1)%	$27.7	$28.7	(22)%	$36.6	(2)%	$37.3	$42.7	(4)%
Diluted Shares			198.6	(3)%	205.4	205.4	+1%	203.5	+1%	202.2	202.2	(5)%
Earnings Per Share			$0.14	-	$0.14	$0.14	(22)	$0.18	-	$0.18	$0.21	-
Gross Margin			26.0%		27.2%	25.0%		27.8%		26.8%	26.2%	
SG&A/Sales			17.2		17.4	15.9		16.4		16.3	15.7	
Operating Margin			8.8		9.8	9.1		11.5		10.5	10.5	
Effective Tax Rate			27.0%		38.7%	37.1%		38.4%		37.4%	37.6%	

(Continued)

Table 1: Continued (a)

	F2010	F2009		F2008 Cont. Ops. (f)	F2008		F2007 (d)		F2006 Cont. Ops. (c)	F2006	
January											
Net Sales		$942.3	+8%	$869.0	$1,001.1	+10%	$907.2	+15%	$789.6	$878.5	+2%
Cost of Products Sold		659.8		632.4	747.9		649.1		571.3	638.3	
Gross Profit		282.5	+19	236.6	253.2	(2)	258.1	+18	218.3	240.2	+3
SG&A Expenses		149.0		120.7	138.4		135.4		125.8	136.2	
Operating Income		133.5	+15	115.9	114.8	(6)	122.7	+33	92.5	104.0	(3)
Interest Expense		27.4		34.0	38.8		42.2		22.7	22.7	
Other Expense (Income)		7.9		(1.1)	(1.1)		(0.6)		(0.1)	(0.1)	
Total		35.3		32.9	37.7		41.6		22.6	22.6	
Income BeforeTaxes		98.2	+18	83.0	77.1	(5)	81.1	+16	69.9	81.4	(1)
Income Taxes		38.6		29.7	26.7		28.0		24.7	29.4	
Net Income		$59.6	+12%	$53.3	$50.4	(5)%	$53.1	+17%	$45.2	$52.0	+3%
Diluted Shares		198.5	(3)%	204.1	201.4	(1)%	204.4	+1%	201.9	201.9	(5)%
Earnings Per Share		$0.30	+15	$0.26	$0.25	(4)	$0.26	+18	$0.22	$0.26	+8
Gross Margin		30.0%		27.2%	25.3%		28.5%		27.6%	27.3%	
SG&A/Sales		15.8		13.9	13.8		15.0		15.9	15.5	
Operating Margin		14.2		13.3	11.5		13.5		11.7	11.8	
Effective Tax Rate		39.3%		35.8%	34.6%		34.5%		35.3%	36.1%	
April		(b)									
Net Sales		$1,057.4	+21%	$875.8	$1,044.1	+11%	$940.1	+18%	$799.2		
Cost of Products Sold		729.6		640.5	789.4		697.1		595.3		
Gross Profit		327.8	+39	235.3	254.7	+5	243.0	+19	203.9		
SG&A Expenses		193.2		131.0	144.2		142.4		117.0		
Operating Income		134.6	+29	104.3	110.5	+10	100.6	+16	86.9		
Interest Expense		25.2		28.7	32.5		39.0		21.4		
Other Expense (Income)		5.3		(0.3)	(0.3)		0.6		0.1		
Total		30.5		28.4	32.2		39.6		21.5		
Income BeforeTaxes		104.1	+37	75.9	78.3	+28	61.0	(7)	65.4		
Income Taxes		35.3		28.1	24.5		15.9		23.7		
Net Income		$68.8	+44%	$47.8	$53.8	+19%	$45.1	+8%	$41.7		
Diluted Shares		198.8	-	199.3	199.3	(3)%	205.0	+1%	202.9		
Earnings Per Share		$0.35	+46%	$0.24	$0.27	+23	$0.22	+5	$0.21		
Gross Margin		31.0%		26.9%	24.4%		25.8%		25.5%		
SG&A/Sales		18.3		15.0	13.8		15.1		14.6		
Operating Margin		12.7		11.9	10.6		10.7		10.9		
Effective Tax Rate		33.9%		37.0%	31.3%		26.1%		36.2%		

(a) Excludes nonrecurring gains and charges.
(b) 14 weeks. (c) Continuing operations. Reflects sale of soup and infant feeding businesses.
(d) Includes acquisitions of Meow Mix from May 19 and Milk-Bone from July 2, 2006. July quarter excludes $10 million pretax gain on divestiture.
(f) Continuing operations. Reflects sale of StarKist Seafood.
nm Not meaningful.

Table 2: Del Monte Foods Company - Quarterly Segment Data (millions) (a)

	F2010		F2009		F2008 Cont. Ops. (f)	F2008		F2007 (d)		F2006 Cont. Ops. (c)	F2006
July											
Net Sales:											
Consumer Products	$401.4	+5%	$383.5	+21%	$317.9	$444.6	+6%	$420.6	-	$422.2	$476.7
Pet Products	412.3	+20	342.7	+11	308.9	308.9	+22	253.5	+30%	194.4	194.4
Total	$813.7	+12%	$726.2	+16%	$626.8	$753.5	+12%	$674.1	+9%	$616.6	$671.1
Operating Income:											
Consumer Products	$32.1	nm	$9.8	+3%	$9.5	$14.2	(10)%	$15.8	(47)%	$30.0	$34.9
Pet Products	102.8	nm	15.4	(65)	43.9	47.8	+10	43.5	+91	22.8	23.5
Total	134.9	nm	25.2	(53)	53.4	62.0	+5	59.3	+12	52.8	58.4
Corporate	(14.0)	-	(11.9)	-	(12.1)	(12.0)	-	(12.3)	-	(11.0)	(11.0)
Total Income	$120.9	nm	$13.3	(68)%	$41.3	$50.0	+6%	$47.0	+12%	$41.8	$47.4
Operating Margin:											
Consumer Products	8.0%		2.6%		3.0%	3.2%		3.8%		7.1%	7.3%
Pet Products	24.9		4.5		14.2	15.5		17.2		11.7	12.1
Total	16.6		3.5		8.5	8.2		8.8		8.6	8.7
Corporate	(1.7)		(1.7)		(1.9)	(1.6)		(1.8)		(1.8)	(1.6)
Total Income	14.9%		1.8%		6.6%	6.6%		7.0%		6.8%	7.1%
October											
Net Sales:											
Consumer Products			$491.9	+6%	$463.6	$593.5	+5%	$566.5	(3)%	$584.4	$673.5
Pet Products			409.1	+19	344.6	344.6	+5	327.0	+57	208.8	208.8
Total			$901.0	+11%	$808.2	$938.1	+5%	$893.5	+13%	$793.2	$882.3
Operating Income:											
Consumer Products			$45.8	+4%	$44.0	$45.8	(13)%	$52.6	(17)%	$63.7	$71.7
Pet Products			45.7	+1	45.1	48.7	(23)	63.4	+95	32.5	33.3
Total			91.5	+3	89.1	94.5	(19)	116.0	+21	96.2	105.0
Corporate			(12.0)	-	(9.7)	(9.6)	-	(13.6)	-	(12.6)	(12.6)
Total Income			$79.5	-	$79.4	$84.9	(17)%	$102.4	+22%	$83.6	$92.4
Operating Margin:											
Consumer Products			9.3%		9.5%	7.7%		9.3%		10.9%	10.6%
Pet Products			11.3		13.1	14.1		19.4		15.6	15.9
Total			10.2		11.0	10.1		13.0		12.1	11.9
Corporate			(1.3)		(1.2)	(1.0)		(1.5)		(1.6)	(1.4)
Total Income			8.8%		9.8%	9.1%		11.5%		10.5%	10.5%

(Continued)

Table 2: Continued (a)

	F2010	F2009		F2008 Cont. Ops. (f)	F2008		F2007 (d)		F2006 Cont. Ops. (c)	F2006
January										
Net Sales:										
Consumer Products		$509.3	+3%	$492.7	$624.8	+13%	$551.0	(2)%	$562.3	$651.2
Pet Products		433.0	+15	376.3	376.3	+6	356.2	+57	227.3	227.3
Total		$942.3	+8%	$869.0	$1,001.1	+10%	$907.2	+15%	$789.6	$878.5
Operating Income:										
Consumer Products		$69.0	+15%	$60.1	$55.8	+3%	$54.3	(9)%	$59.6	$70.2
Pet Products		76.7	+15	66.7	69.9	(15)	82.3	+81	45.4	46.3
Total		145.7	+15	126.8	125.7	(8)	136.6	+30	105.0	116.5
Corporate		(12.2)	-	(10.9)	(10.9)	-	(13.9)	-	(12.5)	(12.5)
Total Income		$133.5	+15%	$115.9	$114.8	(6)%	$122.7	+33%	$92.5	$104.0
Operating Margin:										
Consumer Products		13.5%		12.2%	8.9%		9.9%		10.6%	10.8%
Pet Products		17.7		17.7	18.6		23.1		20.0	20.4
Total		15.5		14.6	12.6		15.1		13.3	13.3
Corporate		(1.3)		(1.3)	(1.1)		(1.5)		(1.6)	(1.5)
Total Income		14.2%		13.3%	11.5%		13.5%		11.7%	11.8%
April										
Net Sales:		(b)								
Consumer Products		$568.8	+20%	$474.1	$642.4	+8%	$594.9	+4%	$573.4	
Pet Products		488.6	+22	401.7	401.7	+16	345.2	+53	225.8	225.8
Total		$1,057.4	+21%	$875.8	$1,044.1	+11%	$940.1	+18%	$799.2	
Operating Income:										
Consumer Products		$70.5	+55%	$45.6	$51.3	+21%	$42.3	(28)%	$59.1	
Pet Products		82.1	+7	76.4	76.8	+7	72.1	+75	41.1	41.1
Total		152.6	+25	122.0	128.1	+12	114.4	+14	100.2	
Corporate		(18.0)	-	(17.7)	(17.6)	-	(13.8)	-	(13.3)	
Total Income		$134.6	+29%	$104.3	$110.5	+10%	$100.6	+16%	$86.9	
Operating Margin:										
Consumer Products		12.4%		9.6%	8.0%		7.1%		10.3%	
Pet Products		16.8		19.0	19.1		20.9		18.2	18.2
Total		14.4		13.9	12.3		12.2		12.5	
Corporate		(1.7)		(2.0)	(1.7)		(1.5)		(1.6)	
Total Income		12.7%		11.9%	10.6%		10.7%		10.9%	

(a) Excludes nonrecurring items. (b) 14 weeks.
(c) Continuing operations. Reflects sale of soup and infant feeding businesses.
(d) Includes acquisitions of Meow Mix from May 19 and Milk-Bone from July 2, 2006. July quarter excludes $10 million pretax gain on divestiture.
(f) Continuing operations. Reflects sale of StarKist Seafood.
nm Not meaningful.

Table 3: Del Monte Foods Company - Quarterly Operating Profit Margins

	F2010	F2009	F2008 Cont. Ops. (c)	F2008	F2007	F2006 Cont. Ops. (a)	F2006	F2005	F2004 Cont. Ops.	F2004	F2003
July					(b)						
Consumer Products	8.0%	2.6%	3.0%	3.2%	3.8%	7.1%	7.3%	8.8%	8.3%	8.3%	12.6%
Pet Products	24.9	4.5	14.2	15.5	17.2	11.7	12.1	9.7	16.8	16.0	18.0
Total	16.6	3.5	8.5	8.2	8.8	8.6	8.7	9.1	10.6	10.5	14.1
Corporate	(1.7)	(1.7)	(1.9)	(1.6)	(1.8)	(1.8)	(1.6)	(1.3)	(1.0)	(0.9)	(0.8)
Total	14.9%	1.8%	6.6%	6.6%	7.0%	6.8%	7.1%	7.8%	9.6%	9.6%	13.3%
October											
Consumer Products		9.3%	9.5%	7.7%	9.3%	10.9%	10.6%	12.2%	12.0%	11.9%	10.3%
Pet Products		11.3	13.1	14.1	19.4	15.6	15.9	15.2	19.0	16.4	20.2
Total		10.2	11.0	10.1	13.0	12.1	11.9	13.0	13.7	13.1	13.1
Corporate		(1.3)	(1.2)	(1.0)	(1.5)	(1.6)	(1.4)	(1.4)	(1.2)	(0.9)	(0.9)
Total		8.8%	9.8%	9.1%	11.5%	10.5%	10.5%	11.6%	12.5%	12.2%	12.2%
January											
Consumer Products		13.5%	12.2%	8.9%	9.9%	10.6%	10.8%	11.6%	13.7%	13.7%	12.7%
Pet Products		17.7	17.7	18.6	23.1	20.0	20.4	18.4	22.3		21.1
Total		15.5	14.6	12.6	15.1	13.3	13.3	13.4	15.9		14.9
Corporate		(1.3)	(1.3)	(1.1)	(1.5)	(1.6)	(1.5)	(0.9)	(0.8)		(0.4)
Total		14.2%	13.3%	11.5%	13.5%	11.7%	11.8%	12.5%	15.1%		14.5%
April											
Consumer Products		12.4%	9.6%	8.0%	7.1%	10.3%		9.9%	13.5%		10.8%
Pet Products		16.8	19.0	19.1	20.9	18.2		22.2	25.4		19.5
Total		14.4	13.9	12.3	12.2	12.5		13.1	16.5		13.1
Corporate		(1.7)	(2.0)	(1.7)	(1.5)	(1.6)		(1.5)	(0.9)		(0.2)
Total		12.7%	11.9%	10.6%	10.7%	10.9%		11.6%	15.6%		12.9%

(a) Reflects divestiture of soup and infant feeding businesses. (b) Includes acquisitions of Meow Mix on May 19 and Milk-Bone on July 2. July quarter excludes $10 million pretax gain on divestiture. (c) Continuing operations. Reflects sale of StarKist Seafood.

Table 4: Del Monte Foods Company - Annual Income Statements (a)

	F2009 (b)		F2008 Cont. Ops. (c)	F2008		F2007 (d)		F2006		F2005
Net Sales	$3,626.9	+14%	$3,179.8	$3,736.8	+9%	$3,414.9	+14%	$2,998.6	+3%	$2,899.3
Cost of Products Sold	2,622.7		2,319.9	2,809.1		2,500.8		2,213.9		2,155.5
Gross Profit	1,004.2	+17	859.9	927.7	+1	914.1	+16	784.7	+5	743.8
SG&A Expenses	643.3		520.2	567.5		539.8		479.9		419.5
Operating Income	360.9	+6	339.7	360.2	(4)	374.3	+23	304.8	(6)	324.3
Interest Expense	110.3		131.4	150.3		154.6		88.2		97.4
Other Expense (Income)	24.1		(2.5)	(2.5)		0.4		1.1		2.8
Total	134.4		128.9	147.8		155.0		89.3		100.2
Income Before Taxes	226.5	+7	210.8	212.4	(3)	219.3	+2	215.5	(4)	224.1
Income Taxes	78.8		77.0	72.5		71.5		78.5		83.8
Net Income	$147.7	+10%	$133.8	$139.9	(5)%	$147.8	+8%	$137.0	(3)%	$140.3
Diluted Shares	198.4	(2)%	202.8	202.8	-	203.8	-	204.2	(4)%	212.4
Earnings Per Share	$0.74	+12	$0.66	$0.69	(4)%	$0.72	+7%	$0.67	+2	$0.66
% of Sales:										
Gross Profit	27.7%		27.0%	24.8%		26.8%		26.2%		25.7%
SG&A Expense	17.7		16.3	15.2		15.8		16.0		14.5
Operating Income	10.0		10.7	9.6		11.0		10.2		11.2
Effective Tax Rate	34.8%		36.5%	34.1%		32.6%		36.4%		37.4%

(a) April fiscal years. Millions except EPS. Excludes nonrecurring gains and charges.
(b) 53 weeks.
(c) Reflects sale of StarKist Seafood.
(d) Includes acquisitions of Meow Mix on May 19 and Milk-Bone on July 2. Excludes $10 million pretax gain on divestiture.

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 Del Monte Foods reports issued by me are: 1/12/06 ($10.4) – Strong Buy – Target $13-$14; 3/30/06 ($11.90) – Strong Buy – Target $14-$15; 6/15/06 ($11.30) – Strong Buy – Target $14-$15; 7/26/06 ($10.50) – Strong Buy – Target $14-$15; 9/15/06 ($10.20) – Strong Buy – Target $14-$15, 12/7/06 ($11.25) – Strong Buy – Target $14-$15; 3/19/07 ($11.15) – Strong Buy – Target $14-$15; 6/27/07 ($12) – Strong Buy – Target $15-$16; 9/5/07 ($10.60) – Strong Buy – Target $14-$15; 12/19/07 ($8.80) – Strong Buy – Target $12-$13; 3/4/08 ($9.15) – Strong Buy – Target $12-$13; 6/18/08 ($7.40) – Strong Buy – Target $9-$10; 1/22/09 ($6.90) – Strong Buy – Target $9-$10; 6/25/09 ($8.95) – Strong Buy – Target $11-$12.

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*	63%	0%
Hold	37%	0%
Sell	0%	0%

*Includes companies rated “Strong Buy” and “Buy.”

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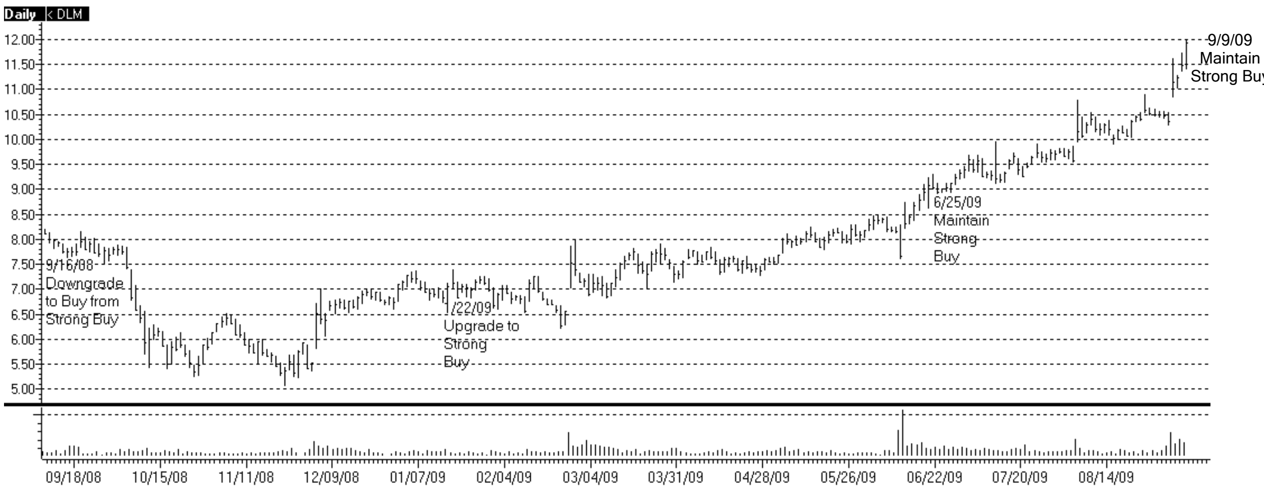
Our target prices are based on projected earnings for the following calendar year, and an assumed price/earnings ratio in line with the company’s historical valuation or those of other companies with similar businesses and prospects.

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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