

ELIOT FINKEL INVESTMENT COUNSEL, LLC

FIRST QUARTER 2014 UPDATE

We appreciate your interest in Eliot Finkel Investment Counsel and are proud to summarize our clients' results below.* The March 2000 and September 2007 dates correspond to market peaks.

| | 3/00 to Date | 9/07 to Date | 2012 | 2013 | 2014 to Date |
|-----------|--------------|--------------|------|------|--------------|
| EF Invest | 189% | 47% | 11% | 29% | 2% |
| S&P 500 | 25% | 23% | 13% | 30% | 1% |

This steady, superior performance occurred in spite of the 2000 dotcom bust (the NASDAQ index has yet to fully recover) and the worst recession in our lifetime. The U.S. experienced sub-par growth of 1.9% in 2013 versus 2.8% in 2012. Much of the drop can be attributed to tax increases, government spending cuts and Washington gridlock. Nevertheless, our economy is expected to grow 2.8% in 2014, which is better than the rest of the developed world. On the other hand, growth is slowing dramatically in China and India which means our economy will benefit less from their reduced expansion.

Corporate profits continue rising, though at a slower than normal pace. Well-managed companies are accumulating cash and should remain profitable with increasing dividends for the foreseeable future. American companies are sitting on \$1.9 trillion in cash reserves even as capital spending and dividends hit seven-year highs last year. Stock valuations remain high supported by low interest rates and a lack of safe alternatives. Bonds, one alternative, are vulnerable to price drops if interest rates rise off their record lows. Foreign investments (China, Brazil, and Europe), another alternative, are subject to currency fluctuations.

Short-term thinking permeates the U.S. to our detriment. Executive stock options focus management on stock market valuations rather than long-term growth. Government gridlock prevents needed tax and entitlement program reform. The news media concentrate on short-term trading when they should highlight long-term investing. Until we learn to place appropriate emphasis on long-term results we will not achieve our economic potential.

Our patience and focus on the long-term are major reasons for our superior investment performance. We seek well-managed, companies with leading positions in their respective markets, major international exposure and amply covered dividends. The portfolios we build, based on our 40 years of experience and internal research, provide long-term financial safety and income. We will remain cautious and realistic with our future positions by stressing safety and income at a reasonable price.

Eliot Finkel Investment Counsel is a family firm founded in 1974. For more information call us as 310-271-2521 or visit our website www.efinvest.com.

* Past performance is no guarantee of future results and does not preclude the possibility of loss.