

ELIOT FINKEL INVESTMENT COUNSEL, LLC

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July 30, 2010

Welcome to our July 2010 newsletter. Our clients' portfolios continue to outperform the Standard & Poor's 500 Index (S&P 500) over the past three, five, and ten years. They are now worth \$13 million more than they would have been if invested in the S&P 500.

Our goal at Eliot Finkel Investment Counsel is to select investments that provide financial safety and income for the long-term. We concentrate on companies with growing profits, solid demographics, international exposure and major shares of their respective markets. In addition, we seek stocks that pay well-covered dividends of 3% or more (the yield on ten-year government bonds is currently 2.9%).

The recent "Great Recession" provided an unusually good opportunity for testing companies. Those that came through the past eighteen months with stable or growing profits, even as revenues declined, exhibited the excellent management we seek. We have recently added a number of these companies to our portfolios because they passed this economic stress test.

The U.S. economy continues to expand, though the expansion may be anemic in the quarters ahead. Several issues must be resolved for healthy growth to return. First, our economy needs to reduce unemployment, currently 9.5%, and absorb our expanding labor force. Second, our country needs to free up credit for the small and medium-sized companies that depend on banks for their financing. Finally, our government still needs to develop credible plans to end the fiscal stimulus and huge deficits. However, with the benefit of robust growth in China, India, Brazil and other developing countries global economic prospects seem far better today than they did eighteen months ago.

Eliot Finkel Investment Counsel is an independent, registered investment adviser with an excellent thirty-six year track record of outperforming the market with less volatility. We have achieved this by conducting our own research and focusing on investments that provide safety and income. By refusing to outsource our research we avoid the groupthink, short-termism and conflicts of interest endemic in the financial services industry. If you have any questions or know someone who would benefit from our services, please call us at (310) 271-2521 or visit our website at www.efinvest.com.

Sincerely,

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