

ELIOT FINKEL INVESTMENT COUNSEL, LLC

9100 WILSHIRE BOULEVARD, SUITE 503E, BEVERLY HILLS, CALIFORNIA 90212

TELEPHONE (310) 271-2521

www.efinvest.com

October 28, 2010

Welcome to our October 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 \$15 million more than they would have been if invested in the S&P 500.

Our goal at Eliot Finkel Investment Counsel is to build diversified portfolios that provide financial safety and income for the long-term. We target companies with growing profits, good demographics, significant international exposure and substantial market share. In addition, we seek companies with dependable cash flow, dividends of 3% or more (the yield on ten-year government bonds is now 2.4%) and a history of regular dividend increases. Recent additions to our portfolios were in sectors such as consumer, healthcare, industrial and technology.

The longest and deepest recession in the U.S. economy since the 1930's officially ended in June 2009. The subpar expansion, with high unemployment (9.6%) and 25% (11 million) underwater mortgages, will continue to be anemic in the quarters ahead. Fortunately, robust growth in China, India, Brazil and other developing countries helps to offset our weakness.

The government could help by removing some of the uncertainty it has created. Will the Bush-era tax cuts be extended, modified or dropped? What rules will be established to enforce financial reform legislation? How will healthcare legislation impact business costs when fully implemented in 2015? Will global warming legislation be enacted? And, finally, why expand in the U.S. when overseas markets have higher growth rates, cheaper labor and lower taxes? Without answers to these questions businesses are reluctant to invest in domestic plant and equipment or hire new employees and healthy growth will be further postponed.

Eliot Finkel Investment Counsel is an independent, registered investment adviser with an excellent 36 year track record of outperforming the market with less volatility. Our team conducts our own economic analysis and company research. We do not outsource investment decisions. This independence helps us avoid the conflicts and short-term focus that hobble other firms. 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,

Eliot M. Finkel
efinkel@efinvest.com

Peter H. Finkel, CFA
pfinkel@efinvest.com