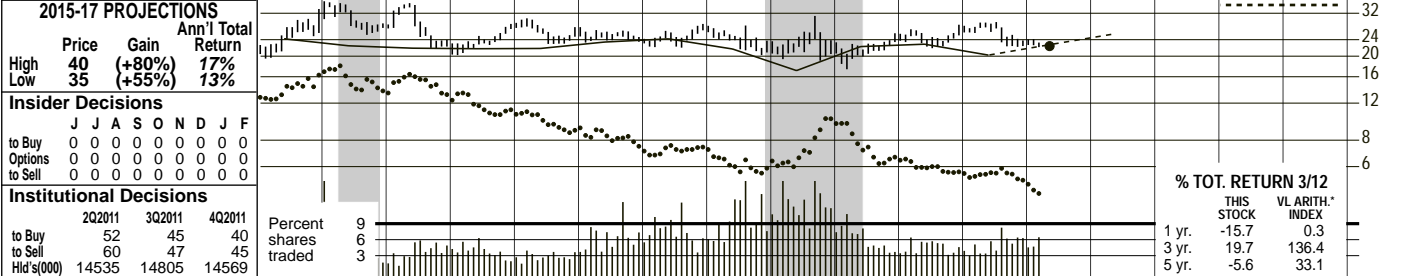


TOOTSIE ROLL NYSE-TR

RECENT PRICE **22.36** P/E RATIO **25.4** (Trailing: 30.3 Median: 27.0) RELATIVE P/E RATIO **1.63** DIV'D YLD **1.4%** VALUE LINE

| | | | | | | | | | | | | | |
|------------------------------------|--|------|------|------|------|------|------|------|------|------|------|------|--------------------|
| TIMELINESS 4 Raised 2/24/12 | High: 36.4 | 35.7 | 28.5 | 30.2 | 27.5 | 28.5 | 28.0 | 31.1 | 25.7 | 28.3 | 29.0 | 24.1 | Target Price Range |
| SAFETY 1 Raised 5/14/99 | Low: 25.3 | 21.7 | 20.3 | 22.9 | 23.2 | 22.0 | 20.2 | 19.1 | 17.4 | 21.9 | 22.2 | 21.6 | 2015 2016 2017 |
| TECHNICAL 3 Raised 3/2/12 | LEGENDS 19.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded areas indicate recessions | | | | | | | | | | | | |
| BETA .70 (1.00 = Market) | 64 48 40 32 24 20 16 12 8 6 | | | | | | | | | | | | |



| 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | © VALUE LINE PUB. LLC | 15-17 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|--------------|-----------------------------------|-------|
| 4.62 | 5.15 | 5.37 | 5.57 | 6.11 | 6.07 | 5.74 | 5.87 | 6.34 | 7.47 | 7.73 | 8.32 | 7.95 | 8.14 | 8.63 | 8.93 | 9.50 | 9.90 | Sales per sh ^A | 11.40 |
| .80 | 1.01 | 1.11 | 1.14 | 1.28 | 1.18 | 1.15 | 1.14 | 1.15 | 1.23 | 1.27 | 1.14 | .90 | 1.17 | 1.20 | 1.07 | 1.20 | 1.35 | "Cash Flow" per sh | 1.85 |
| .64 | .83 | .93 | .99 | 1.07 | .94 | .96 | .97 | 1.00 | .99 | 1.02 | .81 | .62 | .87 | .89 | .74 | .90 | 1.00 | Earnings per sh ^{A B} | 1.45 |
| .09 | .10 | .13 | .16 | .18 | .20 | .21 | .21 | .22 | .24 | .26 | .27 | .28 | .29 | .30 | .31 | .32 | .33 | Div'ds Decl'd per sh ^C | .36 |
| .13 | .12 | .21 | .28 | .23 | .20 | .15 | .18 | .27 | .23 | .61 | .25 | .55 | .34 | .21 | .28 | .30 | .35 | Cap'l Spending per sh | .45 |
| 4.24 | 4.82 | 5.48 | 6.05 | 6.57 | 7.29 | 7.69 | 8.03 | 8.61 | 9.46 | 9.83 | 10.78 | 10.25 | 10.72 | 11.17 | 11.26 | 11.75 | 12.20 | Book Value per sh ^D | 14.40 |
| 73.83 | 72.91 | 72.39 | 71.24 | 69.85 | 69.77 | 68.47 | 66.84 | 66.22 | 65.27 | 64.18 | 59.23 | 61.92 | 60.89 | 59.90 | 59.16 | 57.50 | 56.50 | Common Shs Outst'g ^E | 53.50 |
| 17.7 | 19.1 | 26.6 | 26.1 | 23.3 | 32.5 | 29.2 | 24.6 | 26.1 | 25.2 | 24.1 | 29.6 | 36.5 | 24.9 | 27.6 | 35.2 | Bold figures are Value Line estimates | | Avg Ann'l P/E Ratio | 25.0 |
| 1.11 | 1.10 | 1.38 | 1.49 | 1.51 | 1.67 | 1.60 | 1.40 | 1.38 | 1.34 | 1.30 | 1.57 | 2.20 | 1.66 | 1.76 | 2.22 | | | Relative P/E Ratio | 1.65 |
| .8% | .7% | .5% | .6% | .7% | .7% | .7% | .9% | .8% | .9% | 1.1% | 1.1% | 1.2% | 1.3% | 1.2% | 1.2% | | | Avg Ann'l Div'd Yield | 1.0% |

| | | | | | | | | | | | | | | | | | | |
|--|--|--|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------------|-----------------------------|-------|--|
| CAPITAL STRUCTURE as of 12/31/11 | | | | 393.2 | 392.7 | 420.1 | 487.7 | 496.0 | 492.7 | 492.1 | 495.6 | 517.1 | 528.4 | 545 | 560 | Sales (\$mill) ^A | 610 | |
| Total Debt \$7.5 mill. Due in 5 Yrs Nil | | | | 27.7% | 26.4% | 24.2% | 22.0% | 20.8% | 16.9% | 16.4% | 18.4% | 15.6% | 14.0% | 16.0% | 17.0% | Operating Margin | 21.5% | |
| LT Debt \$7.5 mill. LT Interest \$3 mill. | | | | 12.4 | 11.4 | 11.7 | 14.7 | 15.8 | 15.9 | 17.0 | 17.9 | 18.3 | 19.2 | 20.0 | 21.0 | Depreciation (\$mill) | 24.0 | |
| Capitalized leases \$7.5 mill. (1% of Cap'l) | | | | 66.4 | 65.0 | 64.2 | 65.6 | 65.9 | 51.6 | 38.8 | 53.5 | 53.7 | 43.9 | 50.0 | 55.0 | Net Profit (\$mill) | 75.0 | |
| Leases, Uncapitalized None | | | | 34.1% | 33.6% | 32.2% | 32.0% | 30.4% | 33.1% | 30.6% | 16.7% | 27.5% | 27.9% | 28.0% | 28.0% | Income Tax Rate | 30.0% | |
| No Defined Benefit Pension Plan | | | | 16.9% | 16.6% | 15.3% | 13.5% | 13.3% | 10.5% | 7.9% | 10.8% | 10.4% | 8.3% | 9.2% | 9.8% | Net Profit Margin | 12.3% | |
| Pfd Stock None | | | | 161.9 | 180.8 | 110.4 | 132.9 | 128.7 | 141.7 | 128.7 | 155.8 | 179.1 | 153.8 | 155 | 160 | Working Cap'l (\$mill) | 195 | |
| Common Stock 59,155,990 shs. | | | | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | 7.5 | Long-Term Debt (\$mill) | 7.5 | |
| Includes 21,655,750 Class B shs. (10 votes each) | | | | 526.7 | 536.6 | 570.2 | 617.4 | 630.7 | 638.2 | 634.8 | 652.5 | 669.0 | 665.9 | 675 | 690 | Shr. Equity (\$mill) | 770 | |
| MARKET CAP: \$1.3 billion (Mid Cap) | | | | 12.4% | 12.0% | 11.2% | 10.6% | 10.4% | 8.0% | 6.1% | 8.1% | 8.0% | 6.5% | 7.5% | 8.0% | Return on Total Cap'l | 9.5% | |
| CURRENT POSITION (SMILL.) | | | | 12.6% | 12.1% | 11.3% | 10.6% | 10.5% | 8.1% | 6.1% | 8.2% | 8.0% | 6.5% | 7.5% | 8.0% | Return on Shr. Equity | 9.5% | |
| Cash Assets | | | | 99.7 | 124.0 | 89.5 | | | | | | | | | | | | |
| Receivables | | | | 45.9 | 47.3 | 45.3 | | | | | | | | | | | | |
| Inventory (LIFO) | | | | 56.4 | 59.1 | 71.8 | | | | | | | | | | | | |
| Other | | | | 9.9 | 7.2 | 5.6 | | | | | | | | | | | | |
| Current Assets | | | | 211.9 | 237.6 | 212.2 | | | | | | | | | | | | |
| Accts Payable | | | | 9.1 | 9.8 | 10.7 | | | | | | | | | | | | |
| Other | | | | 47.0 | 48.7 | 47.7 | | | | | | | | | | | | |
| Current Liab. | | | | 56.1 | 58.5 | 58.4 | | | | | | | | | | | | |

BUSINESS: Tootsie Roll Industries, Inc. produces candy. Products include: *Tootsie Roll*, *Tootsie Pop*, *Tootsie Bubble Pop*, *Tootsie Pop Drops*, and *Mason Dots*. Acq'd Concord Confections (*Dubble Bubble*), 8/04; Brach's Confections' (*Andes Candies*), 5/00; Warner-Lambert's former chocolate/caramel brands (*Junior Mints*, *Sugar Daddy*, *Sugar Babies*, *Charleston Chew*, and *Pom Poms*), 10/93; Charms Co. (*Charms*, *Blow Pops*), 9/88; Cella's Confections, 7/85. Int'l ops.: 7.8% of '11 sales. Has about 2,200 employees. M.J. and E.R. Gordon control 45% of vot. power; L.R. Weiner, 17% (3/12 Proxy). Chairman & CEO: M.J. Gordon. Pres. & COO: E.R. Gordon. Inc.: VA. Addr.: 7401 S. Cicero Ave., Chicago, IL 60629. Tel.: 773-838-3400. Internet: www.tootsie.com.

| | | | |
|---------------------|--------------|-------------|---------------|
| ANNUAL RATES | Past 10 Yrs. | Past 5 Yrs. | Est'd '09-'11 |
| of change (per sh) | | | to '15-'17 |
| Sales | 4.0% | 3.5% | 5.5% |
| "Cash Flow" | -0.5% | -1.0% | 9.0% |
| Earnings | -2.0% | -3.5% | 9.5% |
| Dividends | 5.0% | 4.5% | 3.5% |
| Book Value | 5.0% | 3.5% | 5.0% |

Tootsie Roll struggled a bit in 2011 . . . other 3% uptick in revenues, with an around 11% advance in earnings per share. Despite a 2% annual uptick in sales, the company's earnings performance was somewhat erratic over the course of the year due to inflated costs associated with increased prices of ingredients, particularly cocoa. In fact, the company earned just \$0.74 a share in 2011, a 17% decrease compared to the prior year's tally. **... but, we expect results to improve in the year ahead.** Indeed, Tootsie Roll is likely off to a good start in 2012, owing to higher product price points, which should substantially offset rising input costs. All told, we look for top and bottom-line gains of around 3% and 22%, respectively, for the full year. **We are introducing our 2013 sales and share-earnings estimates at \$560 million and \$1.00 a share, respectively.** The company operates in a relatively stable environment, which should allow for steady increases in revenues going forward. And, Tootsie Roll's bottom line should continue to benefit from product price increases, as management further attempts to combat the company's increased expenses. Our 2013 estimates call for an

| Cal-endar | QUARTERLY SALES (\$mill.) ^A | | | | Full Year |
|-----------|--|------------|------------|------------|------------|
| | Mar.Per | Jun.Per | Sep.Per | Dec.Per | |
| 2009 | 94.1 | 107.8 | 183.4 | 110.3 | 495.6 |
| 2010 | 103.2 | 105.0 | 191.1 | 117.8 | 517.1 |
| 2011 | 108.3 | 104.9 | 186.8 | 128.4 | 528.4 |
| 2012 | 115 | 110 | 190 | 130 | 545 |
| 2013 | 118 | 112 | 195 | 135 | 560 |

| Cal-endar | EARNINGS PER SHARE ^{A B} | | | | Full Year |
|-----------|-----------------------------------|------------|------------|------------|-------------|
| | Mar.Per | Jun.Per | Sep.Per | Dec.Per | |
| 2009 | .13 | .17 | .45 | .12 | .87 |
| 2010 | .15 | .14 | .44 | .16 | .89 |
| 2011 | .14 | .11 | .32 | .17 | .74 |
| 2012 | .16 | .15 | .40 | .19 | .90 |
| 2013 | .18 | .16 | .45 | .21 | 1.00 |

| Cal-endar | GROSS QUARTERLY DIV'DS PAID ^C | | | | Full Year |
|-----------|--|--------|--------|--------|-----------|
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | |
| 2008 | .136 | -- | .071 | .071 | .280 |
| 2009 | .071 | .071 | .073 | .073 | .288 |
| 2010 | .146 | -- | .075 | .075 | .297 |
| 2011 | .151 | -- | .078 | .078 | .306 |
| 2012 | .155 | -- | -- | -- | -- |

A) First three quarters end on Saturday closest to end of month. (B) Based on average shares through 1996, diluted thereafter. Next earnings report due early May. Total may not sum due to rounding. (C) Dividends historically paid in early Jan., late Mar., early July, and mid-Oct. 3% stock div'd paid each year in Apr., since 1966. (D) Includes intangibles. In '11: \$248.3 million, \$4.32/share. (E) In millions.

To subscribe call 1-800-833-0046.

| | |
|------------------------------|-----|
| Company's Financial Strength | A+ |
| Stock's Price Stability | 100 |
| Price Growth Persistence | 30 |
| Earnings Predictability | 80 |

April 27, 2012

Kathryn M. Drew