

VALUE LINE INC  
Form DEF 14A  
August 18, 2017

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<b>UNITED STATES</b>	OMB APPROVAL
<b>SECURITIES AND EXCHANGE COMMISSION</b>	OMB Number: 3235-0059
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**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.-)**

Filed by the Registrant  
Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material Pursuant to Rule §240.14a-12

VALUE LINE, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Securities Exchange Act Rules 14a-6(i) (1) and 0-11.

1. Title of each class of securities to which transaction applies:

2. Aggregate number of securities to which transaction applies:

3. Per unit price or other underlying value of transaction computed pursuant to Securities Exchange Act Rule 0-11  
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SEC 1913 (04-05)

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Fee paid previously with preliminary materials.

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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**VALUE LINE, INC.**

**551 Fifth Avenue  
New York, New York 10176**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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TO THE SHAREHOLDERS:

Notice is hereby given that the Annual Meeting of the Shareholders of Value Line, Inc. (the “Company”) will be held on October 13, 2017, at 10:00 a.m. at the offices of Baker Botts LLP, located at 30 Rockefeller Plaza, New York, NY 10112 for the following purposes:

Election of directors;

Advisory vote on executive compensation;

Advisory vote on the frequency of future stockholder advisory votes on executive compensation; and

To transact such other business as may properly come before the meeting.

Shareholders of record at the close of business on August 14, 2017 will be entitled to notice of and to vote at the meeting and any adjournments thereof.

If you hold shares in your name and plan to attend the Annual Meeting, please bring your admission ticket included with the Proxy Statement as well as a form of government issued photo identification. If your shares are held indirectly in the name of a bank, broker or other nominee (in “street name”), please also request a letter or some other evidence of ownership from your bank, broker or other authorized representative, as well as proper authorization to you if you wish to vote your shares in person, and bring these documents to the Annual Meeting. Directions to the Annual Meeting may be obtained by sending an e-mail request to [vlcr@valueline.com](mailto:vlcr@valueline.com) or calling 212-907-1500. We urge you to vote on the business to come before the meeting by promptly executing and returning the enclosed proxy in the envelope provided or by casting your vote in person at the meeting.

By order of the Board of Directors,

Howard A. Brecher

*Chief Executive Officer & Chairman of the Board of Directors*

New York, New York

August 18, 2017

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**VALUE LINE, INC.**

**551 Fifth Avenue  
New York, New York 10176**

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**ANNUAL MEETING OF SHAREHOLDERS — OCTOBER 13, 2017**

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**PROXY STATEMENT**

The following information is furnished to each shareholder in connection with the foregoing Notice of Annual Meeting of Shareholders of Value Line, Inc. (“Value Line” or the “Company”) to be held on October 13, 2017. The enclosed proxy is for use at the meeting and any adjournments thereof. This Proxy Statement and the form of proxy are being mailed to shareholders on or about August 29, 2017. Since fiscal year 2016, the Company has chosen to post our proxy materials on a public Internet Web site and to provide shareholders with a Notice of Internet Availability of Proxy Materials in place of the complete proxy package. The Notice is being mailed on August 29<sup>th</sup>, at least forty days prior to the meeting.

The enclosed proxy is being solicited by and on behalf of the Board of Directors of the Company (the “Board”). A proxy executed on the enclosed form may be revoked by the shareholder at any time before the shares are voted by delivering written notice of revocation to the Secretary of the Company, by executing a later dated proxy or by attending the meeting and voting in person. The shares represented by all proxies that are received by the Company in proper form will be voted as specified. If no specification is made in a proxy, the shares represented thereby will be voted for the election of the Board’s nominees as Directors and in the best judgment of the individuals holding the proxies upon such other matters as may properly come before the meeting.

The expense in connection with the solicitation of proxies will be borne by the Company.

## INFORMATION ABOUT VOTING

Only holders of Common Stock of record at the close of business on August 14, 2017 will be entitled to vote at the meeting. On that date, there were 9,708,981 shares of Common Stock outstanding, the holders of which are entitled to one vote per share.

Under the New York Business Corporation Law (the “BCL”) and the Company’s By-Laws, the presence, in person or by proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote is necessary to constitute a quorum of shareholders to take action at the Annual Meeting. For these purposes, shares which are present, or represented by a proxy, at the Annual Meeting, including abstentions and “broker non-votes” (shares held by a broker or nominee that does not have discretionary authority to vote on a particular matter and has not received voting instructions from its client) are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting. Brokers may no longer use discretionary authority to vote shares of Common Stock held for clients on any of the matters to be considered at the Annual Meeting. Accordingly, it is important that, if your shares are held by a broker, you provide written instructions to your broker so that your vote with respect to the election of directors is counted.

At the Company’s annual meeting held on September 16, 2014, the shareholders voted that future non-binding shareholder advisory votes on executive compensation (“say-on-pay”) should occur every three years. An advisory vote on say-on-pay and say-when-on-pay will occur at the October 13, 2017 annual meeting (see Proposals 2 and 3 on pages 18 and 20, respectively).

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information as of August 14, 2017 as to shares of the Company's Common Stock held by persons known to the Company to be the beneficial owners of more than 5% of the Company's Common Stock.

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Shares Beneficially Owned<sup>(1)</sup></b>
Arnold Bernhard & Co., Inc. <sup>(1)</sup>	8,633,733	88.9%

(1) Jean B. Buttner owns all of the outstanding voting stock of Arnold Bernhard & Co., Inc. ("AB&Co.").

The following table sets forth information as of August 14, 2017 with respect to shares of the Company's Common Stock owned by each nominee for director of the Company, by each executive officer listed in the Summary Compensation Table and by all named executive officers and directors as a group.

<b>Name of Beneficial Owner</b>	<b>Number of Shares Beneficially Owned</b>	<b>Percentage of Shares Beneficially Owned</b>
Howard A. Brecher	1,200	*
Stephen R. Anastasio	500	*
Mary Bernstein	200	*
Stephen P. Davis	200	*
Alfred R. Fiore	300	*
Glenn J. Muenzer	300	*

All directors and executive officers as a group (6 persons)	2,700	*
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\*Less than one percent





## **CORPORATE GOVERNANCE**

### **Role of the Board of Directors**

Our Board plays an active role in overseeing management and representing the interests of shareholders. Directors are expected to attend Board meetings and the meetings of committees on which they serve. Directors are also in communication with management as needed between formal meetings. During the fiscal year ended April 30, 2017 (“fiscal 2017”), there were four meetings of the Board of Directors. Each director elected last year attended 100% of the meetings of the Board of Directors and of each committee on which they served during the fiscal year. The Company does not have a policy on attendance by directors at the Company’s Annual Meeting. All six members of the Board attended the 2016 Annual Meeting.

### **Board Leadership Structure**

The Company’s current practice is to combine the roles of Chief Executive Officer (“CEO”) and Chairman. The Board has determined that combining these positions serves the best interests of the Company and its shareholders. Board oversight is enhanced by the fact that the Board’s key committees - Audit and Compensation - are comprised entirely of independent directors. The Board has not designated any independent director as the lead independent director.

The Board believes that the Company’s CEO is best situated to serve as Chairman because he is the director most familiar with the Company’s business and industry, and most capable of effectively identifying strategic priorities and leading the consideration and execution of strategy. The Board believes that the combined position of Chairman and Chief Executive promotes the development of policy and plans, and facilitates information flow between management and the Board, which is essential to effective governance.

## **The Board's Role in Risk Oversight**

The Board executes its oversight responsibility for risk management directly and through its Committees, as follows:

The Audit Committee has primary responsibility for addressing reporting and control policies with management and the Company's independent auditor, as appropriate, including risk oversight with respect to the Corporation's major business and financial risk exposures. It provides the Board with advice and recommendations regarding the ongoing development of risk oversight, and ethical and management policies that set out the respective roles and accountabilities of the Board, the Committee, management and employees. The policies cover the areas of risk oversight, compliance and control mechanisms, and assessment of effectiveness. The Audit Committee's meetings include discussions of risk throughout the year.

The Board's other standing policy-making committee, which is the Compensation Committee, oversees risks associated with its area of responsibility. The Compensation Committee believes that risks arising from the Company's existing compensation policies and practices for its employees are not reasonably likely to have a material adverse effect on the Company. In addition, the Compensation Committee believes that the mix and design of the elements of executive compensation do not encourage management to assume excessive risks.

The Executive Committee of the Board currently does not assume a policy-making role. This Committee approves contracts and the like when it is not feasible for the Board to meet in whole.

The Board also considers risks relating to the Company's financial and strategic plans, in part by receiving regular reports from the heads of corporate departments and those responsible for our principal business activities and passive investments. These reports are provided in connection with regular Board meetings and are discussed with department heads and management at Board meetings. Once a year the Board also receives an audited report pertaining to the Company's passive investment in EULAV Asset Management LLC.

### **Risk Consideration in Compensation Program**

The Company's primary business currently is producing investment research and related publications and making available copyright data.

Base salary has continued to be the largest component of the Company's compensation program for nearly all managers. Compensation of the CEO is set by the Board based upon the recommendation of the Compensation Committee of the Company's Board. Not only is base salary a fixed amount and thus inherently not subject to manipulation, but the fact that it represents a substantial portion of employees' total compensation lessens the possibility that an employee will focus on incentives, such as bonuses, that might expose the Company to excessive risk.

The major element of the Company's compensation program for non-senior executive employees also consists of base salary. Fewer than 5% of employees typically receive additional cash compensation in the form of bonuses based on annual achievement. The Company's expanded force of sales representatives may receive a significant portion of their earnings from commissions. Salary adjustments and bonuses generally are decided by the CEO following the completion of the fiscal year if it is determined that an employee's compensation is not in parity with competing employers or if the employee has taken on additional work responsibilities, or if an employee, under the supervision of senior management, contributed to the reduction of Company costs or increased revenues or profits. The Company believes the award process of thoughtful review following the fiscal period creates appropriate incentives to increase long-term shareholder value without unduly exposing the Company to manipulation of the incentive process or other material adverse risks. In the Company's view, its compensation approach including the incentive (bonus) program as an element of its compensation program is unlikely to create risks that could have a material adverse effect on the Company.

A number of sales representatives receive a substantial portion of their total compensation in the form of sales commissions. The Company believes its controls, including standard sales terms, fixed commission percentages, and careful accounting controls, prevent the commission plan from leading sales executives or representatives to take undue risks on behalf of the Company.

The Company recognizes that, under any incentive program, there is some level of risk that employees may attempt to manipulate the intent of the program through excessive risk taking. The Company believes that because it is a relatively small organization with close interaction among senior executives and other managers, undue risk can be foreseen and avoided. Further, its internal controls and the structure of its incentive and commission programs mitigate this risk in the following ways:

Base salary has been the principal component of the Company's compensation program.

The Board, based on the recommendation of the Compensation Committee, determines the base salary and incentive compensation award for the CEO.

Incentive compensation decisions for all employees other than the CEO and sales representatives compensated with commissions employ multiple factors including subjective factors. The range of factors considered in determining bonus compensation discourages undue focus on any one metric so that employees are not motivated to try to manipulate a single metric in order to generate higher compensation.

Financial performance measures used for bonus and base salary decisions include a mix of considerations that are aligned with operating and strategic plans rather than being based solely on sales or revenue targets. These measures foster a culture in which employees understand that the evaluation of their achievements and compensation is unlikely to be materially affected by their own excessive risk taking.

Annual bonus determinations are almost invariably made after the completion of the fiscal year, discouraging employees from focusing on select fixed numerical goals that could lead them to take excessive risks during the course of the year. In the Company's view, this approach creates appropriate incentives to increase long-term shareholder value without unduly exposing the Company to manipulation of the incentive process or other material adverse risks.

The Company has a code of ethics and business conduct applicable to all of its employees, which is supported by a number of control mechanisms. The Company believes these measures help to create an atmosphere that discourages excessive risk taking.

The Company does not have in place formal employment incentive agreements with the executive officers, and all employees are at-will. The Company believes that this discourages short-term risk taking as employees are exposed to risks of failure, as well as the rewards of success.

The foregoing represents a consensus view of management concerning the Company's long-held compensation philosophy rather than the product of any formal procedure. Management believes that the compensation program enables it to provide appropriate rewards and incentives for successes to employees while appropriately managing risks.

### **Identifying and Evaluating Nominees for Directors**

The Company does not have a standing nominating committee and there is not a written charter governing the nomination process. Nominations are made annually by the Board of Directors. The Board feels it is appropriate for the full Board to serve this function, noting that the Company has a relatively small Board.

The Board's process for identifying and evaluating potential nominees includes soliciting recommendations from directors and officers of the Company. Additionally, the Board will consider persons recommended by shareholders of the Company in selecting the Board's nominees for election. There is no difference in the manner in which the Board evaluates persons recommended by directors or officers and persons recommended by shareholders in selecting Board nominees. The Board gives no special consideration to diversity in identifying director nominees, but the Company has had a mixed-gender Board for decades. All current nominees for director were nominated by the Board.

To be considered in the Board's selection of Board nominees, recommendations from shareholders must be received by the Company in writing by at least thirty (30) (but not more than sixty (60)) days prior to the shareholders' meeting, regardless of any postponements, deferrals or adjournments of that meeting to a later date; provided that if less than forty (40) days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received by the Company as provided herein not later than the close of business on the tenth (10<sup>th</sup>) day following the earlier of the day on which such notice of the date of the meeting was mailed or the day on which public disclosure was made. Such shareholder's notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director all information relating to such persons that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended; and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Company's books, of such shareholder proposing such nomination and any other shareholders known by such shareholder to be supporting such nomination, and (ii) the class and number of shares which are beneficially owned by such shareholder. Recommendations should identify the submitting shareholder, the person recommended for consideration and the reasons the submitting shareholder believes such person should be considered.



Any shareholder or other interested party who desires to communicate with any director may do so by writing to the director, c/o Value Line, Inc., 551 Fifth Avenue, New York, NY 10176-0001.

## **PROPOSAL 1. ELECTION OF DIRECTORS**

### **Independent Directors**

Our shares of Common Stock are quoted on the NASDAQ Capital Market (“NASDAQ”). Mr. Davis, Mr. Fiore, and Mr. Muenzer qualify as independent directors under the rules of NASDAQ, which preclude a finding of independence if the director is employed by the Company or has engaged in various types of business dealings with the Company. Although NASDAQ’s listing requirements generally require that a majority of the board of directors be comprised of independent directors, there is an exemption for “controlled companies,” which are companies of which more than 50% of the voting power is held by an individual, a group or another company. Because AB&Co., Inc. owns 88.9% of the outstanding voting stock of the Company as of August 14, 2017, the Company is a “controlled company” and is not subject to this requirement.

In reaching its conclusion that each of Messrs. Davis, Fiore, and Muenzer is independent, the Board determined that there were not any relationships that would interfere with the exercise of his respective independent judgment. The Board has established an Audit Committee which consists of Messrs. Davis, Fiore, and Muenzer. All members of the Audit Committee are independent, as independence for audit committee members is defined in NASDAQ’s listing standards. The Audit Committee held four meetings during fiscal 2017 to discuss audit and financial reporting matters with both management and the Company’s independent registered public accountants.



The Board has determined that Mr. Muenzer is an “audit committee financial expert” (as defined in the rules and regulations of the Securities and Exchange Commission (the “SEC”)) and qualifies as an independent director under the rules of NASDAQ. The Board believes that the experience and financial sophistication of the members of the Audit Committee are sufficient to permit the members of the Audit Committee to fulfill the duties and responsibilities of the Audit Committee. All members of the Audit Committee meet the NASDAQ Stock Market’s audit committee financial sophistication requirements. The Board of Directors has adopted and annually reviewed a written charter for the Audit Committee, a copy of which is attached to this Proxy Statement as Appendix A.

The Audit Committee charter is available on the Company’s website at [http://www.valueline.com/About/Audit Committee Charter.aspx](http://www.valueline.com/About/Audit_Committee_Charter.aspx)

The Board has also established a Compensation Committee consisting of Mr. Davis, Mr. Fiore, and Mr. Muenzer. The Committee held one in-person meeting following the close of fiscal year 2017 to consider the compensation of the CEO, and met with the Board to report its findings.

Information concerning the nominees for directors appears in the following table. Except as otherwise indicated, each of the following has held an executive position with the companies indicated for at least five years.

**Nominee, Age as of June 30, 2017 and Principal Occupation**

**Director  
Since**

Howard A. Brecher\* (63). Chairman and Chief Executive Officer of the Company since October 2011; Acting Chairman and Acting Chief Executive Officer of the Company from November 2009 until October 2011; Chief Legal Officer; Vice President and Secretary of the Company from prior to 2005 until January 2010; Vice President and Secretary of the Value Line Funds from June 2008 until December 2010; Secretary of EAM LLC from February 2009 until December 2010; Director and General Counsel of AB&Co., Inc. since prior to 2005. Mr. Brecher has been an officer of the Company for more than 20 years. In addition to his current roles with the Company, he has also served as Secretary of the Company and as a senior officer of significant affiliates of the Company. Mr. Brecher is a graduate of Harvard College, Harvard Business School and Harvard Law School. He also holds a Master’s Degree in tax law from New York University. 1992

Stephen P. Davis (65). Deputy Commissioner, New York City Police Department (“NYPD”), since January, 2014. Managing Member, Davis Investigative Group, LLC from 2001 to 2013. Mr. Davis serves as a senior appointed official in the NYPD from which he retired in 1992 as a uniformed senior officer. He successfully managed his own business servicing the financial services industry and other clients for more than 11 years. 2010

Alfred R. Fiore (61). Retired Chief of Police, Westport, CT. Mr. Fiore served as the senior official of a municipal department with both executive and budget responsibilities. He was Chief of Police, Westport, CT from 2004 to 2011 and was a member of that Police Department for more than 33 years. 2010

Glenn J. Muenzer (60). Special Agent (Retired), Federal Bureau of Investigation (the "FBI") from 1991 to 2012. Mr. Muenzer is an accomplished law enforcement professional with extensive law enforcement and financial investigative experience. Prior to joining the FBI, Mr. Muenzer was Vice President and Manager of Internal Audit at Thomson McKinnon Securities, Inc.; Assistant Vice President of Internal Audit at EF Hutton; Senior Auditor with Deloitte. Mr. Muenzer is a Certified Public Accountant and Certified in Financial Forensics. 2012

Stephen R. Anastasio\* (58). Vice President of the Company since December 2010; Treasurer since September 2005 and Director since February 2010. Mr. Anastasio has been employed by Value Line, Inc. for more than 25 years. In addition to his current roles with the Company, he has served as Chief Financial Officer, Chief Accounting Officer and Corporate Controller of the Company. Mr. Anastasio is a graduate of Fairleigh Dickinson University and is a Certified Public Accountant. 2010

Mary Bernstein\* (67). Director of Accounting of the Company since 2010; Accounting Manager of the Company from 2000 to 2010. Mrs. Bernstein holds an MBA Degree in Accounting from Baruch College of CUNY and is a Certified Public Accountant. Mrs. Bernstein has been employed by Value Line, Inc. for more than 20 years. 2010

\* Member of the Executive Committee of the Board of Directors.

## Director Qualifications

When considering whether directors and nominees possess the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of the Company's business and structure, the Board focused primarily on the information discussed in each of the directors' individual histories set forth above. In particular, with regard to Mr. Brecher, the Board considered his superb academic background, and his over 20 years of executive experience with the Company in both legal and operational roles, as well as his extensive knowledge of the Company's product lines and operational structure. With regard to Mr. Davis, the Board considered that he managed his own business serving a number of clients in financial services and other industries, and has served as a senior officer in one of the nation's largest municipal police departments. With regard to Mr. Fiore, the Board considered that he served as the Chief of Police of Westport, Connecticut – responsible for overseeing law enforcement activities and managing a highly visible and critical governmental function with all of its attendant legal, financial and operational concerns. With respect to Mr. Muenzer, who serves as financial expert on the Audit Committee, Mr. Muenzer has extensive financial investigative and supervisory experience with the FBI in New York and as a Certified Public Accountant and internal audit executive. The Board considered that Mr. Anastasio had more than 25 years experience with the Company in his roles as Corporate Controller, CFO and Treasurer. The Board also considered that Mr. Anastasio is a Certified Public Accountant with extensive knowledge of corporate taxation regulations. Mrs. Bernstein has been Accounting Manager or Director of Accounting with the Company for more than 15 years and is a Certified Public Accountant who has focused on the Company's operational, controls and reporting functions.

**The Board of Directors recommends that you vote "For" each of the nominees for director set forth in this proposal. Proxies solicited by the Board of Directors will be so voted unless stockholders specify a contrary vote. Each nominee shall be elected by a plurality of the votes cast with respect to the election of such nominee. Abstentions and "broker non-votes" (see "Information About Voting" above in this Proxy Statement) do not count as votes cast "For" or "Against" the nominee's election.**

**EXECUTIVE COMPENSATION****SUMMARY COMPENSATION TABLE**

The following table sets forth information concerning the compensation for services in all capacities to the Company for the fiscal years ended April 30, 2017, 2016 and 2015 of the executive officers of the Company. As of the end of fiscal 2017, the Company has two executive officers, Messrs. Brecher and Anastasio, each of whom is included in the table below. Messrs. Brecher and Anastasio are collectively referred to elsewhere in this Proxy Statement as the Company's "Named Executive Officers."

Name	Annual Compensation			Total
	Fiscal Salary	Bonus	All Other Compensation	
Position	(\$)	(\$)	(a)(\$)	(\$)
Howard	2017 550,000	195,000	7,473	752,473
Brecher	2016 550,000	180,000	10,203	740,203
Chief Officer	2015 500,000	174,375	10,070	684,445
Stephen	2017 390,000	160,000	7,473	557,473
Anastasio	2016 375,000	140,000	10,203	525,203
Vice President and Subsidiary	2015 325,000	113,750	10,070	448,820

Employees of the Company are members of the Profit Sharing and Savings Plan (the "Plan"). The Plan provides for a discretionary annual contribution out of net operating income which is (subject to legal limitations) proportionate to the salaries of eligible employees. The Company made contributions for fiscal 2017, fiscal 2016 and fiscal 2015. Each employee's interest in the Plan is invested in such proportions as the employee may elect in units of one or (a) more of the investment options which are available for investment by Plan participants. Contributions under the Plan vest in accordance with a schedule based upon the employee's length of service and are payable upon request at the time of the employee's retirement, death, total disability, or termination of employment. The amounts in the "All Other Compensation" column represent the Named Executive Officer's proportionate interest in Company contributions for the relevant fiscal years.



## Compensation of Directors

A director who is also an employee of the Company receives no compensation for his or her service on the Board in addition to that compensation which he receives as an employee. A director who is not an employee of the Company is paid a director's fee of \$25,000 per year. Members of the Audit Committee are paid an additional fee of \$15,000 per year, while the Chairman of the Audit Committee is paid \$20,000 per year. Compensation for other committee service is determined by the Board from time to time. The following table shows the amount of fees paid to all non-employee directors during fiscal 2017.

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>
Stephen P. Davis	\$40,000
Alfred R. Fiore	\$40,000
Glenn J. Muenzer	\$45,000

Each of Messrs. Davis, Fiore, and Muenzer serves on both the Audit Committee and the Compensation Committee of the Board.

## PROPOSAL 2. ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), Value Line is providing its stockholders with the opportunity to cast an advisory vote on Value Line's executive compensation as reported in this proxy statement. As described below in the annual Compensation Discussion and Analysis section of this Proxy Statement, the intent of our executive compensation program is to promote the Company's ability to attract and retain capable and experienced executives, to reward successful performance and to compensate appropriately executives who contribute to the operations and long-term profitability of the Company. Although we do not have a policy that a specified percentage of the Named Executive Officers' compensation be performance-based, our objective is that a portion of their compensation should reflect the performance of the Company and of the individual.

The primary components of our compensation program for our Named Executive Officers for the fiscal year ended April 30, 2017 are summarized below.

<b>Annual Compensation Component</b>	<b>Key Features</b>	<b>Purpose</b>
<b>Salary</b>	Fixed annual cash amount.	To provide a fixed amount of cash compensation at a competitive level upon which our Named Executive Officers can rely.
<b>Annual Cash Incentives</b>	Bonus amounts are determined based upon competitive market conditions, individual performance and the success of the Company.	Provides pay-for-performance component for achievement of Company performance and attainment of individual objectives.

Please read the Compensation Discussion and Analysis beginning on page 26 of this Proxy Statement as well as the Summary Compensation Table and other related compensation tables, notes and narrative appearing on page 17 of this Proxy Statement, which provide detailed information on the compensation of our Named Executive Officers.

The Compensation Committee and the Board believe that Value Line’s executive compensation program has been designed appropriately and is working to assure that management’s interests are aligned with the interests of Value Line stockholders. Accordingly, we are asking our stockholders to vote in favor of the following advisory resolution at the 2017 Annual Meeting:

RESOLVED, that the stockholders of Value Line, Inc. (“Value Line”) approve, on an advisory basis, the compensation of Value Line’s Named Executive Officers as disclosed pursuant to Item 402 of Securities and Exchange Commission Regulation S-K in the Compensation Discussion and Analysis, the Summary Compensation Table, and the related compensation tables, notes and narrative set forth in the proxy statement for Value Line’s 2017 Annual Meeting of Stockholders.

Although this advisory resolution, commonly referred to as a “say-on-pay” resolution, is non-binding on the Board, the Board and the Compensation Committee will review and consider the voting results when making future decisions about our executive compensation program. Abstentions and “broker non-votes” (see “Information About Voting”) will



not be counted in evaluating the results of the vote.

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### **PROPOSAL 3. ADVISORY VOTE ON THE FREQUENCY OF FUTURE STOCKHOLDER**

#### **ADVISORY VOTES ON EXECUTIVE COMPENSATION**

In accordance with amended Section 14A of the Exchange Act, Value Line is providing its stockholders with the opportunity to cast an advisory vote on whether future stockholder advisory votes on executive compensation (the “say-on-pay” vote of the nature reflected in Proposal 2 above) should occur every year, or up to every three years.

This advisory vote, commonly referred to as a “say-when-on-pay” vote, is non-binding on the Board. Stockholders will be able to specify one of four choices for this proposal on the proxy card: one year, two years, three years or abstain. Because we are comfortable that we can effectively implement any frequency resolution that the plurality of our stockholders voting on the proposal recommend, we are not making any recommendation as to this proposal and will leave it to our stockholders to inform us at the Annual Meeting which frequency they would prefer that we adopt. Although the vote is advisory and non-binding, the Board values the opinions that our stockholders express in their votes and will take into account the outcome of the vote when considering how frequently we should conduct a “say-on-pay” vote.

The choice of frequency that receives the highest number of “For” votes will be considered the advisory vote of the stockholders. Abstentions and broker non-votes (see “Information About Voting”) will not be counted in evaluating the results of the vote. Following consideration of the advisory vote, the Board will determine its policy regarding the frequency of future “say-on-pay” advisory votes and will disclose such policy in a Current Report on Form 8-K to be filed with the SEC.

#### **Certain Relationships and Related Party Transactions**

##### **Transactions with Related Persons**

Since May 1, 2016, the Company did not participate, and at the date of this Proxy Statement does not propose to participate, in any transaction in which any of the directors, executive officers, any beneficial owner of more than 5% of the Company’s common stock, nor any of their immediate family members, had a material direct or indirect interest, except that the Company was reimbursed \$383,000 for payments it made on behalf of and services it provided to AB&Co., which reimbursement was reviewed and approved by the Company’s Board of Directors. In addition, none of the directors or executive officers of the Company or any of their immediate family members is or has been indebted to the Company.



AB&Co. utilizes the services of officers and employees of the Company to the extent necessary to conduct its business. The Company and AB&Co. allocate costs for office space, equipment and supplies and staff pursuant to a servicing and reimbursement arrangement. At April 30, 2017, the Company held no receivable due from AB&Co. In addition, the Company is included in the consolidated federal income tax return filed by AB&Co. and pays to AB&Co. an amount equal to the Company's liability as if it filed a separate federal income tax return. A tax-sharing arrangement allocates the tax liabilities of the two companies between them. For fiscal 2017, the Company made payments to AB&Co. for federal income taxes amounting to \$6,823,000.

### **Policies with Respect to Transactions with Related Persons**

The Company has adopted a Code of Business Conduct and Ethics which sets forth legal and ethical standards of conduct for all directors, officers and employees of the Company. The Code of Business Conduct and Ethics describes the Company's policy on conflicts of interest and is available on the Company's website located at [www.valueline.com/about/code\\_of\\_ethics.aspx](http://www.valueline.com/about/code_of_ethics.aspx). Pursuant to the Code and Company policy, the Board will review all related party transactions as provided in the policy.

The Code requires approval or ratification by the Audit Committee of any transaction directly or indirectly involving any "Related Party" that would need to be disclosed under Item 404 (a) of the SEC's Regulation S-K. Under Item 404 (a), the Company is required to disclose any transaction occurring since the beginning of the Company's last fiscal year, or any currently proposed transaction, involving the Company where the amount involved exceeds \$120,000, and in which any Related Party had or will have a direct or indirect material interest, other than transactions generally available to all employees. "Related Party" includes a director (which term includes any director nominee), a named executive officer, i.e., Principal Executive Officer, Principal Accounting Officer, and up to three other executive officers if any, in the proxy statement compensation table, a person known by the Company to be the beneficial owner of more than 5% of the Company's common stock, or a person known by the Company to be an immediate family member of any of the foregoing.

All Related Party transactions since the beginning of fiscal 2017 were approved consistent with the Code and Company policy.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act requires the Company's executive officers and directors, and persons who own more than ten percent of a registered class of its equity securities, to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Executive officers, directors and greater than ten percent shareowners are required by SEC regulations to furnish the Company with copies of all Forms 3, 4 and 5 they file.

Based on the Company's review of the copies of such forms that it has received and written representations from certain reporting persons confirming that they were not required to file Forms 5 for specified fiscal years, the Company believes that all its executive officers, directors and greater than ten percent beneficial owners complied with applicable SEC filing requirements during fiscal 2017.

## **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Board of Directors is comprised of the independent directors whose names appear at the end of this report. Management is responsible for Value Line's internal controls and the financial reporting process. Value Line's independent registered public accounting firm is responsible for performing an independent audit of Value Line's annual consolidated financial statements in accordance with generally accepted auditing standards and for issuing a report thereon. The Audit Committee's responsibility is to monitor and review these processes and the activities of Value Line's independent registered public accounting firm. The Audit Committee members are not acting as professional accountants or auditors, and their responsibilities are not intended to duplicate or certify the activities of management and the independent registered public accounting firm or to certify the independence of the independent registered public accounting firm under applicable rules.

In this context, the Audit Committee has met to review and discuss Value Line's audited consolidated financial statements as of April 30, 2017 and for the fiscal year then ended, including Value Line's disclosure under management's discussion and analysis of financial condition and results of operations and critical accounting estimates, with management and with Horowitz & Ullmann, P.C., Value Line's independent registered public accounting firm. The Audit Committee has discussed with Horowitz & Ullmann, P.C., the matters required to be discussed by Statement on Auditing Standards No. 16, as amended, as adopted by the Public Company Accounting Oversight Board (the "PCAOB").



Horowitz & Ullmann, P.C. provided a report to the Audit Committee describing Horowitz & Ullmann, P.C.'s internal quality-control procedures and related matters. Horowitz & Ullmann, P.C. also provided to the Audit Committee the written disclosures and the letter required by the applicable requirements of the PCAOB regarding Horowitz & Ullmann, P.C.'s communications with the Audit Committee concerning independence, and the Audit Committee discussed with Horowitz & Ullmann, P.C. the firm's independence. When considering the independence of Horowitz & Ullmann, P.C., the Audit Committee considered, among other matters, whether Horowitz & Ullmann, P.C.'s provision of non-audit services to Value Line is compatible with maintaining the independence of Horowitz & Ullmann, P.C.

Based on the reviews and discussions with management and Horowitz & Ullmann, P.C. referred to above, the Audit Committee has recommended to the Board that the audited consolidated financial statements as of April 30, 2017 and for the fiscal year then ended be included in Value Line's Annual Report on Form 10-K for such fiscal year. Horowitz & Ullmann, P.C. was also selected as Value Line's independent registered public accounting firm for the fiscal year 2018.

Stephen P. Davis

Alfred R. Fiore

Glenn J. Muenzer

*Audit Committee*

*of the Board of Directors*

**Audit and Non-Audit Fees**

The following table illustrates for the fiscal years ended April 30, 2017 and 2016, the fees paid to the Company's independent auditor, Horowitz & Ullmann P.C., for services provided:

	<b>2017</b>	<b>2016</b>
Audit fees	\$148,600	\$148,000
Audit-related fees	26,345	31,700
Tax-related fees	185,630	137,395
Total fees	\$360,575	\$317,095

In the above table, in accordance with the SEC's definitions and rules, "audit fees" are fees the Company paid Horowitz & Ullmann, P.C. for professional services for the audit of the Company's consolidated financial statements for the fiscal years ended April 30, 2017 and 2016 included in Form 10-K and the review of consolidated condensed financial statements included in Form 10-Qs and for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements; "audit-related fees" are fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements; and "tax fees" are fees for tax compliance, tax advice and tax planning.

The Company's Audit Committee reviews all fees charged by the Company's independent auditors and monitors the relationship between audit and non-audit services provided. The Audit Committee must pre-approve all audit and non-audit services provided by the independent auditors and fees charged. All audit and permissible non-audit services in fiscal 2017 and fiscal 2016 were pre-approved pursuant to these procedures.



## COMPENSATION COMMITTEE REPORT

The Company's executive compensation program is designed to promote the Company's attraction and retention of capable and experienced executives, to reward successful divisional and corporate performance and to appropriately compensate executives who contribute to the operations and long-term profitability of the Company. The following guidelines have been established to carry out this policy:

- (a) Base salaries and bonuses should be maintained at levels consistent with competitive market compensation; and
- (b) A portion of the executive compensation should reflect the performance of the Company and the individual.

The Compensation Committee process has been consistent for a number of years. After the close of the fiscal year, a compensation consultant is engaged. The consultant determines a group of peer companies to which the consultant and the Committee refer in evaluating the performance and the compensation of the Chief Executive Officer. The Company employs the same peer group when it presents total shareholder return in reference to a peer group as well as in reference to a standard index. The consultant also reviews and reports on broader measures of CEO compensation at other public companies. In light of this established process, more details of which are included in this Proxy Statement in the Compensation Discussion and Analysis, which begins on page 26, the Committee, which consists only of independent directors, has not found it necessary to adopt a formal charter for its activities.

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis and has recommended to the Board that it be included in this Proxy Statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2017 filed with the SEC.

Stephen P. Davis

Alfred R. Fiore

Glenn J. Muenzer

*Compensation Committee*

*of the Board of Directors*



## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Scope**

The Compensation Committee recommends the structure and level of compensation of the Chief Executive Officer to the Board of Directors, which votes on the recommendations of the Committee. The Committee has not delegated authority over its process to other persons.

### **Our Pay Philosophy**

The central objective of the Company's compensation program is to attract and retain executives with attributes and skills suitable to the requirements of the Company's business. Toward this end, the compensation program provides for overall compensation which is competitive with other firms, prevents undue turnover of personnel, and permits the Company to attract a suitable candidate pool for job openings. Throughout the year, management is in contact with recruiters, applicants for employment and other sources that give the Company, on an ongoing basis, insight into compensation policies of other companies.

Increases in the base salary component of compensation incentivize and reward employees to improve their skills and work effectively with peers, and take into account the long term success of the Company as a whole. The cash bonus program, while also taking into account the firm as a whole, allows the CEO to reward outstanding efforts in regard to management and execution of business strategy and efficiency.

Accordingly, the compensation program rewards efforts to achieve the departmental and company-wide goals that are developed between managers and senior executives.

### **Base Salary**

Base salaries for the Company's executives take into account the compensation levels of similar companies competing in the businesses in which the Company is engaged.

Base salaries for Named Executive Officers other than Mr. Brecher are set with the objective of achieving parity with other organizations with which the Company competes for talent, taking into account the executives' particular skills and contributions to the Company. While management does not adhere to fixed formulas or inflexible numerical criteria, compensation takes into account the industry and regional norms in formulating the amount of base compensation and bonus. In addition, the Company also considers many factors including responsibilities, experience, work ethic, specialized knowledge and skills and other qualitative items.

### **Annual Incentive Compensation Plan**

With regard to incentive compensation for other executives, the Company's bonus awards are determined by the CEO after a review of the employees' accomplishments on behalf of the business. This includes review of the executive's responsibilities and contribution and leadership in reducing company costs or increasing revenues and profits. The Company believes the award process creates appropriate incentives to increase long-term shareholder value without unduly exposing the Company to material adverse risks.

Bonus targets are set on the basis of multiple position requirements, which cannot be numerically or equally weighted. These are communicated through formal job descriptions; periodic formal and informal meetings; and formal and informal goal-setting, timetables, and discussions of objectives.

Bonus payments are awarded to executives based upon competitive market conditions, individual performance and the success of the Company.

By considering the compensation of competitive employers, and the degree of success of an executive; achievement of corporate quantitative, qualitative and competitive objectives; and the progress of the business in light of market and economic conditions, the CEO determines individual bonuses and base salary adjustments.

## **How We Make Compensation Decisions**

### *Role of the Independent Compensation Consultant*

In 2017, the Committee again engaged Steven Hall & Partners (“SH&P”), a nationally recognized executive compensation consulting firm with more than 30 years of experience, to advise it.

Following discussions with the Committee at the time of engagement, SH&P was asked to evaluate and construct a peer group of comparable companies which is used by the consultant and Committee to evaluate the CEO’s compensation in the context of Company and peer group financial performance, compensation awarded by the peer firms, and other factors. SH&P also determines if additional research into compensation at a wider group of companies would be helpful to the Committee.

At the request of the Committee, SH&P completes a written report which presents in detail the compensation programs of the peer group as well as data from broad compensation surveys to which SH&P has access. In addition, the report may review and assist in evaluation of the challenges, achievements, and overall performance of the CEO. The consultant then meets in executive session with the Compensation Committee, prior to their determination of their recommendations to the Board, to discuss the report and address any matters of interest to the Committee. The consultant may recommend a bonus or other compensation award, or indicate the competitive range of compensation based on its findings in regard to the peer group companies. The consulting firm’s representative met at length in person with the full Compensation Committee in July 2017.

No conflict of interest issues were raised by the work of SH&P. The Committee also inquired into the independence of SH&P and established that the firm does no work for the Company or any affiliate, apart from its assignment from the Committee in regard to CEO compensation. Revenues for SH&P derived from the Company, constitute less than 5% of the overall revenues of SH&P.

### *Role of Management*

Personnel of the Company are available to assist the Committee and consultant upon request. The CEO and all officers of the Company are available to answer questions of the consultant, who is a senior consultant with the firm engaged by the Committee.

Company personnel are not involved in determining the level or structure of the CEO's compensation as recommended by the Compensation Committee.

*Use of Competitive Compensation Benchmarking*

While the Company does not have a formal policy of benchmarking compensation to a particular market level, the Committee does periodically review compensation data for the competitive market to serve as a reference point when making determinations regarding executive pay levels.

At the request of the Compensation Committee, SH&P once again evaluated Mr. Brecher's compensation in comparison with compensation at the peer group of other corporations in the publishing and information industries developed by SH&P. This comparator group consists of nine comparators that are generally similar in industry to Value Line, and which are believed to be appropriate for making pay level determinations (the "Peer Group").

The 2017 Peer Group consists of the following nine companies:

Autobyte, Inc.	Financial Engines, Inc.
National Research Corp.	Forrester Research, Inc.
Reis, Inc.	Daily Journal Corp.
TheStreet, Inc.	
	Morningstar, Inc.
Bankrate Inc.	

At the Compensation Committee's request, SH&P prepared a compensation study which incorporated data derived from the Peer Group supplemented with additional data derived from specialized surveys. This study showed that the CEO's total compensation is close to the median. The consultant also interacted with the Compensation Committee and used various aspects of the Peer Group's performance and compensation in helping the Committee arrive at its conclusions.



## **Chief Executive Officer Compensation**

### *Fiscal 2017 Target Compensation*

For fiscal 2017, Mr. Brecher's base salary was recommended at \$575,000, with a bonus opportunity of \$225,000.

### *Fiscal 2017 Actual Compensation*

For fiscal 2017, Mr. Brecher's base salary was continued at \$550,000, with a bonus of \$195,000.

No precise formula or single approach or benchmark was determinative of Mr. Brecher's compensation. The SH&P Report was only one of the factors utilized by the Committee in setting the compensation of the CEO.

### *Fiscal 2018 Target Compensation*

For fiscal 2018, the Committee recommended that Mr. Brecher's base salary be \$600,000 and the target bonus opportunity be \$250,000 (approximately 40% of base salary), representing a continuation of the compensation mix of previous years.

## **Advisory Vote on Executive Compensation**

At the annual meeting held on September 16, 2014, the Company conducted an advisory vote on the compensation of the Named Executive Officers and shareholders determined that future advisory votes on executive compensation would be held every three years. These votes are not binding on the Company, the Board, or the Compensation Committee.

At the 2014 Annual Meeting, 98.9% of the votes cast on the advisory vote on executive compensation proposal were in favor of the Named Executive Officer compensation as disclosed in the Proxy Statement. The 98.9% vote in favor includes the stock ownership of AB&Co. However, when shares held by AB&Co. and by the directors and executive officers of the Company are excluded from the total votes and from the votes "for" the compensation of the Named Executive Officers, the shares of Common Stock that voted "against" the compensation of the Named Executive Officers amounted to approximately 1.8% of the shares of Common Stock voted on the executive compensation proposal at the meeting. The Board and Compensation Committee reviewed these final vote results together with the other factors and data discussed in this Compensation Discussion and Analysis and determined that, given the significant level of support of the Company's approach to compensation by the broader range of shareholders, no changes to the Company's executive compensation policies and decisions were necessary. However, the Company regularly reviews its executive compensation philosophy.

To the extent there is a significant vote against the compensation of the Named Executive Officers, the Company will consider the shareholders' concerns and the Compensation Committee will evaluate what actions may be appropriate to address those concerns.

### **Other Governance Policies**

While no formal guidelines exist, members of the Board and executive officers are generally encouraged to hold at least a nominal amount of Company stock. In no case does the Company hedge, limit or protect any shareholder from risk of loss on such ownership of Common Stock.

### **COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

The names of the members of the Compensation Committee at the conclusion of the fiscal year ended April 30, 2017 are set forth above at the end of the Compensation Committee Report. Each member is an independent director of the Company. The Company is not aware of any interlocks to report.

The Compensation Committee Report, the Report of the Audit Committee and the Comparative Five-Year Total Return graph appearing in the annual report to shareholders shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C of the Regulations of the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or to the liabilities of Section 18 of the Exchange Act.

### **INDEPENDENT AUDITORS**

The independent registered public accounting firm selected by the Board of Directors to audit the Company's books and records for the 2018 fiscal year is the firm of Horowitz & Ullmann, P.C., which firm also audited the Company's books and records for the fiscal year ended April 30, 2017. It is not expected that a representative of Horowitz & Ullmann, P.C. will be present at the 2017 Annual Meeting.



## **SHAREHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING**

In accordance with the rules of the SEC, Shareholder proposals intended for presentation at the 2018 Annual Meeting of Shareholders must be received by the Company for inclusion in its proxy statement and form of proxy relating to that meeting no later than May 1, 2018. The Company's By-Laws contain other procedures for proposals to be properly brought before an annual meeting of shareholders. To be timely, a shareholder must have given written notice of a proposal to the Chairman of the Board of Directors with a copy to the Secretary and such notice must be received at the principal executive offices of the Company not less than thirty (30) (nor more than sixty (60)) days prior to the scheduled annual meeting; provided, however, that if less than forty (40) days' notice or prior public disclosure of the date of the scheduled annual meeting is given or made, notice by the shareholder to be timely must be so received not later than the close of business on the tenth (10<sup>th</sup>) day following the earlier of the day on which such notice of the date of the scheduled annual meeting was mailed or the day on which such public disclosure was made. Such shareholder's notice shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the proposal desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the Company's books, of the shareholder proposing such business, (iii) the class and number of shares which are beneficially owned by the shareholder on the date of such shareholder notice and (iv) any material interest of the shareholder in such proposal.

## **FORM 10-K ANNUAL REPORT**

**Any shareholder who desires a copy of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2017 filed with the SEC may obtain a copy (excluding exhibits) without charge by addressing a request to the Secretary of the Company at 551 Fifth Avenue, New York, New York 10176-0001. Exhibits may also be requested, at a charge equal to the reproduction and mailing costs.**

## **IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL SHAREHOLDER MEETING TO BE HELD ON OCTOBER 13, 2017**

In addition to mailing them to all record holders and shareholders who hold in "street name" and do not object to use of their address to receive this mailing, the proxy statement and annual report to shareholders are available at <https://www.rdgir.com/value-line-inc>.

## **GENERAL**

The Board of Directors is not aware of any business to come before the meeting other than that set forth in the Notice of Annual Meeting of Shareholders. However, if any other business is properly brought before the meeting, it is the intention of the persons directed to vote the shareholders' stock to vote such stock in accordance with their best judgment.

The Company is mailing its Annual Report for the fiscal year ended April 30, 2017 to shareholders together with this Proxy Statement.

## **Appendix A**

### **VALUE LINE, INC.**

#### **AUDIT COMMITTEE CHARTER**

The Board of Directors (the “Board”) of Value Line, Inc. (the “Company”) shall appoint the Audit Committee (the “Audit Committee”) which shall be constituted and have the responsibility and authority as described herein.

#### **PURPOSE**

The Audit Committee’s primary purpose shall be to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company.

#### **ACTIVITIES**

In carrying out its responsibility, the Audit Committee shall undertake the following activities:

1. The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and the independent auditor shall report directly to the Audit Committee.
  
2. Procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters have been established as follows:
  - a. Anyone with concerns regarding questionable accounting or auditing matters or complaints regarding accounting, internal accounting controls or auditing matters may confidentially, and anonymously if they wish, submit such concerns or complaints to any of the Company’s officers. All such concerns and complaints will be forwarded to the CEO. A record of all such complaints and concerns received will be provided to the Audit Committee each fiscal

quarter by the Company's Legal Counsel or any of its officers.

The Audit Committee will evaluate the merits of any concerns or complaints received by it and authorize such follow-up actions, if any, as it deems necessary or appropriate to address the substance of the concern or complaint.

The Company will not discipline, discriminate against or retaliate against any employee who reports a complaint or concern, unless it is determined that the report was made with knowledge that it was false.

3. The Audit Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties.

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4. The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the board of directors, for payment of:

a. Compensation to any independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;

b. Compensation to any advisers employed by the Audit Committee under paragraph (3); and

c. Ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

5. The Audit Committee shall pre-approve all audit and permitted non-audit services to be provided by the independent auditor. The Audit Committee may delegate authority to pre-approve all auditing and permitted non-audit services in accordance with preapproval policies and procedures established by the Audit Committee, provided that the Audit Committee is informed of each service so approved at the next meeting of the Audit Committee. These pre-approval requirements are subject to the exception for the de minimus provision of services set forth in Securities and Exchange Commission Regulation S-X, Section 2.01(c)(7) (i)(C).

6. The Audit Committee shall meet with the independent auditor prior to the audit to review the planning and staffing of the audit and approve the proposed fee for the audit.

7. The Audit Committee shall receive written periodic reports from the independent auditor delineating all relationships between the independent auditor and the Company. This report shall be consistent with Independence Standards Board Standard No. 1 regarding the auditor's independence. The Audit Committee shall actively engage in dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor, and if determined by the Audit Committee, recommend that the Board take appropriate action to insure the independence of the auditor.

8. The Audit Committee shall receive the report of the independent auditor, prior to the filing of the independent auditor's audit report with the Securities and Exchange Commission, with respect to:

a. All critical accounting policies and practices to be used;

b. All alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management of the Company, including:

i. Ramifications of the use of such alternative disclosures and treatments; and

ii. The treatment preferred by the independent auditor; and

c. Other material written communications between the independent auditor and the management of the Company, such as any management letter or schedule of unadjusted differences.

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9. The Audit Committee shall receive any report by the Company's Principal Accounting Officer, Principal Financial Officer, and/or Principal Executive Officer concerning:

a. any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting of the Company which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial data; and

b. any fraud regarding company business, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

10. The Audit Committee shall discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including:

a. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;

b. Significant financial reporting issues and judgments; and

c. Any major changes to the Company's auditing and accounting principles and practices.

11. Obtain from the independent auditor assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.

12. Review the Company's annual audited financial statements and the report thereon with the independent auditor and management prior to the publication of such statements.

13. Review periodically with management the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures.

14. Adopt the report (to be prepared by the Company's legal counsel) required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement, which shall include a statement of whether the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Company's annual report on Form 10-K.

15. Review and reassess the adequacy of this Charter annually and submit it to the Board for approval. The Audit Committee shall meet at least two times a year and make an oral report to the Board in conjunction with each meeting.

While the Audit Committee has the responsibility and authority set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor.























