

VALUE LINE FUND INC
Form N-CSR
March 11, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file Number _811-02265_

— Value Line Fund, Inc.
(Exact name of registrant as specified in charter)

220 East 42nd Street, New York, N.Y. 10017
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 212-907-1500

Date of fiscal year end: December 31, 2008

Date of reporting period: December 31, 2008

Item Reports to Stockholders.

I.

A copy of the Annual Report to Stockholders for the period ended 12/31/08 is included with this Form.

INVESTMENT ADVISER	EULAV Asset Management, LLC 220 East 42nd Street New York, NY 10017-5891	ANNUAL REPORT December 31, 2008
DISTRIBUTOR	Value Line Securities, Inc. 220 East 42nd Street New York, NY 10017-5891	
CUSTODIAN BANK	State Street Bank and Trust Co. 225 Franklin Street Boston, MA 02110	
SHAREHOLDER SERVICING AGENT	State Street Bank and Trust Co. c/o BFDS P.O. Box 219729 Kansas City, MO 64121-9729	The Value Line Fund, Inc.
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	PricewaterhouseCoopers LLP 300 Madison Avenue New York, NY 10017	
LEGAL COUNSEL	Peter D. Lowenstein, Esq. 496 Valley Road Cos Cob, CT 06807-0272	
DIRECTORS	Joyce E. Heinzerling Francis C. Oakley David H. Porter Paul Craig Roberts Thomas T. Sarkany Nancy-Beth Sheerr Daniel S. Vandivort	
OFFICERS	Mitchell E. Appel President Howard A. Brecher Vice President and Secretary Emily D. Washington Treasurer	

This audited report is issued for information to shareholders. It is not authorized for distribution to prospective investors unless preceded or accompanied by a currently effective prospectus of the Fund (obtainable from the Distributor).

#00062643

The Value Line Fund, Inc.

To Our Value Line

To Our Shareholders (unaudited):

For the twelve months ended December 31, 2008, the total return for The Value Line Fund (the "Fund") was -49.28%. This was below the S&P 500 Index(1) return of -37.00% for the same time period.

In 2008, the S&P 500 Index had its worst year since 1937. The most significant factor affecting the stock market was the weakened state of the financial sector combined with the reluctance of banks and other credit market participants to lend money. The Federal Reserve has pumped billions of dollars into the credit markets in order to encourage lending and also to build demand for high-grade corporate debt. In addition, the federal government was instrumental in rescuing American International Group and Fannie Mae, and it indicates it will continue to support struggling corporations. The Federal Reserve Board has responded to credit problems by lowering interest rates. During the past twelve months, the Federal Funds(2) rate was cut by 400 basis points from 4.25% to 0.25%.

The Value Line Fund generally invests in U.S. stocks that are ranked in the highest category for relative price performance over the next six to twelve months by the Value Line Timeliness Ranking System. The System favors stocks with strong price and earnings momentum relative to those of the approximately 1,700 companies in The Value Line Investment Survey. The Fund is underweighted in the financial services sector relative to the S&P 500 Index and has an above-average weighting of approximately 23% of its market value in health-care related companies, including pharmaceutical firms.

We appreciate your confidence in The Value Line Fund and look forward to serving your investment needs in the future.

Sincerely,

/s/ Mitchell E. Appel
Mitchell E. Appel
President

February 20, 2009

- (1) The Standard & Poor's 500 Index consists of 500 stocks which are traded on the New York Stock Exchange, American Stock Exchange and the NASDAQ National Market System and is representative of the broad stock market. This is an unmanaged index and does not reflect charges, expenses or taxes. It is not possible to directly invest in this index.
- (2) The interest rate charged by banks with excess reserves at a Federal Reserve District Bank, to banks needing overnight loans to meet reserve requirements.

Fund Shareholders

Economic Observations (unaudited)

The recession is in full bloom, having hit this country with its worst business setback in several generations. Meanwhile, the downturn is spreading overseas with ferocity, creating a global crisis.

The current situation is traceable to several events, beginning with the sharp declines in housing construction, home sales, and real estate prices. We also have seen a reduction in credit availability, a high level of bank failures, rising foreclosure rates, increasing unemployment, a contraction in retailing and auto activity, and sharp declines in manufacturing and nonmanufacturing. These developments are consistent with a deep and prolonged recession. As 2009 unfolds, we are facing a serious worldwide contraction that optimistically will last only through the middle of this year. Government reaction to this global upheaval is likely to involve attempts to pass additional stimulus measures, with an emphasis on infrastructure rebuilding and employment improvement. It is hoped that such efforts will shorten the downturn's duration and reduce its severity.

Meanwhile, inflation, which had earlier moved sharply higher in this country due to dramatic increases in oil, food, and commodity prices, has moderated quickly, thanks to even more dramatic declines in energy prices since last summer. Our expectation is that, absent a more potent long-term business expansion than we now project, inflation should remain in check for the most part through the early years of the next decade. In fact, there is the possibility that we could see selective bouts of deflation along the way, especially if consumer demand falters for any extended period of time.

The Value Line Fund, Inc.

FUND EXPENSES (unaudited):

Example

As a shareholder of the Fund, you incur ongoing costs, including management fees, distribution and service (12b-1) fees, and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period (July 1, 2008 through December 31, 2008).

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads), redemption fees, or exchange fees. Therefore, the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if transactional costs were included, your costs would have been higher.

	Beginning account value 7/1/08	Ending account value 12/31/08	Expenses paid during period 7/1/08 thru 12/31/08*
Actual	\$ 1,000.00	\$ 565.90	\$ 3.90
Hypothetical (5% return before expenses)	\$ 1,000.00	\$ 1,020.16	\$ 5.03

* Expenses are equal to the Fund’s annualized expense ratio of 0.99% multiplied by the average account value over the period, multiplied by 184/366 to reflect the one-half year period. This expense ratio may differ from the

expense ratio shown in the Financial Highlights.

The Value Line Fund, Inc.

(unaudited)

The following graph compares the performance of The Value Line Fund, Inc. to that of the S&P 500 Index. The Value Line Fund, Inc. is a professionally managed mutual fund, while the Index is not available for investment and is unmanaged. The returns for the Index do not reflect charges, expenses or taxes but do include the reinvestment of dividends. The comparison is shown for illustrative purposes only.

Comparison of a Change in Value of a \$10,000 Investment
in the Value Line Fund, Inc. and the S&P 500 Index*

* The Standard and Poor's 500 Stock Index is an unmanaged index that is representative of the larger-capitalization stocks traded in the United States.

Performance Data:**

	Average Annual Total Return		Growth of an Assumed Investment of \$10,000
1 year ended 12/31/08	(49.28)%	\$	5,072
5 years ended 12/31/08	(4.85)%	\$	7,800
10 years ended 12/31/08	(4.47)%	\$	6,332

** The performance data quoted represent past performance and are no guarantee of future performance. The average annual total returns and growth of an assumed investment of \$10,000 include dividends reinvested and capital gains distributions accepted in shares. The investment return and principal value of an investment will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

The Value Line Fund, Inc.

Portfolio Highlights at December 31, 2008 (unaudited)

Ten Largest Holdings

Issue	Shares	Value	Percentage of Net Assets
Crawford & Co. Class B	77,000	\$ 1,119,580	1.20%
OSI Pharmaceuticals, Inc.	28,000	\$ 1,093,400	1.17%
FLIR Systems, Inc.	35,000	\$ 1,073,800	1.15%
Nash Finch Co.	23,000	\$ 1,032,470	1.11%
Alliance Data Systems Corp.	22,000	\$ 1,023,660	1.10%
Interwoven, Inc.	81,000	\$ 1,020,600	1.10%
MTS Systems Corp.	38,000	\$ 1,012,320	1.09%
ViaSat, Inc.	42,000	\$ 1,011,360	1.09%
Endo Pharmaceuticals Holdings, Inc.	39,000	\$ 1,009,320	1.08%
TreeHouse Foods, Inc.	37,000	\$ 1,007,880	1.08%

Asset Allocation — Percentage of Net Assets

Sector Weightings — Percentage of Total Investment Securities

The Value Line Fund, Inc.

Schedule of Investments

December 31, 2008

Shares		Value
COMMON STOCKS (97.2%)		
	AEROSPACE/DEFENSE (2.9%)	
11,000	Alliant Techsystems, Inc. *	\$ 943,360
22,500	HEICO Corp.	873,675
18,000	Raytheon Co.	918,720
		2,735,755
	APPAREL (0.9%)	
31,000	Jos. A. Bank Clothiers, Inc. *	810,650
	BIOTECHNOLOGY (3.7%)	
14,000	Amgen, Inc. *	808,500
30,000	Martek Biosciences Corp. *	909,300
14,000	Myriad Genetics, Inc. *	927,640
13,000	Techne Corp.	838,760
		3,484,200
	CABLE TV (2.9%)	
54,000	Comcast Corp. Class A	872,100
37,000	DIRECTV Group, Inc. (The) *	847,670
53,000	Shaw Communications, Inc. Class B	937,040
		2,656,810
	CHEMICAL — BASIC (1.0%)	
16,000	Compass Minerals International, Inc.	938,560
	COMPUTER & PERIPHERALS (1.0%)	
54,000	Synaptics, Inc.*	894,240
	COMPUTER SOFTWARE & SERVICES (5.0%)	
28,000	Accenture Ltd. Class A	918,120
22,000	CACI International, Inc. Class A *	991,980
35,000	Intuit, Inc. *	832,650
17,000	ManTech International Corp. Class A *	921,230
55,000	Oracle Corp. *	975,150
		4,639,130
	DIVERSIFIED COMPANIES (0.9%)	
21,000	Chemed Corp.	835,170
Shares		Value
	DRUG (9.0%)	
38,000	Bristol-Myers Squibb Co.	\$ 883,500

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17,000	Celgene Corp. *	939,760
39,000	Endo Pharmaceuticals Holdings, Inc. *	1,009,320
19,000	Gilead Sciences, Inc. *	971,660
16,000	Novo Nordisk A/S ADR	822,240
28,000	OSI Pharmaceuticals, Inc. *	1,093,400
26,000	Perrigo Co.	840,060
28,000	Sanofi-Aventis ADR	900,480
21,000	Teva Pharmaceutical Industries Ltd. ADR	893,970
		8,354,390
	E-COMMERCE (1.1%)	
81,000	Interwoven, Inc. *	1,020,600
	EDUCATIONAL SERVICES (4.9%)	
12,000	Apollo Group, Inc. Class A *	919,440
56,000	Corinthian Colleges, Inc. *	916,720
16,000	DeVry, Inc.	918,560
10,000	ITT Educational Services, Inc. *	949,800
4,000	Strayer Education, Inc.	857,640
		4,562,160
	ELECTRICAL EQUIPMENT (2.1%)	
35,000	FLIR Systems, Inc. *	1,073,800
11,000	W.W. Grainger, Inc.	867,240
		1,941,040
	ELECTRONICS (1.0%)	
36,000	Greatbatch, Inc. *	952,560
	ENTERTAINMENT TECHNOLOGY (0.8%)	
26,000	Netflix, Inc. *	777,140
	ENVIRONMENTAL (1.9%)	
14,000	Clean Harbors, Inc. *	888,160
17,000	Stericycle, Inc. *	885,360
		1,773,520

See Notes to Financial Statements.

The Value Line Fund, Inc.

Schedule of Investments

Shares		Value
	FINANCIAL SERVICES — DIVERSIFIED (3.2%)	
77,000	Crawford & Co. Class B *	\$ 1,119,580
29,000	Global Payments, Inc.	950,910
38,000	H&R Block, Inc.	863,360
		2,933,850
	FOOD PROCESSING (3.9%)	
37,000	Diamond Foods, Inc.	745,550
40,000	Flowers Foods, Inc.	974,400
37,000	Peet's Coffee & Tea, Inc. *	860,250
37,000	TreeHouse Foods, Inc. *	1,007,880
		3,588,080
	FOOD WHOLESALERS (3.1%)	
26,000	Green Mountain Coffee Roasters, Inc. *	1,006,200
23,000	Nash Finch Co.	1,032,470
35,000	Spartan Stores, Inc.	813,750
		2,852,420
	HEALTH CARE INFORMATION SYSTEMS (2.0%)	
23,000	Cerner Corp. *	884,350
36,000	Computer Programs & Systems, Inc.	964,800
		1,849,150
	HEAVY CONSTRUCTION (0.6%)	
24,100	Stantec, Inc. *	595,270
	HOUSEHOLD PRODUCTS (1.0%)	
17,000	Church & Dwight Co., Inc.	954,040
	INDUSTRIAL SERVICES (3.0%)	
17,000	C.H. Robinson Worldwide, Inc.	935,510
29,000	Expeditors International of Washington, Inc.	964,830
44,000	SAIC, Inc. *	857,120
		2,757,460
Shares		Value
	INFORMATION SERVICES (2.2%)	
22,000	Alliance Data Systems Corp. *	\$ 1,023,660
13,000	Dun & Bradstreet Corp. (The)	1,003,600
		2,027,260
	MACHINERY (0.9%)	
20,000	Wabtec Corp.	795,000

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	MEDICAL SERVICES (2.8%)	
23,000	Amedisys, Inc. *	950,820
17,000	DaVita, Inc. *	842,690
30,000	Psychiatric Solutions, Inc. *	835,500
		2,629,010
	MEDICAL SUPPLIES (13.5%)	
11,000	Bard (C.R.), Inc.	926,860
18,000	Baxter International, Inc.	964,620
13,000	Becton, Dickinson & Co.	889,070
96,000	CryoLife, Inc. *	932,160
60,000	Cyberonics, Inc. *	994,200
16,000	Edwards Lifesciences Corp. *	879,200
15,000	Haemonetics Corp. *	847,500
14,000	Johnson & Johnson	837,620
33,000	Meridian Bioscience, Inc.	840,510
24,000	Owens & Minor, Inc.	903,600
25,000	ResMed, Inc. *	937,000
26,000	St. Jude Medical, Inc. *	856,960
36,000	STERIS Corp.	860,040
28,000	Thoratec Corp. *	909,720
		12,579,060
	NATURAL GAS — DIVERSIFIED (1.0%)	
32,000	Southwestern Energy Co. *	927,040
	PACKAGING & CONTAINER (0.9%)	
24,000	Rock-Tenn Co. Class A	820,320
	PHARMACY SERVICES (1.8%)	
14,000	Express Scripts, Inc. *	769,720
22,000	Medco Health Solutions, Inc. *	922,020
		1,691,740

See Notes to Financial Statements.

The Value Line Fund, Inc.

December 31, 2008

Shares		Value
	PRECISION INSTRUMENT (3.0%)	
17,000	Axsys Technologies, Inc. *	\$ 932,620
13,000	Mettler-Toledo International, Inc. *	876,200
38,000	MTS Systems Corp.	1,012,320
		2,821,140
	RAILROAD (4.1%)	
13,000	Burlington Northern Santa Fe Corp.	984,230
31,000	Genesee & Wyoming, Inc. Class A *	945,500
21,000	Norfolk Southern Corp.	988,050
19,000	Union Pacific Corp.	908,200
		3,825,980
	RESTAURANT (2.0%)	
16,000	McDonald's Corp.	995,040
16,000	Panera Bread Co. Class A *	835,840
		1,830,880
	RETAIL — AUTOMOTIVE (0.9%)	
6,000	AutoZone, Inc. *	836,820
	RETAIL BUILDING SUPPLY (0.8%)	
21,000	Tractor Supply Co. *	758,940
	RETAIL STORE (3.6%)	
24,000	BJ's Wholesale Club, Inc. *	822,240
20,000	Dollar Tree, Inc. *	836,000
34,000	Family Dollar Stores, Inc.	886,380
15,000	Wal-Mart Stores, Inc.	840,900
		3,385,520
	SHOE (0.9%)	
17,000	NIKE, Inc. Class B	867,000
	TELECOMMUNICATION SERVICES (0.8%)	
32,000	NTELOS Holdings Corp.	789,120
Shares		Value
	THRIFT (1.0%)	
60,000	Hudson City Bancorp, Inc.	\$ 957,600
	WIRELESS NETWORKING (1.1%)	
42,000	ViaSat, Inc. *	1,011,360

	TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (97.2%) (Cost \$93,574,577)	\$ 90,459,985
CASH AND OTHER ASSETS IN EXCESS OF LIABILITIES (2.8%)		2,638,836
NET ASSETS (100%)		\$ 93,098,821
NET ASSET VALUE OFFERING AND REDEMPTION PRICE, PER OUTSTANDING SHARE (\$93,098,821 ÷ 14,979,001 shares outstanding)		
		\$ 6.22

* Non-income producing.

ADR American Depositary Receipt.

See Notes to Financial Statements.

The Value Line Fund, Inc.

Statement of Assets and Liabilities
at December 31, 2008

Assets:

Investment securities, at value (Cost — \$93,574,577)	\$ 90,459,985
Cash	2,507,212
Receivable for securities sold	2,547,293
Dividends receivable	67,463
Prepaid expenses	19,237
Receivable for capital shares sold	14,249
Total Assets	95,615,439

Liabilities:

Payable for securities purchased	2,370,071
Payable for capital shares repurchased	45,097
Accrued expenses:	
Advisory fee	53,559
Directors' fees and expenses	4,251
Other	43,640
Total Liabilities	2,516,618
Net Assets	\$ 93,098,821
Net assets consist of:	
Capital stock, at \$1.00 par value (authorized 50,000,000, outstanding 14,979,001 shares)	\$ 14,979,001
Additional paid-in capital	147,065,288
Accumulated net investment loss	(118)
Accumulated net realized loss on investments and foreign currency	(65,831,529)
Net unrealized depreciation of investments and foreign currency translations	(3,113,821)
Net Assets	\$ 93,098,821
Net Asset Value, Offering and Redemption Price per Outstanding Share (\$93,098,821 ÷ 14,979,001 shares outstanding)	\$ 6.22

Statement of Operations
for the Year Ended December 31, 2008

Investment Income:

Dividends (net of foreign withholding tax of \$7,716)	\$ 922,891
Interest	80,724
Total Income	1,003,615
Expenses:	
Advisory fee	1,038,300
Service and distribution plan fees	380,273
Transfer agent fees	107,718
Auditing and legal fees	75,788
Printing and postage	69,080
Custodian fees	38,998

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Registration and filing fees	34,216
Directors' fees and expenses	15,229
Insurance	12,860
Other	8,948
Total Expenses Before Custody Credits and Fees Waived	1,781,410
Less: Service and Distribution Plan Fees Waived	(380,273)
Less: Custody Credits	(6,067)
Net Expenses	1,395,070
Net Investment Loss	(391,455)
Net Realized and Unrealized Gain/(Loss) on Investments and Foreign Exchange Transactions:	
Net Realized Loss	(65,713,102)
Change in Net Unrealized Appreciation/(Depreciation)	(29,419,261)
Net Realized Loss and Change in Net Unrealized Appreciation/(Depreciation) on Investments and Foreign Exchange Transactions	(95,132,363)
Net Decrease in Net Assets from Operations	\$ (95,523,818)

See Notes to Financial Statements.

The Value Line Fund, Inc.

Statement of Changes in Net Assets
for the Years Ended December 31, 2008 and 2007

	Year Ended December 31, 2008	Year Ended December 31, 2007
Operations:		
Net investment loss	\$ (391,455)	\$ (227,361)
Net realized gain/(loss) on investments and foreign currency	(65,713,102)	30,404,146
Change in net unrealized appreciation/(depreciation)	(29,419,261)	5,312,314
Net increase/(decrease) in net assets from operations	(95,523,818)	35,489,099
Distributions to Shareholders:		
Net realized gain from investment transactions	(3,966,886)	(27,740,813)
Capital Share Transactions:		
Proceeds from sale of shares	2,949,282	3,289,737
Proceeds from reinvestment of distributions	3,752,515	26,184,717
Cost of shares repurchased	(17,385,892)	(31,298,206)
Net decrease in net assets from capital share transactions	(10,684,095)	(1,823,752)
Total Increase/(Decrease) in Net Assets	(110,174,799)	5,924,534
Net Assets:		
Beginning of year	203,273,620	197,349,086
End of year	\$ 93,098,821	\$ 203,273,620
Accumulated net investment loss, at end of year	\$ (118)	\$ —

See Notes to Financial Statements.

The Value Line Fund, Inc.

Notes to Financial Statements

1. Significant Accounting Policies

The Value Line Fund, Inc. (the “Fund”) is registered under the Investment Company Act of 1940, as amended, as a diversified, open-end management investment company whose primary investment objective is long-term growth of capital.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

(A) Security Valuation. Securities listed on a securities exchange are valued at the closing sales prices on the date as of which the net asset value is being determined. Securities traded on the NASDAQ Stock Market are valued at the NASDAQ Official Closing Price. In the absence of closing sales prices for such securities and for securities traded in the over-the-counter market, the security is valued at the midpoint between the latest available and representative asked and bid prices. Short-term instruments with maturities of 60 days or less at the date of purchase are valued at amortized cost, which approximates market value. Short-term instruments with maturities greater than 60 days at the date of purchase are valued at the midpoint between the latest available and representative asked and bid prices, and commencing 60 days prior to maturity such securities are valued at amortized cost. Securities for which market quotations are not readily available or that are not readily marketable and all other assets of the Fund are valued at fair value as the Board of Directors may determine in good faith. In addition, the Fund may use the fair value of a security when the closing market price on the primary exchange where the security is traded no longer accurately reflects the value of a security due to factors affecting one or more relevant securities markets or the specific issuer.

(B) Fair Value Measurements. The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“FAS 157”), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

Level 1 — quoted prices in active markets for identical investments

Level 2 — other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 — significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The Value Line Fund, Inc.

December 31, 2008

The following is a summary of the inputs used as of December 31, 2008 in valuing the Fund's investments carried at value:

Valuation Inputs	Investments in Securities	Other Financial Instruments*
Level 1 — Quoted Prices	\$ 90,459,985	—
Level 2 — Other Significant Observable Inputs	—	—
Level 3 — Significant Unobservable Inputs	—	—
Total	\$ 90,459,985	—

* Other financial instruments include futures, forwards and swap contracts.

For the year ended December 31, 2008, there were no Level 3 investments.

(C) Repurchase Agreements. In connection with transactions in repurchase agreements, the Fund's custodian takes possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, it is the Fund's policy to mark-to-market the collateral on a daily basis to ensure the adequacy of the collateral. In the event of default of the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral or proceeds may be subject to legal proceedings. There were no open repurchase agreements at December 31, 2008.

(D) Federal Income Taxes. It is the Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies, including the distribution requirements of the Tax Reform Act of 1986, and to distribute all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(E) Security Transactions and Distributions. Security transactions are accounted for on the date the securities are purchased or sold. Interest income is accrued as earned. Realized gains and losses on sales of securities are calculated for financial accounting and federal income tax purposes on the identified cost basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Distributions are determined in accordance with income tax regulations which may differ from generally accepted accounting principles.

(F) Foreign Currency Translation. The books and records of the Fund are maintained in U.S. dollars. Assets and liabilities which are denominated in foreign currencies are translated to U.S. dollars at the prevailing rates of exchange. The Fund does not isolate changes in the value of investments caused by foreign exchange rate differences from the changes due to other circumstances.

Income and expenses are translated to U.S. dollars based upon the rates of exchange on the respective dates of such transactions.

Net realized foreign exchange gains or losses arise from currency fluctuations realized between the trade and settlement dates on securities transactions, the differences between the U.S. dollar amounts of dividends, interest, and

foreign withholding taxes recorded by the Fund, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities, other than investments, at the end of the fiscal period, resulting from changes in the exchange rates. The effect of the change in foreign exchange rates on the value of investments is included in realized gain/loss on investments and change in net unrealized appreciation/depreciation on investments.

The Value Line Fund, Inc.

Notes to Financial Statements

(G) Representations and Indemnifications. In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

(H) Foreign Taxes. The Fund may be subject to foreign taxes on income, gains on investments, or currency repatriation, a portion of which may be recoverable. The Fund will accrue such taxes and recoveries as applicable, based upon its current interpretation of tax rules and regulations that exist in the markets in which it invests.

2. Capital Share Transactions, Dividends and Distributions to Shareholders

Transactions in capital stock were as follows:

	Year Ended December 31, 2008	Year Ended December 31, 2007
Shares sold	327,686	237,070
Shares issued to shareholders in reinvestment of dividends and distributions	628,471	2,111,782
	956,157	2,348,852
Shares repurchased	(1,823,282)	(2,315,940)
Net increase/(decrease)	(867,125)	32,912
Distributions per share from net realized gains	\$ 0.2759	\$ 2.0136

3. Purchases and Sales of Securities

Purchases and sales of investment securities, excluding short-term securities, were as follows:

	Year Ended December 31, 2008
Purchases:	
Investment Securities	\$ 407,558,590
Sales:	
Investment Securities	\$ 417,630,987

4. Income Taxes

At December 31, 2008, information on the tax components of capital is as follows:

Cost of investments for tax purposes	\$ 94,081,740
Gross tax unrealized appreciation	\$ 4,468,691
Gross tax unrealized depreciation	(8,090,446)
Net tax unrealized depreciation on investments	\$ (3,621,755)
Undistributed ordinary income	\$ —

Undistributed long-term gain	\$	—
Capital loss carryforward, expires December 31, 2016		