

Edgar Filing: VALUE LINE FUND INC - Form N-30D

VALUE LINE FUND INC
Form N-30D
February 28, 2003

ANNUAL REPORT

DECEMBER 31, 2002

THE VALUE LINE
FUND, INC.

[LOGO] VALUE LINE
NO-LOAD
MUTUAL
FUNDS

INVESTMENT ADVISER	Value Line, Inc. 220 East 42nd Street New York, NY 10017-5891
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	State Street Bank and Trust Co.
SERVICING AGENT	c/o NFDS P.O. Box 219729 Kansas City, MO 64121-9729
INDEPENDENT	PricewaterhouseCoopers LLP
ACCOUNTANTS	1177 Avenue of the Americas New York, NY 10036
LEGAL COUNSEL	Peter D. Lowenstein, Esq. Two Sound View Drive, Suite 100 Greenwich, CT 06830
DIRECTORS	Jean Bernhard Buttner John W. Chandler Frances T. Newton Francis C. Oakley David H. Porter Paul Craig Roberts Marion N. Ruth Nancy-Beth Sheerr
OFFICERS	Jean Bernhard Buttner CHAIRMAN AND PRESIDENT

Edgar Filing: VALUE LINE FUND INC - Form N-30D

Alan N. Hoffman
VICE PRESIDENT
Philip J. Orlando
VICE PRESIDENT
Stephen E. Grant
VICE PRESIDENT
David T. Henigson
VICE PRESIDENT AND
SECRETARY/TREASURER
Joseph Van Dyke
ASSISTANT SECRETARY/TREASURER
Stephen La Rosa
ASSISTANT SECRETARY/TREASURER

THIS REPORT IS ISSUED FOR INFORMATION OF 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).

#524249

THE VALUE LINE FUND, INC.

TO OUR VALUE LINE

To Our Shareholders:

To anyone with exposure to the U.S. stock market, it will come as no surprise that we have been through a vicious bear market. Equity returns were negative in both 2000 and 2001, and the year just ended makes for losses three years in a row. This contracting cycle is the worst since the bear market of 1973-74, and it now ranks as one of the four worst markets in the last 75 years, rivaling the 1939-41 and the 1929-32 downturns.

While we were able to navigate the turbulence of the first half of 2002 pretty much in line with the broad market, the environment for large-capitalization growth stocks turned more negative during the July-December period. Annual performance comparisons for our Fund and the Standard & Poor's Composite Index(1) (both including reinvested dividends) are as follows; Value Line Fund -25.35 vs. S&P 500 -22.10 for the full year.

Many factors contributed to our negative relative performance during the second half. First, the market's focus on small-cap stocks and on "value" issues, wherein underpriced or beaten-down stocks prosper at the expense of growth names, continued from prior periods into 2002's third and fourth quarters. This effect was quite dramatic: even though the market as a whole was down in the second half, during the few brief recoveries that did occur, the stocks of big, well-established companies like General Electric, Citigroup, and Microsoft failed to gain any traction.

We also suffered from the derailing of the economy's consumer sector, where we have equity concentrations in consumer staples, consumer discretionary and retail. Part of the problem was a modest advance in the national unemployment rate; another factor was a disappointing holiday sales season for retail companies, aggravated by the shorter-than-usual period between Thanksgiving and Christmas last year. We still think that retailers should command an overweighted position in a growth-oriented portfolio (since some of the second-half damage to the stocks was a result of profit-taking in issues that

Edgar Filing: VALUE LINE FUND INC - Form N-30D

had done relatively well over many previous quarters), but we were unable to avoid the damage late in 2002.

Finally, we were unable to participate in a mini-rally that unfolded over the fourth quarter in the stocks of many technology and telecommunications companies. Several of these issues, which have posted disappointing sales and earnings for most of the past three years, are ranked in Groups 4 or 5 of the Value Line Timeliness Ranking System, and our discipline avoids such low-ranked stocks.

If there was any good news during last year's second half, it was that there seems to be an end to the drumbeat of corporate mischief that shrouded the equity market for most of the past year. The headlines telling the latest details about Enron, WorldCom, Tyco International, Quest Communications, and other such firms have finally slowed to a trickle, and we believe that faith in the integrity of the vast preponderance of Corporate America has largely been restored.

We are grateful for your continued confidence in Value Line, and we wish you the best for a happy and prosperous new year.

Sincerely,

/s/ Jean Bernard Buttner

Jean Bernhard Buttner
CHAIRMAN AND PRESIDENT

February 18, 2003

(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, AND IT IS NOT POSSIBLE TO DIRECTLY INVEST IN THIS INDEX.

2

THE VALUE LINE FUND, INC.
FUND SHAREHOLDERS

ECONOMIC OBSERVATIONS

The U.S. economy is continuing to chart an uneven course. Thus, following a strong opening quarter in 2002, in which the nation's gross domestic product surged by 5.0%, a lackluster second quarter that saw the pace of expansion cut back sharply to 1.3%, and a subsequent stepup in the third quarter, with GDP growth coming in at a relatively strong 4.0%, the pace of activity has slowed again, and markedly so. For example, industrial production, factory usage, and consumer confidence are all contracting at present, while the employment

Edgar Filing: VALUE LINE FUND INC - Form N-30D

outlook remains unsettled. The lone uniformly bright spot is the resilient housing market. Given this weak overall backdrop, however, it wasn't very surprising that the government reported that GDP growth eased to just 0.7% in the October-to-December period.

What's more, there appears to be no quick or easy cure for what ails this economy, with the outcome of both a likely war with Iraq and the President's fiscal stimulus package still up in the air. Such uncertainty will continue to have a negative effect on both consumer spending and business capital investment. All told, we project that GDP will increase by 2%, or less, during the opening half of 2003, before some expected resolution of the above global and domestic uncertainties helps to better underpin the economy after midyear.

Inflation, meantime, remains muted, thanks, in part, to generally modest labor cost increases. Adequate supplies of raw materials are also helping to keep the costs of production low. We caution, though, that as the U.S. economy moves further along the recovery road over the next several years, some modest increases in pricing pressures will emerge. Absent a more vigorous long-term business recovery than we now forecast, or a prolonged rise in oil prices stemming from a surprisingly long conflict in the Middle East, inflation should continue to be held in comparative check through the middle years of this decade. Interest rates, therefore, are likely to remain relatively stable.

3

THE VALUE LINE FUND, INC.

COMPARISON OF A CHANGE IN VALUE OF A \$10,000 INVESTMENT
IN THE VALUE LINE FUND
AND THE S&P 500 Stock Index*

[PLOT POINTS GRAPH]

(FROM 1/1/93 TO 12/31/02)

* THE STANDARD AND POOR'S 500 INDEX (S&P 500 INDEX) IS AN UNMANAGED INDEX THAT IS REPRESENTATIVE OF THE LARGER-CAPITALIZATION STOCKS TRADED IN THE UNITED STATES.

THE RETURN FOR THE INDEX DOES NOT REFLECT EXPENSES WHICH ARE DEDUCTED FROM THE FUND'S RETURNS.

PERFORMANCE DATA:**

Edgar Filing: VALUE LINE FUND INC - Form N-30D

	AVERAGE ANNUAL TOTAL RETURN	GROWTH OF AN ASSUMED INVESTMENT OF \$10,000
1 year ended 12/31/02	-25.35%	\$ 7,465
5 years ended 12/31/02	-3.44%	\$ 8,395
10 years ended 12/31/02	+5.36%	\$16,861

** 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.

4

THE VALUE LINE FUND, INC.

PORTFOLIO HIGHLIGHTS AT DECEMBER 31, 2002 (UNAUDITED)

TEN LARGEST HOLDINGS

ISSUE	SHARES	VALUE (IN THOUSANDS)	PERCENTAGE OF NET ASSETS
Bed Bath & Beyond Inc.	250,000	\$8,632	4.2%
Amgen Inc.	164,600	7,957	3.9
Fifth Third Bancorp	135,000	7,904	3.8
HCA, Inc.	180,000	7,470	3.6
Harley-Davidson, Inc.	150,000	6,930	3.4
Kohl's Corp.	120,000	6,714	3.3
Citigroup, Inc.	150,000	5,278	2.6
Pfizer, Inc.	150,000	4,586	2.2
Medtronic, Inc.	100,000	4,560	2.2
Wal-Mart Stores, Inc.	90,000	4,546	2.2

FIVE LARGEST INDUSTRY CATEGORIES

INDUSTRY	VALUE (IN THOUSANDS)	PERCENTAGE OF NET ASSETS
Medical Supplies	\$15,715	7.6%
Retail - Special Lines	14,784	7.2
Retail Store	14,739	7.1
Medical Services	12,209	5.9
Bank - Midwest	10,450	5.1

FIVE LARGEST NET SECURITY PURCHASES*

ISSUE	COST (IN THOUSANDS)
-------	------------------------

Edgar Filing: VALUE LINE FUND INC - Form N-30D

Coca Cola Co.	\$3,466
Anheuser-Busch Companies, Inc.	3,463
Walgreen Co.	3,399
Procter & Gamble Co. (The)	3,335
Limited Brands, Inc.	2,358

FIVE LARGEST NET SECURITY SALES*

ISSUE	PROCEEDS (IN THOUSANDS)
Omnicom Group, Inc.	\$5,436
State Street Corp.	4,738
Microsoft Corp.	3,168
Safeway Inc.	3,150
QUALCOMM Incorporated	2,766

* FOR THE SIX MONTH PERIOD ENDED 12/31/02

5

THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS

SHARES	VALUE (IN THOUSANDS)
COMMON STOCKS (80.6%)	
AEROSPACE/DEFENSE (1.3%)	
35,000	General Dynamics Corp. \$ 2,778
BANK (2.3%)	
45,800	BB&T Corp. 1,694
75,000	Zions Bancorporation 2,951

	4,645
BANK -- MIDWEST (5.1%)	
135,000	Fifth Third Bancorp 7,904
120,000	U.S. Bancorp 2,546

	10,450
BEVERAGE --	
ALCOHOLIC (1.5%)	
65,000	Anheuser-Busch Companies, Inc. 3,146
BEVERAGE --	
SOFT DRINK (1.4%)	
67,500	Coca-Cola Co. 2,958
BIOTECHNOLOGY (3.9%)	
164,600	Amgen Inc.* 7,957

Edgar Filing: VALUE LINE FUND INC - Form N-30D

	CHEMICAL --	
	SPECIALTY (1.9%)	
110,000	International Flavors & Fragrances, Inc.	3,861
	COMPUTER SOFTWARE & SERVICES (1.9%)	
112,500	Fiserv, Inc.*	3,819
	DRUG (2.2%)	
150,000	Pfizer, Inc.	4,586
	EDUCATIONAL SERVICES (1.3%)	
73,800	Education Management Corp.*	2,775
	ELECTRICAL EQUIPMENT (1.8%)	
150,000	General Electric Co.	3,653
		VALUE
SHARES		(IN THOUSANDS)

	ENTERTAINMENT TECHNOLOGY (1.0%)	
40,000	Electronic Arts Inc.*	\$ 1,991
	FINANCIAL SERVICES -- DIVERSIFIED (4.7%)	
75,000	American International Group, Inc.	4,339
150,000	Citigroup, Inc.	5,278

		9,617
	FURNITURE/HOME FURNISHINGS (0.6%)	
22,001	Mohawk Industries, Inc.*	1,253
	HOME APPLIANCE (1.1%)	
45,000	Whirlpool Corp.	2,350
	HOMEBUILDING (3.3%)	
80,000	KB Home	3,428
20,000	Lennar Corp.	1,032
50,000	Pulte Homes, Inc.	2,393

		6,853
	HOUSEHOLD PRODUCTS (1.6%)	
37,500	Procter & Gamble Co. (The)	3,223
	INSURANCE -- LIFE (1.6%)	
37,000	AFLAC, Inc.	1,114
125,000	UnumProvident Corp.	2,193

		3,307
	INSURANCE -- PROPERTY/	

Edgar Filing: VALUE LINE FUND INC - Form N-30D

	CASUALTY (0.1%)	
6,480	Travelers Property Casualty Corp.	
	Class "A"*	95
13,314	Travelers Property Casualty Corp.	
	Class "B"*	195

		290
	INTERNET (0.7%)	
20,000	eBay, Inc.*	1,356

6

THE VALUE LINE FUND, INC.

DECEMBER 31, 2002

SHARES		VALUE (IN THOUSANDS)
	MEDICAL SERVICES (5.9%)	
180,000	HCA, Inc.	\$ 7,470
70,600	Laboratory Corp. of America Holdings*	1,641
85,000	Oxford Health Plans, Inc.*	3,098

		12,209
	MEDICAL SUPPLIES (7.6%)	
93,000	Biomet, Inc.	2,665
35,000	Cardinal Health, Inc.	2,072
70,500	Fisher Scientific International, Inc.*	2,121
80,000	Johnson & Johnson	4,297
100,000	Medtronic, Inc.	4,560

		15,715
	OILFIELD SERVICES/ EQUIPMENT (1.4%)	
90,000	BJ Services Co.*	2,908
	PHARMACY SERVICES (2.3%)	
40,000	Express Scripts, Inc. Class "A"*	1,921
100,000	Walgreen Co.	2,919

		4,840
	RAILROAD (0.7%)	
75,000	Norfolk Southern Corp.	1,499
	RECREATION (4.3%)	
150,000	Harley-Davidson, Inc.	6,930
100,000	Mattel, Inc.	1,915

Edgar Filing: VALUE LINE FUND INC - Form N-30D

8,845

SHARES		VALUE (IN THOUSANDS)
75,000	RESTAURANT (1.3%) Cheesecake Factory, Incorporated (The)*	\$ 2,711
120,000	RETAIL BUILDING SUPPLY (2.2%) Lowe's Companies, Inc.	4,500
125,000	RETAIL -- SPECIAL LINES (7.2%) Abercrombie & Fitch Co. Class "A"*	2,558
250,000	Bed Bath & Beyond Inc.*	8,632
135,000	Limited Brands, Inc.	1,881
100,000	PETSMART, Inc.*	1,713
		----- 14,784
124,000	RETAIL STORE (7.1%) Costco Wholesale Corp.*	3,479
120,000	Kohl's Corp.*	6,714
90,000	Wal-Mart Stores, Inc.	4,546
		----- 14,739
75,000	THRIFT (1.3%) Washington Mutual, Inc.	2,590
TOTAL COMMON STOCKS AND TOTAL INVESTMENT SECURITIES (80.6%) (COST \$124,369,000)		\$166,208 =====

7

THE VALUE LINE FUND, INC.

SCHEDULE OF INVESTMENTS

DECEMBER 31, 2002

PRINCIPAL AMOUNT (IN THOUSANDS)	VALUE (IN THOUSANDS EXCEPT PER SHARE AMOUNT)
REPURCHASE AGREEMENT (19.7%) (INCLUDING ACCRUED INTEREST) \$ 14,000	Collateralized by \$13,504,000 U.S. Treasury Bonds 5.25%, due 11/15/28, with a value of

Edgar Filing: VALUE LINE FUND INC - Form N-30D

	\$14,290,000 (with UBS Warburg LLC, 1.10%, dated 12/31/02, due 1/2/03, delivery value \$14,000,856)	\$ 14,000
13,000	Collateralized by \$12,800,000 U.S. Treasury Notes 5.50%, due 2/28/03, with a value of \$13,123,000 (with State Street Bank & Trust Company, 1.05%, dated 12/31/02, due 1/2/03, delivery value \$13,000,758).....	13,000
13,700	Collateralized by \$9,180,000 U.S. Treasury Bonds 8.875%, due 2/15/19, with a value of \$13,949,000 (with Morgan Stanley Dean Witter & Co., 1.05%, dated 12/31/02, due 1/2/03, delivery value \$13,700,799).....	13,700 -----
	TOTAL REPURCHASE AGREEMENTS (COST \$40,700,000).....	40,700 -----
	EXCESS OF LIABILITIES OVER CASH AND OTHER ASSETS (-0.3%)	(570) -----
	NET ASSETS (100.0%).....	\$206,338 =====
	NET ASSET VALUE, OFFERING AND REDEMPTION PRICE PER OUTSTANDING SHARE (\$206,337,743 \D 15,091,143 SHARES OF CAPITAL STOCK OUTSTANDING).....	\$ 13.67 =====

* NON-INCOME PRODUCING.

SEE NOTES TO FINANCIAL STATEMENTS.

8

THE VALUE LINE FUND, INC.

STATEMENT OF ASSETS AND LIABILITIES
AT DECEMBER 31, 2002

(IN THOUSANDS
EXCEPT PER
SHARE AMOUNT)

Edgar Filing: VALUE LINE FUND INC - Form N-30D

ASSETS:

Investment securities, at value	
(Cost - \$124,369)	\$166,208
Repurchase agreements	
(Cost - \$40,700)	40,700
Cash	55
Dividends and interest receivable	121
Receivable for capital shares sold	23
Prepaid insurance expense	3

TOTAL ASSETS	207,110

LIABILITIES:

Payable for capital shares repurchased	562
Accrued expenses:	
Advisory fee	121
Service and distribution plan fees	
payable	45
Other	44

TOTAL LIABILITIES	772

NET ASSETS	\$206,338
	=====

NET ASSETS CONSIST OF:

Capital stock, at \$1.00 par value	
(authorized 50,000,000, outstanding	
15,091,143 shares)	\$ 15,091
Additional paid-in capital	154,054
Accumulated net realized loss on	
investments	(4,646)
Net unrealized appreciation of	
investments	41,839

NET ASSETS	\$206,338
	=====

NET ASSET VALUE, OFFERING AND	
REDEMPTION PRICE PER OUTSTANDING	
SHARE (\$206,337,743 -15,091,143	
SHARES OUTSTANDING)	\$ 13.67
	=====

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

(IN THOUSANDS)

INVESTMENT INCOME:

Dividends	\$ 1,680
Interest	348

Total Income	2,028

EXPENSES:

Advisory fee	1,703
Service and distribution plan fees	636
Transfer agent fees	152
Trading service expense	67
Auditing and legal fees	55
Postage	42

Edgar Filing: VALUE LINE FUND INC - Form N-30D

Printing	41
Custodian fees	40
Registration and filing fees	22
Insurance, dues and other	22
Directors' fees and expenses	21
Telephone	19

Total Expenses before Custody Credits	2,820
Less: Custody Credits	(2)

Net Expenses	2,818

NET INVESTMENT LOSS	(790)

NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS:	
Net Realized Loss	(4,404)
Change in Net Unrealized Appreciation	(68,950)

NET REALIZED LOSS AND CHANGE IN NET UNREALIZED APPRECIATION ON INVESTMENTS	(73,354)

NET DECREASE IN NET ASSETS FROM OPERATIONS	\$ (74,144)
	=====

SEE NOTES TO FINANCIAL STATEMENTS.

9

THE VALUE LINE FUND, INC.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

	YEAR ENDED DECEMBER 31, 2002	YEAR ENDED DECEMBER 31, 2001
	-----	-----
	(IN THOUSANDS)	
OPERATIONS:		
Net investment loss	\$ (790)	\$ (610)
Net realized (loss) gain on investments	(4,404)	3,884
Change in net unrealized appreciation	(68,950)	(53,876)
	-----	-----
Net decrease in net assets from operations	(74,144)	(50,602)
	-----	-----
DISTRIBUTIONS TO SHAREHOLDERS:		
Net realized gain from investment transactions	(2,007)	(2,268)
	-----	-----
CAPITAL SHARE TRANSACTIONS:		
Proceeds from sale of shares	87,992	228,089
Proceeds from reinvestment of distributions to shareholders	1,895	2,141
Cost of shares repurchased	(110,432)	(260,732)
	-----	-----

Edgar Filing: VALUE LINE FUND INC - Form N-30D

Decrease from capital share transactions	(20,545)	(30,502)
	-----	-----
TOTAL DECREASE IN NET ASSETS	(96,696)	(83,372)
NET ASSETS:		
Beginning of year	303,034	386,406
	-----	-----
End of year	\$ 206,338	\$ 303,034
	=====	=====

SEE NOTES TO FINANCIAL STATEMENTS.

10

THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. SIGNIFICANT ACCOUNTING POLICIES

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 and over-the-counter securities traded on the NASDAQ national market are valued at the closing sales prices on the date as of which the net asset value is being determined. 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. 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. 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.

(B) 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, the value of the collateral is marked-to-market 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

Edgar Filing: VALUE LINE FUND INC - Form N-30D

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.

(C) 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 or excise tax provision is required.

(D) 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.

11

THE VALUE LINE FUND, INC.

NOTES TO FINANCIAL STATEMENTS

2. CAPITAL SHARE TRANSACTIONS, DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS

Transactions in capital stock were as follows (IN THOUSANDS EXCEPT PER SHARE AMOUNTS):

	YEAR ENDED DECEMBER 31, 2002	YEAR ENDED DECEMBER 31, 2001
	-----	-----
Shares sold	4,997	12,093
Shares issued to shareholders in reinvestment of dividends and distributions	138	117
	-----	-----
	5,135	12,210
Shares repurchased	6,434	13,898
	-----	-----
Net decrease	(1,299)	(1,688)
	=====	=====
Distributions per share from net realized gains	\$.1335	\$.1387
	=====	=====

3. PURCHASES AND SALES OF SECURITIES

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

Edgar Filing: VALUE LINE FUND INC - Form N-30D

YEAR ENDED
DECEMBER 31,
2002

(IN THOUSANDS)

PURCHASES:

Investment Securities \$ 76,162
=====

SALES:

Investment Securities \$ 131,637
=====

4. INCOME TAXES

At December 31, 2002, information on the tax components of capital is as follows:

(IN THOUSANDS)

Cost of investments for tax purposes	\$ 165,311
	=====
Gross tax unrealized appreciation	\$ 45,473
Gross tax unrealized depreciation	(3,876)

Net tax unrealized appreciation on investments	\$ 41,597
	=====
Capital loss carryforward expires December 31, 2010	\$ 3,006
	=====

During the year ended December 31, 2002, as permitted under federal income tax regulations, the Fund elected to defer \$1,398,000 of post-October net capital losses to the next taxable year. Net realized gains/losses differ for financial statement and tax purposes primarily due to differing treatments of wash sales. To the extent future capital gains are offset by capital losses, the Fund does not anticipate distributing any such gains to the shareholders.

The tax composition of distributions to shareholders for the years ended December 31, 2002 and 2001 were all from net long-term capital gains.

Permanent book-tax differences relating to current year net operating loss are reclassified within the composition of the net asset accounts. In the current year the Fund reclassified \$790,000 from accumulated net investment loss to additional paid-in-capital. Net assets were not affected by this reclassification.

12

THE VALUE LINE FUND, INC.

DECEMBER 31, 2002

5. INVESTMENT ADVISORY CONTRACT, MANAGEMENT FEES AND TRANSACTIONS WITH

Edgar Filing: VALUE LINE FUND INC - Form N-30D

AFFILIATES

An advisory fee of \$1,703,000 was paid or payable to Value Line, Inc., the Fund's investment adviser (the "Adviser"), for the year ended December 31, 2002. This was computed at the rate of .70% of the first \$100 million of the Fund's average daily net assets plus .65% on the excess thereof, and paid monthly. The Adviser provides research, investment programs, supervision of the investment portfolio and pays costs of administrative services, office space, equipment and compensation of administrative, bookkeeping and clerical personnel necessary for managing the affairs of the Fund. The Adviser also provides persons, satisfactory to the Fund's Board of Directors, to act as officers and employees of the Fund and pays their salaries and wages. The Fund bears all other costs and expenses.

The Fund has a Service and Distribution Plan (the "Plan"), adopted pursuant to Rule 12b-1 under the Investment Company Act of 1940, for the payment of certain expenses incurred by Value Line Securities, Inc. (the "Distributor"), a wholly-owned subsidiary of the Adviser, in advertising, marketing and distributing the Fund's shares and for servicing the Fund's shareholders at an annual rate of 0.25% of the Fund's average daily net assets. For the year ended December 31, 2002, fees amounting to \$636,000 were paid or payable to the Distributor under this Plan. In the nine-month period ended September 30, 2002, the Fund reimbursed the Distributor \$67,000 for trading services it performed on behalf of the Fund. During the three-month period ended December 31, 2002, the Fund paid brokerage commissions totaling \$25,449 to the Distributor which clears its transactions through unaffiliated brokers.

Certain officers and directors of the Adviser and its wholly owned subsidiary, Value Line Securities, Inc. (the Fund's distributor and a registered broker/dealer), are also officers and directors of the Fund.

For the year ended December 31, 2002, the Fund's expenses were reduced by \$1,555 under a custody credit arrangement with the Custodian.

The Adviser and/or affiliated companies and the Value Line, Inc. Profit Sharing and Savings Plan owned 510,425 shares of the Fund's capital stock, representing 3.4% of the outstanding shares at December 31, 2002. In addition, certain officers and directors of the Fund owned 55,711 shares of the Fund, representing 0.4% of the outstanding shares.

13

THE VALUE LINE FUND, INC.

FINANCIAL HIGHLIGHTS

SELECTED DATA FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH YEAR:

	YEARS ENDED DECEMBER 31,		
	2002	2001	2000
-----	-----	-----	-----
=====	=====	=====	=====

Edgar Filing: VALUE LINE FUND INC - Form N-30D

NET ASSET VALUE, BEGINNING OF YEAR	\$ 18.49	\$ 21.37	\$ 26.25

INCOME (LOSS) FROM INVESTMENT OPERATIONS:			
Net investment (loss) income	(.05)	(0.04)	(.07)
Net gains or losses on securities (both realized and unrealized)	(4.64)	(2.70)	(3.95)

Total from investment operations	(4.69)	(2.74)	(4.02)

LESS DISTRIBUTIONS:			
Dividends from net investment income	--	--	--
Distributions from net realized gains	(.13)	(.14)	(.86)

Total distributions	(.13)	(.14)	(.86)

NET ASSET VALUE, END OF YEAR	\$ 13.67	\$ 18.49	\$ 21.37
=====			
TOTAL RETURN	-25.35%	-12.82%	-15.35%
=====			
RATIOS/SUPPLEMENTAL DATA:			
Net assets, end of year (in thousands)	\$206,338	\$303,034	\$386,406
Ratio of expenses to average net assets	1.11%(1)	1.04%(1)	.89%(1)
Ratio of net investment (loss) income to average net assets	(0.31)%	(.18)%	(.27)%
Portfolio turnover rate	33%	45%	17%

(1) RATIOS REFLECT EXPENSES GROSSED UP FOR CUSTODY CREDIT ARRANGEMENT. THE RATIO OF EXPENSES TO AVERAGE NET ASSETS NET OF CUSTODY CREDITS WOULD HAVE BEEN 1.03% FOR THE YEAR ENDED DECEMBER 31, 2001 AND UNCHANGED FOR THE YEARS ENDED DECEMBER 31, 2002, 2000, AND 1999.

SEE NOTES TO FINANCIAL STATEMENTS.

14

THE VALUE LINE FUND, INC.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF THE VALUE LINE FUND, INC.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of The Value Line Fund, Inc. (the "Fund") at December 31, 2002, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the

Edgar Filing: VALUE LINE FUND INC - Form N-30D

period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2002 by correspondence with the custodian, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, New York

February 14, 2003

15

THE VALUE LINE FUND, INC.

MANAGEMENT OF THE FUND

MANAGEMENT INFORMATION

The following table sets forth information on each Director and officer of the Fund. Each Director serves as a director or trustee of each of the 15 Value Line Funds and oversees a total of 16 portfolios. Each Director serves until his or her successor is elected and qualified.

NAME, ADDRESS, AND AGE	POSITION	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION DURING THE PAST 5 YEARS

INTERESTED DIRECTORS*			

Jean Bernhard Buttner Age 68	Chairman of the Board of Directors and President	Since 1985	Chairman, President and Chief Executive Officer of Value Line, Inc. (the "Adviser") and Value Line Publishing, Inc.; Chairman and President of each of the 15 Value Line Funds and Value Line Securities, Inc. (the "Distributor").

Edgar Filing: VALUE LINE FUND INC - Form N-30D

Marion N. Ruth 5 Outrider Road Rolling Hills, CA 90274 Age 67	Director	Since 2000	Real Estate Executive: President, Ruth Realty (real estate broker); Director of the Adviser since 2000.
--	----------	------------	--

NON-INTERESTED DIRECTORS

John W. Chandler 1611 Cold Spring Rd. Williamstown, MA 01267 Age 79	Director	Since 1991	Consultant, Academic Search Consultation Service, Inc.; Trustee Emeritus and Chairman (1993-1994) of the Board of Trustees of Duke University; President Emeritus, Williams College.
--	----------	------------	--

Frances T. Newton 4921 Buckingham Drive Charlotte, NC 28209 Age 61	Director	Since 2000	Customer Support Analyst, Duke Power Company.
---	----------	------------	--

16

THE VALUE LINE FUND, INC.

MANAGEMENT OF THE FUND

NAME, ADDRESS, AND AGE	POSITION	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION DURING THE PAST 5 YEARS	OTHER DIRE HELD BY DI
Francis C. Oakley 54 Scott Hill Road Williamstown, MA 01267 Age 71	Director	Since 2000	Professor of History, Williams College, 1961 to 2002; President Emeritus since 1994 and President, 1985-1994; Chairman (1993-1997) and Interim President (2002) of the American Council of Learned Societies.	Berkshire Insurance
David H. Porter 5 Birch Run Drive Saratoga Springs, NY 12866 Age 67	Director	Since 1997	Visiting Professor of Classics, Williams College, since 1999; President Emeritus, Skidmore College since 1999 and President, 1987-1998.	None
Paul Craig Roberts 169 Pompano St.	Director	Since 1985	Chairman, Institute for Political Economy.	A. Schulma (plastics)

Edgar Filing: VALUE LINE FUND INC - Form N-30D

Panama City Beach, FL 32413
Age 63

Nancy-Beth Sheerr 1409 Beaumont Drive Gladwyne, PA 19035 Age 53	Director	Since 1996	Senior Financial Advisor, Hawthorne, since January 2001; Chairman, Radcliffe College Board of Trustees, 1990-1999.	None
--	----------	------------	--	------

17

THE VALUE LINE FUND, INC.

MANAGEMENT OF THE FUND

NAME, ADDRESS, AND AGE	POSITION	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION DURING THE PAST 5 YEARS	OTHER HELD
OFFICERS				
Alan Hoffman Age 49	Vice President	Since 1997	Portfolio Manager with the Adviser.	
Philip Orlando Age 44	Vice President	Since 1997	Chief Investment Officer with the Adviser.	
Stephen Grant	Vice President	Since 2001	Portfolio Manager with the	
David T. Henigson Age 45	Vice President, Secretary and Treasurer	Since 1994	Director, Vice President and Compliance Officer of the Adviser; Director and Vice President of the Distributor; Vice President, Secretary and Treasurer of each of the 15 Value Line Funds.	

* MRS. BUTTNER IS AN "INTERESTED PERSON" AS DEFINED IN THE INVESTMENT COMPANY ACT OF 1940 BY VIRTUE OF HER POSITIONS WITH THE ADVISER AND HER INDIRECT OWNERSHIP OF A CONTROLLING INTEREST IN THE ADVISER; MRS. RUTH IS AN INTERESTED PERSON BY VIRTUE OF BEING A DIRECTOR OF THE ADVISER.

UNLESS OTHERWISE INDICATED, THE ADDRESS FOR EACH OF THE ABOVE IS 220 EAST 42ND STREET, NEW YORK, NY 10017.

The Fund's Statement of Additional Information (SAI) includes additional information about the Fund's directors and is available without charge, upon request, by calling 1-800-243-2729.

18

THE VALUE LINE FUND, INC.

(This page intentionally left blank.)

19

THE VALUE LINE FUND, INC.

THE VALUE LINE FAMILY OF FUNDS

1950 -- THE VALUE LINE FUND seeks long-term growth of capital. Current income is a secondary objective.

1952 -- VALUE LINE INCOME AND GROWTH FUND'S primary investment objective is income, as high and dependable as is consistent with reasonable risk. Capital growth to increase total return is a secondary objective.

1956 -- THE VALUE LINE SPECIAL SITUATIONS FUND seeks long-term growth of capital. No consideration is given to current income in the choice of investments.

1972 -- VALUE LINE LEVERAGED GROWTH INVESTORS' sole investment objective is to realize capital growth.

1979 -- THE VALUE LINE CASH FUND, a money market fund, seeks to secure as high a level of current income as is consistent with maintaining liquidity and preserving capital. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

1981 -- VALUE LINE U.S. GOVERNMENT SECURITIES FUND seeks maximum income without undue risk to capital. Under normal conditions, at least 80% of the value of its

Edgar Filing: VALUE LINE FUND INC - Form N-30D

net assets will be invested in securities issued or guaranteed by the U.S. Government and its agencies and instrumentalities.

1983 -- VALUE LINE CENTURION FUND* seeks long-term growth of capital.

1984 -- THE VALUE LINE TAX EXEMPT FUND seeks to provide investors with the maximum income exempt from federal income taxes while avoiding undue risk to principal. The Fund offers investors a choice of two portfolios: The Money Market Portfolio and The National Bond Portfolio. The fund may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

1985 -- VALUE LINE CONVERTIBLE FUND seeks high current income together with capital appreciation primarily from convertible securities ranked 1 or 2 for year-ahead performance by the Value Line Convertible Ranking System.

1986 -- VALUE LINE AGGRESSIVE INCOME TRUST seeks to maximize current income.

1987 -- VALUE LINE NEW YORK TAX EXEMPT TRUST seeks to provide New York taxpayers with the maximum income exempt from New York State, New York City and federal income taxes while avoiding undue risk to principal. The fund may be subject to state and local taxes and the Alternative Minimum Tax (if applicable).

1987 -- VALUE LINE STRATEGIC ASSET MANAGEMENT TRUST* seeks to achieve a high total investment return consistent with reasonable risk.

1993 -- VALUE LINE EMERGING OPPORTUNITIES FUND invests primarily in common stocks or securities convertible into common stock, with its primary objective being long-term growth of capital.

1993 -- VALUE LINE ASSET ALLOCATION FUND seeks high total investment return, consistent with reasonable risk. The Fund invests in stocks, bonds and money market instruments utilizing quantitative modeling to determine the asset mix.

1995 -- VALUE LINE U.S. MULTINATIONAL COMPANY FUND'S investment objective is maximum total return. It invests primarily in securities of U.S. companies that have significant sales from international operations.

* ONLY AVAILABLE THROUGH THE PURCHASE OF GUARDIAN INVESTOR, A TAX DEFERRED VARIABLE ANNUITY, OR VALUEPLUS, A VARIABLE LIFE INSURANCE POLICY.

FOR MORE COMPLETE INFORMATION ABOUT ANY OF THE VALUE LINE FUNDS, INCLUDING CHARGES AND EXPENSES, SEND FOR A PROSPECTUS FROM VALUE LINE SECURITIES, INC., 220 EAST 42ND STREET, NEW YORK, NEW YORK 10017-5891 OR CALL 1-800-223- 0818, 24 HOURS A DAY, 7 DAYS A WEEK, OR VISIT US AT WWW.VALUELINE.COM. READ THE PROSPECTUS CAREFULLY BEFORE YOU INVEST OR SEND MONEY.