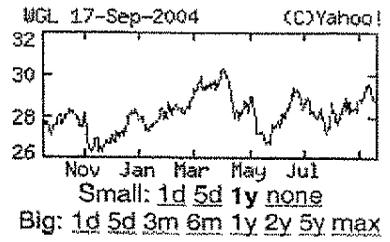


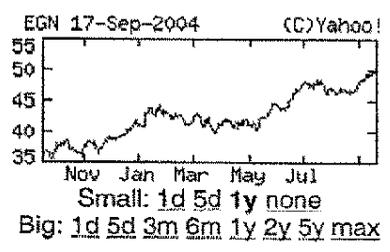
| | | | | | |
|-------------------------------|--------------------------|-----------------|-------------------|-------------------|--------------------|
| Last Trade 11:31am · 28.51 | Change -0.29 (-1.01%) | | Prev Cls 28.80 | Open 28.73 | Volume 51,100 |
| Day's Range 28.46 - 28.84 | Bid N/A | Ask N/A | P/E 14.55 | Mkt Cap 1.387B | Avg Vol 183,090 |
| 52-wk Range 26.20 - 30.39 | Bid Size N/A | Ask Size N/A | P/S 0.59 | Div/Shr 1.30 | Div Date Aug 1 |
| 1y Target Est 27.00 | EPS (ttm) 1.98 | EPS Est 1.82 | PEG 3.83 | Yield 4.51 | Ex-Div Jul 7 |



[Chart](#), [Financials](#), [Historical Prices](#), [Industry](#), [Insider](#), [Messages](#)
[News](#), [Profile](#), [Reports](#), [Research](#), [SEC Filings](#), [more...](#)

ENERGEN CORP (NYSE:EGN) - Trade: [Choose Brokerage](#)

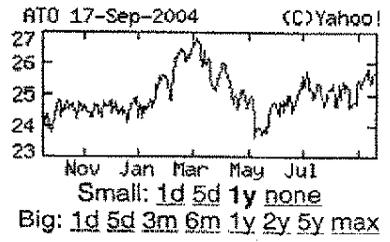
| | | | | | |
|-------------------------------|--------------------------|-----------------|-------------------|-------------------|--------------------|
| Last Trade 11:31am · 49.87 | Change +0.14 (+0.28%) | | Prev Cls 49.73 | Open 49.70 | Volume 70,800 |
| Day's Range 49.55 - 49.93 | Bid N/A | Ask N/A | P/E 15.89 | Mkt Cap 1.814B | Avg Vol 172,181 |
| 52-wk Range 35.30 - 50.31 | Bid Size N/A | Ask Size N/A | P/S 2.04 | Div/Shr 0.77 | Div Date Sep 1 |
| 1y Target Est 53.33 | EPS (ttm) 3.13 | EPS Est 3.36 | PEG 2.11 | Yield 1.55 | Ex-Div Aug 11 |



[Chart](#), [Financials](#), [Historical Prices](#), [Industry](#), [Insider](#), [Messages](#)
[News](#), [Profile](#), [Reports](#), [Research](#), [SEC Filings](#), [more...](#)

ATMOS ENERGY (NYSE:ATO) - Trade: [Choose Brokerage](#)

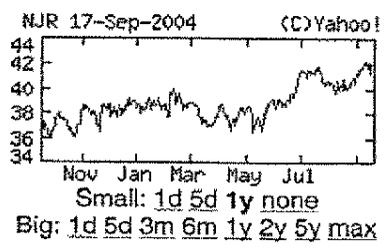
| | | | | | |
|-------------------------------|--------------------------|-----------------|-------------------|-------------------|--------------------|
| Last Trade 11:32am · 25.57 | Change -0.19 (-0.74%) | | Prev Cls 25.76 | Open 25.81 | Volume 81,600 |
| Day's Range 25.56 - 25.81 | Bid N/A | Ask N/A | P/E 15.43 | Mkt Cap 1.601B | Avg Vol 413,636 |
| 52-wk Range 23.40 - 27.00 | Bid Size N/A | Ask Size N/A | P/S 0.56 | Div/Shr 1.22 | Div Date Sep 10 |
| 1y Target Est 25.25 | EPS (ttm) 1.67 | EPS Est 1.57 | PEG 4.88 | Yield 4.74 | Ex-Div Aug 23 |



[Chart](#), [Financials](#), [Historical Prices](#), [Industry](#), [Insider](#), [Messages](#)
[News](#), [Profile](#), [Reports](#), [Research](#), [SEC Filings](#), [more...](#)

NJ RESOURCES (NYSE:NJR) - Trade: [Choose Brokerage](#)

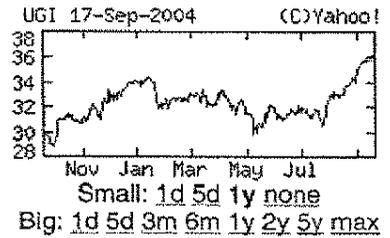
| | | | | | |
|-------------------------------|--------------------------|-----------------|-------------------|-------------------|--------------------|
| Last Trade 11:30am · 41.76 | Change -0.19 (-0.45%) | | Prev Cls 41.95 | Open 41.98 | Volume 12,500 |
| Day's Range 41.64 - 42.02 | Bid N/A | Ask N/A | P/E 16.07 | Mkt Cap 1.155B | Avg Vol 102,227 |
| 52-wk Range 35.76 - 42.40 | Bid Size N/A | Ask Size N/A | P/S 0.47 | Div/Shr 1.30 | Div Date Oct 1 |
| 1y Target Est 42.20 | EPS (ttm) 2.61 | EPS Est 2.58 | PEG 2.89 | Yield 3.10 | Ex-Div Sep 13 |



[Chart](#), [Financials](#), [Historical Prices](#), [Industry](#), [Insider](#), [Messages](#)
[News](#), [Profile](#), [Reports](#), [Research](#), [SEC Filings](#), [more...](#)

UGI CORP HLDS (NYSE:UGI) - Trade: [Choose Brokerage](#)

| | | | | |
|-------------------------------|--------------------------|-------------------|---------------|-------------------|
| Last Trade 11:32am • 35.73 | Change -0.38 (-1.05%) | Prev Cls 36.11 | Open 35.96 | Volume 56,600 |
| Day's Range 35.70 - 36.00 | Bid N/A | Ask N/A | P/E 15.77 | Mkt Cap 1.821B |
| 52-wk Range 28.85 - 36.70 | Bid Size N/A | Ask Size N/A | P/S 0.52 | Div/Shr 1.25 |
| 1y Target Est 35.75 | EPS (ttm) 2.29 | EPS Est 2.36 | PEG 1.73 | Yield 3.46 |
| | | | | Ex-Div Aug 27 |
| | | | | Div Date Oct 1 |



[Chart](#), [Financials](#), [Historical Prices](#), [Industry](#), [Insider](#), [Messages](#), [News](#), [Options](#), [Profile](#), [Reports](#), [Research](#), [SEC Filings](#), [more...](#)

[Set Alert](#) - [Create Transaction History](#) - [Portfolio Email](#)

[Download Spreadsheet](#)

Quotes delayed 15 minutes for Nasdaq, 20 minutes for NYSE and Amex. For delay times on other exchanges see [exchange table](#). Quote data provided by [Reuters](#).

Don't Delay. Get a [Free trial](#) of streaming real-time exchange quotes, charts, and screener from NYSE, AMEX, and Nasdaq.

Recent News

[Customize News](#)

[audio] [Peoples Energy Corp. Analyst Meeting \(live today at 12:30 pm ET\)](#)

New research reports for [ATG](#), [ATO](#), [CGC](#), [EGN](#), [GAS](#), [KSE](#), [LG](#), [NJR](#), [NUI](#), [NWN](#), [PGL](#), [PNY](#), [SEN](#), [SJI](#), [SUG](#), [SWX](#), [UGI](#), [WGL](#)

Mon 10:43am PGL [PEOPLES ENERGY CORP Files SEC form 8-K, Cost of Change in Assets, Regulation FD Disclosure, Financial Statements and - EDGAR Online](#)

Mon 10:06am KSE [\[external\] I'm Buying Utilities - at SmartMoney.com](#)

Mon 10:00am SEN [SEMCO ENERGY, Inc. Names Peter F. Clark Senior Vice President and General Counsel - PR Newswire](#)

Mon 9:49am PGL [Peoples Cuts 10 Percent of Work Force - Associated Press](#)

Mon 9:47am PGL [\[external\] UPDATE - Peoples Energy cuts jobs and 2004 forecast - Reuters](#)

Mon 7:35am PGL [Peoples Energy Corp. Analyst Meeting scheduled for 12:30 pm ET today - CCBN](#)

Mon 7:17am PGL [\[external\] Peoples Energy to cut jobs, sees charges - Reuters](#)

Mon 7:11am PGL [InPlay: Peoples Energy announces results of restructuring, revises Y04 & Y05 outlook - Briefing.com](#)

Mon 7:00am PGL [Peoples Energy Announces Results of Restructuring - Business Wire](#)

Fri Sep 17 SUG [SOUTHERN UNION CO Files SEC form 8-K, Entry Material Agreement, Financial Statements and Exhibits - EDGAR Online](#)

Fri Sep 17 NJR [New Jersey Natural Gas Announces Economic Development Award Winners for Monmouth and Ocean Counties - Business Wire](#)

Thu Sep 16 SUG [\[external\] Southern Union to sell interest in Northern Plains - Reuters](#)

Thu Sep 16 SUG [ONEOK Signs Agreement to Acquire General Partner Interests in Northern Border Partners, L.P. - PR Newswire](#)

Thu Sep 16 SUG [Southern Union/GE Commercial Finance Joint Venture Enters Agreement to Sell Interests in Northern Border Partners, LP - Business Wire](#)

Thu Sep 16 SUG [\[external\] UPDATE - MergerTalk: Forward sales become financing alternative - Reuters](#)

Wed Sep 15 CGC [Cascade Natural Gas Corporation Announces Dividend - Business Wire](#)

Wed Sep 15 NWN [\[external\] Energy market eyes Hurricane Ivan's effect, and more - at CBS MarketWatch](#)

Wed Sep 15 UGI [UGI to Webcast Analyst Presentation - Business Wire](#)

Wed Sep 15 NWN [\[external\] Northwest Natural Gas names new CFO - Reuters](#)

Wed Sep 15 NWN [NW Natural Appoints New CFO - Business Wire](#)

Wed Sep 15 KSE [KeySpan Announces Common Stock Dividend - Business Wire](#)

Wed Sep 15 WGL [WGL HOLDINGS INC Files SEC form 8-K, Other Events - EDGAR Online](#)

Wed Sep 15 KSE [KEYSPAN CORP Files SEC form 8-K, Change in Directors or Principal Officers - EDGAR Online](#)

Wed Sep 15 PGL Peoples Energy To Webcast New York Meeting With Analysts - Business Wire

Wed Sep 15 SUG [external] FERC oks expanded Southern Union LNG terminal - Reuters

[more headlines... \(155\)](#)

All headlines for: [ATG](#), [ATO](#), [CGC](#), [EGN](#), [GAS](#), [KSE](#), [LG](#), [NJR](#), [NUI](#), [NWN](#), [PGL](#), [PNY](#), [SEN](#), [SJI](#), [SUG](#), [SWX](#), [UGI](#), [WGL](#)

[Questions or Comments?](#)

Copyright © 2004 Yahoo! Inc. All rights reserved. [Terms of Service](#) - [Copyright Policy](#) - [Ad Feedback](#).
To learn more about Yahoo!'s use of personal information, please read the [Privacy Policy](#).

Historical chart data and daily updates provided by [Commodity Systems, Inc. \(CSI\)](#).

Market Cap and Avg Vol provided by [Market Guide](#). Other [Disclaimers](#).

Target Price Est, EPS Est & PEG provided by the [Thomson Financial Network](#).

Data and information is provided for informational purposes only, and is not intended for trading purposes. Neither Yahoo! nor any of its data or content providers (such as Reuters, CSI and exchanges) shall be liable for any errors or delays in the content, or for any actions taken in reliance thereon. By accessing the Yahoo! site, a user agrees not to redistribute the information found therein. All data provided by Thomson Financial Network is based solely upon research information provided by third party analysts. Yahoo! has not reviewed, and in no way endorses the validity of such data. Yahoo! and ThomsonFN shall not be liable for any actions taken in reliance thereon. The trading services which users may access through the links on this page are services of the listed independent brokerage companies. In order to use these services, you need to have an existing account with such brokerage company or you will need to set up such an account with such brokerage company. Yahoo! provides customized links to selected brokerage companies for your convenience only. Yahoo! is not a registered broker-dealer and does not endorse or recommend the services of any brokerage company. The brokerage company you select is solely responsible for its services to you, the user. Yahoo! shall not be liable for any damages or costs of any type arising out of or in any way connected with your use of the services of the brokerage company.



Zacks.com Quotes and Research

1/12
WP (D-6) 3

CASCADE NAT GAS CORP CGC (NYSE)

Cascade Natural Gas Corporation's principal business is the distribution of natural gas.

General Information

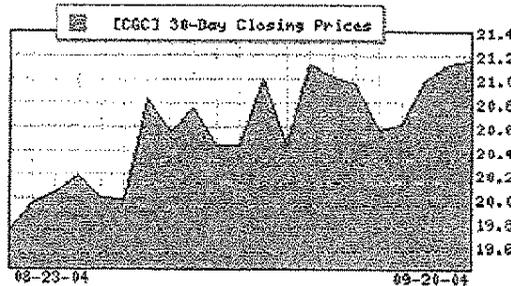
CASCADE NAT GAS
222 Fairview Avenue North
Seattle, WA 98109
Phone: 206 624-3900
Fax: 206 624-7215
Web: <http://www.cascadegas.com/>
Email: investorinfo@cngo.com

Industry: UTIL-GAS DISTR
Sector: UTILITIES

Fiscal Year End: September
Last Reported Quarter: 06/30/04
Next EPS Date: 11/08/2004

Price and Volume Information

Zacks Rank: 3
Yesterday's Close: 21.12
52 Week High: 22.99
52 Week Low: 19.19
Beta: 0.10
20 Day Moving Average: 33,475
Target Price Consensus: N/A



% Price Change

4 Week: 6.72
12 Week: 1.39
YTD: 0.14

% Price Change Relative to S&P 500

4 Week: 0.69
12 Week: 1.97
YTD: -1.44

Share Information

Shares Outstanding (millions): 11.25
Market Capitalization (millions): 237.52
Short Interest (shares): 236,006
Short Ratio: 6.27
Last Split Date: 12/21/1993

Dividend Information

Dividend Yield: 4.55%
Annual Dividend: \$0.96
Payout Ratio: 0.77
Change in Payout Ratio: -0.06
Last Dividend Payout / Amount: 07/28/2004 / \$0.24

EPS Information

Current Quarter EPS Consensus Estimate: -0.27
Current Year EPS Consensus Estimate: 1.21
Estimated Long-Term EPS Growth Rate: -
Next EPS Report Date: 11/08/2004

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell): 3.00
30 Days Ago: 3.00
60 Days Ago: 3.00
90 Days Ago: 3.00

Fundamental Ratios

| | | | | | |
|---------------------------|-------|-----------------------|----------|-------------------------|---------|
| P/E | | EPS Growth | | Sales Growth | |
| Current FY Estimate: | 17.53 | vs. Previous Year | 33.33% | vs. Previous Year | -3.19% |
| Trailing 12 Months: | 16.90 | vs. Previous Quarter | -107.89% | vs. Previous Quarter: | -56.40% |
| PEG Ratio | - | | | | |
| Price Ratios | | ROE | | ROA | |
| Price/Book | 2.08 | 06/30/04 | 11.66 | 06/30/04 | 3.57 |
| Price/Cash Flow | 7.58 | 03/31/04 | 11.47 | 03/31/04 | 3.52 |
| Price / Sales | 0.75 | 12/31/03 | 10.11 | 12/31/03 | 3.10 |
| Current Ratio | | Quick Ratio | | Operating Margin | |
| 06/30/04 | 0.62 | 06/30/04 | 0.44 | 06/30/04 | 4.42 |
| 03/31/04 | 0.79 | 03/31/04 | 0.67 | 03/31/04 | 4.29 |
| 12/31/03 | 0.81 | 12/31/03 | 0.66 | 12/31/03 | 3.89 |
| Net Margin | | Pre-Tax Margin | | Book Value | |
| 06/30/04 | 6.44 | 06/30/04 | 6.44 | 06/30/04 | 10.91 |
| 03/31/04 | 5.79 | 03/31/04 | 5.79 | 03/31/04 | 11.17 |
| 12/31/03 | 5.13 | 12/31/03 | 5.13 | 12/31/03 | 10.62 |
| Inventory Turnover | | Debt-to-Equity | | Debt to Captial | |
| 06/30/04 | 18.40 | 06/30/04 | 1.09 | 06/30/04 | 52.24 |
| 03/31/04 | 20.38 | 03/31/04 | 1.07 | 03/31/04 | 51.72 |
| 12/31/03 | 21.71 | 12/31/03 | 1.17 | 12/31/03 | 53.94 |



Zacks.com Quotes and Research

KEYSPAN CORP KSE (NYSE)

KeySpan Corporation provides a range of energy-related services through operations and investments in selected areas of the energy industry. The Company engages in four core downstream businesses: natural gas distribution, Electric Services, Energy Services and Energy Investments. It also competes in two additional lines of business: gas exploration and production and select energy-related investments.

General Information

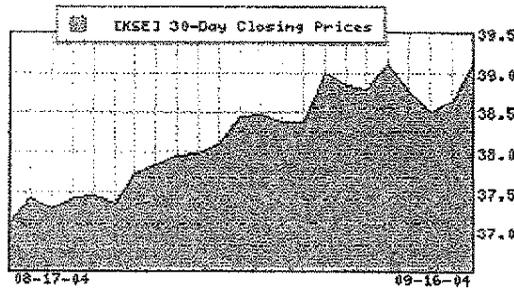
KEYSPAN CORP
 175 East Old Country Road
 Hicksville, NY 11801
 Phone: 516 755-6650
 Fax: -
 Web: <http://www.keyspanenergy.com/>
 Email: financial@keyspanenergy.com

Industry: UTIL-GAS DISTR
 Sector: UTILITIES

Fiscal Year End: December
 Last Reported Quarter: 06/30/04
 Next EPS Date: 11/04/2004

Price and Volume Information

Zacks Rank: 3
 Yesterday's Close: 38.50
 52 Week High: 39.10
 52 Week Low: 33.80
 Beta: 0.35
 20 Day Moving Average: 371,775
 Target Price Consensus: 36.78



% Price Change

4 Week: 3.77
 12 Week: 6.53
 YTD: 4.62

% Price Change Relative to S&P 500

4 Week: -0.51
 12 Week: 7.10
 YTD: 5.12

Share Information

Shares Outstanding (millions): 160.18
 Market Capitalization (millions): 6,166.78
 Short Interest (shares): 3,535,302
 Short Ratio: 8.35
 Last Split Date: 07/21/1993

Dividend Information

Dividend Yield: 4.62%
 Annual Dividend: \$1.78
 Payout Ratio: 0.66
 Change in Payout Ratio: -0.10
 Last Dividend Payout / Amount: 07/12/2004 / \$0.44

EPS Information

Current Quarter EPS Consensus Estimate: 0.02
 Current Year EPS Consensus Estimate: 2.64
 Estimated Long-Term EPS Growth Rate: 5.00

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell): 2.82
 30 Days Ago: 2.82
 60 Days Ago: 2.82

Next EPS Report Date

11/04/2004 90 Days Ago

2.82

Fundamental Ratios

| P/E | EPS Growth | | Sales Growth | |
|---------------------------|-----------------------|----------------------|-------------------------|-------------------------------|
| Current FY Estimate: | 14.60 | vs. Previous Year | 64.71% | vs. Previous Year -3.01% |
| Trailing 12 Months: | 14.37 | vs. Previous Quarter | -81.70% | vs. Previous Quarter: -47.38% |
| PEG Ratio | 2.90 | | | |
| Price Ratios | | ROE | ROA | |
| Price/Book | 1.57 | 06/30/04 | 11.65 | 06/30/04 3.20 |
| Price/Cash Flow | 6.20 | 03/31/04 | 11.47 | 03/31/04 3.06 |
| Price / Sales | 0.89 | 12/31/03 | 11.33 | 12/31/03 3.05 |
| Current Ratio | Quick Ratio | | Operating Margin | |
| 06/30/04 | 2.38 | 06/30/04 | 1.91 | 06/30/04 6.23 |
| 03/31/04 | - | 03/31/04 | - | 03/31/04 5.92 |
| 12/31/03 | 1.29 | 12/31/03 | 0.96 | 12/31/03 5.91 |
| Net Margin | Pre-Tax Margin | | Book Value | |
| 06/30/04 | 13.93 | 06/30/04 | 13.93 | 06/30/04 24.45 |
| 03/31/04 | 10.92 | 03/31/04 | 10.92 | 03/31/04 - |
| 12/31/03 | 11.07 | 12/31/03 | 11.07 | 12/31/03 23.02 |
| Inventory Turnover | Debt-to-Equity | | Debt to Capital | |
| 06/30/04 | 5.01 | 06/30/04 | 1.32 | 06/30/04 56.44 |
| 03/31/04 | 5.37 | 03/31/04 | - | 03/31/04 - |
| 12/31/03 | 6.59 | 12/31/03 | 1.53 | 12/31/03 62.04 |



Zacks.com Quotes and Research

NICOR INC GAS (NYSE)

NICOR Inc. is a holding company. Its principal subsidiaries are Northern Illinois Gas Company, one of the nation's largest distributors of natural gas, and Tropical Shipping, one of the leading transporters of containerized freight in the Caribbean. Gas distribution is Nicor's primary business, representing the majority of consolidated operating income and assets. Nicor also owns several energy-related subsidiaries and is a partner in Nicor Energy, a provider of unregulated energy products and services.

General information

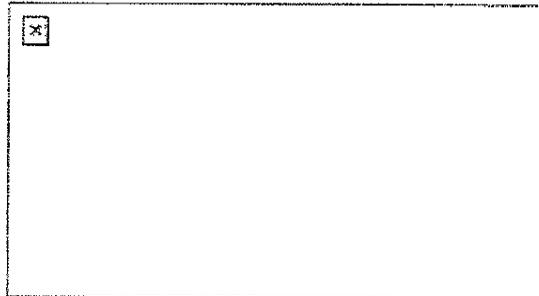
NICOR INC
 1844 Ferry Road
 Naperville, IL 60563-9600
 Phone: 630 305-9500
 Fax: 630 983-9328
 Web: <http://www.nicorinc.com/>
 Email: None

Industry: UTIL-GAS DISTR
 Sector: UTILITIES

Fiscal Year End: December
 Last Reported Quarter: 06/30/04
 Next EPS Date: 10/28/2004

Price and Volume Information

Zacks Rank: 2
 Yesterday's Close: 36.53
 52 Week High: 37.31
 52 Week Low: 32.21
 Beta: 0.36
 20 Day Moving Average: 244,450
 Target Price Consensus: 33.13



| % Price Change | | % Price Change Relative to S&P 500 | |
|----------------|------|------------------------------------|------|
| 4 Week | 4.82 | 4 Week | 0.49 |
| 12 Week | 4.91 | 12 Week | 5.48 |
| YTD | 7.31 | YTD | 6.37 |

| Share Information | | Dividend Information | |
|----------------------------------|------------|-------------------------------|---------------------|
| Shares Outstanding (millions) | 44.06 | Dividend Yield | 5.09% |
| Market Capitalization (millions) | 1,609.69 | Annual Dividend | \$1.86 |
| Short Interest (shares) | 4,467,302 | Payout Ratio | 0.85 |
| Short Ratio | 16.17 | Change in Payout Ratio | 0.19 |
| Last Split Date | 04/27/1993 | Last Dividend Payout / Amount | 06/28/2004 / \$0.47 |

| EPS Information | | Consensus Recommendations | |
|--|------|---------------------------------------|------|
| Current Quarter EPS Consensus Estimate | 0.08 | Current (1=Strong Buy, 5=Strong Sell) | 3.17 |
| Current Year EPS Consensus Estimate | 2.21 | 30 Days Ago | 3.43 |
| Estimated Long-Term EPS Growth Rate | 3.70 | 60 Days Ago | 3.43 |

WP (Δ -6 ---) 3 6/12

Next EPS Report Date

10/28/2004 90 Days Ago

3.43

Fundamental Ratios

| P/E | EPS Growth | | Sales Growth | | |
|---------------------------|-------------------|-----------------------|---------------------|-------------------------------|-------|
| Current FY Estimate: | 16.54 | vs. Previous Year | 29.41% | vs. Previous Year -5.15% | |
| Trailing 12 Months: | 16.60 | vs. Previous Quarter | -54.17% | vs. Previous Quarter: -61.50% | |
| PEG Ratio | 4.47 | | | | |
| Price Ratios | | ROE | | ROA | |
| Price/Book | 2.13 | 06/30/04 | 13.01 | 06/30/04 | 2.78 |
| Price/Cash Flow | 6.12 | 03/31/04 | 12.44 | 03/31/04 | 2.84 |
| Price / Sales | 0.62 | 12/31/03 | 13.49 | 12/31/03 | 3.21 |
| Current Ratio | | Quick Ratio | | Operating Margin | |
| 06/30/04 | 0.83 | 06/30/04 | 0.77 | 06/30/04 | 3.78 |
| 03/31/04 | 0.83 | 03/31/04 | 0.79 | 03/31/04 | 3.58 |
| 12/31/03 | 0.86 | 12/31/03 | 0.64 | 12/31/03 | 3.80 |
| Net Margin | | Pre-Tax Margin | | Book Value | |
| 06/30/04 | 4.30 | 06/30/04 | 4.30 | 06/30/04 | 17.12 |
| 03/31/04 | 4.63 | 03/31/04 | 4.63 | 03/31/04 | 17.13 |
| 12/31/03 | 6.36 | 12/31/03 | 6.36 | 12/31/03 | 17.14 |
| Inventory Turnover | | Debt-to-Equity | | Debt to Capital | |
| 06/30/04 | 11.51 | 06/30/04 | 0.66 | 06/30/04 | 39.57 |
| 03/31/04 | 11.71 | 03/31/04 | 0.66 | 03/31/04 | 39.69 |
| 12/31/03 | 12.61 | 12/31/03 | 0.66 | 12/31/03 | 39.56 |



Zacks.com Quotes and Research

NORTHWEST NAT GAS CO NWN (NYSE)

NW Natural is principally engaged in the distribution of natural gas. The Oregon Public Utility Commission (OPUC) has allocated to NW Natural as its exclusive service area a major portion of western Oregon, including the Portland metropolitan area, most of the fertile Willamette Valley and the coastal area from Astoria to Coos Bay. NW Natural also holds certificates from the Washington Utilities and Transportation Commission (WUTC) granting it exclusive rights to serve portions of three Washington counties bordering the Columbia River.

General Information

NORTHWEST NAT G

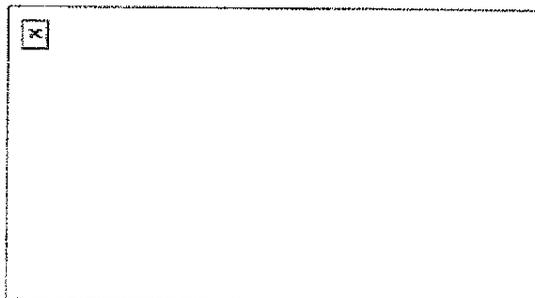
220 N.W. Second Avenue
 Portland, OR 97209
 Phone: 503 226-4211
 Fax: 503 273-4824
 Web: <http://www.nwnatural.com/>
 Email: investorinformation@nwnatural.com

Industry: UTIL-GAS DISTR
 Sector: UTILITIES

Fiscal Year End: December
 Last Reported Quarter: 06/30/04
 Next EPS Date: 11/09/2004

Price and Volume Information

Zacks Rank: 4
 Yesterday's Close: 31.53
 52 Week High: 32.72
 52 Week Low: 27.92
 Beta: -0.09
 20 Day Moving Average: 65,740
 Target Price Consensus: 30.5



% Price Change

4 Week: 5.35
 12 Week: 4.54
 YTD: 2.54

% Price Change Relative to S&P 500

4 Week: 0.99
 12 Week: 5.11
 YTD: 3.85

Share Information

Shares Outstanding (millions): 27.34
 Market Capitalization (millions): 862.16
 Short Interest (shares): 696,088
 Short Ratio: 7.23
 Last Split Date: 09/09/1996

Dividend Information

Dividend Yield: 4.12%
 Annual Dividend: \$1.30
 Payout Ratio: 0.72
 Change in Payout Ratio: 0.02
 Last Dividend Payout / Amount: 07/28/2004 / \$0.32

EPS information

Current Quarter EPS Consensus Estimate: -0.30
 Current Year EPS Consensus Estimate: 1.84
 Estimated Long-Term EPS Growth Rate: 4.10

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell): 2.50
 30 Days Ago: 2.50
 60 Days Ago: 2.50

WP (D-6) 3 8/11

Next EPS Report Date

11/09/2004 90 Days Ago

2.50

Fundamental Ratios

| P/E | | EPS Growth | | Sales Growth | |
|---------------------------|-------|-----------------------|----------|-------------------------|---------|
| Current FY Estimate: | 17.16 | vs. Previous Year | -105.88% | vs. Previous Year | -6.66% |
| Trailing 12 Months: | 17.42 | vs. Previous Quarter | -100.81% | vs. Previous Quarter: | -56.90% |
| PEG Ratio | 4.16 | | | | |
| Price Ratios | | ROE | | ROA | |
| Price/Book | 1.53 | 06/30/04 | 9.11 | 06/30/04 | 3.13 |
| Price/Cash Flow | 8.10 | 03/31/04 | 10.29 | 03/31/04 | 3.58 |
| Price / Sales | 1.32 | 12/31/03 | 9.20 | 12/31/03 | 3.28 |
| Current Ratio | | Quick Ratio | | Operating Margin | |
| 06/30/04 | 1.04 | 06/30/04 | 0.65 | 06/30/04 | 7.31 |
| 03/31/04 | 1.05 | 03/31/04 | 0.80 | 03/31/04 | 7.92 |
| 12/31/03 | 0.93 | 12/31/03 | 0.69 | 12/31/03 | 7.52 |
| Net Margin | | Pre-Tax Margin | | Book Value | |
| 06/30/04 | 10.96 | 06/30/04 | 10.96 | 06/30/04 | 20.62 |
| 03/31/04 | 12.07 | 03/31/04 | 12.07 | 03/31/04 | 20.70 |
| 12/31/03 | 11.34 | 12/31/03 | 11.34 | 12/31/03 | 19.67 |
| Inventory Turnover | | Debt-to-Equity | | Debt to Capital | |
| 06/30/04 | 7.31 | 06/30/04 | 0.89 | 06/30/04 | 47.04 |
| 03/31/04 | 7.90 | 03/31/04 | 0.94 | 03/31/04 | 48.42 |
| 12/31/03 | 7.34 | 12/31/03 | 0.99 | 12/31/03 | 49.70 |



Zacks.com Quotes and Research

PIEDMONT NAT GAS INC PNY (NYSE)

Piedmont Natural Gas Co, Inc., is an energy and services company engaged in the transportation and sale of natural gas and the sale of propane to residential, commercial and industrial customers in North Carolina, South Carolina and Tennessee. The Company is the second-largest natural gas utility in the southeast. The Company and its non-utility subsidiaries and divisions are also engaged in acquiring, marketing and arranging for the transportation and storage of natural gas for large-volume purchasers, and in the sale of propane to customers in the Company's three-state service area.

General Information

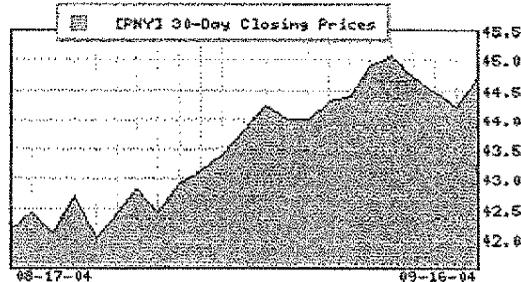
PIEDMONT NAT GA
 1915 Rexford Road
 Charlotte, NC 28211
 Phone: 704 364-3120
 Fax: 704 364-1395
 Web: <http://www.piedmontng.com/>
 Email: investor.relations@piedmontng.com

Industry: UTIL-GAS DISTR
 Sector: UTILITIES

Fiscal Year End: October
 Last Reported Quarter: 07/31/04
 Next EPS Date: 12/10/2004

Price and Volume Information

Zacks Rank: 2
 Yesterday's Close: 44.44
 52 Week High: 45.06
 52 Week Low: 38.60
 Beta: 0.09
 20 Day Moving Average: 123,970
 Target Price Consensus: 40



% Price Change

4 Week: 5.43
 12 Week: 4.00
 YTD: 2.25

% Price Change Relative to S&P 500

4 Week: 1.08
 12 Week: 4.56
 YTD: 2.57

Share Information

Shares Outstanding (millions): 38.05
 Market Capitalization (millions): 1,690.94
 Short Interest (shares): 2,340,803
 Short Ratio: 22.11
 Last Split Date: 04/01/1993

Dividend Information

Dividend Yield: 3.87%
 Annual Dividend: \$1.72
 Payout Ratio: 0.62
 Change in Payout Ratio: -0.08
 Last Dividend Payout / Amount: 06/22/2004 / \$0.43

EPS Information

Current Quarter EPS Consensus Estimate: -0.32
 Current Year EPS Consensus Estimate: 2.45

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell): 3.14
 30 Days Ago: 3.14

| | | | |
|-------------------------------------|------------|-------------|------|
| Estimated Long-Term EPS Growth Rate | 4.40 | 60 Days Ago | 3.14 |
| Next EPS Report Date | 12/10/2004 | 90 Days Ago | 3.14 |

Fundamental Ratios

| | | | | | |
|----------------------|-------------------|----------------------|---------------------|-----------------------|---------|
| P/E | EPS Growth | | Sales Growth | | |
| Current FY Estimate: | 18.12 | vs. Previous Year | 27.59% | vs. Previous Year | 53.25% |
| Trailing 12 Months: | 16.04 | vs. Previous Quarter | -119.44% | vs. Previous Quarter: | -55.48% |
| PEG Ratio | 4.10 | | | | |

| | | | | | |
|---------------------|------------|----------|------------|----------|------|
| Price Ratios | ROE | | ROA | | |
| Price/Book | 1.88 | 07/31/04 | 12.26 | 07/31/04 | 4.18 |
| Price/Cash Flow | 10.77 | 04/30/04 | 12.68 | 04/30/04 | 4.52 |
| Price / Sales | 1.13 | 01/31/04 | 12.29 | 01/31/04 | 4.43 |

| | | | | | |
|----------------------|--------------------|----------|-------------------------|----------|------|
| Current Ratio | Quick Ratio | | Operating Margin | | |
| 07/31/04 | - | 07/31/04 | - | 07/31/04 | 6.56 |
| 04/30/04 | 1.45 | 04/30/04 | 1.25 | 04/30/04 | 6.80 |
| 01/31/04 | 1.17 | 01/31/04 | 0.96 | 01/31/04 | 6.42 |

| | | | | | |
|-------------------|-----------------------|----------|-------------------|----------|-------|
| Net Margin | Pre-Tax Margin | | Book Value | | |
| 07/31/04 | - | 07/31/04 | - | 07/31/04 | - |
| 04/30/04 | 12.31 | 04/30/04 | 12.31 | 04/30/04 | 23.69 |
| 01/31/04 | 10.61 | 01/31/04 | 10.61 | 01/31/04 | 22.90 |

| | | | | | |
|---------------------------|-----------------------|----------|------------------------|----------|-------|
| Inventory Turnover | Debt-to-Equity | | Debt to Captial | | |
| 07/31/04 | - | 07/31/04 | - | 07/31/04 | - |
| 04/30/04 | 11.99 | 04/30/04 | 0.73 | 04/30/04 | 42.27 |
| 01/31/04 | 12.64 | 01/31/04 | 0.76 | 01/31/04 | 43.10 |



zacks.com Quotes and Research

SOUTHWEST GAS CORP SWX (NYSE)

SOUTHWEST GAS CORP. is principally engaged in the business of purchasing, transporting, and distributing natural gas in portions of Arizona, Nevada, and California. The Company also engaged in financial services activities, through PriMerit Bank, Federal Savings Bank (PriMerit or the Bank), a wholly owned subsidiary.

General Information

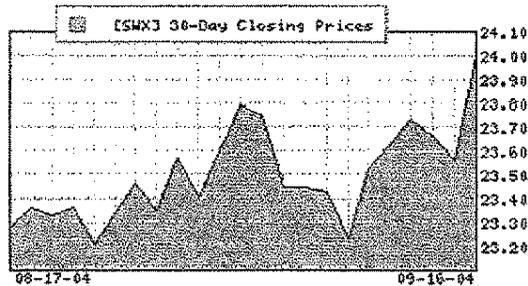
SOUTHWEST GAS
 5241 Spring Mountain Road
 P.O. Box 98510
 Las Vegas, NV 89193-8510
 Phone: 702 876-7237
 Fax: 702 873-3820
 Web: <http://www.swgas.com/>
 Email: None

Industry: UTIL-GAS DISTR
 Sector: UTILITIES

Fiscal Year End: December
 Last Reported Quarter: 06/30/04
 Next EPS Date: 10/27/2004

Price and Volume Information

Zacks Rank: 3
 Yesterday's Close: 23.66
 52 Week High: 24.31
 52 Week Low: 21.61
 Beta: 0.19
 20 Day Moving Average: 83,845
 Target Price Consensus: 23.5



% Price Change

4 Week: 1.63
 12 Week: 0.81
 YTD: 5.39

% Price Change Relative to S&P 500

4 Week: -2.57
 12 Week: 1.35
 YTD: 4.09

Share Information

Shares Outstanding (millions): 35.29
 Market Capitalization (millions): 835.06
 Short Interest (shares): 913,705
 Short Ratio: 11.02
 Last Split Date: N/A

Dividend Information

Dividend Yield: 3.47%
 Annual Dividend: \$0.82
 Payout Ratio: 0.57
 Change in Payout Ratio: -0.09
 Last Dividend Payout / Amount: 08/12/2004 / \$0.20

EPS Information

Current Quarter EPS Consensus Estimate: -0.48
 Current Year EPS Consensus Estimate: 1.49
 Estimated Long-Term EPS Growth Rate: 4.60

Consensus Recommendations

Current (1=Strong Buy, 5=Strong Sell): 3.25
 30 Days Ago: 3.25
 60 Days Ago: 3.25

Next EPS Report Date 10/27/2004 90 Days Ago 3.25

Fundamental Ratios

| P/E | | EPS Growth | | Sales Growth | |
|---------------------------|-------|-----------------------|----------|-------------------------|---------|
| Current FY Estimate: | 15.85 | vs. Previous Year | -100.00% | vs. Previous Year | 8.93% |
| Trailing 12 Months: | 16.55 | vs. Previous Quarter | -120.34% | vs. Previous Quarter: | -41.13% |
| PEG Ratio | 3.47 | | | | |
| Price Ratios | | ROE | | ROA | |
| Price/Book | 1.23 | 06/30/04 | 7.76 | 06/30/04 | 1.95 |
| Price/Cash Flow | 4.60 | 03/31/04 | 8.61 | 03/31/04 | 2.18 |
| Price / Sales | 0.63 | 12/31/03 | 6.27 | 12/31/03 | 1.59 |
| Current Ratio | | Quick Ratio | | Operating Margin | |
| 06/30/04 | 0.88 | 06/30/04 | 0.88 | 06/30/04 | 3.76 |
| 03/31/04 | 1.01 | 03/31/04 | 1.01 | 03/31/04 | 4.15 |
| 12/31/03 | 0.91 | 12/31/03 | 0.91 | 12/31/03 | 3.13 |
| Net Margin | | Pre-Tax Margin | | Book Value | |
| 06/30/04 | 5.57 | 06/30/04 | 5.57 | 06/30/04 | 19.24 |
| 03/31/04 | 6.15 | 03/31/04 | 6.15 | 03/31/04 | 19.41 |
| 12/31/03 | 4.50 | 12/31/03 | 4.50 | 12/31/03 | 18.52 |
| Inventory Turnover | | Debt-to-Equity | | Debt to Capital | |
| 06/30/04 | - | 06/30/04 | 1.69 | 06/30/04 | 62.79 |
| 03/31/04 | - | 03/31/04 | 1.82 | 03/31/04 | 64.56 |
| 12/31/03 | - | 12/31/03 | 1.94 | 12/31/03 | 65.95 |

| Company | Common Shares Outstanding | | | | | | Growth Rate of Common Shares Outstanding | | | | | 2002 Book Value per Share | Average Stock Price | Y |
|------------------------|---------------------------|--------|--------|--------|--------|--------|--|---------|---------|---------|---------|---------------------------|---------------------|---------|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 1999 | 2000 | 2001 | 2002 | 2003 | | | |
| | (a) | (b) | (c) | (d) | (e) | (f) | (b-a)/a | (c-b)/b | (d-c)/c | (e-d)/d | (f-e)/e | (m) | (n) | 1-(m/n) |
| 1 Cascade Natural Gas | 11.05 | 11.05 | 11.05 | 11.05 | 11.05 | 11.13 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0072 | 10.11 | 20.95 | 0.5174 |
| 2 KeySpan Corp. | 130.42 | 133.87 | 136.36 | 139.43 | 142.42 | 159.66 | 0.0265 | 0.0186 | 0.0225 | 0.0214 | 0.1211 | 22.94 | 59.01 | 0.4119 |
| 3 NICOR | 47.51 | 46.89 | 45.49 | 44.40 | 44.01 | 44.04 | -0.0130 | -0.0299 | -0.0240 | -0.0088 | 0.0007 | 17.13 | 36.91 | 0.5359 |
| 4 Northwest Nat. Gas | 24.85 | 25.09 | 25.23 | 25.23 | 25.59 | 25.94 | 0.0097 | 0.0056 | 0.0000 | 0.0143 | 0.0137 | 19.52 | 31.84 | 0.3869 |
| 5 Piedmont Natural Gas | 61.48 | 62.59 | 63.83 | 64.93 | 66.18 | 67.31 | 0.0181 | 0.0198 | 0.0172 | 0.0193 | 0.0171 | 9.36 | 22.07 | 0.5739 |
| 6 Southwest Gas | 30.41 | 30.99 | 31.71 | 32.49 | 33.29 | 34.23 | 0.0191 | 0.0232 | 0.0246 | 0.0246 | 0.0282 | 18.42 | 23.91 | 0.2296 |

Total Flotation Costs for Electric Company Equity Issues

By VICTOR M. BORUN and SUSAN L. MALLEY

The magnitude of equity flotation cost is of interest not only to utility company managements, which must estimate the proceeds from a new issue, but to regulators and security analysts as well. This article identifies four components of the flotation cost; measures them for a sample of 641 electric utility issues; and considers factors which affect component and total cost.

When a corporation issues new common stock, the proceeds are affected by the flotation cost incurred. Estimating the amount of this cost is important not only to approximate the proceeds from the issue, but also to adjust the cost of equity appropriately when the issuing firm is a regulated utility. This article reports findings from a study of equity flotation cost for 641 electric utility stock issues over the 1967-80 period.

Equity flotation cost can be conceptualized as consisting of four components: (1) price pressure, or the percentage change in the price of the issuing firm's stock in response to the new issue, after adjusting for general market movements; (2) offering spread, or the percentage difference between the stock price just prior to the issue and the new issue offering price; (3) underwriting spread, or the underwriters' fee as a percentage of the new issue offering price; and (4) corporate expenses such as legal, accounting, printing, and registration fees, as a per cent of the offering price. Table 1 illustrates the costs for a hypothetical issue, assuming that the general market movement between the decision (announcement) and issuance dates has been removed or is zero per cent. (Because both price pressure and offering spread for an individual issue can be positive or negative, throughout the article we indicate effects which decrease proceeds by a minus sign and those which increase proceeds by a plus sign.)

Several articles published in this journal and elsewhere have examined one or more of the component transaction costs. [1, 4, 9, 10, 11, 12, 13, 14]* Therefore after

*Numbers in brackets refer to a list of references at the end of the article.

presenting our estimates, we compare our results to those of other studies to summarize recent research on equity flotation cost. We then briefly discuss the appropriate means of combining component costs and analyze some key factors affecting these costs. The final section presents a summary and conclusions. Our perspective is primarily that of the financial management of the issuing firm, but the results have implications for rate regulation and security analysis as well. In addition, although our sample consists of traditionally registered issues, our flotation cost estimates can serve as benchmarks for executives who wish to consider possible cost advantages of shelf registration.

Sample and Data

The sample was selected by compiling all electric utility equity issues offered directly to the public from 1967 to 1980 and listed in "Analysis of Public Utility Financing" published by EBASCO Business Consulting Company. [7] An electric utility was defined as a firm which derives at least 50 per cent of its revenue from the sale of electric power. Issues were removed from the sample if the company was not listed on the New York Stock Exchange, if a prospectus for the issue was unavailable, or if daily common stock rates of return were not available on the CRSP tapes (Center for Research in Security Prices at the University of Chicago). The final sample consisted of 641 issues by 95 firms. The number of issues per firm ranged from one to 15, but more than half of the companies sold between five

and eight stock offerings during the period. Most data related to each issue were taken from the EBASCO publications and were verified against prospectuses provided by Merrill Lynch White Weld Capital Markets Group. Daily stock returns were taken from the CRSP tapes.

Price Pressure

Of the component flotation costs, price pressure has been the most studied and the most controversial with regard to time period for measurement and the appropriate price pressure metric. For rate regulation, price pressure has generally been measured between the announcement and offering dates. However, it is often difficult to specify a unique announcement date. We therefore centered our measurement of price pressure around the offering date. In addition, as Pettway has noted [13], it may be necessary to consider a longer time span to capture the full price effect of a new issue.

For each issue, we therefore measured pre-offering price pressure from twenty-five days prior to the offering to the last closing price prior (time $t = -25$ to $t = -1$ days) and postoffering price pressure for the fourteen trading days subsequent to the offer ($t = +1$ to $t = +14$).

To measure the magnitude of price pressure, we used the abnormal residuals methodology based on the market model. This model specifies the expected return on stock i at time t ($\bar{R}_{i,t}$), including dividends, as a function of the market return ($\bar{R}_{m,t}$) as follows,

$$\bar{R}_{i,t} = \alpha_i + B_i \bar{R}_{m,t} + E_{i,t} \quad (1)$$

where α_i and B_i are company specific parameters and $E_{i,t}$ is a disturbance term. To estimate the company specific parameters α and B , we used an estimation period of 100 days ($t = -125$ to $t = -26$) prior to the price pressure measurement period. The parameters α and B were estimated using regression model (1) of daily rates of return of the security against the daily rates of return of the Standard & Poor's 500 Index.



Victor M. Borun is an assistant professor of finance in the Graduate School of Business at Fordham University. He has taught at New York University and has worked for National Economic Research Associates. **Dr. Borun** received his PhD degree in finance and statistics from New York University.

Table 1

Illustration of Total Flotation Cost for a Hypothetical Equity Issue*

| | (1) Dollars | (2) Per Cent Of Initial | (3) Per Cent of The Immediately Preceding Price |
|---|----------------|-------------------------------|--|
| 1. Initial (Announcement Date) Stock Price | \$100.00 | | |
| + Price Movement Before Issuance Due to General Market Movement | 0.00 | | |
| + Price Effect of New Issue | -1.00 | 1.00% | 1.00% |
| 2. Closing Price Just Prior To Offer | \$ 99.00 | | |
| + Offering Premium (Discount) | -0.50 | .50% | .51% |
| 3. Offering Price | \$ 98.50 | | |
| + Underwriters' Fees | -4.50 | 4.50% | 4.57% |
| + Corporate Expenses | -0.50 | .50% | .51% |
| 4. Net Proceeds to the Company | \$ 93.50 | | |
| 5. Total Flotation Costs | 6.50 | 6.50% | |

*This illustration is a modification of a framework presented by Childs. [6] For further explanation of Column (3) see portion of this article under subheading "Flotation Costs Summarized and Combined."

If the relationship between the rates of return on a security and the market holds over the measurement period, then on average, the residual should be zero. But if there is an unusual event, such as a new issue of common stock, abnormal residuals will arise. The abnormal residual for company i at time t was measured by

$$U_{i,t} = (R_{i,t} - \bar{R}_{i,t}) = R_{i,t} - (\hat{\alpha}_i + \hat{B}_i R_{m,t}) \quad (2)$$

Daily abnormal residuals ($U_{i,t}$) were combined to measure total price pressure. For any period of variable length from $t = -25$ to d , total price pressure for an individual issue was defined as

$$PP = \prod_{i \quad t = -25}^d (1 + U_{i,t}) - 1 \quad (3)$$

The price pressure measures were then averaged over 641 issues. Results for selected periods are shown below.

Pre-offering price pressure averaged -1.9 per cent and was statistically different from zero with 95 per cent confidence. Price pressure ranged from -19.2 per cent to +19.1 per cent for individual issues. However,

Table 2

Price Pressure for 641 Electric Utility Issues
(1967-80)

| | Average Price Pressure |
|----------------------------------|---------------------------|
| Pre-offering (t = -25 to t = -1) | -1.9% |
| Postoffering (t = +1 to t = +14) | -0.5% |
| Total (t = -25 to t = +14) | -2.4% |

65 per cent of issues were associated with negative pre-offering price pressure. Total pre- and postoffering price pressure averaged -2.4 per cent.

A summary of recent electric utility price pressure studies is given in Table 3.

We note however that in spite of differing methodologies, recent research has been reasonably consistent in indicating that, on average, new equity issues by electric utilities have resulted in negative price pressure. In addition, estimates of the magnitude of price pressure have been similar.

Offering Spread

Some authors have extended the price pressure measurement period up to or beyond the offering date. We have chosen to measure pre-offering price pressure to the last closing price prior to the offer and to separately measure offering spread. This allows examination of underwriters' behavior in pricing new issues.

We measured the offering spread for each issue by (offering price minus last closing price) divided by last closing price. Only 26 issues were priced below closing. Three hundred twenty-eight issues were priced at the closing and 287 issues were priced above. Thus underwriters have generally priced recent electric utility stock issues at or above the last closing price. The average offering spread was +0.4 per cent which was statistically different from zero with 95 per cent confidence.

Underwriting Spread

Underwriting spread for each issue was measured by underwriters' fee per share divided by offering price. Because the underwriters' fee was relatively constant on a dollar basis (an average of -0.70 cents per share with a range from -0.29 cents to -\$1.95), the percentage spread was more volatile and was strongly affected by the price of the stock. The average underwriting spread for our sample of 641 issues was -3.17 per cent with a range from -1.1 per cent to -10.4 per cent. Table 4 shows estimates of underwriting spread from other recent studies.

Corporate Expenses

Corporate expenses were defined as out-of-pocket items only, such as legal, listing, and printing fees, and did not include indirect costs such as for management time. As a per cent of gross proceeds (gross proceeds equals offering price times number of shares issued) corporate expenses for the 641 issues averaged -0.4 per cent and ranged from -0.09 per cent to -3.1 per cent.

Flotation Costs Summarized and Combined

Table 5 summarizes our estimates of flotation costs for new equity issues by electric utilities.

Two points should be noted. First, because we defined each component cost as a per cent of the immediately preceding price rather than the initial price (see Table 1), component costs cannot be added to find total flotation cost and net proceeds. These figures would be found as follows:

$$FC = (1 + PP) (1 + OS) (1 + US + CE) - 1$$

where FC represents flotation costs as a per cent of initial price, PP is price pressure, OS represents offering spread, US is underwriting spread, and CE represents corporate expenses. For example, if an issuing firm were to experience component flotation costs at the average levels shown in Table 5, total flotation cost would be -5.546 per cent and net proceeds would be 94.454 per cent of initial stock price, as follows:

$$FC = (.981) (1.004) (.959) - 1 = -0.05546.$$

Thus if the firm's stock were selling at \$20 per share prior to the offering date (at t = -25 days), estimated per share proceeds from the new issue would be \$18.89; i.e., \$20 × .94454.

Second, underwriters' fees account for the largest portion of flotation cost, followed by price pressure. But as shown in Table 5, the ranges for the costs are wide,

Susan L. Malley is associate professor of finance in the Graduate School of Business at Fordham University, New York. Formerly, she was manager of financial services in the treasury department of Consolidated Edison Company of New York, Inc. She has published in the areas of corporate finance and pension management. **Dr. Malley** received her PhD degree from New York University.



TABLE 3

Summary of Recent Price Pressure Studies for New Public Equity Issues by Electric Utilities

| Author (Publication Date) | Number of Companies | Number of Issues | Period | Period Around Issue | Methodology | Average Price Pressure |
|---------------------------------|------------------------|---------------------|---------|--|--|----------------------------------|
| Pettway and Radcliffe (1985) | 73 | 366 | 1973-80 | Various over the interval from 10 days prior to announcement to 30 days after offer. | Abnormal Residuals: Market Index Utility Index | -0.6% to -3.0% -0.2% to -1.5% |
| Pettway (1984) | 73 | 368 | 1973-80 | Various over the interval from 14 days prior to announcement to 47 days after offer. | Abnormal Residuals: Utility Index | -1.2% to -3.0% |
| Asquith and Mullins (1984) | NA | 265 | 1963-81 | Ten days prior to announcement to 10 days after. | Cumulative Excess Returns | -2.1% |
| Finnerty (1983) | 16 | 101 | 1977-82 | Announcement to offering. | Percentage Price Change Adjusted for Utility Index | -1.1% |
| Hess and Frost (1980) | NA | 152 | 1975-77 | Thirty days prior to offering to 14 days after. | Constrained Linear Regressions | 0.0% to -1.0% |
| Bowyer and Yawitz (1980) | NA | 279 | 1973-76 | Announcement to offering. | Percentage Price Change Less Utility Index Percentage Price Change | -0.6% to -2.3% |
| Logue and Jarrow (1978) | NA | 119 | 1963-74 | Twenty days prior to offering to offering date. | Price Relative Ratio Using Utility Index | -0.7% to -1.4% |

particularly for these two significant components. Thus the total flotation cost for a particular issue can be much different than the average. In addition, there are interactions among the component costs. For example, the amount of pre-offering price pressure affects both offering and underwriting spreads, as will be discussed below.

Factors Affecting Equity Flotation Cost

For the corporate executive who must decide characteristics of an equity issue (such as size, timing, or underwriting mode) and estimate proceeds, it is important to identify factors which affect flotation cost. Using univariate and multivariate regressions, we investigated the effects of several factors on component flotation costs. These were issue size (number of shares issued), underwriting mode (negotiated or competitive), market supply of new securities (utility common stock and total new corporate financing), market conditions (stock

market rising or not), long-term and short-term riskiness of the stock (beta and rate of return variance, respectively), the stock's offering price divided by book ratio, pre-offering price pressure, offering price, and financial leverage (total debt ratio).¹

A matrix of factors and component flotation costs is shown in Table 6, where an asterisk in a particular row-by-column cell indicates that the factor in that row had a statistically significant effect on the flotation cost in that column. In the following paragraphs, we discuss some factors which were most important in terms of the magnitude of their effects on total flotation cost.

Factors Affecting Price Pressure

Price pressure is a major portion of equity flotation cost and also influences underwriting and offering spreads. It would therefore be useful to identify

¹For a more complete discussion of methodology and results see [2].

Table 4

**Recent Estimates of Underwriting Spread
For New Public Equity Issues
By Electric Utilities**

| Author (Publication Date) | Number of Companies | Number of Issues | Period | Average Underwriting Spread |
|---------------------------------|------------------------|---------------------|---------|-----------------------------------|
| Finnerty (1983) | 16 | 101 | 1977-82 | -3.3% |
| Pettway (1982) | 73 | 432 | 1973-80 | -3.7% to -4.3%* |
| Logue and Jarrow | 71 | 122 | 1963-74 | -3.0% to -4.2% |

*Results include both underwriters' fee and corporate expenses.

factors affecting the size and direction of the price effect.

A number of hypotheses have been offered as to the likely cause of price pressure associated with a new issue. [1, 8, 10, 13, 14, 15] A supply-demand or liquidity type argument suggests that the price of the stock must be reduced to induce the marketplace to absorb more of the company's shares. Another argument suggests that a new issue conveys some (positive or negative) information to which stock price will react. In recent years, many electric utility stocks have been selling below book value. This may be interpreted as a reflection of the market's estimate that the company is unable to earn a rate of return on equity equal to the shareholders' required rate, or cost of equity capital. When new shares are issued under these conditions, dilution of book value and earnings per share is likely to occur. Thus if shares are issued when the price-book ratio is less than one, negative information may be conveyed, resulting in negative price pressure.

As shown in Table 6, our results suggest that neither the number of shares issued nor the price-book ratio have a significant effect on price pressure. The only variable correlated with price pressure was the supply of new utility common stock financing marketwide. When the amount of new financing is large, price pres-

Table 5

**Flotation Costs for Common Stock Issues
By Electric Utilities
(1967-80)**

| Component Cost | Average | Range |
|--|---------|------------------|
| Pre-offering Price Pressure | -1.9% | -19.2% to +19.1% |
| Offering Spread | +0.4% | -4.8% to +2.7% |
| Underwriting Spread | -3.7% | -1.1% to -10.4% |
| Corporate Expenses | -0.4% | -0.09% to -3.1% |
| Total as Per Cent of Initial Price | -5.5% | |
| Net Proceeds as Per Cent of Initial Price | 94.5% | |

sure is more negative, according to our regression results. However, the market supply variable had a small effect (coefficient) and explained only a very small portion of the variability in price pressure (low R²). Overall, we have not been successful in identifying factors which have an economically important effect on price pressure.

Our analysis does suggest however that more negative pre-offering price pressure is related to higher underwriting fees and to below market pricing of new issues. Thus when price pressure is negative, proceeds from an issue may be additionally reduced by more negative offering and underwriting spreads, all else being equal.

Table 6

**Factors Affecting Flotation Costs for 641
Electric Utility Equity Issues
(1967-80)**

| | Price Pressure | Offering Spread | Underwriting Spread | Corporate Expenses |
|-----------------------------------|-------------------|--------------------|------------------------|-----------------------|
| Number of Shares Issued | | * | * | * |
| Underwriting Mode | | * | * | |
| Utility Common Stock Financing | * | | | |
| Total Corporate Financing | | * | * | |
| Market Conditions | | * | * | |
| Beta | | * | * | |
| Variance | | * | * | |
| Price-Book Ratio | | * | * | |
| Pre-offering Price Pressure | | * | * | |
| Offering Price | | * | * | |
| Debt Ratio | | | * | |

Factors Affecting Underwriting Spread

Table 7 summarizes factors which affect equity issue proceeds through underwriters' cost. In addition to negative price pressure, higher risk (as measured by the stock's beta, stock return variance, and the company's debt ratio) makes underwriting spread more negative, thus reducing issue proceeds.

If equity is issued in a rising market, percentage underwriting cost is lower. A larger issue (number of shares) and higher offering price also tend to reduce percentage underwriting cost.

Surprisingly, we found that a larger supply of new corporate financing tends to decrease underwriting cost. A possible explanation may be that this supply variable is a proxy for market conditions. The underwriting mode also affects the flotation cost and will be discussed further in the next section.

In general, the variables which decrease (increase) proceeds through their effect on underwriting spread also decrease (increase) proceeds through offering spread. Per-

Table 7

Factors Affecting Equity Issue Proceeds Through Their Effects on Underwriting Spread: 641 Electric Utility Issues (1967-80)

Factors Which Reduce Proceeds

- Negative Price Pressure
- High Stock Beta
- High Stock Variance
- High Debt Ratio

Factors Which Increase Proceeds

- Rising Stock Market
- Large Supply of New Corporate Financing
- Large Number of Shares Offered
- High Offering Price
- High Price-Book Ratio
- Competitive Underwriting

Table 8

Average Flotation Costs for Negotiated and Competitive Electric Utility Equity Issues: 641 Issues (1967-80)

| | Negotiated | Competitive |
|------------------------------------|------------|-------------|
| Pre-offering Price Pressure | -1.81% | -2.29% |
| Offering Spread | +0.27 | +0.81 |
| Underwriters' Spread | -3.80 | -2.93 |
| Corporate Expenses | -0.42 | -0.38 |
| Total as Per Cent of Initial Price | -5.70 | -4.76 |
| Number of Issues | 533 | 108 |

centage corporate expense varies inversely with the size of the new issue, suggesting that the dollar amount of new issue expenses is relatively constant.

Negotiated versus Competitive Issues

Over the 1967-80 period, flotation costs have been approximately one per cent lower for competitively underwritten, as compared to negotiated issues.² Table 8 shows that although price pressure was slightly more negative for competitive issues, this effect was more than offset by substantially lower underwriting costs. Because many factors other than underwriting mode affect component costs (see Table 6), this result should not be interpreted as an indication that competitive underwriting will necessarily result in lower flotation cost for any individual issue. It may also be that companies with lower risk and greater financial strength were more likely to use competitive underwriting during the test period. Multiple regression results indicate however that, holding all other variables constant, a negotiated underwriting mode reduced proceeds by approximately 55 basis points through increased underwriting spread. In addition, offering spread and underwriting spread together represent the underwriters' effect on the proceeds from a new issue. For competitive issues, not only was underwriting cost lower, but the offering price exceeded

²Logue and Jarrow [11] reached a different conclusion. For a further discussion of flotation costs for negotiated and competitive equity issues see [3].

the last closing price by a wider margin, as illustrated in Table 8.

Summary and Conclusions

Equity flotation costs may be conceptualized as consisting of four components: pre-offering price pressure, offering spread, underwriting spread, and corporate expenses. A study of 641 issues by 95 electric utilities over the 1967-80 period showed that these component flotation costs have averaged -1.9 per cent, +0.4 per cent, -3.7 per cent, and -0.4 per cent, respectively. Thus underwriters' compensation has been the largest component cost.

Using the above averages, total flotation cost has been approximately -5.5 per cent. However, the transaction cost for a particular issue may be much different than this figure. This is true because the component cost ranges are wide and costs are affected by a number of market and firm variables. In addition there are interactions among the component costs.

More negative pre-offering price pressure tends to result in further reductions in issue proceeds through offering and underwriting spreads. We were unable to identify factors which affect the direction and magnitude of price pressure in any economically meaningful way. However, given price pressure, percentage net proceeds are higher when a relatively low risk electric utility with a high price-book ratio issues a large number of shares in a rising market.

Over the sample period, there was a notable difference in flotation cost for negotiated and competitive equity issues. On average, flotation cost for competitive issues has been approximately one per cent lower than the cost for negotiated issues.

References

1. "Equity Issues and Offering Dilution," by P. Asquith and D. W. Mullins, Jr., Harvard Business School working paper, March, 1984.
2. "Offering and Underwriting Spreads in the Issuance of New Equity by Electric Utilities," by Victor M. Borun, Fordham Business School working paper, March, 1985.

3. "Negotiated versus Competitive Underwriting for Electric Utility Equity Issues," by Victor M. Borun and Susan L. Malley, Fordham Business School working paper, July, 1985.

4. "The Effect of New Equity Issues on Utility Stock Prices," John W. Bowyer, Jr., and Jess B. Yawitz, 105 PUBLIC UTILITIES FORTNIGHTLY 25, May 22, 1980.

5. "Common Equity Flotation Costs and Rate Making," by Eugene F. Brigham, Dana Aberwald, and Louis C. Gapenski, 115 PUBLIC UTILITIES FORTNIGHTLY 28, May 2, 1985.

6. "Encyclopedia of Long-term Financing and Capital Management," by J. F. Childs, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1976.

7. *Analysis of Public Utility Financing*, EBASCO Business Consulting Company, New York, New York, various issues 1967-80.

8. "On the Existence, Measurement, and Economic Significance of Market Pressure in the Pricing of New Equity Shares," by R. E. Evans, unpublished PhD dissertation, University of Wisconsin-Madison, 1980.

9. "How to Lower the Cost of Floating a New Stock

Issue," by John D. Finnerty, 111 PUBLIC UTILITIES FORTNIGHTLY 25, March 17, 1983.

10. "Tests for Price Effects of New Issues of Seasoned Securities," by A. C. Hess and P. A. Frost, *Journal of Finance*, March, 1982.

11. "Negotiations versus Competitive Bidding in the Sale of Securities by Public Utilities," by D. E. Logue and R. A. Jarrow, *Financial Management*, Autumn, 1978.

12. "A Note on the Flotation Costs of New Equity Capital Issues of Electric Companies," by Richard H. Pettway, 109 PUBLIC UTILITIES FORTNIGHTLY 68, March 18, 1982.

13. "The Effects of New Equity Sales Upon Utility Share Prices," by Richard H. Pettway, 113 PUBLIC UTILITIES FORTNIGHTLY 35, May 10, 1984.

14. "Impacts of New Equity Sales Upon Electric Utility Share Prices," by Richard H. Pettway and R. C. Radcliffe, *Financial Management*, Spring, 1985.

15. "The Market for Securities: Substitution versus Price Pressure and the Effects of Information on Share Prices," by M. S. Scholes, *Journal of Business*, April, 1972.

Utility's Customer Stock Purchase Plan Considered Highly Successful

Dominion Resources, Inc., announced in late January that participants in its customer stock purchase plan had bought more than 2.2 million shares of stock through the program since its inception in 1980, representing an investment of approximately \$48.1 million with a current market value of \$75 million. "This is the most successful plan of its type in the country," O. J. Peterson III, vice president and treasurer of Dominion Resources, said. "Our customers' response shows they recognize the potential of this unique investment program."

The value of each DRI share on January 16, 1986, was \$34.75, an increase of nearly 18 per cent over the \$29.51 average price per share paid by 1984-85 plan participants for shares issued to them last September. Participants in the 1984-85 plan earned an average rate of 8 per cent on their investment.

To participate in the plan, customers of Virginia Power, North Carolina Power, West Virginia Power, and Virginia Natural Gas purchase common stock on an installment basis through DRI, the parent company. DRI's customer stock purchase plan permits investors to avoid stock brokerage fees and also to make convenient monthly installment payments toward the purchase of common stock.

"According to an earlier survey, about one-half of the participants in our program had never owned any shares of stock in any company," Peterson said. "We were the first company in the nation to offer this type of plan, and its success has prompted other utilities to begin similar investment programs."

Customers enrolled in the 1985-86 plan are making an average monthly contribution toward the purchase of common stock of \$47.67. In the program's first year, in 1980-81, the average monthly payment was \$37.71. A total of 32,764 customers subscribed to the 1985-86 plan, more than double the 14,900 in 1980-81. Of the current participants, well over half — 19,276 — chose to re-enroll from the previous plan year.

Participants in the plan select the amount of their monthly payment, which can be as little as \$15. At the end of the 12-month installment period, the payments — plus 8 per cent interest — are used to buy common shares based on the stock's average monthly price for the past twelve months. The plan begins with payments due in mid-August and runs through the following July.

To participate in the program, customers return a card included in their utility bills every May and June expressing an interest in the plan and requesting a prospectus, which describes the company's operations and financial condition and the rights of participants in the program. DRI pays all expenses associated with the administration of the customer stock purchase plan.

Table 2-5

Basic Series

Annual Total Returns (in percent)

WP (D-6) 6

from 1926 to 1970

| Year | Large Company Stocks | Small Company Stocks | Long-Term Corporate Bonds | Long-Term Government Bonds | Intermediate-Term Government Bonds | U.S. Treasury Bills | Inflation |
|------|----------------------|----------------------|---------------------------|----------------------------|------------------------------------|---------------------|-----------|
| 1926 | 11.62 | 0.23 | 7.37 | 7.77 | 5.38 | 3.27 | -1.49 |
| 1927 | 37.49 | 22.10 | 7.44 | 8.93 | 4.52 | 3.12 | -2.08 |
| 1928 | 43.61 | 39.69 | 2.84 | 0.10 | 0.92 | 3.56 | -0.97 |
| 1929 | -8.42 | -51.36 | 3.27 | 3.42 | 6.01 | 4.75 | 0.20 |
| 1930 | -24.90 | -38.35 | 7.98 | 4.66 | 6.72 | 2.41 | -6.03 |
| 1931 | -43.34 | -49.75 | -1.85 | -5.31 | -2.32 | 1.07 | -9.52 |
| 1932 | -8.19 | -5.39 | 10.82 | 16.84 | 8.81 | 0.96 | -10.30 |
| 1933 | 53.99 | 142.87 | 10.38 | -0.07 | 1.83 | 0.30 | 0.51 |
| 1934 | -1.44 | 24.22 | 13.84 | 10.03 | 9.00 | 0.16 | 2.03 |
| 1935 | 47.67 | 40.19 | 9.61 | 4.98 | 7.01 | 0.17 | 2.99 |
| 1936 | 33.92 | 64.80 | 6.74 | 7.52 | 3.06 | 0.18 | 1.21 |
| 1937 | -35.03 | -58.01 | 2.75 | 0.23 | 1.56 | 0.31 | 3.10 |
| 1938 | 31.12 | 32.80 | 6.13 | 5.53 | 6.23 | -0.02 | -2.78 |
| 1939 | -0.41 | 0.35 | 3.97 | 5.94 | 4.52 | 0.02 | -0.48 |
| 1940 | -9.78 | -5.16 | 3.39 | 6.09 | 2.96 | 0.00 | 0.96 |
| 1941 | -11.59 | -9.00 | 2.73 | 0.93 | 0.50 | 0.06 | 9.72 |
| 1942 | 20.34 | 44.51 | 2.60 | 3.22 | 1.94 | 0.27 | 9.29 |
| 1943 | 25.90 | 88.37 | 2.83 | 2.08 | 2.61 | 0.35 | 3.16 |
| 1944 | 19.75 | 53.72 | 4.73 | 2.81 | 1.80 | 0.33 | 2.11 |
| 1945 | 36.44 | 73.61 | 4.08 | 10.73 | 2.22 | 0.33 | 2.25 |
| 1946 | -8.07 | -11.63 | 1.72 | -0.10 | 1.00 | 0.35 | 18.16 |
| 1947 | 5.71 | 0.92 | -2.34 | -2.62 | 0.91 | 0.50 | 9.01 |
| 1948 | 5.50 | -2.11 | 4.14 | 3.40 | 1.85 | 0.81 | 2.71 |
| 1949 | 18.79 | 19.75 | 3.31 | 6.45 | 2.32 | 1.10 | -1.80 |
| 1950 | 31.71 | 38.75 | 2.12 | 0.06 | 0.70 | 1.20 | 5.79 |
| 1951 | 24.02 | 7.80 | -2.69 | -3.93 | 0.36 | 1.49 | 5.87 |
| 1952 | 18.37 | 3.03 | 3.52 | 1.16 | 1.63 | 1.66 | 0.88 |
| 1953 | -0.99 | -6.49 | 3.41 | 3.64 | 3.23 | 1.82 | 0.62 |
| 1954 | 52.62 | 60.58 | 5.39 | 7.19 | 2.68 | 0.86 | -0.50 |
| 1955 | 31.56 | 20.44 | 0.48 | -1.29 | -0.65 | 1.57 | 0.37 |
| 1956 | 6.56 | 4.28 | -6.61 | -5.59 | -0.42 | 2.46 | 2.86 |
| 1957 | -10.78 | -14.57 | 8.71 | 7.46 | 7.84 | 3.14 | 3.02 |
| 1958 | 43.36 | 64.89 | -2.22 | -6.09 | -1.29 | 1.54 | 1.76 |
| 1959 | 11.96 | 16.40 | -0.97 | -2.26 | -0.39 | 2.95 | 1.50 |
| 1960 | 0.47 | -3.29 | 9.07 | 13.78 | 11.76 | 2.66 | 1.48 |
| 1961 | 26.89 | 32.09 | 4.82 | 0.97 | 1.85 | 2.13 | 0.67 |
| 1962 | -8.73 | -11.90 | 7.95 | 6.89 | 5.56 | 2.73 | 1.22 |
| 1963 | 22.80 | 23.57 | 2.19 | 1.21 | 1.64 | 3.12 | 1.65 |
| 1964 | 16.48 | 23.52 | 4.77 | 3.61 | 4.04 | 3.54 | 1.19 |
| 1965 | 12.45 | 41.75 | -0.46 | 0.71 | 1.02 | 3.93 | 1.92 |
| 1966 | -10.06 | -7.01 | 0.20 | 3.65 | 4.69 | 4.76 | 3.35 |
| 1967 | 23.98 | 83.57 | -4.95 | -9.18 | 1.01 | 4.21 | 3.04 |
| 1968 | 11.06 | 35.97 | 2.57 | -0.26 | 4.54 | 5.21 | 4.72 |
| 1969 | -8.50 | -25.95 | -8.09 | -5.07 | -0.74 | 6.58 | 6.11 |
| 1970 | 4.01 | -17.43 | 18.37 | 12.11 | 16.86 | 6.52 | 5.49 |

Table 2-5 (continued)

WP (D-6) 6

Basic Series
Annual Total Returns (in percent)

from 1971 to 2003

| Year | Large Company Stocks | Small Company Stocks | Long-Term Corporate Bonds | Long-Term Government Bonds | Intermediate-Term Government Bonds | U.S. Treasury Bills | Inflation |
|------|----------------------|----------------------|---------------------------|----------------------------|------------------------------------|---------------------|-----------|
| 1971 | 14.31 | 16.50 | 11.01 | 13.23 | 8.72 | 4.39 | 3.36 |
| 1972 | 18.98 | 4.43 | 7.26 | 5.69 | 5.16 | 3.84 | 3.41 |
| 1973 | -14.66 | -30.90 | 1.74 | -1.11 | 4.61 | 6.93 | 8.80 |
| 1974 | -26.47 | -19.95 | -3.06 | 4.35 | 5.69 | 8.00 | 12.20 |
| 1975 | 37.20 | 52.82 | 14.64 | 9.20 | 7.83 | 5.80 | 7.01 |
| 1976 | 23.84 | 57.38 | 18.65 | 16.75 | 12.87 | 5.08 | 4.81 |
| 1977 | -7.18 | 25.38 | 1.71 | -0.69 | 1.41 | 5.12 | 6.77 |
| 1978 | 6.56 | 23.46 | -0.07 | -1.18 | 3.49 | 7.18 | 9.03 |
| 1979 | 18.44 | 43.46 | -4.18 | -1.23 | 4.09 | 10.38 | 13.31 |
| 1980 | 32.42 | 39.88 | -2.76 | -3.95 | 3.91 | 11.24 | 12.40 |
| 1981 | -4.91 | 13.88 | -1.24 | 1.86 | 9.45 | 14.71 | 8.94 |
| 1982 | 21.41 | 28.01 | 42.56 | 40.36 | 29.10 | 10.54 | 3.87 |
| 1983 | 22.51 | 39.67 | 6.26 | 0.65 | 7.41 | 8.80 | 3.80 |
| 1984 | 6.27 | -6.67 | 16.86 | 15.48 | 14.02 | 9.86 | 3.95 |
| 1985 | 32.16 | 24.66 | 30.09 | 30.97 | 20.33 | 7.72 | 3.77 |
| 1986 | 18.47 | 6.85 | 19.85 | 24.53 | 15.14 | 6.16 | 1.13 |
| 1987 | 5.23 | -9.30 | -0.27 | -2.71 | 2.90 | 5.47 | 4.41 |
| 1988 | 16.81 | 22.87 | 10.70 | 9.67 | 6.10 | 6.35 | 4.42 |
| 1989 | 31.49 | 10.18 | 16.23 | 18.11 | 13.29 | 8.37 | 4.65 |
| 1990 | -3.17 | -21.56 | 6.78 | 6.18 | 9.73 | 7.81 | 6.11 |
| 1991 | 30.55 | 44.63 | 19.89 | 19.30 | 15.46 | 5.60 | 3.06 |
| 1992 | 7.67 | 23.35 | 9.39 | 8.05 | 7.19 | 3.51 | 2.90 |
| 1993 | 9.99 | 20.98 | 13.19 | 18.24 | 11.24 | 2.90 | 2.75 |
| 1994 | 1.31 | 3.11 | -5.76 | -7.77 | -5.14 | 3.90 | 2.67 |
| 1995 | 37.43 | 34.46 | 27.20 | 31.67 | 16.80 | 5.60 | 2.54 |
| 1996 | 23.07 | 17.62 | 1.40 | -0.93 | 2.10 | 5.21 | 3.32 |
| 1997 | 33.36 | 22.78 | 12.95 | 15.85 | 8.38 | 5.26 | 1.70 |
| 1998 | 28.58 | -7.31 | 10.76 | 13.06 | 10.21 | 4.86 | 1.61 |
| 1999 | 21.04 | 29.79 | -7.45 | -8.96 | -1.77 | 4.68 | 2.68 |
| 2000 | -9.11 | -3.59 | 12.87 | 21.48 | 12.59 | 5.89 | 3.39 |
| 2001 | -11.86 | 22.77 | 10.65 | 3.70 | 7.62 | 3.83 | 1.55 |
| 2002 | -22.10 | -13.28 | 16.33 | 17.84 | 12.93 | 1.65 | 2.38 |
| 2003 | 28.70 | 60.70 | 5.27 | 1.45 | 2.40 | 1.02 | 1.88 |

The McGraw-Hill Companies

STANDARD & POORS

Global / English
select region/language

Register! (Optional) Sign In Search

Credit Ratings Indices Equity Research Risk Solutions CVC Funds

home products a-z our events about us press room c

Results for: S&P 500

Index Index Changes Index Methodology News & Analysis

Choose Data:

S&P 500 Global Industry Classification Standard (GICS) Sectors
As of August 31, 2004

| | Number of Cos. | % of Market Capitalization |
|----------------------------|----------------|----------------------------|
| Consumer Discretionary | 86 | 10.9 % |
| Consumer Staples | 37 | 11.1 % |
| Energy | 27 | 6.9 % |
| Financials | 80 | 21.1 % |
| Health Care | 55 | 13.5 % |
| Industrials* | 58 | 11.5 % |
| Information Technology | 80 | 15.4 % |
| Materials | 33 | 3.0 % |
| Telecommunication Services | 11 | 3.7 % |
| Utilities | 33 | 2.9 % |
| Industrials (Composite)** | 378 | 74.4 % |

*S&P 500 Industrials Sector is part of the Global Industry Classification Standard (GICS).
**S&P 500 Industrials Composite is a continuation of the Industrials that have been published by Standard & Poor's for over 40 years, and is provided in recognition of the fact that it is used by analysts and has a long history. It is not the same as the GICS Industrials Sector.

S&P 500 Exchange Representation
As of August 31, 2004

| | Number of Cos. | % of Market Capitalization |
|--------|----------------|----------------------------|
| NYSE | 423 | 84.9 % |
| NASDAQ | 75 | 14.9 % |
| AMEX | 2 | 0.2 % |

S&P 500 Statistics
As of August 31, 2004

| | |
|---|---------|
| Total Market Value (\$ Billion) | 10,319 |
| Mean Market Value (\$ Million) | 20,639 |
| Median Market Value (\$ Million) | 9,319 |
| Weighted Ave. Market Value (\$ Million) | 88,696 |
| Largest Cos. Market Value (\$ Million) | 346,077 |
| Smallest Cos. Market Value (\$ Million) | 503 |
| Median Share Price (\$) | 37.760 |
| P/E Ratio | 19.66 |
| Indicated Dividend Yield (%) | 1.80 |

At month-end, the S&P 500 Index represented approximately 77% and the S&P MidCap 400 represented 7% and the S&P SmallCap 600 represented 3% of the market value of S&P's internal database of over 7,166 equities. Combined, the S&P Equity Indices represented 88%.

Indices: Real Time Values, Index Changes, Index Methodology, News & Analysis, Index Committee Policy, Global Industry Classification Standard (GICS®)

Browse By Index: Equity, S&P Global Indices, S&P Global 1200, S&P ADR, S&P Global 100, S&P Citigroup, S&P US Indices, S&P European Indices, S&P Chinese Indices, S&P Italian Indices, S&P Hong Kong Indices, S&P Japanese Indices, S&P Canadian Indices, S&P Australian Indices, S&P India Indices, S&P Russian Indices, S&P Emerging Markets, S&P Growth & Value Indices, S&P Commodity, S&P Composite Spreads, S&P Hedge Fund Indices, S&P Europe Registered Funds Index Series, Structured Finance, Standard & Poor's Investor Tools Municipal Bond Indices

Relat Servi, Licens, Index / Emerg

GAS Analyst Estimates for NICOR INC - Yahoo! Finance
 GAS: Analyst Estimates for NICOR INC - Yahoo! Finance Yahoo! My
 Yahoo! Mail
 welcome, waynepolson1909
 [Sign Out, My Account]

Finance Home - Help

Monday, September 20, 2004, 10:44AM ET - U.S. Markets close in 5 hours and 16 minutes.

Welcome, waynepolson1909 [Sign Out] Money Manager - Customize
 Finance [Hide Portfolios]

Services
 Bill Pay - Funds Transfer - PayDirectAccounts [manage - add]
 | Expense MgrPortfolios [manage - create - add brokerage]
 Quotes - telco special - COMBO GE - Ansaldo Group - Power Industry -
 Telco ROR - Tricom/Centennial - Hill portfolio - PR Milk - FUNDS -
 Pipelines - LDCs

Quotes & InfoEnter Symbol(s):
 e.g. YHOO, ADJI Symbol Lookup | Finance Search

Nicor Inc (GAS)At 10:24AM ET: 37.04 0.28 (0.75%) Reuters
 MORE ON GAS
 Quotes
 Summary
 Real-Time Mkt/ECN
 Options
 Historical Prices
 Charts
 Basic Chart
 Technical Analysis
 News & Info
 Headlines
 Company Events
 Message Board
 Company
 Profile
 Key Statistics
 SEC Filings
 Competitors
 Industry
 Analyst Coverage
 Analyst Opinion
 Analyst Estimates
 Research Reports
 Star Analysts
 Ownership
 Major Holders
 Insider Transactions
 Insider Roster
 Financials
 Income Statement
 Balance Sheet
 Cash Flow

Left your 401(k)s at old jobs?
 -Let Fidelity help you get reunited
 -Consolidate with Fidelity Rollover Express®

GAS Analyst Estimates for NICOR INC - Yahoo! Finance

Analyst EstimatesGet Analyst Estimates for:

Earnings EstCurrent Qtr
 Sep-04Next Qtr
 Dec-04Current Year
 Dec-04Next Year
 Dec-05
 Avg. Estimate 0.070.792.212.23
 No. of Analysts 5567
 Low Estimate 0.010.722.152.15
 High Estimate 0.100.902.312.35
 Year Ago EPS -0.050.791.992.21

Revenue EstCurrent Qtr
 Sep-04Next Qtr
 Dec-04Current Year
 Dec-04Next Year
 Dec-05
 Avg. Estimate 300.00M698.00M2.85B2.90B
 No. of Analysts 1133
 Low Estimate 300.00M698.00M2.53B2.58B
 High Estimate 300.00M698.00M3.22B3.30B
 Year Ago Sales 294.80MN/AN/A2.85B
 Sales Growth (year/est) 1.8%N/AN/A1.8%

Earnings HistorySep-03Dec-03Mar-04Jun-04
 EPS Est0.280.820.930.19
 EPS Actual-0.050.790.960.37
 Difference -0.33-0.030.030.18
 Surprise % -117.9% -3.7% 3.2% 94.7%

EPS TrendsCurrent Qtr
 Sep-04Next Qtr
 Dec-04Current Year
 Dec-04Next Year
 Dec-05
 Current Estimate 0.070.792.212.23
 7 Days Ago 0.070.792.212.23
 30 Days Ago 0.110.892.162.21
 60 Days Ago 0.110.892.182.23
 90 Days Ago 0.120.892.192.23

EPS RevisionsCurrent Qtr
 Sep-04Next Qtr
 Dec-04Current Year
 Dec-04Next Year
 Dec-05
 Up Last 7 Days 0000
 Up Last 30 Days 0000
 Down Last 30 Days 0000
 Down Last 90 Days 1100

GAS Analyst Estimates for NICOR INC - Yahoo! Finance
 Growth EstGASIndustrySectors&P 500
 Current Qtr. 240.0%137.5%-0.4%14.3%
 Next Qtr. 0.0%4.7%7.3%15.5%
 This Year 11.1%4.0%3.2%19.0%
 Next Year 0.9%3.5%9.3%10.1%
 Past 5 Years (per annum) -5.7%N/AN/AN/A
 Next 5 Years (per annum) 2.3%5.77%4.95%10.81%
 Price/Earnings (avg. for comparison categories)
 16.915.3415.1017.02
 PEG Ratio (avg. for comparison categories) 7.352.663.051.57

ADVERTISEMENT

Add to Portfolio Set Alert Email to a Friend
 Get Analyst Estimates for Another Symbol: Symbol Lookup
 •Upgrades & Downgrades•Conference Calls

Copyright © 2004 Yahoo! Inc. All rights reserved. Privacy Policy - Terms of Service - Copyright Policy

Quotes delayed, except where indicated otherwise.
 Delay times are 15 mins for NASDAQ, 20 mins for NYSE and Amex. See also delay times for other exchanges.

Quote data provided by Reuters.Analyst opinion data (recommendation summary, price targets, coverage list) are provided by Thomson Financial Network, based solely upon research information provided by third party analysts. Yahoo! has not reviewed, and in no way endorses the validity of such data. Yahoo! and ThomsonFN shall not be liable for any actions taken in reliance thereon.Analyst Summary Information (upgrades/downgrades module) provided by Briefing.com.Data and information is provided for informational purposes only, and is not intended for trading purposes. Neither Yahoo! nor any of its data or content providers (such as Reuters, CSI and exchanges) shall be liable for any errors or delays in the content, or for any actions taken in reliance thereon. By accessing the Yahoo! site, a user agrees not to redistribute the information found therein.

ILLINOIS COMMERCE COMMISSION
Illinois Gas Utilities
Comparison of Gas Sales Statistics
For Calendar Years 2003 and 2002



Prepared by the
Financial Analysis Division
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62701

INTRODUCTION

This document provides a comparison of gas sales statistics for calendar years 2003 and 2002 for the following Illinois gas utilities:

AmerenCILCO

AmerenCIPS

AmerenUE

Atmos Energy Corporation

Consumers Gas Company

Illinois Gas Company

Illinois Power Company

Interstate Power & Light Company

MidAmerican Energy Company

Mt. Carmel Public Utility Company

Nicor Gas Company

North Shore Gas Company

The Peoples Gas, Light, & Coke Company

South Beloit Water, Gas & Electric Company

All utilities included in this comparison followed the Uniform System of Accounts as prescribed by this Commission in 83 Ill. Adm. Code 505. Data presented was obtained from Form 21 ILCC filed by the utilities with this Commission. Amounts shown for Residential, Commercial, and Industrial customers may differ from previous comparisons; beginning for 2000, Form 21 ILCC adopted the same customer classifications as FERC Form No. 2.

The customer counts presented are based upon each utility's average number of customers per month.

Consistent with similar comparisons, sales labeled "Sales for Resale" and "Interdepartmental Sales" are stated separately and are not included in "Total Sales to Ultimate Consumers."

For Table 14, Total Throughput Therms equal the sum of therms for Total Sales to Ultimate Customers, Sales for Resale, Interdepartmental Sales, and Gas Transported for Others.

TABLE OF CONTENTS

| <u>Table Number</u> | <u>Description of Table</u> | <u>Page Number</u> |
|---------------------|---|--------------------|
| 1 | Summary of Gas Revenues, Therms, and Customers by Class of Service | 1 |
| 2 | Summary of 2003 Gas Sales by Class of Service | 2 |
| 3 | Revenue per Therm by Class of Service and by Company | 3 & 4 |
| 4 | Residential Sales | 5 & 6 |
| 5 | Small (or Commercial) Sales | 7 & 8 |
| 6 | Large (or Industrial) Sales | 9 & 10 |
| 7 | Other Sales to Public Authorities | 11 |
| 8 | Total Sales to Ultimate Customers | 12 |
| 9 | Sales for Resale | 13 |
| 10 | Interdepartmental Sales | 14 |
| 11 | Total Gas Service Revenues (and Sales) | 15 |
| 12 | Total Other Gas Operating Revenues (Including Transport Gas) and Total Gas Operating Revenues | 16 |
| 13 | Gas Transported for Others | 17 & 18 |
| 14 | Therms by Class of Service as a Percentage of Total Throughput Therms | 19 & 20 |

Table 11

Illinois Gas Utilities
Total Gas Service Revenues (and Sales)

| Utility | Revenues | | | Therms | | | Customers | | |
|------------------|------------------|------------------|----------|---------------|---------------|----------|-----------|-----------|----------|
| | 2003 | 2002 | % Change | 2003 | 2002 | % Change | 2003 | 2002 | % Change |
| AmerenCILCO | \$ 270,726,044 | \$ 215,599,603 | 25.57% | 331,435,160 | 324,474,899 | 2.15% | 208,845 | 208,054 | 0.38% |
| AmerenCIPS | 179,784,287 | 156,895,244 | 14.59% | 197,197,710 | 194,345,250 | 1.47% | 162,585 | 165,155 | -1.56% |
| AmerenUE | 17,851,620 | 16,244,147 | 9.90% | 22,404,400 | 21,089,953 | 6.23% | 17,185 | 17,433 | -1.42% |
| Atmos Energy | 24,221,752 | 18,994,354 | 27.52% | 26,494,040 | 25,627,690 | 3.38% | 23,620 | 23,420 | 0.85% |
| Consumers Gas | 6,041,963 | 5,071,824 | 19.13% | 7,201,730 | 7,295,020 | -1.28% | 5,853 | 5,911 | -0.98% |
| Illinois Gas | 11,659,520 | 9,571,255 | 21.82% | 12,765,646 | 12,809,841 | -0.35% | 10,258 | 10,308 | -0.49% |
| Illinois Power | 455,459,564 | 359,807,482 | 26.58% | 539,246,834 | 517,829,759 | 4.14% | 392,364 | 399,175 | -1.71% |
| Interstate Power | 5,796,448 | 4,137,616 | 40.14% | 7,353,478 | 6,943,540 | 5.90% | 5,510 | 5,487 | 0.42% |
| MidAmerican | 91,734,786 | 63,710,154 | 43.99% | 122,879,307 | 129,538,983 | -5.14% | 65,158 | 65,203 | -0.07% |
| Mt. Carmel | 3,817,874 | 3,272,057 | 16.68% | 4,326,103 | 4,227,582 | 2.33% | 3,654 | 3,684 | -0.81% |
| Nicor Gas | 2,014,785,528 | 1,299,341,998 | 55.06% | 2,685,971,195 | 2,614,628,565 | 2.73% | 1,859,144 | 1,851,441 | 0.42% |
| North Shore Gas | 216,915,933 | 167,646,313 | 29.39% | 261,187,020 | 245,238,090 | 6.50% | 149,226 | 149,108 | 0.08% |
| Peoples Gas | 1,175,594,189 | 882,398,340 | 33.23% | 1,248,204,380 | 1,189,272,990 | 4.96% | 796,549 | 817,296 | -2.54% |
| South Beloit | 7,953,535 | 5,899,660 | 34.81% | 9,245,678 | 9,189,608 | 0.61% | 7,163 | 6,849 | 4.58% |
| Total | \$ 4,482,345,043 | \$ 3,208,590,047 | 39.70% | 5,475,912,681 | 5,302,511,770 | 3.27% | 3,707,114 | 3,728,524 | -0.57% |