WORKPAPERS FOR DIRECT TESTIMONY OF SAMUEL HADAWAY (COMED EX. 8.0)
WPD-6

DUQUESNE LIGHT NYSE-DQE

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD
18.62	15.5	(Trailing: 14.5 / Median: 14.0)	0.86	5.4%

VALUE LINE

TIMELINESS 3 Lowered 5/2/03

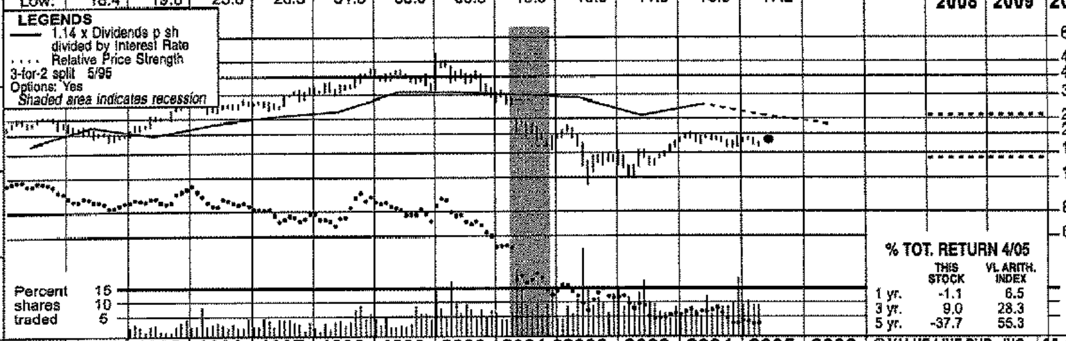
SAFETY 4 Lowered 6/7/02

TECHNICAL 3 Raised 4/22/05

BETA .80 (1.00 = Market)

High:	23.0	30.8	31.5	35.2	44.1	44.3	53.0	33.7	22.3	18.4	20.5	19.2
Low:	18.4	19.6	25.8	26.5	31.6	33.6	30.8	16.5	10.9	11.9	16.9	17.2

Target Price Range 2008 | 2009 | 2010



2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+35%)	11%
Low	15	(-20%)	Nil

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	4	0	0	0	0	0	4	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	72	68	84
to Sell	60	57	53
Hld's(000)	39683	38953	43352

% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	-1.1	6.5
3 yr.	9.0	28.3
5 yr.	-37.7	55.3

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	G2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
13.50	14.07	15.11	14.91	15.04	15.75	15.73	15.86	15.69	16.41	18.69	23.76	23.18	13.71	11.97	11.65	*11.80*	*10.95*	Revenues per sh A	*11.80*
3.17	3.64	3.90	4.01	3.87	4.05	4.68	5.05	5.36	5.13	5.52	7.61	6.94	3.51	2.19	2.28	*2.30*	*2.15*	"Cash Flow" per sh	*2.50*
1.35	1.49	1.67	1.78	1.81	1.99	2.20	2.32	2.40	2.52	2.65	1.31	.31	1.23	1.03	1.21	*1.20*	*1.15*	Earnings per sh B	*1.40*
.87	.92	.97	1.03	1.08	1.13	1.22	1.30	1.38	1.46	1.54	1.62	1.68	1.34	1.00	1.00	*1.00*	*1.00*	Div'd Decl'd per sh C n	*1.04*
1.06	1.36	1.61	1.42	1.27	1.54	1.21	1.31	1.52	2.46	2.05	4.47	2.90	1.13	1.03	1.12	*2.05*	*2.25*	Cap'l Spending per sh	*1.00*
12.84	13.38	14.00	14.75	15.48	16.27	17.13	18.01	19.30	19.18	18.78	14.02	9.09	6.09	7.63	7.93	*8.35*	*9.45*	Book Value per sh D	*10.65*
83.01	80.64	79.36	79.43	79.52	78.46	77.56	77.27	77.68	77.37	71.77	55.89	55.91	74.35	75.42	77.00	*78.00*	*86.00*	Common Shs Outst'g E	*89.00*
10.2	9.9	10.7	11.3	12.8	10.2	11.0	12.3	12.6	14.4	14.9	30.5	77.1	13.7	14.6	15.5	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.77	.74	.68	.69	.76	.67	.74	.77	.73	.75	.85	1.98	3.95	.75	.83	.83	*Value Line*		Relative P/E Ratio	*.95*
6.3%	6.2%	5.4%	5.1%	4.7%	5.6%	5.0%	4.6%	4.6%	4.0%	3.9%	4.1%	7.0%	7.9%	6.6%	5.3%	*estimates*		Avg Ann'l Div'd Yield	*5.3%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $963.1 mill. **Due in 5 Yrs** $45.0 mill.
LT Debt $957.9 mill. **LT Interest** $59.0 mill.
(LT interest earned: 2.8x)
Pension Assets-12/04 $716 mill. **Oblig.** $750 mill.
Pfd Stock $147.1 mill. **Pfd Div'd** *$8.0 mill.*
Incl. 1.5 mill. shs. 6.5% pfd, $50 par, $50 liq. val.; 1.05 mill. shs. 3.75%-4.20% cum. pfd, $50 par, $50 liq. val; 159,400 shs $2.10 pfd, $50 par, $50 liq. val; 408,609 shs series A, $2.80 pfd, $1.00 par, $35.50 liq. val; 10 shs 6.5% EnviroGas pfd, $100,000 par, $100,000 liq. val.
Common Stock 77,543,200 shs. as of 4/30/05
MARKET CAP: $1.4 billion (Mid Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
1220.2	1225.2	1219.2	1269.6	1341.2	1327.6	1296.1	1019.4	902.8	897.3	*920*	*940*	Revenues ($mill) A	*1050*
176.5	179.1	185.9	196.7	201.4	82.8	33.9	80.7	78.5	92.2	*101*	*107*	Net Profit ($mill)	*133*
35.4%	32.6%	34.0%	33.9%	35.5%	33.6%	37.7%	27.6%	18.1%	22.0%	*25.0%*	*30.0%*	Income Tax Rate	*34.0%*
--	--	--	--	.4%	2.4%	1.8%	1.1%	.6%	.5%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*.5%*
50.6%	47.1%	45.0%	44.5%	50.5%	56.8%	61.5%	60.9%	60.2%	55.9%	*54.5%*	*52.0%*	Long-Term Debt Ratio	*48.5%*
46.9%	45.6%	47.7%	47.1%	41.2%	33.0%	26.1%	25.5%	35.4%	35.6%	*37.0%*	*41.0%*	Common Equity Ratio	*44.5%*
2835.3	3054.7	3140.9	3149.1	3270.0	2374.5	1950.1	1777.8	1623.6	1715.3	*1750*	*1985*	Total Capital ($mill)	*2125*
3060.2	2817.5	2662.3	1716.8	1828.1	1707.1	1688.3	1425.5	1437.3	1459.4	*1565*	*1695*	Net Plant ($mill)	*1940*
8.1%	7.7%	7.8%	8.0%	7.9%	5.9%	3.7%	6.5%	6.8%	7.2%	*7.5%*	*7.0%*	Return on Total Cap'l	*8.0%*
12.6%	11.1%	10.8%	11.3%	12.4%	8.1%	4.5%	11.6%	12.1%	12.2%	*12.5%*	*11.0%*	Return on Shr. Equity	*12.0%*
12.8%	12.0%	11.6%	12.1%	14.8%	10.5%	3.4%	17.7%	13.6%	15.1%	*14.5%*	*12.0%*	Return on Com Equity F	*13.0%*
5.8%	4.8%	4.4%	5.6%	6.2%	NMF	NMF	1.5%	2.5%	4.3%	*2.5%*	*1.5%*	Retained to Com Eq	*3.5%*
56%	63%	64%	58%	58%	120%	NMF	92%	82%	72%	*85%*	*88%*	All Div'ds to Net Prof	*76%*

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+5.1	-15.3	+2.1
Avg. Indust. Use (MWH)	N/A	N/A	N/A
Avg. Indust. Revs. per KWH (¢)	4.96	4.10	N/A
Capacity at Peak (Mw)	N/A	N/A	N/A
Peak Load, Summer (Mw)	N/A	N/A	N/A
Annual Load Factor (%)	N/A	N/A	N/A
% Change Customers (yr-end)	N/A	N/A	N/A
Fixed Charge Cov. (%)	183	226	252

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	-2.0%	-6.0%	*-1.0%*
"Cash Flow"	-4.0%	-13.0%	*-1.0%*
Earnings	-4.5%	-14.5%	*3.0%*
Dividends	.5%	-5.5%	*-1.0%*
Book Value	-7.5%	-17.5%	*6.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	265.9	249.4	273.9	230.2	G1019.4
2003	220.3	215.8	246.0	220.7	902.8
2004	217.1	218.9	242.8	218.5	897.3
2005	218.7	*226*	*250*	*225.3*	*920*
2006	*227*	*231*	*255*	*227*	*940*

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.21	.22	.55	.25	G1.23
2003	.27	.12	.39	.25	1.03
2004	.29	.30	.37	.25	1.21
2005	.25	*.31*	*.38*	*.26*	*1.20*
2006	*.24*	*.30*	*.37*	*.24*	*1.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C n Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.42	.42	.42	.42	1.68
2002	.42	.42	.42	.25	1.51
2003	.25	.25	.25	.25	1.00
2004	.25	.25	.25	.25	1.00
2005	.25	.25			

BUSINESS: Duquesne Light Holdings, Inc. (formerly DQE, Inc.), through its Duquesne Light Co. subsidiary, distributes electricity to 587,000 customers in an 800-square-mile service area, including Pittsburgh and municipalities in western Pennsylvania. Other subsidiaries: DQE Cap'l, DQE Comm., DQE Energy Svcs, DQE Ents, and DQE Finc'l. Approx. 2004 elec. revs: resid'l, 38.0%; commerc'l, 42.0%; ind'l, 17.0%; other, 3.0%. Sold generating assets to Orion Power Hldgs 4/00; Pro Am to Ferrellgas Ptnrs 12/02; AquaSource to Philadelphia Suburban 7/03. 2004 deprec. rate: 3.8%. Has about 1,425 employees; 48,135 stockholders. Chrmn: R.P. Bozzone. CEO, & Pres.: M.K. O'Brien. Inc.: PA. Addr.: 411 Seventh Ave., Pittsburgh, PA. 15219. Tel.: 412-393-6000. Web: www.dqe.com.

We don't expect any improvement in share net at Duquesne Light Holdings this year. Excluding one-time net gains of $8.3 million, $4.6 million, and $2.4 million related to mark-to-market energy contract accounting, the sale of a gas partnership investment, and the settlement of an interest rate lock agreement, respectively, March-quarter share net fell short of our expectation ($0.29) and the year-earlier figure. Though the account retention rate has firmed, the Duquesne Light utility subsidiary is still dealing with noteworthy competition for retail residential and small business customers. Too, competitors are taking away large retail business customers in significant numbers. On a positive note, however, the fledgling nonregulated Duquesne Light Energy unit is building up a sizable large business market share. Also, the utility began operating under a three-year provider-of-last-resort rate plan this year, which lends support to operating stability. All in all, the company likely will post flat share net of about $1.20 in 2005. Next year, share earnings may well fall modestly because of dilution related to increased funding.

Management intends to soon start the refurbishment of the company's aging power transmission and distribution network. As much as $600 million will be spent on this effort over the next few years. Sometime this summer, the company will file for approval with the Pennsylvania Public Utility Commission and the Federal Energy Regulatory Commission. Since the refurbishment will improve service reliability and quality, we don't expect any major opposition. Our revenue and earnings projections assume that Duquesne will be granted an adequate rate of return on this additional investment. Management plans to refinance $420 million in utility subsidiary debt with new parent-level obligations, and issue roughly $75 million in new parent debt and up to $150 million in common equity to help fund the coming improvements.

Income investors may be attracted to the stock's high yield, which is a fair reflection of the risk associated with greater market competition and elevated financing requirements. The current common dividend appears safe.

David M. Reimer *June 3, 2005*

(A) Beginning in Mar. '02, reflects discontinuation of competitive transition chg. (B) Diluted egs. Excl. nonrecurr. items: '97, 17¢; '98, d$1.06; '00, $1.08; '01, d$3.06; '02, d$4.51; '03, $1.26; 3Q, '04, d8¢; 4Q, d1¢; 1Q, '05, 20¢. Next egs rpt early Aug. (C) Div'ds hist. paid in early Jan., Apr., July, and Oct. n Div'd reinvest. plan. (D) Incl. regulatory assets. In '04, $3.83/sh. (E) In mill., adj'd for split. (F) Rate base determ.: fair val. Rate allowed on com. eq. in '01: 11.0%. Return on avg. com. eq.: '04, 15.5%. Reg. Clim.: Avg. (G) Excl. water ops.

Company's Financial Strength	B
Stock's Price Stability	75
Price Growth Persistence	15
Earnings Predictability	40

ENERGY EAST CORP. NYSE-EAS

RECENT PRICE **27.85** | P/E RATIO **15.5** (Trailing: 15.1; Median: 12.0) | RELATIVE P/E RATIO **0.86** | DIV'D YLD **4.2%** | VALUE LINE

TIMELINESS	3	Raised 5/20/05	
SAFETY	2	Lowered 3/9/01	
TECHNICAL	3	Raised 5/27/05	
BETA .85 (1.00 = Market)			

2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+25%)	10%
Low	25	(-10%)	2%

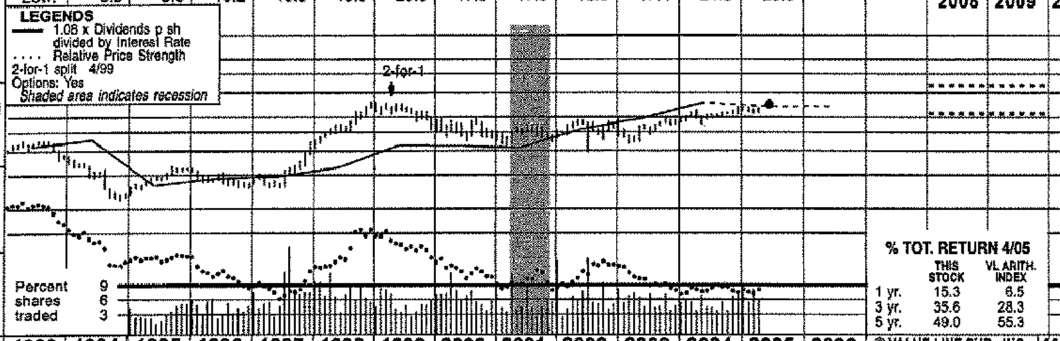
Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	1	1
Options	2	0	0	1	0	1	0	6	0
to Sell	0	1	0	0	0	1	0	0	0

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	102	107	107
to Sell	92	77	86
Hld's(000)	67877	68874	71894

High:	15.3	13.4	13.2	17.9	29.0	28.6	23.6	22.1	23.1	23.7	27.1	28.7
Low:	8.9	9.5	10.2	10.3	16.5	20.6	17.9	17.0	15.8	17.4	21.8	25.0



% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	15.3	6.5
3 yr.	35.6	28.3
5 yr.	49.0	55.3

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
12.40	11.99	12.27	12.18	12.75	13.28	14.05	14.78	15.78	19.85	20.84	25.15	32.21	27.65	31.41	32.33	*33.45*	*34.25*	Revenues per sh	*37.75*
2.50	2.35	2.37	2.32	2.20	2.43	2.54	2.64	2.77	3.06	3.37	3.42	3.75	3.12	4.28	4.18	*3.85*	*3.95*	"Cash Flow" per sh	*4.25*
1.22	1.24	1.18	1.20	1.04	1.19	1.25	1.26	1.29	1.51	1.91	2.07	2.00	1.50	1.43	1.62	*1.80*	*1.80*	Earnings per sh A	*2.00*
1.01	1.03	1.05	1.07	1.09	1.00	.70	.70	.70	.78	.84	.88	.92	.96	1.00	1.06	*1.13*	*1.21*	Div'd Decl'd per sh B n	*1.45*
1.67	1.69	1.92	1.75	1.88	1.72	1.14	1.54	.92	1.04	.64	1.32	1.79	1.55	1.98	2.07	*2.60*	*2.20*	Cap'l Spending per sh	*2.00*
10.64	10.93	11.08	11.42	11.44	11.64	12.19	12.70	13.36	13.61	12.84	14.59	15.26	16.97	17.59	17.89	*18.60*	*19.25*	Book Value per sh C	*20.75*
115.11	124.86	126.80	138.88	141.19	143.01	143.01	139.34	135.02	125.89	109.34	117.66	116.72	144.97	146.26	147.12	*148.00*	*149.00*	Common Shs Outst'g D	*152.00*
10.4	9.9	11.1	12.3	16.2	9.9	9.3	9.1	9.7	14.6	13.4	10.1	9.8	14.0	14.6	15.1	*Bold figures are*		Avg Ann'l P/E Ratio	*14.5*
.79	.74	.71	.75	.96	.65	.62	.57	.56	.76	.76	.66	.50	.76	.83	.80	*Value*	*Line*	Relative P/E Ratio	*.95*
8.0%	8.4%	8.0%	7.3%	6.5%	8.5%	6.0%	6.1%	5.6%	3.5%	3.3%	4.2%	4.7%	4.6%	4.8%	4.3%	*estimates*		Avg Ann'l Div'd Yield	*5.0%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $3953.6 mill. **Due in 5 Yrs** $983.1 mill.
LT Debt $3771.5 mill. **LT Interest** $235.7 mill.
Incl. $345 mill. 8¼% mand. redeem. trust pfd. sec.
(LT interest earned: 3.3x)
Pension Assets-12/04 $2.48 bill. **Oblig.** $2.25 bill.
Pfd Stock $46.7 mill. **Pfd Div'd** $1.9 mill.
463,316 shs. 3.50%-6.00%, cum., $100 par, redeemable at $100-$110; 108,706 shs. 8.0%, cum., $3.125 par, noncallable.

Common Stock 147,289,363 shs.
as of 4/29/05
MARKET CAP: $4.1 billion (Mid Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
2009.5	2059.4	2130.0	2499.4	2278.6	2959.5	3759.8	4008.9	4593.8	4756.7	*4950*	*5100*	Revenues ($mill)	*5700*
196.7	188.2	184.6	202.8	225.1	237.6	235.4	199.6	212.1	241.3	*260*	*270*	Net Profit ($mill)	*295*
37.1%	37.6%	38.9%	40.4%	36.7%	39.7%	44.2%	34.1%	37.6%	51.0%	*39.0%*	*39.0%*	Income Tax Rate	*39.0%*
1.1%	1.3%	.4%	.2%	.1%	.4%	.3%	.7%	.9%	.2%	*Nil*	*Nil*	AFUDC % to Net Profit	*Nil*
45.3%	43.4%	42.5%	44.8%	46.6%	57.1%	60.7%	58.9%	59.8%	58.6%	*55.5%*	*55.0%*	Long-Term Debt Ratio	*53.5%*
50.0%	51.9%	52.8%	53.5%	53.0%	41.8%	38.4%	39.2%	38.5%	40.6%	*44.0%*	*44.5%*	Common Equity Ratio	*46.0%*
3490.5	3410.2	3413.0	3203.0	2649.2	4106.7	4640.8	6273.5	6681.3	6475.6	*6275*	*6455*	Total Capital ($mill)	*6900*
3963.6	3982.4	3922.3	3862.7	2139.8	3632.9	3626.4	4801.8	5778.1	5662.2	*5745*	*5750*	Net Plant ($mill)	*5625*
7.3%	7.1%	7.0%	7.9%	10.5%	7.4%	7.2%	5.1%	5.1%	5.5%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
10.3%	9.8%	9.4%	11.5%	15.9%	13.5%	12.9%	7.7%	7.9%	9.0%	*9.5%*	*9.5%*	Return on Shr. Equity	*9.0%*
10.2%	10.1%	9.7%	11.3%	15.8%	13.8%	13.1%	8.0%	8.1%	9.0%	*9.5%*	*9.5%*	Return on Com Equity E	*9.5%*
4.5%	4.3%	4.4%	5.5%	8.8%	8.0%	7.1%	2.9%	3.1%	3.8%	*3.5%*	*3.0%*	Retained to Com Eq	*2.5%*
60%	59%	57%	54%	45%	42%	46%	65%	63%	58%	*63%*	*67%*	All Div'ds to Net Prof	*74%*

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+15.6	+13.9	+1.4
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	4.69	4.65	3.82
Capacity at Peak (Mw)	NMF	NMF	NMF
Peak Load, Winter (Mw)	NA	NA	NA
Annual Load Factor (%)	NMF	NMF	NMF
% Change Customers (yr-end)	+27.0	+1.1	+.9
Fixed Charge Cov. (%)	202	211	264

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	9.0%	10.0%	3.5%
"Cash Flow"	5.5%	4.5%	1.5%
Earnings	3.0%	-.5%	4.5%
Dividends	-.5%	5.5%	6.5%
Book Value	4.5%	5.5%	3.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	1028.6	714.9	1016.2	1249.2	4008.9
2003	1508.3	986.1	903.1	1196.3	4593.8
2004	1551.4	968.9	967.8	1268.6	4756.7
2005	1637.3	*1000*	*1000*	*1312.7*	*4950*
2006	*1700*	*1025*	*1025*	*1350*	*5100*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.95	.06	.16	.37	1.50
2003	.90	.20	.01	.31	1.43
2004	.83	.29	.12	.38	1.62
2005	1.05	*.20*	*.10*	*.45*	*1.80*
2006	*1.00*	*.23*	*.10*	*.47*	*1.80*

Cal-endar	QUARTERLY DIVIDENDS PAID B n Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.23	.23	.23	.23	.92
2002	.24	.24	.24	.24	.96
2003	.25	.25	.25	.25	1.00
2004	.26	.26	.26	.275	1.06
2005	.275	.275			

BUSINESS: Energy East Corporation is a holding company for New York State Electric & Gas (NYSEG), Rochester Gas and Electric, Central Maine Power, Connecticut Natural Gas, & Southern Connecticut Gas. Serves 1.8 mill. electric, 914,000 gas customers in NY & New England. Acq'd Connecticut Energy 2/00; CMP Group, CTG Resources & Berkshire Energy 9/00; RGS Energy 6/02. Electric revenue breakdown, '04: res'l, 42%; comm'l, 20%; ind'l, 10%; other, 28%. Purchases most of its power. Fuel costs: 55% of revs. '04 reported deprec. rate: 3.3%. Has 6,100 employees, 35,700 stockholders. Chairman, Pres. & CEO: Wesley W. von Schack. Inc.: NY. Address: P.O. Box 12904, Albany, NY 12212-2904. Tel.: 518-434-3049. Internet: www.energyeast.com.

One of Energy East's utility subsidiaries has filed for a rate increase. Southern Connecticut Gas (SCG), which has been earning a return on equity below 9%, filed for a $35 million (11%) tariff hike. The majority of the request is for recovery of higher costs such as property taxes and bad-debt expense. An order is expected before SCG's current rate agreement expires on September 30th.

Two utility subsidiaries have also made rate filings. But they aren't seeking price increases. Connecticut Natural Gas, which is faring better than SCG, has requested to return to traditional cost-of-service ratemaking (without a change in tariffs) when its agreement expires on September 30th. New York State Electric & Gas wants a two-year extension to its electric rate agreement, which is now scheduled to expire at the end of September of 2006. The utility has done well under the agreement, which allows it to earn a return on equity of up to 15.5% before a sharing mechanism with customers kicks in. NYSEG is asking for a decision by the end of September this year. If the New York State commission turns down its request for an extension, the utility will probably file a rate case in early 2006.

We have fine-tuned our 2005 and 2006 earnings estimates. Although first-quarter profits topped our estimate by $0.15 a share, we have raised our 2005 forecast by just $0.05 because our estimates for the second and third periods were probably too high. (The accounting for stock appreciation rights, which raised first-quarter share net by $0.06, makes quarterly profits tough to predict.) We have trimmed our 2006 estimate by a nickel, to $1.80 a share, assuming a more normal first-quarter tally.

Energy East is benefiting from its system-integration program. It wants to operate its six utilities more like one entity. Already, operating and capital cost savings have been over $100 million, and the company expects an additional $20 million of expense reductions in 2005.

This stock's yield is a bit above average for a utility. That's based on our expectation of a dividend boost later this year. Total-return potential to 2008-2010 is slightly above the industry norm, too.

Paul E. Debbas, CFA *June 3, 2005*

(A) Diluted EPS. Excl. nonrec. losses: '00, 40¢; '01, 39¢; '02, 6¢; gain (loss) from discont. ops.: '03, 2¢; '04, (5¢). '02 EPS don't add due to change in shares, '03 due to rounding. Next earnings report due early Aug. (B) Div'ds historically paid in mid-Feb., May, Aug., and Nov. n Div'd reinv. plan avail. (C) Incl. intang. In '04: $25.02/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rate all'd on com. eq. for NYSEG '02: 15.5% elec., 10.5% gas; RG&E '04: 12.25% elec., 12% gas; earned on avg. com. eq., '04: 9.1%. Regulatory Climate: Avg.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	80

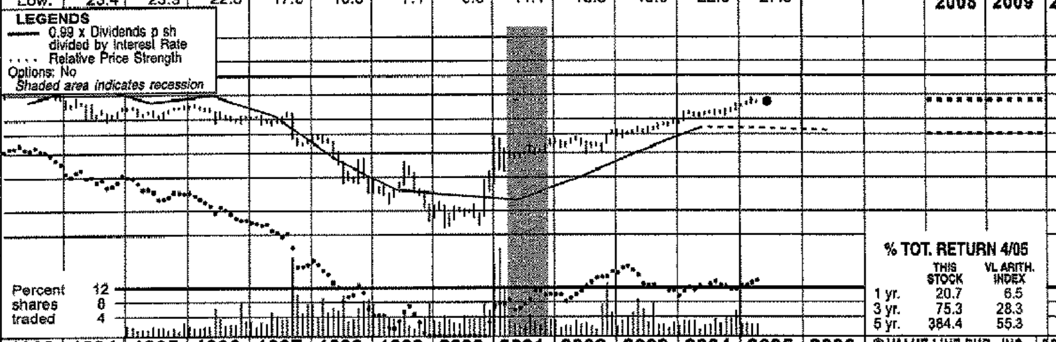
GREEN MTN. POWER NYSE-GMP

RECENT PRICE 29.50 | P/E RATIO 13.7 (Trailing: 15.2 Median: 12.0) | RELATIVE P/E RATIO 0.76 | DIV'D YLD 3.5% | VALUE LINE

TIMELINESS 4 Lowered 5/13/05
SAFETY 3 Raised 9/7/01
TECHNICAL 3 Raised 4/1/05
BETA .60 (1.00 = Market)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
High:	31.3	28.6	29.1	26.3	20.1	14.5	13.0	19.5	21.1	23.8	29.2	30.9
Low:	23.4	23.9	22.8	17.6	10.0	7.1	6.6	11.1	15.8	19.0	22.6	27.9

Target Price Range 2008 | 2009 | 2010



2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(Nil)	4%
Low	20	(-30%)	-5%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	3	0	0	3	2	1	4	2	1
to Sell	3	0	0	3	2	1	4	2	1

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	28	24	24
to Sell	18	11	17
Hld's(000)	2029	2084	2117

% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	20.7	6.5
3 yr.	75.3	28.3
5 yr.	384.4	55.3

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
38.83	39.06	33.33	32.91	32.46	31.68	33.30	35.54	34.52	34.69	46.41	49.82	49.86	55.42	55.72	44.51	44.75	45.30	Revenues per sh	46.80
3.95	4.02	3.87	4.32	4.05	4.47	5.12	5.41	4.69	2.24	3.45	2.69	4.42	5.14	4.79	4.86	5.00	5.10	"Cash Flow" per sh	5.30
2.36	2.29	2.45	2.54	2.20	2.23	2.26	2.22	1.57	d.80	.46	d.06	1.88	1.96	2.01	2.10	2.15	2.25	Earnings per sh (A)	2.45
1.95	2.00	2.04	2.08	2.11	2.12	2.12	2.12	1.61	.96	.55	.55	.55	.60	.76	.88	1.00	1.08	Div'd Decl'd per sh (B)n	1.32
5.44	3.79	3.42	3.47	3.52	2.89	3.16	3.48	3.16	2.05	1.70	2.49	2.28	3.94	3.30	4.05	4.65	4.60	Cap'l Spending per sh	2.75
18.73	19.03	20.30	20.99	21.42	21.66	21.94	22.15	22.02	20.09	18.60	16.53	17.81	18.51	19.85	21.32	21.60	22.20	Book Value per sh (C)	23.90
3.71	3.78	4.31	4.41	4.54	4.68	4.85	5.04	5.20	5.31	5.41	5.57	5.69	4.95	5.03	5.14	5.25	5.30	Common Shs Outst'g (E)	5.45
10.3	10.5	10.8	12.2	15.6	12.1	11.7	11.6	14.2	--	22.6	--	8.5	9.3	10.7	12.3	Bold figures are	Value Line	Avg Ann'l P/E Ratio	11.0
.78	.78	.69	.74	.92	.79	.78	.73	.82	--	1.29	--	.44	.51	.61	.66	estimates		Relative P/E Ratio	.75
8.0%	8.3%	7.7%	6.7%	6.2%	7.8%	8.0%	8.2%	7.2%	6.4%	5.3%	6.6%	3.4%	3.3%	3.5%	3.4%			Avg Ann'l Div'd Yield	4.9%

CAPITAL STRUCTURE as of 3/31/05
Total Debt $97.5 mill. Due in 5 Yrs $14.0 mill.
LT Debt $97.5 mill. LT Interest $6.7 mill.
Incl. $4.5 mill. capitalized leases.
(LT interest earned: 3.3x)

Leases, Uncapitalized None
Pension Assets-12/04 $29.9 mill. Oblig. $36.5 mill.

Pfd Stock None

Common Stock 5,179,507 shs. as of 4/22/05
(5.3 mill. fully diluted shs.)
MARKET CAP: $150 million (Small Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
161.5	179.0	179.3	184.3	251.0	277.3	283.5	274.6	280.5	228.8	235	240	Revenues ($mill)	255
11.5	12.0	9.4	d2.9	3.6	.7	11.8	11.4	10.3	11.1	11.3	11.9	Net Profit ($mill)	13.3
32.7%	35.1%	43.2%	--	22.9%	--	37.1%	34.7%	33.1%	34.3%	34.0%	34.5%	Income Tax Rate	35.5%
5.0%	5.4%	7.1%	--	6.2%	72.2%	3.4%	2.9%	6.3%	6.6%	6.5%	5.0%	AFUDC % to Net Profit	4.5%
46.7%	44.3%	43.5%	43.9%	43.9%	42.9%	41.4%	51.7%	49.5%	47.1%	46.0%	48.0%	Long-Term Debt Ratio	49.5%
49.2%	47.5%	49.0%	48.7%	49.8%	50.3%	52.2%	48.3%	50.5%	52.9%	54.0%	52.0%	Common Equity Ratio	50.5%
216.3	234.8	233.7	219.0	202.3	183.2	194.0	190.1	197.9	207.1	210	225	Total Capital ($mill)	260
182.0	189.9	196.7	195.6	192.9	194.7	196.9	203.5	228.9	232.7	245	260	Net Plant ($mill)	295
6.8%	6.6%	5.6%	.3%	3.4%	2.2%	7.6%	7.4%	7.0%	6.9%	7.0%	6.5%	Return on Total Cap'l	6.5%
10.0%	9.1%	7.1%	NMF	3.2%	.7%	10.4%	12.4%	10.3%	10.1%	10.0%	10.0%	Return on Shr. Equity	10.0%
10.1%	9.8%	7.0%	NMF	2.4%	NMF	10.7%	12.3%	10.3%	10.1%	10.0%	10.0%	Return on Com Equity (D)	10.0%
.6%	.5%	NMF	NMF	NMF	NMF	7.7%	8.7%	6.5%	6.0%	5.0%	5.0%	Retained to Com Eq	4.5%
94%	96%	102%	NMF	113%	NMF	34%	30%	37%	41%	47%	48%	All Div'ds to Net Prof	54%

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	-.3	-.7	+1.8
Avg. Indust. Use (MWH)	31499	25811	27771
Avg. Indust. Revs. per KWH (¢)	7.31	7.41	7.44
Capacity at Peak (Mw)	406.9	393.9	370.6
Peak Load, Summer (Mw)	342.0	330.2	326.7
Annual Load Factor (%)	70.0	71.1	72.4
% Change Customers (yr-end)	+.9	+1.2	+1.1
Fixed Charge Cov. (%)	327	279	313

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	5.0%	6.0%	-1.5%
"Cash Flow"	1.5%	7.5%	1.5%
Earnings	-1.5%	37.5%	3.5%
Dividends	-10.0%	-6.5%	10.0%
Book Value	-.5%	-.5%	3.0%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	68.9	65.1	73.5	67.1	274.6
2003	72.9	64.5	72.0	71.1	280.5
2004	63.1	54.6	54.9	56.2	228.8
2005	58.2	58.0	59.0	59.8	235
2006	61.0	59.0	60.0	60.0	240

Calendar	EARNINGS PER SHARE (A) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.57	.32	.52	.55	1.96
2003	.80	.22	.59	.40	2.01
2004	.72	.34	.65	.39	2.10
2005	.56	.42	.67	.50	2.15
2006	.60	.45	.68	.52	2.25

Calendar	QUARTERLY DIVIDENDS PAID n (B) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.138	.138	.138	.138	.55
2002	.138	.138	.138	.19	.60
2003	.19	.19	.19	.19	.76
2004	.22	.22	.22	.22	.88
2005	.25				

BUSINESS: Green Mountain Power Corp. supplies electricity to north-central, and parts of southern and southeastern Vermont. 2004 rev. mix: resid'l, 33.4%; small comm'l & ind'l, 33.2%; large comm'l. & ind'l., 21.7%; other utils, 9.9%; other, 1.8%. 2004 fuel mix: hydro, 37.5% (incl. H-Q purch.); nuclear, 36.9% (Vermont Yankee); wood, 3.9%; oil and gas, 2.5%; wind, .5%; mkt purch., 18.7%. Has a 29.2% interest in Vermont Electric Power Co. and a 33.6% stake in Vermont Yankee Nuclear Power Corp. Fuel and purch. pwr costs: 60.1% of revs. '04 deprec. rate: 4.0%. Has 192 employees, 5,120 stockholders of rec. Chrmn: N.L. Brue. Pres. & CEO: C.L. Dutton. Inc.: VT. Addr.: 163 Acorn Lane, Colchester, VT 05446. Tel.: 802-655-8418. Web: www.greenmountainpower.biz.

Green Mountain Power likely will earn close to its allowed return on common equity (10.5%) in 2005 and 2006. During the first quarter of this year, GMP recorded lower wholesale and retail revenues, versus those of last year, due to soft power demand. Wholesale revenues typically carry slim margins and do not have a big impact on net income. Retail sales, however, are more important to earnings. It appears that residential customers are conserving energy in the face of high heating fuel and gasoline prices. Better demand from large commercial and industrial customers and a 1.9% rate hike that went into effect in January, though, helped to shore up the top and bottom lines. The operating margin also narrowed because of higher energy prices, costs associated with reduced hydroelectric plant availability, and increased transmission system, maintenance, depreciation and amortization expenses. Assuming normal temperatures ahead and state commission approval of another 0.9% rate hike next January, GMP's share net should progress toward the $2.25 level in 2006, thus maintaining about a 10.0% rate of return.

Over the next two years, GMP plans to issue some $25 million in new debt. In 2006, the company has $14 million in first mortgage bond redemptions coming due. Furthermore, to the end of 2007, management has agreed to invest up to $20 million in the Vermont Electric Company's project to upgrade transmission lines in the northwest region of the state. (Investment returns on this project will enhance long-term earnings.) Despite the new funding, GMP's capital structure should stay well balanced, with near even portions of debt and common equity.

GMP's share price is close to a 52-week high. In recent years, the utility received more favorable rate treatment from state regulators, and earnings and dividends strengthened. More positive progress is likely. The yield has held near 3.5% since 2001, even as the share price rose. A complete valuation rebound will be tough to achieve by 2008-2010, though. (The all-time high was $36.60 set in 1993.) Compared to the average utility equity under our review, untimely GMP stock's long-term total-return potential is subpar.

David M. Reimer *June 3, 2005*

(A) Basic earnings. Next earnings report due early Aug. Excludes gain (losses) from discontinued operations: '99, ($1.25); '00, ($1.19); '01, (3¢); '03, 1¢ (B) Dividends historically paid in late Mar., June, Sep., and Dec. n Dividend reinvestment plan available. (C) Includes deferred charges. In '04: $10.45/sh. (D) Rate base determination: net original cost. Rate allowed on common equity in '03: 10.5%. Earned on average common equity in '04: 10.5%. Regulatory Climate: Average. (E) In millions.

Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	25
Earnings Predictability	20

NORTHEAST UTILITIES NYSE-NU

RECENT PRICE 19.33 | P/E RATIO 16.8 (Trailing: 30.7 Median: NMF) | RELATIVE P/E RATIO 0.93 | DIV'D YLD 3.6% | VALUE LINE

TIMELINESS 3 Raised 7/19/02
SAFETY 3 Raised 9/6/02
TECHNICAL 4 Lowered 3/11/05
BETA .80 (1.00 = Market)

High:	25.8	25.4	25.3	14.3	17.3	22.0	24.6	24.3	20.7	20.3	20.3	19.5
Low:	20.4	21.0	9.5	7.6	11.7	13.6	18.0	16.6	12.7	13.1	17.2	17.8

Target Price Range 2008 | 2009 | 2010

2008-10 PROJECTIONS

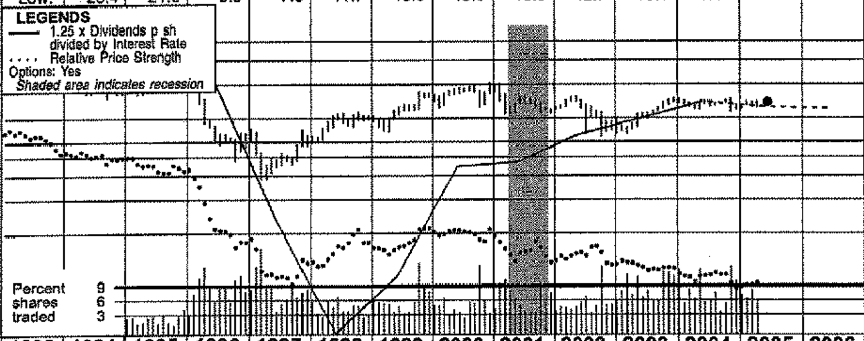
	Price	Gain	Ann'l Total Return
High	25	(+30%)	10%
Low	16	(-15%)	1%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	0	0	0	0
to Sell	0	1	0	0	1	0	0	0	0

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	79	79	84
to Sell	85	71	78
Hld's(000)	88322	85259	88236



40
32
24
16
12
10
8
6
4

% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	3.2	6.5
3 yr.	0.1	28.3
5 yr.	-3.6	55.3

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
20.30	23.87	23.09	24.03	29.19	29.15	29.51	29.52	29.46	28.77	33.91	40.86	52.82	40.89	47.53	51.82	*47.30*	*48.50*	Revenues per sh	*59.25*
5.46	5.68	4.66	5.13	5.86	6.26	6.02	3.77	2.68	3.73	5.68	3.39	10.48	6.32	5.80	5.00	*5.75*	*6.20*	"Cash Flow" per sh	*7.75*
1.87	1.94	2.12	2.02	1.60	2.30	2.24	.01	d1.05	d.36	d1.14	d.20	1.37	1.08	1.24	.91	*1.15*	*1.35*	Earnings per sh (A)	*2.00*
1.76	1.76	1.76	1.76	1.76	1.76	1.76	1.38	.25	--	.10	.40	.45	.53	.58	.63	*.68*	*.72*	Div'd Decl'd per sh (B)■	*.97*
2.72	2.67	2.10	2.37	2.49	2.31	1.97	1.85	1.85	1.79	2.50	2.88	3.40	3.86	4.31	4.85	*5.70*	*5.65*	Cap'l Spending per sh	*5.30*
16.13	16.34	15.73	16.24	17.89	18.48	19.08	17.73	16.34	15.63	15.80	15.43	16.27	17.33	17.73	17.80	*16.90*	*17.65*	Book Value per sh (C)	*20.45*
108.67	109.62	119.25	133.86	124.33	124.96	127.05	128.44	130.18	130.95	131.87	143.82	130.13	127.56	127.70	129.03	*130.00*	*134.00*	Common Shs Outst'g (D)	*135.00*
11.2	10.3	10.1	12.3	16.6	10.0	10.3	NMF	--	--	--	--	14.1	16.1	13.4	20.8	*Bold figures are*		Avg Ann'l P/E Ratio	*10.0*
.85	.77	.65	.75	.98	.66	.69	NMF	--	--	--	--	.72	.88	.76	1.11	*Value Line*		Relative P/E Ratio	*.65*
8.4%	8.8%	8.3%	7.1%	6.6%	7.7%	7.6%	8.9%	2.4%	--	.6%	1.9%	2.3%	3.0%	3.5%	3.3%	*estimates*		Avg Ann'l Div'd Yield	*4.9%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $4630 mill. **Due in 5 Yrs** $550.0 mill.
LT Debt $4279 mill. **LT Interest** $245.0 mill.
Incl. $1547 mill. nonrecourse rate reduction bonds.
(LT interest earned: 1.5x)

Pension Assets-12/04 $2.1 bill. **Oblig.** $2.1 bill.
Pfd Stock $116.2 mill. **Pfd Div'd** $5.6 mill.
Incl. 2,324,000 shs $1.90-$3.28 rates ($50 par) not subject to mandatory redemption.

Common Stock 129,399,819 shs.
as of 4/30/05
MARKET CAP: $2.5 billion (Mid Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
3749.0	3792.1	3834.8	3767.7	4471.3	5876.6	6873.8	5216.3	6069.2	6686.7	*6150*	*6500*	Revenues ($mill)	*8000*
321.8	44.9	d96.1	d11.8	d127.0	d14.4	186.4	144.2	162.7	122.1	*155*	*185*	Net Profit ($mill)	*275*
44.9%	60.9%	--	NMF	--	--	--	--	32.1%	29.8%	*32.0%*	*32.0%*	Income Tax Rate	*35.0%*
11.7%	53.7%	--	--	--	--	--	9.2%	7.1%	6.8%	*10.5%*	*9.0%*	AFUDC % to Net Profit	*6.0%*
56.3%	57.7%	58.5%	57.9%	49.9%	45.7%	65.9%	64.3%	63.9%	64.2%	*66.0%*	*65.5%*	Long-Term Debt Ratio	*65.5%*
35.4%	34.6%	33.8%	35.2%	42.7%	48.8%	32.4%	33.9%	34.3%	34.0%	*32.5%*	*32.5%*	Common Equity Ratio	*33.0%*
6848.3	6589.8	6285.3	5821.7	4876.0	4546.6	6544.7	6513.2	6591.6	6749.4	*6825*	*7235*	Total Capital ($mill)	*8300*
7000.8	6732.2	6463.2	6170.9	3947.4	3547.2	3822.1	4728.4	5429.9	5864.2	*6400*	*6930*	Net Plant ($mill)	*8500*
7.0%	2.8%	.7%	2.1%	.0%	1.9%	4.6%	4.1%	4.2%	2.8%	*4.0%*	*4.5%*	Return on Total Cap'l	*5.0%*
10.7%	1.6%	NMF	NMF	NMF	NMF	8.3%	6.2%	6.8%	5.1%	*6.5%*	*7.5%*	Return on Shr. Equity	*9.5%*
11.7%	.1%	NMF	NMF	NMF	NMF	8.5%	6.3%	6.9%	5.1%	*7.0%*	*7.5%*	Return on Com Equity (E)	*10.0%*
2.5%	NMF	NMF	NMF	NMF	NMF	5.6%	3.2%	3.7%	1.6%	*3.0%*	*3.5%*	Retained to Com Eq	*5.0%*
81%	NMF	NMF	NMF	NMF	NMF	37%	51%	48%	70%	*60%*	*55%*	All Div'ds to Net Prof	*50%*

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+1.3	+3.6	+9.7
Avg. Indust. Use (MWH)	807	814	809
Avg. Indust. Revs. per KWH (¢)	7.75	8.26	8.19
Capacity at Peak (Mw)	N/A	N/A	2610
Peak Load, Winter (Mw)	N/A	N/A	N/A
Capacity Factor (%)	N/A	N/A	N/A
% Change Customers (yr-end)	+.9	+1.1	+2.0
Fixed Charge Cov. (%)	99	168	156

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	5.5%	9.0%	4.0%
"Cash Flow"	--	7.0%	5.0%
Earnings	-6.0%	--	11.0%
Dividends	-10.5%	37.5%	9.0%
Book Value	--	2.0%	2.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	1284.5	1141.9	1414.3	1375.6	5216.3
2003	1584.2	1330.1	1640.1	1514.8	6069.2
2004	1838.3	1524.7	1668.0	1655.7	6686.7
2005	*1945*	*1300*	*1500*	*1405*	*6150*
2006	*2050*	*1375*	*1600*	*1475*	*6500*

Cal-endar	EARNINGS PER SHARE (A) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.23	.22	.27	.36	1.08
2003	.47	.21	.35	.21	1.24
2004	.53	.18	d.06	.26	.91
2005	.45	*.20*	*.24*	*.26*	*1.15*
2006	*.50*	*.25*	*.29*	*.31*	*1.35*

Cal-endar	QUARTERLY DIVIDENDS PAID (B)■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.10	.10	.125	.125	.45
2002	.125	.125	.138	.138	.53
2003	.138	.138	.15	.15	.58
2004	.15	.15	.1625	.1625	.63
2005	.1625	.1625	.175		

BUSINESS: Northeast Utilities is the parent of the NU sys, which is the largest utility in New England and serves two million electricity and gas customers. Connecticut Light & Power provides service to most of Conn; Public Service Co. of New Hampshire supplies power to three quarters of New Hampshire's population; Western Massachusetts Electric Co. serves the western half of Mass. Acq'd Yankee Energy 3/00. 2004 revs: resid'l, 46%; comm'l, 39%; ind'l, 14%; other 1%. Gen. sources: nuclear, fossil (steam), hydro, and purch. pwr. Fuel & Purch. Pwr. costs: 63.3% of '04 revs. '04 deprec. rate: 6.4%. Has 7,080 employees, 56,355 stockholhers. Chrmn, Pres. & CEO: Charles W. Shivery. Inc.: CT. Addr.: P.O. Box 270, Hartford, CT 06141. Tel.: 800-999-7269. Web: www.nu.com.

Northeast Utilities is now focusing on regulated utility and competitive retail operations, having decided to exit the wholesale power market. In 2004, NU was unable to successfully compete for wholesale contracts to supply power to New England utilities for their 2005 standard offer service. Last March, management decided to reduce the company's overall operating risk by exiting the wholesale market and energy services businesses. This move should be completed by the end of this year. Our share-earnings estimates exclude these operations. NU still sees significant upside potential for the remaining, profitable competitive retail power segment. The company's physical generation base totals 1,443 megawatts, and demand has been firm, due, in part, to high natural gas prices. Steady load growth and capacity limitations within the service region suggest solid sales and margins going forward. In recent years, NU's three regulated distribution utilities have received reasonable rate treatment. No new rate activity is likely to commence until 2006.

Major distribution and transmission (T&D) system improvement projects are under way. The Connecticut Light & Power subsidiary is spending significant sums to enhance the reliability of its power delivery network. Most notable, the utility is progressing with plans to upgrade three large transmission lines to relieve congestion in southwestern Connecticut. Over the next five years, NU's overall capital outlays will add up to $3.7 billion, increasing the rate base by about $2.5 billion. Importantly, regulated returns on the T&D investments should be favorable, thus, lifting future earnings. Debt and equity funding will be considerable. Management will endeavor to maintain close to a 55% debt-to-total capital ratio (excluding nonrecourse rate reduction bonds). This ought to assure sound credit ratings.

Another dividend hike is set for the coming third quarter. Notwithstanding near-term pressure, long-term cash flow should be strong. Earnings growth likely will be sufficient to raise the dividend on a regular basis. The stock offers worthwhile 3- to 5-year returns to utility investors.

David M. Reimer *June 3, 2005*

(A) Basic egs. EPS may not add due to change in share count. Excl. nonrecur. items: '99, $1.40; '01, 42¢; '02, 10¢; '03, d32¢; '04, d7¢; 1Q, '05, d$1.36. Incl. ind. restruct. chgs: '00, $1.51. Next egs rpt in late July. (B) Div'd suspended 2Q, '97; reinstated 4Q, '99. Div'ds hist. paid in late Mar., June, Sep., and Dec. ■ Div'd reinvest. plan avail. (C) Incl. def'd chgs '04: $21.28/sh. (D) In mill. (E) Rate allowed on com. eq.: MA., '99: 11%; CT, '03: 9.85%; NH, '97: 11%. Earned on avg. com. eq.: '04, 5.1%. Regulatory Climate: Avg. (F) Acq'd PSNH 6/92.

Company's Financial Strength	B+
Stock's Price Stability	90
Price Growth Persistence	35
Earnings Predictability	20

NSTAR NYSE-NST

RECENT PRICE	28.59	P/E RATIO	15.5 (Trailing: 16.6, Median: 13.0)	RELATIVE P/E RATIO	0.86	DIV'D YLD	4.1%	VALUE LINE

TIMELINESS **4** Raised 5/20/05
SAFETY **1** Raised 6/11/99
TECHNICAL **3** Lowered 3/4/05
BETA .70 (1.00 = Market)

High:	14.9	14.8	15.1	19.2	22.5	22.3	23.5	22.6	24.1	24.5	27.2	29.7			Target Price Range		
Low:	10.8	11.6	10.9	12.3	17.5	18.2	18.2	17.0	17.0	19.3	22.7	26.3			2008	2009	2010

2008-10 PROJECTIONS

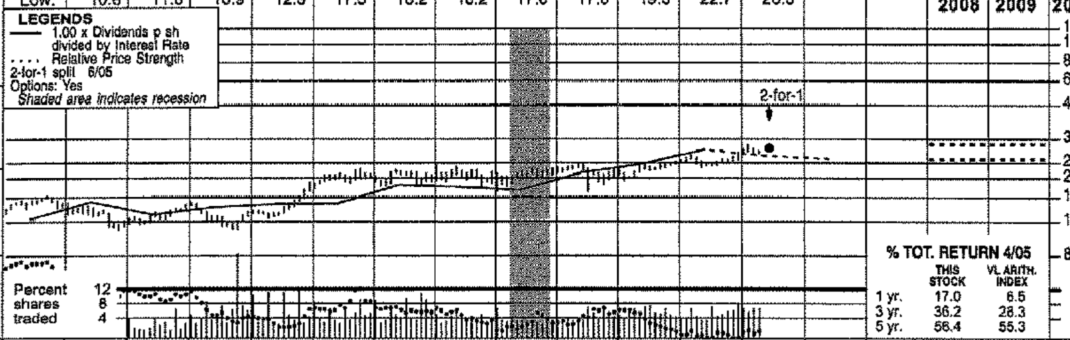
	Price	Gain	Ann'l Total Return
High	30	(+5%)	6%
Low	25	(-15%)	2%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	1	0	0	0	0	0	0	1	0

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	83	89	96
to Sell	88	72	79
Hld's(000)	44208	44818	44086



% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	17.0	6.5
3 yr.	36.2	28.3
5 yr.	56.4	55.3

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
16.47	16.14	15.69	15.77	16.42	17.00	16.96	17.17	18.31	17.19	15.94	25.45	30.09	25.64	27.48	27.73	*29.85*	*30.55*	Revenues per sh	*33.25*
2.87	2.93	2.87	2.94	2.98	3.35	3.11	3.65	3.66	3.84	3.04	3.78	3.81	3.95	3.98	4.09	*4.25*	*4.40*	"Cash Flow" per sh	*4.75*
.95	.80	.98	1.05	1.14	1.21	1.04	1.31	1.36	1.38	1.39	1.60	1.64	1.69	1.74	1.76	*1.85*	*1.90*	Earnings per sh A	*2.00*
.88	.77	.80	.83	.86	.89	.92	.94	.94	.95	.98	1.01	1.04	1.07	1.09	1.13	*1.17*	*1.21*	Div'd Decl'd per sh B ■	*1.35*
3.06	3.28	2.55	2.58	2.81	2.42	2.08	2.13	1.23	1.57	1.53	1.78	2.22	3.50	2.94	2.95	*3.70*	*2.90*	Cap'l Spending per sh	*2.25*
8.37	8.61	8.96	9.39	9.71	10.06	10.31	10.54	10.98	11.14	13.29	12.65	11.90	12.25	12.84	13.52	*14.20*	*14.85*	Book Value per sh C	*17.00*
77.05	78.00	84.09	89.53	90.26	91.07	96.01	97.02	97.03	94.37	116.12	106.07	106.07	106.07	106.07	106.55	*107.20*	*108.00*	Common Shs Outst'g D	*108.00*
9.3	11.6	10.6	11.9	13.1	10.7	12.3	9.7	10.6	14.6	14.6	12.9	12.7	12.7	12.7	13.8	*Bold figures are Value Line estimates*		Avg Ann'l P/E Ratio	*14.0*
.70	.86	.68	.72	.77	.70	.82	.61	.61	.76	.83	.84	.65	.69	.72	.73			Relative P/E Ratio	*.95*
9.9%	8.3%	7.7%	6.6%	5.8%	6.9%	7.2%	7.4%	6.5%	4.7%	4.8%	4.9%	5.0%	4.9%	4.9%	4.6%			Avg Ann'l Div'd Yield	*4.8%*

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
1628.5	1666.3	1776.2	1622.5	1851.4	2699.5	3191.8	2719.1	2914.1	2954.3	*3200*	*3300*	Revenues ($mill)	*3600*
112.3	141.5	144.6	141.0	146.5	181.0	179.1	181.3	188.0	190.4	*200*	*205*	Net Profit ($mill)	*230*
37.2%	38.3%	36.3%	34.3%	29.1%	41.6%	41.4%	35.8%	37.5%	38.5%	*39.5%*	*39.5%*	Income Tax Rate	*39.5%*
4.2%	1.6%	.8%	1.2%	1.5%	2.5%	2.8%	1.6%	2.4%	.5%	*2.0%*	*1.0%*	AFUDC % to Net Profit	*1.0%*
49.1%	46.1%	46.1%	45.5%	50.0%	59.4%	59.2%	60.9%	58.5%	58.6%	*57.0%*	*54.0%*	Long-Term Debt Ratio	*46.5%*
41.8%	44.5%	46.5%	50.1%	47.2%	39.4%	39.5%	37.8%	40.2%	40.2%	*41.5%*	*45.0%*	Common Equity Ratio	*52.5%*
2364.7	2296.5	2291.6	2099.5	3269.3	3409.8	3197.4	3433.7	3387.1	3585.3	*3650*	*3580*	Total Capital ($mill)	*3525*
2955.6	2956.6	2854.1	2270.7	2550.6	2523.6	2625.4	2847.6	3216.1	3425.0	*3565*	*3605*	Net Plant ($mill)	*3500*
7.0%	8.2%	8.3%	8.7%	6.1%	7.6%	8.1%	7.5%	7.8%	7.4%	*7.5%*	*7.5%*	Return on Total Cap'l	*8.0%*
9.3%	11.4%	11.7%	12.3%	9.0%	13.1%	13.7%	13.5%	13.4%	12.8%	*12.5%*	*12.5%*	Return on Shr. Equity	*12.0%*
9.8%	12.3%	12.3%	12.6%	9.1%	13.0%	13.7%	13.8%	13.7%	13.1%	*13.0%*	*12.5%*	Return on Com Equity E	*12.5%*
1.2%	3.5%	3.7%	3.9%	2.4%	4.8%	5.0%	5.2%	5.2%	4.9%	*4.5%*	*4.5%*	Retained to Com Eq	*4.5%*
89%	75%	73%	71%	74%	64%	65%	63%	62%	63%	*64%*	*64%*	All Div'ds to Net Prof	*65%*

CAPITAL STRUCTURE as of 12/31/04
Total Debt $2412.1 mill. **Due in 5 Yrs** $803.7 mill.
LT Debt $2101.4 mill. **LT Interest** $136.4 mill.
Incl. $308.7 mill. securitized bonds.
(LT interest earned: 3.1x)
Leases, Uncapitalized Annual rentals $20.5 mill.
Pension Assets-12/04 $894.8 mill. **Oblig.** $1.06 bill.
Pfd Stock $43.0 mill. **Pfd Div'd** $2.0 mill.
430,000 shs. 4.25%-4.78%, cum., redeemable at $102.80-$103.625.
Common Stock 106,679,314 shs. **as of 3/7/05**
(Adjusted for 2-for-1 split paid 6/3/05.)
MARKET CAP: $3.1 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+1.2	+3.0	+1.5
Avg. Indust. Use (MWH)	907	1018	1027
Avg. Indust. Revs. per KWH (¢)	10.90	8.20	7.90
Capacity at Peak (Mw)	NMF	NMF	NMF
Peak Load, Summer (Mw)	4415	4299	4254
Annual Load Factor (%)	NMF	NMF	NMF
% Change Customers (avg.)	+.1	+1.1	+.4
Fixed Charge Cov. (%)	242	270	287

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	5.0%	9.5%	*3.5%*
"Cash Flow"	2.5%	2.5%	*3.0%*
Earnings	4.5%	5.0%	*2.5%*
Dividends	2.5%	2.5%	*3.5%*
Book Value	3.0%	1.5%	*4.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	722.9	600.4	701.0	694.8	2719.1
2003	763.5	647.9	817.8	684.9	2914.1
2004	809.9	649.8	781.5	713.1	2954.3
2005	880.0	*675*	*895*	*750*	*3200*
2006	*900*	*700*	*925*	*775*	*3300*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.33	.31	.69	.36	1.69
2003	.40	.37	.60	.37	1.74
2004	.46	.35	.59	.35	1.76
2005	.43	*.37*	*.65*	*.40*	*1.85*
2006	*.44*	*.38*	*.67*	*.41*	*1.90*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.258	.258	.258	.258	1.03
2002	.265	.265	.265	.265	1.06
2003	.27	.27	.27	.27	1.08
2004	.278	.278	.278	.278	1.11
2005	.29	.29			

BUSINESS: NSTAR is a holding company for Boston Edison Company, which supplies electricity to an area of approx. 590 sq. mi. in eastern Massachusetts, encompassing Boston and 39 surrounding towns and cities, and Commonwealth Energy (acq'd 8/99), which provides electric and gas service in eastern MA. Serves 1.1 million electric, 300,000 gas customers. Electric revenue breakdown, '04: residential, 39%; commercial, 54%; industrial, 6%; other, 1%. Sold fossil plants in '98, nuclear plant in '99. Fuel costs: 56% of revs. '04 reported deprec. rate: 3.0%. Has 3,100 employees, 24,700 common stockholders. Chairman, President & CEO: Thomas J. May. Inc.: MA. Address: 800 Boylston St., Boston, MA 02199-8003. Tel.: 617-424-2000. Internet: www.nstaronline.com.

NSTAR has begun construction of an 18-mile, 345-kilovolt transmission line. The project is expected to cost $200 million and be in service by the summer of 2006. NSTAR is booking a return on half of the estimated $110 million construction work in progress in 2005. This should add a few cents a share to the bottom line.

NSTAR has a transmission case pending before the Federal Energy Regulatory Commission (FERC). The company wants its allowed return on equity for transmission plant raised from 10.5% to 12.88%. It is also seeking adders to its ROE of a percentage point for new transmission investment and half a percentage point as a bonus for joining a regional transmission organization, as is FERC's desire. A decision is expected this summer.

We think earnings will increase in 2005, despite a decline in the first quarter. Operating and maintenance expenses rose in the period due to the effects of an unusually high number and severity of storms. Assuming normal weather in the third quarter, though, earnings should advance because milder-than-normal weather patterns last summer depressed profits. Our $1.85-a-share estimate is within NSTAR's target of $1.80-$1.875. (It remains to be seen what effect an ongoing strike will have.) NSTAR has not provided guidance for 2006, but a modest uptick seems likely, assuming growth in electric and gas sales and an additional return on the aforementioned transmission line. *(Note: All per-share data have been adjusted for the 2-for-1 stock split paid June 3, 2005.)* The stock is ranked 4 (Below Average) for Timeliness.

Finances are in good shape. The fixed-charge coverage is above average. The common-equity ratio might seem unimpressive, but when recalculated to exclude securitized bonds, it was 44% at the end of 2004. Finally, returns on capital are healthy. All told, NSTAR merits a Financial Strength rating of A.

This top-quality stock's yield is comparable with that of the typical dividend-paying utility. With the quotation well within our 2008-2010 Target Price Range, however, total-return potential over that time is mediocre, despite our projection of continuing dividend growth.

Paul E. Debbas, CFA *June 3, 2005*

(A) Diluted EPS. Excl. nonrecurring gain (losses): '89, ($1.39); '90, 20¢; '01, ($1.66) net; '02, (17¢); '03, (4¢). '04 EPS don't add to full-year total due to rounding. Next earnings report due late July. (B) Dividends historically paid in early Feb., May, Aug., and Nov. ■ Dividend reinvestment plan available. (C) Incl. intangibles. In '04: $2.7 bill., $25.21/sh. (D) In millions, adj. for stock split. (E) Rate base: Net original cost. Rate allowed on common equity in '98: 11.75%; earned on avg. com. eq., '04: 13.3%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	95

SCANA CORP. NYSE-SCG

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD
41.30	14.5 (Trailing: 15.6 Median: 13.0)	0.81	3.9%

VALUE LINE

TIMELINESS **5** Lowered 11/19/04

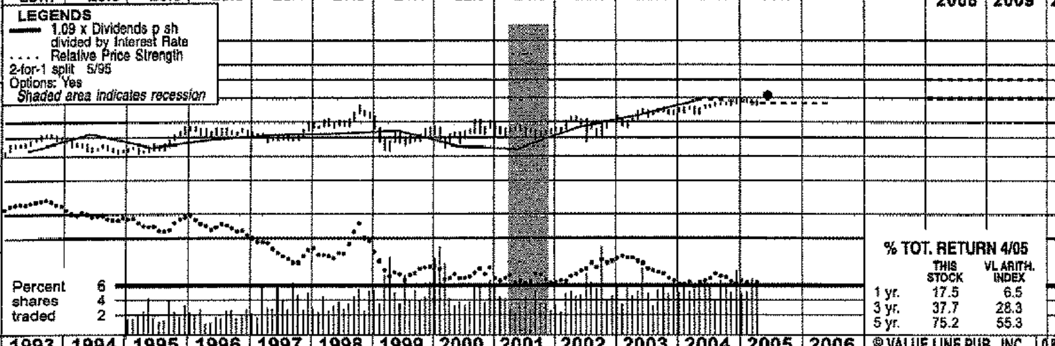
SAFETY **2** Lowered 9/10/99

TECHNICAL **4** Lowered 6/3/05

BETA .75 (1.00 = Market)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
High:	25.1	28.6	28.6	29.9	37.3	32.6	31.1	30.0	32.1	35.7	39.7	41.4	
Low:	20.5	20.6	25.3	23.4	27.9	21.1	22.0	24.3	23.5	28.1	32.8	36.6	

Target Price Range 2008 | 2009 | 2010



2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+20%)	9%
Low	40	(-5%)	4%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	0	0	0	0
Options	3	1	0	0	0	0	0	3	2
to Sell	3	2	0	0	0	0	0	3	2

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	105	107	121
to Sell	93	73	83
Hld's(000)	46745	48734	48853

% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	17.5	6.5
3 yr.	37.7	28.3
5 yr.	75.2	55.3

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
13.94	13.86	14.07	12.96	13.56	13.77	13.06	14.25	14.19	15.76	15.93	32.78	32.95	26.65	30.85	34.38	*36.80*	*37.55*	Revenues per sh	*40.50*
2.79	2.85	3.10	2.78	3.50	3.77	3.68	3.75	3.53	3.62	3.15	4.43	4.55	4.56	4.95	5.26	*7.25*	*6.10*	"Cash Flow" per sh	*6.25*
1.52	1.66	1.69	1.42	1.86	1.60	1.86	2.05	1.90	2.12	1.44	2.12	2.15	2.38	2.50	2.67	*2.85*	*3.00*	Earnings per sh A	*3.25*
1.23	1.26	1.31	1.34	1.37	1.41	1.44	1.47	1.51	1.54	1.32	1.15	1.20	1.30	1.38	1.46	*1.56*	*1.66*	Div'd Decl'd per sh B ■ †	*1.90*
2.25	2.81	2.93	3.16	3.46	4.21	3.09	2.34	2.45	2.87	2.37	3.28	4.99	6.41	6.94	4.84	*3.80*	*4.15*	Cap'l Spending per sh	*3.75*
11.39	12.28	12.62	13.23	14.30	14.69	15.00	15.86	16.66	16.86	20.27	19.40	20.95	19.64	20.82	21.69	*23.20*	*24.75*	Book Value per sh C	*29.50*
80.59	81.76	81.57	87.82	93.24	96.04	103.62	106.18	107.32	103.57	103.57	104.73	104.73	110.83	110.74	113.00	*114.75*	*116.50*	Common Shs Outst'g D	*121.00*
10.7	10.0	11.3	14.5	12.8	14.0	12.3	13.1	13.4	14.5	17.5	12.5	12.6	12.2	13.0	13.6	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.81	.74	.72	.88	.76	.92	.82	.82	.77	.75	1.00	.81	.65	.67	.74	.73	*Value Line*		Relative P/E Ratio	*.90*
7.5%	7.6%	6.9%	6.5%	5.8%	6.3%	6.3%	5.5%	5.9%	5.0%	5.2%	4.3%	4.4%	4.5%	4.2%	4.0%	*estimates*		Avg Ann'l Div'd Yield	*4.3%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $3762.0 mill. **Due in 5 Yrs** $1459.0 mill.
LT Debt $3073.0 mill. **LT Interest** $201.0 mill.
(LT interest earned: 2.2x)
Leases, Uncapitalized Annual rentals $14.8 mill.
Pension Assets-12/04 $846.7 mill. **Oblig.** $669.5 mill.
Pfd Stock $115.0 mill. **Pfd Div'd** $7.0 mill.
125,209 shs. 5% cum., $50 par., call. $52.50; 220,287 shs. 4.50% to 6.00% cum., $50 par, callable $50.50 to $51.00; 1,000,000 shs. 6.52% cum., $100 par, call. $100.00.
Common Stock 113,504,860 shs. **as of 4/30/05**
MARKET CAP: $4.7 billion (Mid Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
1353.0	1512.8	1523.0	1632.0	1650.0	3433.0	3451.0	2954.0	3416.0	3885.0	*4225*	*4375*	Revenues ($mill)	*4900*
189.7	220.7	213.0	235.0	160.0	228.0	231.0	259.0	285.0	305.0	*330*	*355*	Net Profit ($mill)	*405*
36.2%	35.0%	32.8%	35.8%	41.0%	38.2%	34.9%	32.2%	31.5%	32.5%	*NMF*	*30.0%*	Income Tax Rate	*35.0%*
11.5%	5.9%	6.1%	6.8%	4.4%	3.9%	11.3%	13.5%	10.5%	8.5%	*5.0%*	*6.0%*	AFUDC % to Net Profit	*5.0%*
49.4%	47.4%	44.5%	45.9%	40.8%	57.4%	53.9%	55.7%	57.1%	55.4%	*52.0%*	*50.0%*	Long-Term Debt Ratio	*45.0%*
48.3%	50.5%	50.8%	49.4%	54.8%	40.3%	43.8%	42.1%	40.8%	42.6%	*46.0%*	*48.0%*	Common Equity Ratio	*53.5%*
3215.8	3334.1	3522.0	3536.0	3829.0	5048.0	5006.0	5176.0	5646.0	5752.0	*5800*	*6020*	Total Capital ($mill)	*6700*
3469.0	3529.0	3648.0	3764.0	3829.0	4475.0	4803.0	5474.0	6417.0	6762.0	*6690*	*6810*	Net Plant ($mill)	*7000*
7.7%	8.3%	7.7%	8.4%	5.9%	6.6%	6.9%	6.9%	6.8%	7.1%	*7.5%*	*7.5%*	Return on Total Cap'l	*7.5%*
11.7%	12.6%	10.9%	12.3%	7.1%	10.6%	10.0%	11.3%	11.8%	11.9%	*12.0%*	*12.0%*	Return on Shr. Equity	*11.0%*
11.8%	12.8%	11.4%	12.8%	7.1%	10.9%	10.2%	11.6%	12.1%	12.2%	*12.0%*	*12.0%*	Return on Com Equity E	*11.0%*
2.9%	3.7%	2.4%	3.4%	.0%	4.8%	4.6%	5.5%	5.5%	5.6%	*5.5%*	*5.5%*	Retained to Com Eq	*4.5%*
76%	72%	80%	74%	99%	57%	56%	54%	55%	55%	*55%*	*56%*	All Div'ds to Net Prof	*58%*

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+7.7	-1.3	+4.9
Avg. Indust. Use (MWH)	6341	6080	6159
Avg. Indust. Revs. per KWH (¢)	4.07	4.30	4.32
Capacity at Yearend (Mw)	4866	4880	5776
Peak Load, Summer (Mw)	4404	4474	4574
Annual Load Factor (%)	59.9	58.7	60.2
% Change Customers (yr-end)	+2.3	+1.9	+2.5
Fixed Charge Cov. (%)	224	243	264

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	8.5%	15.0%	5.0%
"Cash Flow"	4.0%	7.5%	4.0%
Earnings	4.5%	6.5%	4.5%
Dividends	--	-1.0%	5.5%
Book Value	4.0%	3.0%	6.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	822.0	649.0	694.0	789.0	2954.0
2003	1069.0	726.0	751.0	870.0	3416.0
2004	1136.0	846.0	857.0	1046.0	3885.0
2005	1266.0	*900*	*925*	*1134*	*4225*
2006	*1325*	*925*	*950*	*1175*	*4375*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.74	.36	.74	.54	2.38
2003	.75	.38	.74	.63	2.50
2004	.91	.54	.71	.51	2.67
2005	.89	*.46*	*.85*	*.65*	*2.85*
2006	*.95*	*.50*	*.88*	*.67*	*3.00*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.288	.30	.30	.30	1.19
2002	.30	.325	.325	.325	1.28
2003	.325	.345	.345	.345	1.36
2004	.345	.365	.365	.365	1.44
2005	.365	.39			

BUSINESS: SCANA Corporation is a holding co. for South Carolina Electric & Gas Company, which supplies electricity to 590,000 customers in South Carolina. Supplies gas & transmission service to 1,184,000 customers in North & South Carolina & Georgia. Owns gas pipelines. Acquired P.S. of North Carolina 2/00. Electric revenue breakdown, '04: residential, 40%; commercial, 30%; industrial, 17%; other, 13%. Generating sources, '04: coal, 65%; nuclear, 20%; oil & gas, 7%; hydro, 4%; purchased, 4%. Fuel costs: 58% of revenues. '04 reported deprec. rate: 3.0%. Has 5,500 employees, 120,000 com. stockholders. Chairman, President & CEO: William B. Timmerman. Inc.: SC. Address: 1426 Main St., Columbia, SC 29201-2845. Tel.: 803-217-9000. Internet: www.scana.com.

SCANA's utility subsidiary in South Carolina has filed for an increase in gas rates. South Carolina Electric & Gas is seeking a gas tariff hike of $28 million (7.1%) based on a return of 11.75% on a common-equity ratio of 50.74%. SCE&G's gas business has not been profitable. An order could come by November, in time for the start of the heating season. SCANA's gas utility in North Carolina is also underearning its allowed return on equity of 11.4%. The utility is evaluating its need for a filing once its rate freeze expires in August.

We estimate that earnings will increase in 2005 and 2006. In early 2005, SCE&G received an electric rate hike of $41.4 million (2.9%) based on a 10.7% return on equity. This should boost net profit by $7 million-$8 million this year. Electric and gas sales will likely advance as the service area's economy continues its recovery. Our 2005 earnings estimate is at the top end of SCANA's target of $2.65-$2.85 a share. We have raised our 2006 estimate by a nickel, to $3.00, based on our assumption that the utility receives a gas rate increase.

Some figures in the statistical array might look strange in 2005. The aforementioned electric rate order allows SCE&G to recover the $275 million cost of a backup dam through the use of tax credits arising from the company's synthetic-fuels investments. As a result, the company booked $170 million of accelerated depreciation in the first quarter, a $60 million reduction in "other" income, and tax credits, which SCANA had been deferring, totaling $233 million. Hence, the tax rate will almost certainly be negative this year.

Debt reduction remains a corporate goal. SCANA intends to reduce debt with its free cash flow and the $65 million-$70 million of equity it expects to raise annually from its dividend-reinvestment program. It is targeting a debt-to-total capitalization ratio of 50% by 2007 (which *includes* short-term debt in the calculation, unlike the statistics in *The Value Line Investment Survey*).

This untimely stock's yield and 3- to 5-year total-return potential are near the norms for the electric utility industry.

Paul E. Debbas, CFA *June 3, 2005*

(A) Excl. nonrecurring gains (losses): '90, 57¢; '95, (16¢); '97, 16¢; '99, 29¢; '00, 28¢; '01, net $3.00; '02, ($3.72) net; '03, 31¢ net; '04, (23¢). Next earnings report due late July. (B) Div'ds historically paid in early Jan., April, July, and Oct. ■ Div'd reinvestment plan avail. † Shareholder invest. plan avail. (C) Incl. intangibles. In '04: $7.69/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in '05 (electric): 10.7%; in '89 (gas): 12.25% SC, 11.4% NC; earned on avg. com. eq., '04: 12.4%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	45
Earnings Predictability	85

SOUTHERN CO. NYSE-SO

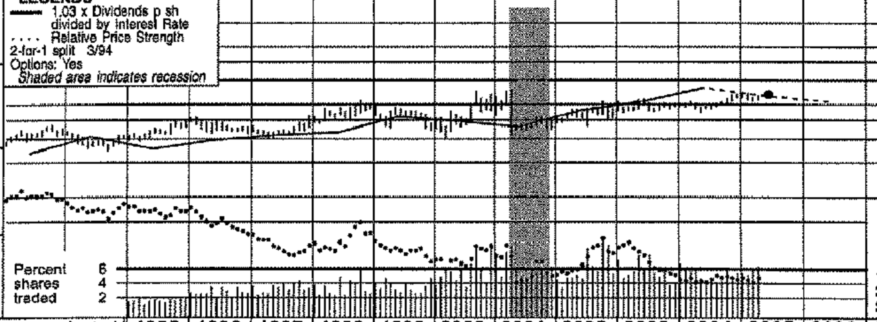
RECENT PRICE	33.77	P/E RATIO	16.3 (Trailing: 16.6 Median: 14.0)	RELATIVE P/E RATIO	0.91	DIV'D YLD	4.4%	VALUE LINE

TIMELINESS 3 Raised 9/17/04
SAFETY 1 Raised 6/3/05
TECHNICAL 4 Lowered 5/27/05
BETA .65 (1.00 = Market)

High:	22.1	25.0	25.9	26.3	31.6	29.6	35.0	35.7	31.1	32.0	34.0	34.7
Low:	17.3	19.4	21.1	19.9	23.9	22.1	20.4	20.9	23.2	27.0	27.4	31.1

Target Price Range
2008 | 2009 | 2010

LEGENDS
— 1.03 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 3/94
Options: Yes
Shaded area indicates recession



2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+20%)	8%
Low	30	(-10%)	2%

Insider Decisions

	J	A	S	O	N	D	J	F	M
to Buy	0	0	0	0	0	1	1	0	0
Options	0	3	1	1	0	0	1	1	0
to Sell	0	3	1	1	0	0	1	1	0

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	205	228	280
to Sell	231	205	178
Hld's(000)	280819	291478	291230

Percent shares traded 6 4 2

% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	19.9	6.5
3 yr.	35.4	28.3
5 yr.	65.3	55.3

In September 2000, Southern conducted an initial public offering in its global independent power marketing and trading subsidiary, called Mirant, issuing 66.7 million shares, the company and Mirant shared $1.8 billion in gross proceeds. In April 2001, management spun off the remaining 80.3% stake in Mirant to Southern investors; 0.4 of a common share in the subsidiary was distributed for each common share in the parent held. Mirant Corp. filed for Chapter 11 bankruptcy protection in July 2003.

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
13.70	15.30	16.41	16.32	17.39	14.76	14.53	14.71	15.31	16.04	*16.45*	*16.85*	Revenues per sh A	*18.40*
3.52	3.64	3.90	4.25	4.17	3.89	3.54	3.45	3.53	3.65	*3.85*	*4.00*	"Cash Flow" per sh	*4.60*
1.66	1.68	1.58	1.73	1.83	2.01	1.61	1.85	1.97	2.06	*2.07*	*2.15*	Earnings per sh B	*2.50*
1.22	1.26	1.30	1.34	1.34	1.34	1.34	1.36	1.39	1.42	*1.48*	*1.53*	Div'd Decl'd per sh C ■	*1.71*
2.09	1.82	2.71	2.87	3.84	3.26	3.74	3.79	2.72	2.84	*2.95*	*3.30*	Cap'l Spending per sh	*2.80*
13.09	13.61	14.08	14.02	13.82	15.67	11.42	12.15	13.13	13.96	*14.40*	*15.30*	Book Value per sh D	*18.40*
670.00	677.00	685.00	698.63	666.00	682.00	699.00	716.90	734.80	741.80	*750.00*	*760.00*	Common Shs Outst'g E	*780.00*
13.2	13.8	14.0	15.7	14.3	13.2	14.6	14.6	14.8	14.7	Bold figures are		Avg Ann'l P/E Ratio	*14.0*
.88	.86	.81	.82	.82	.86	.75	.80	.84	.78	Value Line		Relative P/E Ratio	*.95*
5.6%	5.5%	5.9%	4.9%	5.1%	5.0%	5.7%	5.0%	4.7%	4.7%	estimates		Avg Ann'l Div'd Yield	*4.9%*
9180.0	10358	12611	11403	11585	10066	10155	10549	11251	11902	*12350*	*12800*	Revenues ($mill) A	*14350*
1191.0	1234.0	1245.0	1372.0	1457.0	1501.0	1306.0	1510.0	1602.1	1589.0	*1575*	*1655*	Net Profit ($mill)	*1980*
39.2%	37.8%	36.9%	24.1%	25.6%	31.0%	29.9%	25.9%	27.0%	27.0%	*27.0%*	*29.0%*	Income Tax Rate	*32.0%*
2.1%	1.9%	1.6%	1.8%	1.9%	--	--	1.5%	1.6%	3.0%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*1.5%*
44.9%	42.8%	46.4%	45.9%	48.2%	37.1%	43.8%	43.1%	45.9%	53.5%	*53.5%*	*53.0%*	Long-Term Debt Ratio	*50.5%*
47.4%	49.7%	43.5%	42.9%	37.8%	50.6%	42.2%	43.4%	43.6%	44.1%	*44.0%*	*45.0%*	Common Equity Ratio	*47.5%*
18510	18553	22158	22817	24372	21147	18925	20086	22135	23288	*24450*	*25900*	Total Capital ($mill)	*30250*
23026	23269	23652	24124	24544	21622	23084	24642	27534	28361	*29800*	*31450*	Net Plant ($mill)	*36500*
7.9%	8.1%	7.1%	7.6%	7.8%	8.4%	8.1%	8.5%	8.3%	8.1%	*7.5%*	*7.5%*	Return on Total Cap'l	*7.5%*
11.7%	11.6%	10.5%	11.1%	11.5%	11.3%	12.3%	13.2%	13.4%	14.7%	*14.0%*	*13.5%*	Return on Shr. Equity	*13.5%*
12.6%	12.2%	11.2%	12.2%	13.6%	12.3%	14.0%	15.1%	14.8%	14.9%	*14.5%*	*14.0%*	Return on Com Equity F	*13.5%*
3.3%	3.0%	2.0%	2.7%	3.6%	4.1%	2.5%	4.1%	4.4%	4.7%	*4.0%*	*4.0%*	Retained to Com Eq	*4.5%*
75%	77%	84%	81%	77%	71%	85%	76%	73%	69%	*72%*	*72%*	All Div'ds to Net Prof	*69%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $14,459 mill. **Due in 5 Yrs** $5,300 mill.
LT Debt $12,616 mill. **LT Interest** $595 mill.
(LT interest earned: 4.5x)

Pension Assets-12/04 $5.5 bill. **Oblig.** $5.1 bill.
Pfd Stock $560.5 mill. **Pfd Div'd** $29.6 mill.
Incl. 4.20%-7.00%, cum. sub. pfd. ($100 par); 5.20%- 5.83%, cum. sub. pfd ($25 par); 4.95% cum. sub. pfd. ($100,000 liq. val.).

Common Stock 744,318,776 shs.
MARKET CAP: $25.1 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+4.5	Nil	+3.6
Avg. Indust. Use (MWH)	3847	3887	4029
Avg. Indust. Revs. per KWH (¢)	3.86	3.94	4.34
Capacity at Peak (Mw)	36353	38679	38622
Peak Load, Summer (Mw)	32355	32949	34414
Annual Load Factor (%)	51.1	62.0	61.4
% Change Customers (yr-end)	+1.8	+1.7	+1.5
Fixed Charge Cov. (%)	295	332	375

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	2.0%	-2.5%	*3.0%*
"Cash Flow"	1.5%	-3.0%	*4.5%*
Earnings	2.5%	2.5%	*4.0%*
Dividends	2.0%	1.0%	*3.5%*
Book Value	1.0%	-1.5%	*6.0%*

Cal-endar	QUARTERLY REVENUES (mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	2214	2630	3248	2457	10549
2003	2548	2845	3318	2540	11251
2004	2732	3009	3441	2720	11902
2005	2864	*3100*	*3575*	*2811*	*12350*
2006	*2965*	*3200*	*3700*	*2935*	*12800*

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.32	.47	.82	.24	1.85
2003	.41	.49	.85	.22	1.97
2004	.45	.48	.87	.26	2.06
2005	.43	*.49*	*.89*	*.26*	*2.07*
2006	*.45*	*.51*	*.92*	*.27*	*2.15*

Cal-endar	QUARTERLY DIVIDENDS PAID ■ C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.335	.335	.335	.335	1.34
2002	.335	.335	.343	.343	1.36
2003	.343	.343	.35	.35	1.39
2004	.35	.35	.358	.358	1.42
2005	.358	.373			

BUSINESS: The Southern Company's five operating subsidiaries supply electricity to about 122,000 square miles of Georgia, Alabama, Florida, and Mississippi. 2004 revenue distribution: residential, 39.5%; industrial, 25.1%; commercial, 34.4%; other, 1.0%. Textile, chemical, and paper companies are largest customer groups, accounting for the bulk of industrial revenues. 2004 fuel sources: coal, 64.6%; nuclear, 14.4%; hydro, 2.9%; oil & gas, 10.9%; purch. pwr, 7.2%. Fuel & Purchased Power costs: 36.3% of '04 electricity revs. Has about 25,640 employees, 125,975 shareholders of record. '04 deprec. rate: 2.7%. Chrmn, Pres., and CEO: David M. Ratcliffe. Inc.: Del. Addr.: 270 Peachtree St. N.W., Atlanta, GA 30303. Tel.: 404-506-5000. Internet: www.southernco.com.

Top-quality Southern Co. stock is a good income holding for the pull to 2008-2010. Considering the company's solid regulated utility operations and expanding competitive business segment, we expect earnings, from this year forward, to rise 5% annually. This should provide for 3%-4% yearly dividend growth. Despite a heavy capital spending program to improve generation, transmission, and distribution assets, and also meet stricter environmental standards, cash flow likely will be sufficient to maintain a high dividend payout ratio. The current yield is above the industry average of 4.0%. Southern's Financial Strength rating of A and Stock Price Stability score of 100 afford this equity a Safety rank of 1 (Highest). Conservative utility investors would do well to take a stake here. Even after considering the latest share-price gains, the stock's 3- to 5-year total-return potential is still on a par with the sector average.

Regulated distribution operations should account for about two-thirds of future earnings growth . . . Southern operates five electric utilities within four states inside the economically vibrant southeast region of the U.S. The service territory continues to record better commercial and industrial growth rates than the nation as a whole. Too, the local population is steadily rising. Low-cost generation has enabled Southern to contain its distribution rates, which has garnered the favor of state regulators. Rate treatment has been quite fair for many years. The Federal Energy Regulatory Commission's ongoing review of the regional market power of Southern (and other large utilities) warrants investor attention but, as yet, we do not see any overbearing requirements that would substantially impede earnings progress.

. . . While the competitive business segment drives the rest of this advance. Southern Power Co. may well lift its net-income contribution from $220 million in 2004 to over $300 million by 2007. Management is carefully expanding competitive capacity, and pursuing financially stable, long-term power contracts. Diversified generation and fuel procurement, and effective hedging strategies, also help to limit the risk of this business.

David M. Reimer *June 3, 2005*

(A) 2000 data restated to reflect Mirant spinoff. (B) Includes Mirant earnings of 49¢ in '00. Excludes nonrecurring gain (loss): 2Q, '03, 11¢; 4Q, '03, (5¢). Next earnings report due late July. (C) Dividends historically paid in early Mar., June, Sep., and Dec. ■ Div'd reinvest. plan available. (D) Incl. deferred chgs. In '04, $1.16/sh. (E) In mill., adj'd for split. (F) Rate base: AL, MS, fair value; FL, GA, original cost. Allowed return on com. eq.: 10.0%-14.5%. Earned on avg. com. eq., '04: 15.4%. Reg. Clim.: AL, MS-Avg; GA, FL-Above Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	NMF
Earnings Predictability	90

VECTREN CORP. NYSE-VVC

RECENT PRICE	28.41	P/E RATIO	16.2 (Trailing: 19.7; Median: NMF)	RELATIVE P/E RATIO	0.87	DIV'D YLD	4.3%	VALUE LINE

TIMELINESS **3** Raised 4/1/05

SAFETY **2** Lowered 1/5/01

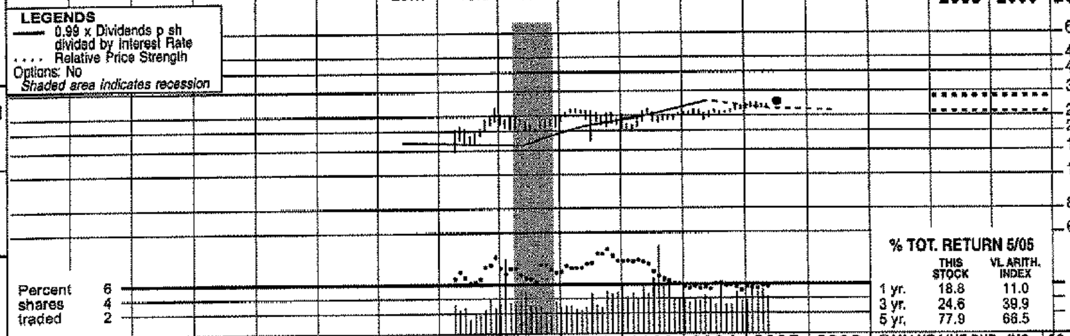
TECHNICAL **3** Raised 6/10/05

BETA .80 (1.00 = Market)

	2000	2001	2002	2003	2004	2005
High:	26.5	24.4	26.1	26.1	27.1	28.6
Low:	15.8	19.8	18.0	19.7	22.9	25.8

Target Price Range 2008 | 2009 | 2010

LEGENDS
— 0.99 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: No
Shaded area indicates recession



2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+5%)	6%
Low	25	(-10%)	2%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	1	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	1	0

Institutional Decisions

	3Q2004	4Q2004	1Q2005
to Buy	79	93	98
to Sell	54	49	57
Hld's(000)	29257	29841	31127

% TOT. RETURN 5/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	18.8	11.0
3 yr.	24.6	39.9
5 yr.	77.9	66.5

Vectren was formed on March 31, 2000 through the merger of Indiana Energy and SIGCORP. The merger was consummated with a tax-free exchange of shares and has been accounted for as a pooling of interests. Indiana Energy common stockholders received one Vectren common share for each share held. SIGCORP stockholders exchanged each common share for 1.333 common shares of Vectren. Data prior to the merger are pro forma.

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
--	--	--	--	16.88	26.84	32.05	26.53	21.00	22.26	*22.95*	*23.90*	Revenues per sh	*26.80*
--	--	--	--	2.87	2.88	2.89	3.43	3.17	3.27	*3.70*	*3.90*	"Cash Flow" per sh	*4.30*
--	--	--	--	1.48	1.17	1.08	1.68	1.56	1.42	*1.75*	*1.85*	Earnings per sh A	*1.95*
--	--	--	--	.95	.98	1.03	1.07	1.11	1.15	*1.19*	*1.23*	Div'd Decl'd per sh B,n	*1.35*
--	--	--	--	--	2.67	3.48	3.22	3.12	3.66	*2.95*	*3.05*	Cap'l Spending per sh	*3.10*
--	--	--	--	11.55	11.91	12.53	12.79	14.18	14.42	*14.95*	*15.50*	Book Value per sh C	*17.15*
--	--	--	--	61.47	61.42	67.70	68.01	75.60	75.90	*76.20*	*76.50*	Common Shs Outst'g D	*77.20*
--	--	--	--	--	17.4	20.3	14.2	14.8	17.6	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
--	--	--	--	--	1.13	1.04	.78	.84	.94	*Value Line*		Relative P/E Ratio	*.95*
--	--	--	--	--	4.8%	4.7%	4.5%	4.8%	4.6%	*estimates*		Avg Ann'l Div'd Yield	*5.0%*
--	--	--	--	1037.4	1648.7	2170.0	1804.3	1587.6	1689.8	*1750*	*1830*	Revenues ($mill)	*2070*
--	--	--	--	90.8	72.0	73.1	114.0	111.2	108.0	*135*	*140*	Net Profit ($mill)	*150*
--	--	--	--	33.6%	32.2%	20.3%	25.4%	25.3%	26.5%	*27.0%*	*27.0%*	Income Tax Rate	*27.0%*
--	--	--	--	--	--	7.7%	4.6%	4.5%	3.0%	*3.0%*	*3.0%*	AFUDC % to Net Profit	*3.0%*
--	--	--	--	40.0%	45.8%	54.4%	52.3%	50.0%	48.1%	*49.5%*	*48.5%*	Long-Term Debt Ratio	*48.0%*
--	--	--	--	58.4%	53.0%	45.5%	47.7%	50.0%	51.8%	*50.5%*	*51.5%*	Common Equity Ratio	*52.0%*
--	--	--	--	1215.8	1380.6	1863.1	1824.4	2144.7	2111.5	*2255*	*2305*	Total Capital ($mill)	*2540*
--	--	--	--	1336.3	1555.8	1595.0	1648.1	2003.7	2156.2	*2230*	*2310*	Net Plant ($mill)	*2500*
--	--	--	--	8.6%	6.1%	5.5%	7.7%	6.6%	6.4%	*7.0%*	*7.5%*	Return on Total Cap'l	*7.0%*
--	--	--	--	12.5%	9.6%	8.6%	13.1%	10.4%	9.9%	*11.5%*	*12.0%*	Return on Shr. Equity	*11.5%*
--	--	--	--	12.6%	9.7%	8.5%	13.1%	10.4%	9.9%	*11.5%*	*12.0%*	Return on Com Equity E	*11.5%*
--	--	--	--	4.8%	1.5%	.3%	4.8%	3.0%	1.9%	*3.5%*	*4.0%*	Retained to Com Eq	*3.5%*
--	--	--	--	63%	85%	96%	63%	71%	81%	*68%*	*66%*	All Div'ds to Net Prof	*69%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $1290.0 mill. **Due in 5 Yrs** $297.8 mill.
LT Debt $1016.2 mill. **LT Interest** $54.4 mill.
(LT interest earned: 3.7x)

Pension Assets-12/04 $161.2 mill. **Oblig.** $241.1 mill.

Pfd Stock None

Common Stock 76,082,813 shs. as of 4/30/05
MARKET CAP: $2.2 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+6.9	-4.7	+4.9
Avg. Indust. Use (MWH)	14462	15593	16734
Avg. Indust. Revs. per KWH (¢)	3.59	3.84	4.23
Capacity at Peak (Mw)	1528	1478	1507
Peak Load, Summer (Mw)	1258	1272	1222
Annual Load Factor (%)	56.6	55.0	55.0
% Change Customers (yr-end)	+.6	+.8	+.9
Fixed Charge Cov. (%)	164	262	256

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	--	6.5%	2.5%
"Cash Flow"	--	3.0%	4.5%
Earnings	--	1.0%	4.0%
Dividends	--	3.0%	3.5%
Book Value	--	3.5%	3.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	630.4	380.1	304.3	489.5	1804.3
2003	626.7	268.4	240.3	452.2	1587.6
2004	645.3	276.7	254.4	513.4	1689.8
2005	677.2	*295*	*275*	*502.8*	*1750*
2006	*695*	*315*	*295*	*525*	*1830*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.67	.18	.20	.63	1.68
2003	.82	.06	.10	.58	1.56
2004	.72	.04	.13	.53	1.42
2005	.74	*.16*	*.20*	*.65*	*1.75*
2006	*.80*	*.15*	*.20*	*.70*	*1.85*

Cal-endar	QUARTERLY DIVIDENDS PAID B,n Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.255	.255	.255	.265	1.03
2002	.265	.265	.265	.275	1.07
2003	.275	.275	.275	.285	1.11
2004	.285	.285	.285	.295	1.15
2005	.295	.295			

BUSINESS: Vectren is a holding company formed through the merger of Indiana Energy and SIGCORP. Supplies electricity and gas to an area nearly two-thirds of the state of Indiana. Has a customer base of 1,110,000. 2004 Elect. (gas) revs: resid., 34% (66%); commer., 27% (25%); indust., 31% (9%); other, 8% (nil). Revenue sources: Elect., 25%; Gas, 75%. Fuel costs: elect., 26%; gas, 69%. Also provides energy-related products and services and has an investment subsidiary. Est'd plant age: electric, 9 years. '04 deprec. rate: 3.6%. Has 1,863 employees. 12,635 shareholders. Chairman, Chief Executive Officer, and President: Niel C. Ellerbrook. Inc.: IN. Address: 20 Northwest 4th St., Evansville, Indiana 47741. Tel.: 812-465-5300. Internet: www.vectren.com.

Vectren's noncore enterprises offer good long-term prospects. VVC owns and operates two low-sulfur coal mines that not only supply the company's coal-fired plants at cost but sell one million tons per year in the open market. Higher contract prices point to increased earnings in 2005. This entity contributes about 40% of nonutility profits. Vectren also has a 50% interest in a synfuels operation that generates federal tax credits through the sale of synthetic fuel. And it owns 61% of ProLiance, which sells gas to large end-use customers and to VVC's regulated plants. This subsidiary is performing well, but it was penalized $33 million in a lawsuit for violating terms of a contract. The verdict has been appealed. The one business that has not lived up to expectations is broadband services, which includes cable TV and telephone operations. This enterprise is up for sale. Overall, these ventures generate 25% of company profits. What's more, they are growing at a faster rate than the regulated utility.

The company has been granted higher rates in Ohio. Effective last April, it was awarded $15.7 million for expenditures on its 5,200-mile natural gas distribution system. The increase was based on a 10.6% return on common equity, down from the requested 12.25%. The order includes a charge to customers in support of the company's reduction in energy consumption. It covers non-gas costs only.

Earnings should improve in 2005. In addition to the rate increase in Ohio, VVC will benefit from a full year of higher tariffs in northern and southern Indiana. Other pluses include expected higher retail energy sales of 1.5% and recovery of environmental outlays to reduce emissions of nitrogen oxide. Though pension costs continue to climb, we estimate a 23% rise in 2005 earnings, to $1.75 a share. Next year's results will depend on the extent of gains in the nonutility sector.

The stock might interest income-oriented investors. The yield is almost a full percentage point above the group norm. And our projection of steady earnings growth to 2008-2010 suggests dividend hikes more than triple those of the average utility over the same timeframe. Too, Vectren is financially strong.

Arthur H. Medalie *July 1, 2005*

(A) Diluted EPS. Next earnings report due late July. Excl. nonrecur. gain (losses): '00, 8¢; '01, (13¢); '03, (6¢); incl. charges for merger costs: '00, 60¢; '01, 17¢. (B) Div'ds historically paid in early March, early June, early September, and early December. n Div'd reinvest. plan avail. (C) Incl. intang. in '04, $3.82/sh. (D) In millions. (E) Electric rate base determination: fair value. Rate allowed on elect. common equity in '95: 12.25%. Earned on avg. com. eq. '04: 10.0%. Regulatory Climate: Above Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	70

XCEL ENERGY NYSE-XEL

RECENT PRICE 17.13 | P/E RATIO 13.9 (Trailing: 14.2 Median: 14.0) | RELATIVE P/E RATIO 0.76 | DIV'D YLD 5.1% | VALUE LINE

TIMELINESS 3 Raised 3/7/03
SAFETY 2 Raised 5/14/04
TECHNICAL 3 Raised 4/15/05
BETA .80 (1.00 = Market)

High:	23.5	24.8	26.7	29.4	30.8	27.9	30.0	31.8	28.5	17.4	18.8	18.4
Low:	19.4	21.3	22.3	22.3	25.7	19.3	16.1	24.2	5.1	10.4	15.5	16.5

Target Price Range 2008 | 2009 | 2010

2008-10 PROJECTIONS

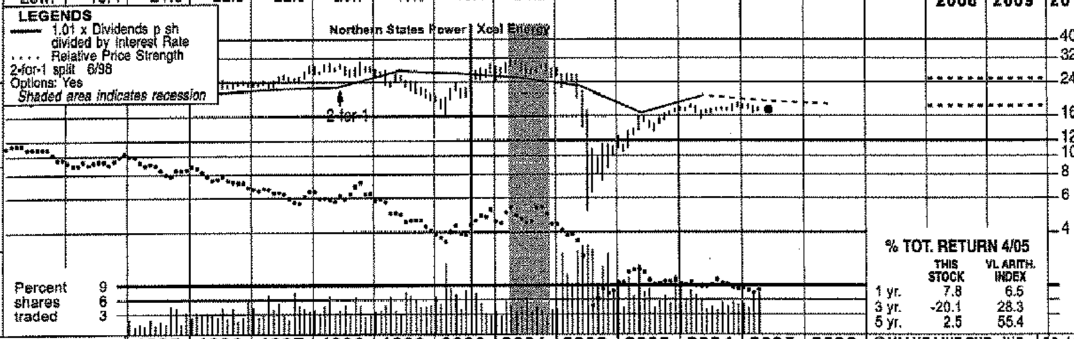
	Price	Gain	Ann'l Total Return
High	25	(+45%)	14%
Low	18	(+5%)	7%

Insider Decisions

	J	J	A	S	O	N	D	J	F
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	2Q2004	3Q2004	4Q2004
to Buy	135	141	154
to Sell	144	132	129
Hld's(000)	198627	211917	212575



% TOT. RETURN 4/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	7.8	6.5
3 yr.	-20.1	28.3
5 yr.	2.5	55.4

Xcel Energy was formed through the merger of Northern States Power and New Century Energies on August 21, 2000. NSP stockholders received one share of Xcel for every NSP share, and NCE stockholders received 1.55 shares of Xcel for each NCE share. Data prior to 2000 reflect NSP on a standalone basis and are not comparable with Xcel data.

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
18.84	19.22	18.32	18.46	18.42	34.11	43.56	23.89	19.90	20.84	**21.50**	**22.45**	Revenues per sh	**23.75**
4.30	4.33	3.92	4.30	4.13	4.12	5.09	3.14	3.35	3.27	**3.35**	**3.50**	"Cash Flow" per sh	**3.75**
1.96	1.91	1.61	1.84	1.43	1.60	2.27	.42	1.23	1.27	**1.20**	**1.30**	Earnings per sh A	**1.50**
1.34	1.37	1.40	1.43	1.45	1.48	1.50	1.13	.75	.81	**.87**	**.93**	Div'd Decl'd per sh B ■	**1.10**
2.94	2.99	2.90	2.99	13.87	3.63	7.40	6.04	2.49	3.19	**3.10**	**3.70**	Cap'l Spending per sh	**3.00**
14.87	15.46	15.89	16.25	16.42	16.37	17.95	11.70	12.95	12.99	**13.35**	**13.70**	Book Value per sh C	**14.75**
136.35	138.13	149.24	152.70	155.73	339.79	345.02	398.71	398.96	400.46	**402.50**	**405.00**	Common Shs Outst'g D	**434.00**
11.6	12.5	15.5	15.2	16.6	14.3	12.4	40.8	11.6	13.6	*Bold figures are*		Avg Ann'l P/E Ratio	**14.5**
.78	.78	.89	.79	.95	.93	.64	2.23	.66	.73	*Value Line*		Relative P/E Ratio	**.95**
5.9%	5.7%	5.6%	5.1%	6.1%	6.4%	5.3%	6.6%	5.2%	4.7%	*estimates*		Avg Ann'l Div'd Yield	**5.1%**
2568.6	2654.2	2733.7	2819.2	2869.0	11592	15028	9524.4	7937.5	8345.3	**8650**	**9100**	Revenues ($mill)	**10300**
275.8	274.5	251.8	298.1	240.1	545.8	784.7	177.6	510.0	526.9	**505**	**550**	Net Profit ($mill)	**645**
35.6%	34.8%	27.8%	26.0%	21.6%	35.8%	28.2%	32.7%	23.7%	23.2%	**28.5%**	**29.0%**	Income Tax Rate	**30.5%**
6.2%	6.9%	6.6%	5.3%	2.5%	4.4%	7.1%	46.7%	8.9%	10.9%	**11.0%**	**14.0%**	AFUDC % to Net Profit	**9.0%**
40.5%	40.1%	40.4%	39.9%	54.7%	58.8%	66.7%	59.6%	55.3%	55.0%	**52.0%**	**53.0%**	Long-Term Debt Ratio	**48.5%**
53.2%	53.8%	51.0%	53.5%	40.5%	40.5%	32.8%	39.5%	43.8%	44.1%	**47.5%**	**46.0%**	Common Equity Ratio	**51.0%**
3810.1	3968.9	4650.9	4637.7	6316.2	13745	18911	11815	11790	11801	**11350**	**12040**	Total Capital ($mill)	**12600**
4310.3	4337.9	4361.3	4395.2	4451.5	15273	21165	18816	13667	14096	**14490**	**15110**	Net Plant ($mill)	**16300**
8.7%	8.4%	6.9%	8.1%	5.4%	6.0%	6.0%	5.4%	6.1%	6.2%	**6.5%**	**6.0%**	Return on Total Cap'l	**6.5%**
12.2%	11.6%	9.1%	10.7%	8.4%	9.6%	12.5%	3.7%	9.7%	9.9%	**9.0%**	**9.5%**	Return on Shr. Equity	**10.0%**
13.0%	12.3%	9.5%	11.2%	8.6%	9.7%	12.6%	3.7%	9.8%	10.0%	**9.5%**	**10.0%**	Return on Com Equity E	**10.0%**
4.2%	3.6%	1.2%	2.5%	NMF	.9%	4.3%	NMF	3.9%	3.9%	**2.5%**	**2.5%**	Retained to Com Eq	**2.5%**
69%	72%	88%	79%	100%	91%	66%	NMF	60%	62%	**75%**	**73%**	All Div'ds to Net Prof	**75%**

CAPITAL STRUCTURE as of 12/31/04
Total Debt $7029.0 mill. **Due in 5 Yrs** $3070.0 mill.
LT Debt $6493.0 mill. **LT Interest** $415.6 mill.
Incl. 8,000,000 shares 7.875% tax-deductible Trust Originated Preferred Securities, liquidation value $25/share; 7,760,000 shares 7.60%, cumulative, $25 par; $100 mill. 7.85% tax-deductible Trust Preferred Securities.
(LT interest earned: 2.5x)
Leases, Uncapitalized Annual rentals $55.0 mill.
Pension Assets-12/04 $3.06 bill. **Oblig.** $2.73 bill.
Pfd Stock $104.3 mill. **Pfd Div'd** $4.2 mill.
1,042,600 shares $3.60 to $4.56, cumulative, $100 par, callable $102.00 to $103.75.
Common Stock 401,835,013 shs. **as of 3/28/05**
MARKET CAP: $6.9 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2002	2003	2004
% Change Retail Sales (KWH)	+1.6	+.7	+.3
Avg. C & I Use (MWH)	147	146	145
Avg. C & I Revs. per KWH (¢)	4.80	5.31	5.54
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	8259	8289	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+.7	+1.7	+1.0
Fixed Charge Cov. (%)	125	226	230

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Revenues	2.0%	3.0%	1.5%
"Cash Flow"	-1.0%	-4.5%	2.5%
Earnings	-4.0%	-9.5%	7.5%
Dividends	-3.5%	-9.0%	3.5%
Book Value	-1.0%	-5.0%	2.5%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	2371	2227	2473	2454	9524.4
2003	2086	1721	2020	2109	7937.5
2004	2280	1797	2009	2259	8345.3
2005	2400	**1850**	**2100**	**2300**	**8650**
2006	**2525**	**1950**	**2225**	**2400**	**9100**

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.27	.23	.41	d.42	.42
2003	.31	.14	.43	.36	1.23
2004	.36	.21	.40	.31	1.27
2005	.30	**.20**	**.42**	**.28**	**1.20**
2006	**.35**	**.20**	**.45**	**.30**	**1.30**

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.375	.375	.375	.375	1.50
2002	.375	.375	.375	.188	1.31
2003	.188	.188	.188	.188	.75
2004	.188	.188	.208	.208	.79
2005	.208	.208			

BUSINESS: Xcel Energy Inc. is the parent of Northern States Power, which supplies power to MN, WI, ND, SD, MI, & gas to MN, WI, ND, MI & AZ; P.S. of Colorado, which supplies power & gas to CO; & Southwestern P.S., which supplies power to TX, OK, NM, & KS. Customers: 3.3 mill. elec., 1.8 mill. gas. Elec. rev. breakdown, '04: residential, 29%; commercial & industrial, 51%; other, 20%. Generating sources, '04: coal, 52%; nuclear, 12%; gas & oil, 11%; other, 1%; purchased, 24%. Fuel costs: 54% of revs. '04 reported deprec. rate: 3.1%. Has 11,800 employees, 300,000 com. stockholders. Chairman & CEO: Wayne H. Brunetti. President & COO: Richard C. Kelly. Inc.: MN. Address: 800 Nicollet Mall, Minneapolis, MN 55402. Tel.: 612-330-5500. Internet: www.xcelenergy.com.

Xcel Energy is active in the regulatory arena. Last year, it filed for a $9.9 million gas rate increase in Minnesota and a $5 million transmission rate hike with the Federal Energy Regulatory Commission (FERC). It has reached a settlement (subject to commission approval) in Minnesota for a $5.8 million gas rate increase based on a 10.4% return on equity. An order is expected this summer. The FERC decision should come soon. This year, Xcel plans to file a gas case in Colorado later this month; an electric and gas case in Wisconsin in June; and electric cases in Minnesota, North Dakota, and South Dakota in the fourth quarter. These applications won't provide any rate relief until 2006, however. Next year, the utility intends to file an electric case in Colorado, with an order expected in 2007.

We have trimmed our 2005 earnings estimate by $0.05 a share, reflecting lower-than-expected power sales in the first quarter. Our revised estimate of $1.20 a share is still within the company's target of $1.18-$1.28. We figure that rate relief will produce a solid earnings increase in 2006. In the long run, Xcel should also benefit from regulatory agreements for a project that will convert some plants' fuel source from coal to gas in Minnesota and a new coal-fired plant in Colorado.

Xcel has exited most of its nonutility businesses. It has sold its utility engineering unit, which was small. But it is still trying to sell Seren, its telecommunications business, which is being reported as a discontinued operation. An announcement could come by the end of the second quarter, with a closing in the third or fourth period. The book value of Seren suggests that Xcel could fetch $55 million and realize $85 million in tax-loss carryforwards over time.

This stock offers an attractive yield and good dividend-growth potential. The yield is about one percentage point above the norm for dividend-paying utility equities. The board of directors raised the quarterly payout by two cents a share (10.7%) last June. We expect another hike, albeit a smaller one, next month. Annual dividend increases should continue over the next 3 to 5 years, producing a very healthy total return over that time.

Paul E. Debbas, CFA *May 13, 2005*

(A) Dil. EPS. Excl. nonrecurring gain (loss): '01, 3¢; '02, ($6.27); gain (loss) on disc. ops.: '03, 27¢; '04, (30¢). '02 EPS don't add due to change in shs.; '03 & '04 due to rounding. Next earnings report due late July. (B) Div'ds historically paid in mid-Jan., Apr., July, and Oct. ■ Div'd reinvest. plan avail. (C) Incl. intang. In '04: $2.12/sh. (D) In mill., adj. for split. (E) Rate base: Varies. Rate allowed on com. eq.: MN '93, 11.47%; WI '96, 11.3%; CO '03 (elec.), 10.75%; TX '86, 15.05%; earned on avg. com. eq., '04: 9.7%. Regulatory Climate: Average.

Company's Financial Strength	B++
Stock's Price Stability	40
Price Growth Persistence	5
Earnings Predictability	40

ABITIBI-CONSOL. NYSE-ABY[F]

RECENT PRICE	4.46	P/E RATIO	NMF (Trailing: NMF; Median: NMF)	RELATIVE P/E RATIO	NMF	DIV'D YLD	2.2%	VALUE LINE

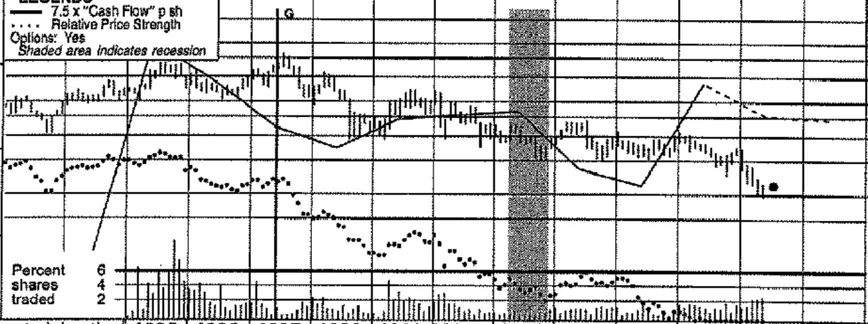
TIMELINESS **3** Raised 10/17/03

SAFETY **3** Raised 2/5/93

TECHNICAL **4** Lowered 7/8/05

BETA .95 (1.00 = Market)

High:	15.3	18.9	17.3	21.0	16.8	13.8	13.7	9.2	9.6	8.5	8.5	6.9
Low:	11.4	12.0	12.3	12.5	7.6	7.6	7.0	6.1	5.9	6.1	5.1	3.9



Target Price Range

2008 | 2009 | 2010

32, 24, 20, 16, 12, 10, 8, 6, 4, 3

2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	14	(+215%)	34%
Low	10	(+125%)	24%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2004	4Q2004	1Q2005
to Buy	26	52	56
to Sell	45	34	39
Hld's(000)	213910	256735	263837

% TOT. RETURN 5/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	-35.5	11.0
3 yr.	-44.0	39.9
5 yr.	-50.4	66.5

Abitibi-Consolidated was created by the May 1997 amalgamation of Abitibi-Price and Stone-Consolidated to form the largest North American newsprint producer. Abitibi-Price shareholders exchanged their holdings one-for-one. Stone stockholders received 1.0062 shares of the new entity for each share held. In April 1999, Stone sold all remaining shares of the company. Figures prior to 1997 are for Abitibi-Price.

1995	1996	1997	1998	1999	2000[H]	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
.73	.73	.70	.65	.69	.67	.63	.63	.77	.83	*.80*	*.80*	Trans. Rate (US$/Cdn.$) A	*.80*
23.25	21.24	13.51	11.40	14.62	8.64	8.64	7.33	8.38	13.18	*10.45*	*10.90*	Sales per sh	*12.15*
3.23	2.02	1.18	.92	1.29	1.37	1.43	.72	.59	1.98	*1.35*	*1.30*	"Cash Flow" per sh	*1.75*
2.38	1.00	.01	d.27	d.24	.62	.41	d.23	d.62	d.25	*d.02*	*.15*	Earnings per sh B	*.80*
.22	.29	.28	.26	.28	.27	.25	.25	.19	.10	*.10*	*.12*	Div'ds Decl'd per sh C	*.15*
2.73	2.84	1.58	.85	1.09	.80	.67	.31	.46	.88	*.70*	*.75*	Cap'l Spending per sh	*.90*
8.52	9.09	11.49	10.26	9.71	4.71	4.67	4.42	5.02	6.20	*6.10*	*6.10*	Book Value per sh D	*6.60*
87.20	89.00	194.20	190.50	190.60	440.00	440.00	440.00	440.00	440.00	*440.00*	*440.00*	Common Shs Outst'g E	*440.00*
6.6	14.2	NMF	--	--	16.0	18.7	--	--	--	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.44	.89	NMF	--	--	1.04	.96	--	--	--	*Value Line*		Relative P/E Ratio	*1.00*
1.4%	2.1%	1.7%	2.1%	2.6%	2.7%	3.3%	3.2%	2.7%	1.5%	*estimates*		Avg Ann'l Div'd Yield	*.7%*
2027.0	1890.7	2622.9	2171.7	2786.9	3803.6	3800.2	3226.9	3685.2	5801.0	*4600*	*4800*	Sales ($mill)	*5350*
21.5%	13.9%	11.8%	13.9%	13.9%	27.2%	28.0%	16.5%	24.5%	42.4%	*15.5%*	*17.0%*	Operating Margin	*23.0%*
82.0	92.0	227.5	228.2	276.7	362.5	445.4	418.3	541.3	982.0	*600*	*500*	Depreciation ($mill)	*425*
200.4	89.0	2.1	d52.7	d30.3	238.5	182.1	d100.2	d280.3	d111.0	*d10.0*	*65.0*	Net Profit ($mill)	*350*
35.4%	36.2%	25.0%	--	--	36.6%	28.9%	--	--	--	*31.0%*	*31.0%*	Income Tax Rate	*31.0%*
9.9%	4.7%	.1%	NMF	NMF	6.3%	4.8%	NMF	NMF	NMF	*1.0%*	*4.5%*	Net Profit Margin	*6.5%*
86.0	70.8	226.1	202.1	d16.6	d26.2	141.7	122.8	d97.8	d152.0	*d100.0*	*d30.0*	Working Cap'l ($mill)	*60*
421.0	446.0	1142.4	1558.1	1827.8	3527.6	3659.7	3407.0	3573.6	4340.0	*4000*	*3800*	Long-Term Debt ($mill)	*3000*
750.0	816.1	2231.6	1953.9	1850.6	2073.7	2057.0	1944.2	2209.9	2726.0	*2675*	*2690*	Shr. Equity ($mill) D	*2900*
19.0%	8.6%	.8%	NMF	1.2%	6.5%	5.6%	.5%	NMF	1.1%	*2.5%*	*3.5%*	Return on Total Cap'l	*8.5%*
26.7%	10.9%	.1%	NMF	NMF	11.5%	8.9%	NMF	NMF	NMF	*Nil*	*2.4%*	Return on Shr. Equity	*12.0%*
25.2%	7.7%	NMF	NMF	NMF	7.5%	2.8%	NMF	NMF	NMF	*Nil*	*.5%*	Retained to Com Eq	*10.0%*
6%	30%	NMF	NMF	NMF	35%	69%	NMF	NMF	NMF	*Nil*	*82%*	All Div'ds to Net Prof	*19%*

CAPITAL STRUCTURE as of 3/31/05

Total Debt $4128.0 mill. **Due in 5 Yrs** $2196 mill.
LT Debt $3981.6 mill. **LT Interest** $330.0 mill.
(Interest not covered) (59% of Cap'l)

Leases, Uncapitalized Annual rentals $15.4 mill.

Pension Assets-12/04 $2.1 bill. **Oblig.** $2.6 bill.

Pfd Stock None

Common Stock 440,000,000 shares

MARKET CAP: $2.0 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2003	2004	3/31/05
Cash Assets	40.8	135.0	116.0
Receivables	286.4	477.0	465.6
Inventory (Avg Cst)	581.3	727.0	634.4
Other	44.8	63.0	53.6
Current Assets	953.3	1402.0	1269.6
Accts Payable	807.0	960.0	726.4
Debt Due	244.1	594.0	146.4
Other	--	--	--
Current Liab.	1051.1	1554.0	872.8

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Sales	-6.0%	-6.0%	6.0%
"Cash Flow"	--	-0.5%	19.0%
Earnings	--	--	NMF
Dividends	1.0%	-8.0%	NMF
Book Value	-3.5%	-13.0%	4.0%

Cal-endar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	752.9	836.0	808.9	829.1	3226.9
2003	917.8	931.7	905.5	930.2	3685.2
2004	1355	1439	1528	1479	5801.0
2005	1147	*1150*	*1170*	*1133*	*4600*
2006	*1130*	*1200*	*1220*	*1250*	*4800*

Cal-endar	EARNINGS PER SHARE B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	d.07	d.01	d.09	d.06	d.23
2003	d.15	d.17	d.15	d.15	d.62
2004	d.24	d.18	.41	d.24	d.25
2005	d.10	*d.02*	*.03*	*.07*	*d.02*
2006	*d.05*	*.02*	*.08*	*.10*	*.15*

Cal-endar	QUARTERLY DIVIDENDS PAID C Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.063	.063	.063	.063	.25
2002	.063	.063	.063	.063	.25
2003	.077	.077	.019	.019	.19
2004	.025	.025	.025	.025	.10
2005	.025	.025			

BUSINESS: Abitibi-Consolidated is one of the world's largest manufacturers of newsprint, value-added uncoated groundwood papers, with ownership interests in 27 paper mills in Canada, the U.S., the U.K., and Asia (including its 50% interest in Pan Asia Paper Co.), 21 sawmills, 4 remanufacturing facilities, 14 recycling centers and 1 engineered wood facility. Also has a sizable position in lumber. '03 sales bkdwn.: Canada, 15%, USA, 59%, other, 26%. Has about 16,000 employees. Officers and directors own less than 1% of common; Wellington Mgmt., 7.5%. (2/05 Proxy) President & CEO: John W. Weaver; Chairman: Richard Drouin. Incorporated: Canada. Address: 1155 Metcalfe St., Ste. 800, Montreal, Quebec, Canada H3B 5H2. Telephone: 514-394-2176. Internet: www.abicon.com.

Net profits may well elude Abitibi-Consolidated this year. The company is facing increased cost pressures that we believe will more than offset the price increases it has scheduled. Indeed, prices for the key ingredients of newsprint, fiber, and energy, have risen substantially of late. Furthermore, the rising Canadian dollar is also detrimental, effectively raising the price of the newsprint it sells to U.S. customers. As a result, we no longer expect the company to turn profitable after the past three years of net losses. We now expect a net loss of $0.02 a share, compared with our last estimate of a profit of $0.10. This does, however, compare favorably to last year's full-year loss of $0.33 a share.

Restructuring efforts continue at the newsprint producer. The company has announced it will be closing a Grand Falls mill, as well modernizing another. It also plans on selling off a Fort William plant in lieu of reviving it, as well as liquidating some timber plots. Additionally, it is attempting to cut transportation and other logistics costs. We view these actions as necessary steps in a long-term efficiency program, but feel that additional plant closings and operational improvements are necessary.

Secular decline in newsprint is also hurting Abitibi. U.S. newsprint consumption declined 4% in May, marking two straight years of monthly declines. This is leading a number of U.S. publishers to scale back their purchases, as well as not completely accepting ABY's price increases.

This stock has an average rank for the year-ahead, as well as strong appreciation potential to 2008-2010. Given the efficiency improvements we are expecting in the next 3 to 5 years, this issue offers sizable earnings growth potential. That said, a successful restructuring effort remains a risky proposition, and the future of newsprint demand is unclear. Most investors would do well to remain on the sidelines.

Erik B. Kolb *July 8, 2005*

CASH POSITION	5-Year Av'g	3/31/05
Current Assets to Current Liabilities:	101.8%	145.5%
Cash & Equiv's to Current Liabilities:	9.1%	13.3%
Working Capital to Sales:	NMF	NMF

(A) At year end. (B) Primary egs. thru '96, then basic. Excl. n/r. gains: '96, 14¢; '97, 43¢; '98, 15¢; '99, 75¢; '00, 2¢; '02, 60¢; '03, 95¢; '04, 25¢. Next egs. rpt. due late July.
(C) Dividends historically paid in early Jan., Mar., Jun., Sep.
(D) Includes intangibles in '04: $1847.0 mill., $4.20/sh.
(E) In millions.
(F) Figures in U.S. dollars.
(G) Pre-1997 data is for Abitibi-Price.
(H) Reflects 5/00 acq. of Donohue.

Company's Financial Strength	C++
Stock's Price Stability	70
Price Growth Persistence	5
Earnings Predictability	15

BOWATER INC. NYSE-BOW

RECENT PRICE	33.19	P/E RATIO	NMF (Trailing: NMF Median: 34.0)	RELATIVE P/E RATIO	NMF	DIV'D YLD	2.5%	VALUE LINE

TIMELINESS 3 Raised 8/6/04

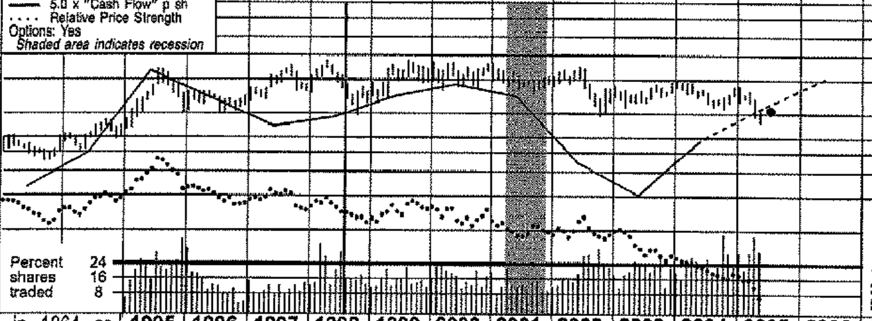
SAFETY 3 New 7/27/90

TECHNICAL 4 Lowered 7/8/05

BETA 1.05 (1.00 = Market)

High:	29.6	54.4	41.6	57.0	60.5	60.6	59.6	58.8	55.8	47.3	48.0	44.4
Low:	20.4	26.4	31.5	36.9	31.2	36.9	41.9	40.3	31.0	34.2	34.2	28.7

LEGENDS
— 5.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



Target Price Range 2008 | 2009 | 2010: 120, 100, 80, 64, 48, 32, 24, 20, 16, 12, 8

2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	85	(+155%)	*28%*
Low	55	(+65%)	*15%*

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	1	1	1	0	0	0
to Sell	0	0	0	1	2	0	1	0	0

Institutional Decisions

	3Q2004	4Q2004	1Q2005
to Buy	91	106	94
to Sell	86	67	75
Hld's(000)	58369	61566	61266

Percent shares traded 24 16 8

% TOT. RETURN 5/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	-24.1	11.0
3 yr.	-36.5	39.9
5 yr.	-35.3	66.5

Bowater Inc. was formed in 1964 as Bowater United States Corp. to acquire the U.S. operations of its parent, Bowater Industries plc of Great Britain, which entered the paper industry in North America in the 1920s. It was spun off under its current name in a two-step process in 1984: 25% of the stock was sold to public at $18 a share in May; the remaining shares were sold in July.

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
51.18	41.90	36.82	38.41	43.15	49.73	48.70	46.69	47.67	55.68	*64.55*	*73.65*	Sales per sh	*95.00*
10.60	7.60	5.48	6.14	7.87	9.04	7.84	3.58	2.43	4.65	*6.90*	*9.80*	"Cash Flow" per sh	*14.00*
5.48	3.34	1.25	1.57	1.41	3.02	1.37	d2.50	d3.52	d1.20	*.50*	*3.00*	Earnings per sh A	*5.00*
.60	.80	.80	.80	.80	.80	.80	.80	.80	.80	*.80*	*.84*	Div'ds Decl'd per sh B n	*.88*
2.45	2.61	2.47	4.30	4.01	5.63	4.91	4.32	3.79	1.47	*2.50*	*2.50*	Cap'l Spending per sh	*4.00*
24.52	27.91	27.97	33.71	35.80	35.74	40.26	31.76	28.25	26.31	*27.25*	*29.45*	Book Value per sh C	*44.00*
39.10	41.01	40.32	51.94	49.47	50.28	50.29	55.28	57.08	57.30	*55.00*	*55.00*	Common Shs Outst'g D	*50.00*
7.2	11.1	36.8	29.5	34.9	16.8	34.7	--	34.7	--	*Bold figures are*	*Value Line*	Avg Ann'l P/E Ratio	*14.0*
.48	.70	2.12	1.53	1.99	1.09	1.78	--	1.78	--	*estimates*		Relative P/E Ratio	*.95*
1.5%	2.2%	1.7%	1.7%	1.6%	1.6%	1.7%	1.8%	2.0%	2.0%			Avg Ann'l Div'd Yield	*1.3%*

CAPITAL STRUCTURE as of 3/31/05

Total Debt $2531.7 mill. **Due in 5 Yrs** $410.0 mill.
LT Debt $2414.9 mill. **LT Interest** $175.0 mill.

(Interest not earned) (62% of Cap'l)
Leases, Uncapitalized Annual rentals $5.1 mill.
Pension Assets 12/04 $1.5 bill. **Oblig.** $2.0 bill.

Pfd Stock None

Common Stock 57,300,000 shs.

MARKET CAP: $1.9 billion (Mid Cap)

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		08-10
2001.1	1718.3	1484.5	1995.0	2134.7	2500.3	2449.2	2581.1	2721.1	3190.3	*3550*	*4050*	Sales ($mill)	*4750*
36.2%	27.7%	20.6%	24.6%	19.2%	32.7%	19.2%	7.3%	4.2%	10.9%	*12.5%*	*17.0%*	Operating Margin	*20.0%*
174.2	174.4	169.8	229.6	300.2	295.2	321.3	340.5	339.0	335.2	*350*	*375*	Depreciation ($mill)	*450*
258.3	150.1	53.7	91.5	89.3	159.4	73.2	d142.4	d200.5	d68.6	*30.0*	*165*	Net Profit ($mill)	*250*
39.4%	31.5%	37.0%	46.6%	44.6%	29.4%	40.7%	--	NMF	NMF	*25.0%*	*40.0%*	Income Tax Rate	*40.0%*
12.9%	8.7%	3.6%	4.6%	4.2%	6.4%	3.0%	NMF	NMF	NMF	*.8%*	*4.1%*	Net Profit Margin	*5.3%*
388.7	499.9	523.7	d77.1	134.7	d335.8	d173.9	d21.2	183.3	346.1	*275*	*300*	Working Cap'l ($mill)	*350*
816.5	759.0	757.1	1534.6	1454.6	1304.7	1828.0	2037.4	2292.4	2427.9	*2300*	*2200*	Long-Term Debt ($mill)	*1600*
1145.0	1196.1	1154.2	1777.0	1770.8	1797.1	2024.7	1755.5	1612.7	1507.3	*1500*	*1620*	Shr. Equity ($mill)	*2200*
15.2%	9.5%	4.6%	4.0%	4.6%	7.0%	3.7%	NMF	NMF	.6%	*1.0%*	*4.5%*	Return on Total Cap'l	*9.0%*
22.6%	12.5%	4.7%	5.1%	5.0%	8.9%	3.6%	NMF	NMF	NMF	*2.0%*	*10.0%*	Return on Shr. Equity	*11.5%*
22.6%	9.4%	1.7%	2.9%	2.5%	6.2%	1.5%	NMF	NMF	NMF	*NMF*	*7.0%*	Retained to Com Eq	*9.5%*
16%	29%	65%	45%	50%	30%	58%	NMF	NMF	NMF	*NMF*	*28%*	All Div'ds to Net Prof	*18%*

CURRENT POSITION ($MILL.)	2003	2004	3/31/05
Cash Assets	19.4	29.7	47.3
Receivables	360.9	377.0	401.4
Inventory (LIFO)	293.1	327.9	353.5
Other	169.6	168.1	126.7
Current Assets	843.0	902.7	928.9
Accts Payable	434.1	458.4	458.1
Debt Due	213.9	87.0	116.8
Other	11.7	11.2	11.2
Current Liab.	659.7	556.6	586.1

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Sales	2.5%	5.0%	*10.0%*
"Cash Flow"	2.5%	-11.5%	*19.0%*
Earnings	--	--	*NMF*
Dividends	-.5%	--	*1.5%*
Book Value	3.5%	-2.5%	*4.5%*

Calendar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	618.9	652.1	643.8	656.3	2581.1
2003	630.5	664.1	690.9	735.6	2721.1
2004	745.3	788.0	834.0	823.0	3190.3
2005	837.0	*863*	*900*	*950*	*3550*
2006	*950*	*1000*	*1050*	*1050*	*4050*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.19	d.95	d.57	d1.17	d2.50
2003	d1.22	d.45	d.96	d.89	d3.52
2004	d.56	d.01	d.02	d.61	d1.20
2005	d.22	*.12*	*.20*	*.40*	*.50*
2006	*.60*	*.80*	*1.00*	*.60*	*3.00*

Calendar	QUARTERLY DIVIDENDS PAID B n Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.20	.20	.20	.20	.80
2002	.20	.20	.20	.20	.80
2003	.20	.20	.20	.20	.80
2004	.20	.20	.20	.20	.80
2005	.20	.20			

BUSINESS: Bowater Inc. is the second-largest newsprint maker in North America (2004 sales: $1.3 million) with mills in S. Carolina, Tenn. (j.v. with Newhouse), and Nova Scotia (j.v. with Wash. Post). Also makes coated paper ($904,400), pulp ($543,400), and lumber ($401,800). Acq'd Alliance Forest, 9/01; Avenor, Inc., 7/98. Star Forms acq'd 12/86, sold 11/96. Great Northern Paper acq'd 12/91, sold 8/99. Owns or leases over 33 million acres of timberland. '04 depreciation rate: 5.4%. Est'd plant age: 8 yrs. Has about 8,100 employees; 3,637 stockholders. Off. & dir. own 4% of stock (3/05 proxy). Chairman and President: Arnold M. Nemirow. Inc.: DE. Addr.: 55 East Camperdown Way, P.O. Box 1028, Greenville, SC 29602. Telephone: 864-271-7733. Internet: www.bowater.com.

Market conditions are starting to improve for Bowater. The company recently increased its newsprint prices by $35 per ton, lifting the average selling price to $640 per ton. Newsprint quotes are now running around 15% higher than last summer. More importantly, the grade has been selling for more than $600 per ton since the end of the first quarter. The benchmark newsprint price that enables producers to post a respectable profit has generally been around $600 per ton in the past. Increased fiber, energy, and shipping costs has probably pushed this figure a bit higher, though. Nevertheless, BOW appears poised to turn the corner towards profitability this year. Several major newsprint producers, including Bowater, have significantly reduced their capacity over the past two years. Consequently, despite relatively sluggish demand for newsprint early this summer, supply remains tight for the grade heading into July. Furthermore, Bowater and Abitibi-Consolidated, the two largest newsprint manufacturers in North America, are determined to hold the line on production in the near term.

The company is expanding its specialty paper production. BOW intends to spend $80 million to convert approximately 200,000 tons of annual newsprint production at its Calhoun, Tennessee mill to higher-margin specialty grades. The company is looking to penetrate the rapidly growing direct mail market. The project is expected to be completed by the middle of 2006. Cost reduction also remains a top priority. Bowater permanently closed a paper machine in Quebec and completed a major capital upgrade of its South Carolina mill in 2004. In addition, BOW has reduced its workforce by close to 15% since 2001. The Quebec paper machine closing, combined with a lightweight coated machine conversion in Catawba, South Carolina, removed around 350,000 tons in annual newsprint capacity.

These shares are ranked to move with the market for the year ahead. The company's gradual shift towards higher-margin grades and its strong emphasis on cost reduction should pay dividends down the road. The stock's 3- to 5-year appreciation potential is very attractive.

Perry H. Roth *July 8, 2005*

(A) Diluted earnings per sh. Excl. nonrecurring gains (losses): '95, (26¢); '96, 84¢; '98, ($1.88); '03 (8¢), '04 (32¢). Next earnings report due late July. (B) Dividends historically paid in early January, early April, early July, and early October. n Dividend reinvestment plan avail. (C) Includes intangibles. In '04: $828.2 mill. ($14.45/sh). (D) In millions.

Company's Financial Strength	B
Stock's Price Stability	75
Price Growth Persistence	35
Earnings Predictability	10

DOMTAR INC. NYSE-DTC[F]

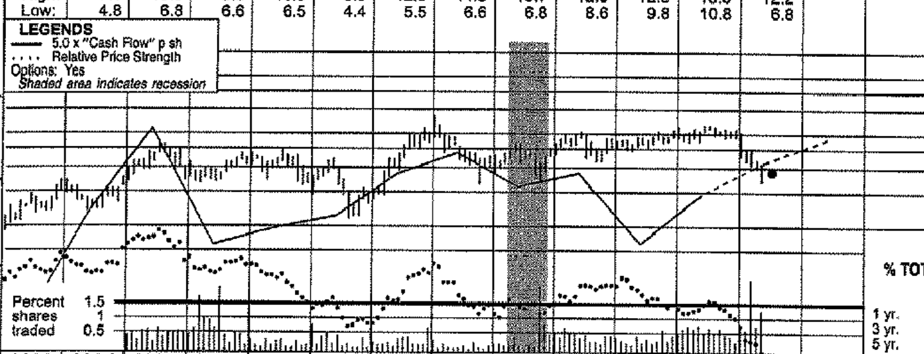
RECENT PRICE	7.61	P/E RATIO	38.1 (Trailing: NMF, Median: 36.0)	RELATIVE P/E RATIO	2.05	DIV'D YLD	2.4%	VALUE LINE

TIMELINESS **4** Raised 5/6/05
SAFETY **3** Raised 1/15/99
TECHNICAL **4** Raised 6/17/05
BETA .90 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
High:	7.1	10.9	9.5	10.0	8.9	12.8	14.8	10.7	12.3	12.5	13.3
Low:	4.8	6.8	6.6	6.5	4.4	5.5	6.6	6.8	8.6	9.8	10.8

High/Low 2005 (latest column): 12.2 / 6.8

LEGENDS
— 5.0 x "Cash Flow" p sh
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



Target Price Range 2008 | 2009 | 2010

2008-10 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	20	(+165%)	28%
Low	14	(+85%)	18%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	3Q2004	4Q2004	1Q2005
to Buy	29	36	46
to Sell	23	22	27
Hld's(000)	59810	70368	81312

Percent shares traded 1.5 / 1 / 0.5

% TOT. RETURN 5/05

	THIS STOCK	VL ARITH. INDEX
1 yr.	-37.6	11.0
3 yr.	-31.7	39.9
5 yr.	-22.1	66.5

1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB., INC.	08-10
.86	.86	.87	.79	.75	.71	.73	.74	.70	.65	.70	.67	.65	.63	.77	.77	*.80*	*.80*	Trans. Rate (US$/Cdn.$) E	*.80*
24.33	22.31	15.56	11.79	11.62	11.93	15.97	9.73	9.08	8.32	11.72	13.36	12.58	15.27	16.22	18.54	*19.55*	*21.60*	Sales per sh	*27.50*
1.53	.36	.08	.12	.27	.96	2.52	.64	.78	.90	1.48	1.90	1.28	1.49	.65	1.18	*1.70*	*2.25*	"Cash Flow" per sh	*3.30*
.03	d1.42	d1.47	d.98	d.68	.16	1.69	d.09	.11	.27	.60	.98	.51	.39	d.65	d.16	*.20*	*.60*	Earnings per sh A	*1.30*
.42	.26	--	--	--	--	--	.08	.10	.10	.10	.10	.10	.10	.17	.18	*.18*	*.18*	Div'ds Decl'd per sh B	*.20*
3.12	1.93	.80	.48	.63	1.35	2.17	1.75	.62	.75	.81	.90	.79	.62	.76	.74	*.75*	*1.00*	Cap'l Spending per sh	*1.25*
10.72	7.50	6.19	4.41	3.51	3.72	5.51	5.95	5.62	5.67	6.60	6.61	6.70	6.98	7.23	7.27	*7.25*	*7.65*	Book Value per sh C	*10.75*
88.89	89.21	100.89	126.23	127.08	127.45	127.80	150.42	149.48	183.43	184.14	180.39	226.20	227.68	227.94	229.29	*220.00*	*215.00*	Common Shs Outst'g D	*200.00*
NMF	--	--	--	--	36.2	5.2	--	NMF	24.0	15.2	10.2	17.8	27.0	--	--	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
NMF	--	--	--	--	2.37	.35	--	NMF	1.25	.87	.66	.91	1.47	--7	--	*Value Line*		Relative P/E Ratio	*.85*
4.0%	3.1%	--	--	--	--	--	1.0%	1.2%	1.5%	1.1%	1.0%	1.1%	.9%	1.5%	1.5%	*estimates*		Avg Ann'l Div'd Yield	*1.2%*
						2040.4	1463.0	1356.6	1526.2	2158.1	2410.7	2845.1	3476.0	3696.0	4250.0	*4300*	*4650*	Sales ($mill)	*5500*
						26.1%	12.7%	10.3%	16.4%	19.7%	19.9%	13.9%	15.4%	10.8%	8.4%	*13.5%*	*15.0%*	Operating Margin	*17.0%*
						106.6	105.8	100.8	119.6	160.3	160.1	191.1	252.0	297.0	306.0	*325*	*350*	Depreciation ($mill)	*400*
						219.7	d6.6	17.5	48.1	114.1	184.3	98.8	89.0	d147.0	d35.0	*44.0*	*130*	Net Profit ($mill)	*260*
						32.8%	NMF	25.8%	36.8%	40.7%	27.8%	8.4%	28.8%	NMF	NMF	*20.0%*	*30.0%*	Income Tax Rate	*35.0%*
						10.8%	NMF	1.3%	3.2%	5.3%	7.6%	3.5%	2.6%	NMF	NMF	*1.0%*	*2.8%*	Net Profit Margin	*4.7%*
						429.3	169.5	309.4	67.0	161.7	260.0	217.0	204.0	249.0	339.0	*325*	*300*	Working Cap'l ($mill)	*400*
						755.6	461.0	596.4	745.6	721.0	651.9	1803.0	1547.0	1589.0	1683.0	*1600*	*1500*	Long-Term Debt ($mill)	*1250*
						971.6	970.9	910.7	1097.2	1253.7	1226.8	1545.0	1617.0	1680.0	1700.0	*1600*	*1650*	Shr. Equity ($mill) C	*2150*
						14.8%	1.9%	2.7%	4.1%	7.6%	11.5%	4.1%	4.7%	NMF	NMF	*1.5%*	*4.0%*	Return on Total Cap'l	*7.5%*
						22.6%	NMF	1.9%	4.4%	9.1%	15.0%	6.4%	5.5%	NMF	NMF	*3.0%*	*8.0%*	Return on Shr. Equity	*13.0%*
						30.7%	NMF	.2%	3.1%	7.8%	13.9%	5.3%	4.3%	NMF	NMF	*.5%*	*5.5%*	Retained to Com Eq	*10.0%*
						2%	NMF	92%	34%	17%	10%	18%	22%	NMF	NMF	*90%*	*30%*	All Div'ds to Net Prof	*15%*

CAPITAL STRUCTURE as of 3/31/05
Total Debt $1769.0 mill. **Due in 5 Yrs** $1050.0 mill.
LT Debt $1757.0 mill. **LT Interest** $112 mill.
(Interest not earned)
(51% of Cap'l)

Pension Assets-12/04 $736 mill. **Oblig.** $846 mill.
Pfd Stock $32.0 mill. **Pfd Div'd** $2.0 mill.
75,752 Srs. A C$2.25 cum., redeem. at C$25.20; 2,910,000 Srs. B pay cum. div'd at 72% of bank prime rate, redeem. at C$25.00.
(1% of Cap'l)

Common Stock 229,400,000 shs.
MARKET CAP: $1.7 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2003	2004	3/31/05
Cash Assets	37	43	38
Receivables	153	194	226
Inventory (Avg Cst)	518	601	658
Other	86	96	85
Current Assets	794	934	1007
Accts Payable	505	543	554
Debt Due	19	25	12
Other	21	27	29
Current Liab.	545	595	595

ANNUAL RATES of change (per ADR)	Past 10 Yrs.	Past 5 Yrs.	Est'd '02-'04 to '08-'10
Sales	3.5%	11.5%	9.0%
"Cash Flow"	9.5%	1.0%	16.0%
Earnings	--	--	NMF
Dividends	--	8.5%	7.0%
Book Value	6.5%	3.5%	6.0%

Calendar	QUARTERLY SALES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	842	899	877	858	3476
2003	950	982	932	832	3696
2004	1023	1118	1105	1004	4250
2005	1041	*1059*	*1150*	*1050*	*4300*
2006	*1100*	*1150*	*1250*	*1150*	*4650*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	d.03	.15	.16	.11	.39
2003	.08	.12	.01	d.76	d.65
2004	d.15	d.02	.10	d.09	d.16
2005	.03	*.05*	*.05*	*.07*	*.20*
2006	*.10*	*.12*	*.18*	*.20*	*.60*

Calendar	QUARTERLY DIVIDENDS PAID B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2001	.025	.025	.025	.025	.10
2002	.025	.025	.025	.025	.10
2003	.025	.025	.045	.045	.14
2004	.045	.045	.045	.045	.18
2005	.045	.045			

BUSINESS: Domtar Inc. is the largest producer of printing and writing papers in Canada (about 62% of sales in '04). Also manufactures lumber and wood products (11%) and packaging grades (12%). Sold gypsum operations (11/95); decorative panels business (2/96). Owns about 1 million acres in Quebec, Ontario, Maine, and New York. Acquired Ris Paper, 7/00; E.B. Eddy, 7/98. Has 10,600 employees; 5,270 common stockholders. Societe Generale de Financement du Quebec owns 16% of common shares; Caisse de Depot et Placement du Quebec, 22% ('04 annual). Pres. & CEO: Raymond Royer; Chmn.: Jacques Girard. Inc: Canada. Addr.: 395 de Maisonneuve Blvd. West, Montreal, Quebec, Canada H3A 1L6. Tel: 514-848-5400. Internet: www.domtar.com.

Domtar appears to have turned the corner towards profitability. Despite sluggish paper pricing, the company posted a modest gain in the first quarter, and will likely remain profitable throughout the remainder of 2005. DTC is benefiting from higher lumber shipments and lowering operating costs. The company is close to half way towards its goal of achieving cost savings of roughly $100 million annually. Domtar trimmed 400 positions, representing close to 4% of its total headcount last year. Moreover, the company will be looking to cut another 400 jobs this year. DTC shut down the pulp mill, one paper machine, and a sheeter at its Cornwall, Ontario plant in the first quarter of 2005, eliminating around 150,000 tons and 85,000 tons of pulp and paper capacity, respectively. All told, assuming a modest uptick in paper demand and pricing, we look for share net to fall in the neighborhood of $0.15 to $0.25 this year.

A price hike for uncoated freesheet paper is doubtful in the near term. Domtar is the third-largest integrated manufacturer of uncoated freesheet paper in North America. Average selling prices of uncoated freesheet paper, the company's chief paper grade, remain under pressure entering the seasonally slow summer period. DTC and other major producers may attempt to raise prices in August, but the sluggish pace of new orders this summer will likely delay any significant price increase until the fourth quarter. Indeed, Domtar is having some difficulty maintaining current price levels.

The company is beefing up its array of higher-margin, specialty paper products. In April, DTC introduced an earth-friendly line of papers designed for environmentally sensitive businesses.

These shares are ranked to trail the market for the year ahead. The stock's 3- to 5-year turnaround potential appears very attractive, but most investors should stay on the sidelines until a better earnings picture develops.

Perry H. Roth *July 8, 2005*

CASH POSITION	5-Year Av'g	3/31/05
Current Assets to Current Liabilities:	149%	169%
Cash & Equiv's to Current Liabilities:	12%	6%
Working Capital to Sales:	10%	10%

(A) Diluted earnings. Excludes extraordinary gains (losses): '90, ($1.91); '92, (9¢), '96, (42¢); '97, 8¢; excl. egs. from disc. operations: '90, 37¢; '95, 5¢; '96, $1.01. Next earnings report due late July. (B) Paid 2.5% stock dividend, '91. Cash dividend suspended 1/91; reinstated 4/96. Div'd payment dates: indeterminate. (C) Includes intangibles. In '04: $70.0 million, 31¢ per share. (D) In millions. (E) At year end. (F) All figures in U.S. dollars.

Company's Financial Strength	C++
Stock's Price Stability	75
Price Growth Persistence	50
Earnings Predictability	15