

ATMOS ENERGY CORP. NYSE-ATO										RECENT PRICE	30.07	P/E RATIO	13.0 (Trailing: 14.4 Median: 15.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	4.5%	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																								
TIMELINESS	4	Lowered 5/14/10	High:	33.0	26.3	25.8	24.5	25.5	27.6	30.0	33.1	33.5	29.3	30.3	30.7			Target Price Range																																																																																																																																																																																																																																																																																																																																																																								
SAFETY	2	Raised 12/16/05	Low:	19.6	14.3	19.5	17.6	20.8	23.4	25.0	25.5	23.9	19.7	20.1	25.9			2013	2014	2015																																																																																																																																																																																																																																																																																																																																																																						
TECHNICAL	3	Lowered 12/10/10	LEGENDS 1.00 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded areas indicate recessions																																																																																																																																																																																																																																																																																																																																																																																							
BETA	.65	(1.00 = Market)	2013-15 PROJECTIONS High Price 40 Gain (+35%) Ann'l Total Return 11% Low Price 30 (Nil) 5%																																																																																																																																																																																																																																																																																																																																																																																							
Insider Decisions			<table border="1"> <tr> <td></td> <td>J</td> <td>F</td> <td>M</td> <td>A</td> <td>M</td> <td>J</td> <td>J</td> <td>A</td> <td>S</td> </tr> <tr> <td>to Buy</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Options</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>to Sell</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> </table>																	J	F	M	A	M	J	J	A	S	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	1	0																																																																																																																																																																																																																																																																																																																																
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Atmos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.			<table border="1"> <thead> <tr> <th></th> <th>2000</th> <th>2001</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>© VALUE LINE PUB., INC.</th> <th>13-15</th> </tr> </thead> <tbody> <tr> <td>Revenues per sh ^A</td> <td>26.61</td> <td>35.36</td> <td>22.82</td> <td>54.39</td> <td>46.50</td> <td>61.75</td> <td>75.27</td> <td>66.03</td> <td>79.52</td> <td>53.69</td> <td>53.20</td> <td>56.80</td> <td></td> <td>71.45</td> </tr> <tr> <td>"Cash Flow" per sh</td> <td>3.01</td> <td>3.03</td> <td>3.39</td> <td>3.23</td> <td>2.91</td> <td>3.90</td> <td>4.26</td> <td>4.14</td> <td>4.19</td> <td>4.29</td> <td>4.65</td> <td>5.05</td> <td></td> <td>5.50</td> </tr> <tr> <td>Earnings per sh ^{A B}</td> <td>1.03</td> <td>1.47</td> <td>1.45</td> <td>1.71</td> <td>1.58</td> <td>1.72</td> <td>2.00</td> <td>1.94</td> <td>2.00</td> <td>1.97</td> <td>2.16</td> <td>2.30</td> <td></td> <td>2.70</td> </tr> <tr> <td>Div'ds Decl'd per sh ^C</td> <td>1.14</td> <td>1.16</td> <td>1.18</td> <td>1.20</td> <td>1.22</td> <td>1.24</td> <td>1.26</td> <td>1.28</td> <td>1.30</td> <td>1.32</td> <td>1.34</td> <td>1.36</td> <td></td> <td>1.45</td> </tr> <tr> <td>Cap'l Spending per sh</td> <td>2.36</td> <td>2.77</td> <td>3.17</td> <td>3.10</td> <td>3.03</td> <td>4.14</td> <td>5.20</td> <td>4.39</td> <td>5.51</td> <td>6.05</td> <td>6.40</td> <td>6.05</td> <td></td> <td>6.70</td> </tr> <tr> <td>Book Value per sh</td> <td>12.28</td> <td>14.31</td> <td>13.75</td> <td>16.66</td> <td>18.05</td> <td>19.90</td> <td>20.16</td> <td>22.01</td> <td>22.60</td> <td>23.52</td> <td>24.20</td> <td>24.85</td> <td></td> <td>29.15</td> </tr> <tr> <td>Common Shs Outst'g ^D</td> <td>31.95</td> <td>40.79</td> <td>41.68</td> <td>51.48</td> <td>62.80</td> <td>80.54</td> <td>81.74</td> <td>89.33</td> <td>90.81</td> <td>92.55</td> <td>90.00</td> <td>88.00</td> <td></td> <td>105.00</td> </tr> <tr> <td>Avg Ann'l P/E Ratio</td> <td>18.9</td> <td>15.6</td> <td>15.2</td> <td>13.4</td> <td>15.9</td> <td>16.1</td> <td>13.5</td> <td>15.9</td> <td>13.6</td> <td>12.5</td> <td>13.2</td> <td>12.5</td> <td></td> <td>13.0</td> </tr> <tr> <td>Relative P/E Ratio</td> <td>1.23</td> <td>.80</td> <td>.83</td> <td>.76</td> <td>.84</td> <td>.86</td> <td>.73</td> <td>.84</td> <td>.82</td> <td>.82</td> <td>.84</td> <td>.84</td> <td></td> <td>.85</td> </tr> <tr> <td>Avg Ann'l Div'd Yield</td> <td>5.9%</td> <td>5.1%</td> <td>5.4%</td> <td>5.2%</td> <td>4.9%</td> <td>4.5%</td> <td>4.7%</td> <td>4.2%</td> <td>4.8%</td> <td>5.3%</td> <td>4.7%</td> <td>4.7%</td> <td></td> <td>4.1%</td> </tr> <tr> <td>Revenues (\$mill) ^A</td> <td>850.2</td> <td>1442.3</td> <td>950.8</td> <td>2799.9</td> <td>2920.0</td> <td>4973.3</td> <td>6152.4</td> <td>5898.4</td> <td>7221.3</td> <td>4969.1</td> <td>4789.7</td> <td>5000</td> <td></td> <td>7500</td> </tr> <tr> <td>Net Profit (\$mill)</td> <td>32.2</td> <td>56.1</td> <td>59.7</td> <td>79.5</td> <td>86.2</td> <td>135.8</td> <td>162.3</td> <td>170.5</td> <td>180.3</td> <td>179.7</td> <td>201.2</td> <td>210</td> <td></td> <td>285</td> </tr> <tr> <td>Income Tax Rate</td> <td>36.1%</td> <td>37.3%</td> <td>37.1%</td> <td>37.1%</td> <td>37.4%</td> <td>37.7%</td> <td>37.6%</td> <td>35.8%</td> <td>38.4%</td> <td>34.4%</td> <td>38.5%</td> <td>38.5%</td> <td></td> <td>40.5%</td> </tr> <tr> <td>Net Profit Margin</td> <td>3.8%</td> <td>3.9%</td> <td>6.3%</td> <td>2.8%</td> <td>3.0%</td> <td>2.7%</td> <td>2.6%</td> <td>2.9%</td> <td>2.5%</td> <td>3.6%</td> <td>4.2%</td> <td>4.2%</td> <td></td> <td>3.8%</td> </tr> <tr> <td>Long-Term Debt Ratio</td> <td>48.1%</td> <td>54.3%</td> <td>53.9%</td> <td>50.2%</td> <td>43.2%</td> <td>57.7%</td> <td>57.0%</td> <td>52.0%</td> <td>50.8%</td> <td>49.9%</td> <td>45.0%</td> <td>47.0%</td> <td></td> <td>49.0%</td> </tr> <tr> <td>Common Equity Ratio</td> <td>51.9%</td> <td>45.7%</td> <td>46.1%</td> <td>49.8%</td> <td>56.8%</td> <td>42.3%</td> <td>43.0%</td> <td>48.0%</td> <td>49.2%</td> <td>50.1%</td> <td>55.0%</td> <td>53.0%</td> <td></td> <td>51.0%</td> </tr> <tr> <td>Total Capital (\$mill)</td> <td>755.7</td> <td>1276.3</td> <td>1243.7</td> <td>1721.4</td> <td>1994.8</td> <td>3785.5</td> <td>3828.5</td> <td>4092.1</td> <td>4172.3</td> <td>4346.2</td> <td>3990</td> <td>4315</td> <td></td> <td>6000</td> </tr> <tr> <td>Net Plant (\$mill)</td> <td>982.3</td> <td>1335.4</td> <td>1300.3</td> <td>1516.0</td> <td>1722.5</td> <td>3374.4</td> <td>3629.2</td> <td>3836.8</td> <td>4136.9</td> <td>4439.1</td> <td>4795</td> <td>5100</td> <td></td> <td>6100</td> </tr> <tr> <td>Return on Total Cap'l</td> <td>6.5%</td> <td>5.9%</td> <td>6.8%</td> <td>6.2%</td> <td>5.8%</td> <td>5.3%</td> <td>6.1%</td> <td>5.9%</td> <td>5.9%</td> <td>5.9%</td> <td>6.5%</td> <td>6.5%</td> <td></td> <td>6.0%</td> </tr> <tr> <td>Return on Shr. Equity</td> <td>8.2%</td> <td>9.6%</td> <td>10.4%</td> <td>9.3%</td> <td>7.6%</td> <td>8.5%</td> <td>9.8%</td> <td>8.7%</td> <td>8.8%</td> <td>8.3%</td> <td>9.5%</td> <td>9.0%</td> <td></td> <td>9.5%</td> </tr> <tr> <td>Return on Com Equity</td> <td>8.2%</td> <td>9.6%</td> <td>10.4%</td> <td>9.3%</td> <td>7.6%</td> <td>8.5%</td> <td>9.8%</td> <td>8.7%</td> <td>8.8%</td> <td>8.3%</td> <td>9.5%</td> <td>9.0%</td> <td></td> <td>9.5%</td> </tr> <tr> <td>Retained to Com Eq</td> <td>NMF</td> <td>2.1%</td> <td>1.9%</td> <td>2.8%</td> <td>1.7%</td> <td>2.3%</td> <td>3.6%</td> <td>3.0%</td> <td>3.1%</td> <td>2.7%</td> <td>3.5%</td> <td>4.0%</td> <td></td> <td>4.5%</td> </tr> <tr> <td>All Div'ds to Net Prof</td> <td>112%</td> <td>79%</td> <td>82%</td> <td>70%</td> <td>77%</td> <td>73%</td> <td>63%</td> <td>65%</td> <td>65%</td> <td>68%</td> <td>60%</td> <td>57%</td> <td></td> <td>53%</td> </tr> </tbody> </table>																	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15	Revenues per sh ^A	26.61	35.36	22.82	54.39	46.50	61.75	75.27	66.03	79.52	53.69	53.20	56.80		71.45	"Cash Flow" per sh	3.01	3.03	3.39	3.23	2.91	3.90	4.26	4.14	4.19	4.29	4.65	5.05		5.50	Earnings per sh ^{A B}	1.03	1.47	1.45	1.71	1.58	1.72	2.00	1.94	2.00	1.97	2.16	2.30		2.70	Div'ds Decl'd per sh ^C	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.34	1.36		1.45	Cap'l Spending per sh	2.36	2.77	3.17	3.10	3.03	4.14	5.20	4.39	5.51	6.05	6.40	6.05		6.70	Book Value per sh	12.28	14.31	13.75	16.66	18.05	19.90	20.16	22.01	22.60	23.52	24.20	24.85		29.15	Common Shs Outst'g ^D	31.95	40.79	41.68	51.48	62.80	80.54	81.74	89.33	90.81	92.55	90.00	88.00		105.00	Avg Ann'l P/E Ratio	18.9	15.6	15.2	13.4	15.9	16.1	13.5	15.9	13.6	12.5	13.2	12.5		13.0	Relative P/E Ratio	1.23	.80	.83	.76	.84	.86	.73	.84	.82	.82	.84	.84		.85	Avg Ann'l Div'd Yield	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	4.7%	4.2%	4.8%	5.3%	4.7%	4.7%		4.1%	Revenues (\$mill) ^A	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6152.4	5898.4	7221.3	4969.1	4789.7	5000		7500	Net Profit (\$mill)	32.2	56.1	59.7	79.5	86.2	135.8	162.3	170.5	180.3	179.7	201.2	210		285	Income Tax Rate	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	35.8%	38.4%	34.4%	38.5%	38.5%		40.5%	Net Profit Margin	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.9%	2.5%	3.6%	4.2%	4.2%		3.8%	Long-Term Debt Ratio	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	50.8%	49.9%	45.0%	47.0%		49.0%	Common Equity Ratio	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	49.2%	50.1%	55.0%	53.0%		51.0%	Total Capital (\$mill)	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4092.1	4172.3	4346.2	3990	4315		6000	Net Plant (\$mill)	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3836.8	4136.9	4439.1	4795	5100		6100	Return on Total Cap'l	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.9%	5.9%	5.9%	6.5%	6.5%		6.0%	Return on Shr. Equity	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	8.3%	9.5%	9.0%		9.5%	Return on Com Equity	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	8.3%	9.5%	9.0%		9.5%	Retained to Com Eq	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	3.0%	3.1%	2.7%	3.5%	4.0%		4.5%	All Div'ds to Net Prof	112%	79%	82%	70%	77%	73%	63%	65%	65%	68%	60%	57%		53%
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Relative P/E Ratio	1.23	.80	.83	.76	.84	.86	.73	.84	.82	.82	.84	.84		.85																																																																																																																																																																																																																																																																																																																																																																												
Avg Ann'l Div'd Yield	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	4.7%	4.2%	4.8%	5.3%	4.7%	4.7%		4.1%																																																																																																																																																																																																																																																																																																																																																																												
Revenues (\$mill) ^A	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6152.4	5898.4	7221.3	4969.1	4789.7	5000		7500																																																																																																																																																																																																																																																																																																																																																																												
Net Profit (\$mill)	32.2	56.1	59.7	79.5	86.2	135.8	162.3	170.5	180.3	179.7	201.2	210		285																																																																																																																																																																																																																																																																																																																																																																												
Income Tax Rate	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	35.8%	38.4%	34.4%	38.5%	38.5%		40.5%																																																																																																																																																																																																																																																																																																																																																																												
Net Profit Margin	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.9%	2.5%	3.6%	4.2%	4.2%		3.8%																																																																																																																																																																																																																																																																																																																																																																												
Long-Term Debt Ratio	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	50.8%	49.9%	45.0%	47.0%		49.0%																																																																																																																																																																																																																																																																																																																																																																												
Common Equity Ratio	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	49.2%	50.1%	55.0%	53.0%		51.0%																																																																																																																																																																																																																																																																																																																																																																												
Total Capital (\$mill)	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4092.1	4172.3	4346.2	3990	4315		6000																																																																																																																																																																																																																																																																																																																																																																												
Net Plant (\$mill)	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3836.8	4136.9	4439.1	4795	5100		6100																																																																																																																																																																																																																																																																																																																																																																												
Return on Total Cap'l	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.9%	5.9%	5.9%	6.5%	6.5%		6.0%																																																																																																																																																																																																																																																																																																																																																																												
Return on Shr. Equity	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	8.3%	9.5%	9.0%		9.5%																																																																																																																																																																																																																																																																																																																																																																												
Return on Com Equity	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	8.3%	9.5%	9.0%		9.5%																																																																																																																																																																																																																																																																																																																																																																												
Retained to Com Eq	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	3.0%	3.1%	2.7%	3.5%	4.0%		4.5%																																																																																																																																																																																																																																																																																																																																																																												
All Div'ds to Net Prof	112%	79%	82%	70%	77%	73%	63%	65%	65%	68%	60%	57%		53%																																																																																																																																																																																																																																																																																																																																																																												
CAPITAL STRUCTURE as of 6/30/10 Total Debt \$2169.6 mill. Due in 5 Yrs \$685.0 mill. LT Debt \$1809.5 mill. LT Interest \$120.0 mill. (LT interest earned: 2.8x; total interest coverage: 2.8x) Leases, Uncapitalized Annual rentals \$17.8 mill. Pfd Stock None Pension Assets-9/09 \$301.1 mill. Oblig. \$380.0 mill. Common Stock 90,154,801 shs. as of 7/29/10 MARKET CAP: \$2.7 billion (Mid Cap)			BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to over three million customers via six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Combined 2009 gas volumes: 282 MMcf. Breakdown: 57%, residential; 32%, commercial; 7%, industrial; and 4% other. 2009 depreciation rate 3.6%. Has around 4,700 employees. Officers and directors own 1.6% of common stock (12/09 Proxy). President and Chief Executive Officer: Kim R. Cocklin, Inc.: Texas. Address: Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Telephone: 972-934-9227. Internet: www.atmosenergy.com.																																																																																																																																																																																																																																																																																																																																																																																							
CURRENT POSITION 2008 2009 6/30/10 (\$MILL.) Cash Assets 46.7 111.2 180.4 Other 1238.4 717.7 693.6 Current Assets 1285.1 828.9 874.0 Accts Payable 395.4 207.4 254.2 Debt Due 351.3 72.7 360.1 Other 460.4 457.3 393.5 Current Liab. 1207.1 737.4 1007.8 Fix. Chg. Cov. 450% 416% 425%			What's more, the unregulated segments, especially pipelines, possess healthy overall expansion prospects. Lastly, management may resume its successful strategy of purchasing less efficient utilities and shoring up their profitability through expense-reduction initiatives, rate relief, and aggressive marketing efforts. (The last major deal was in 2004, when the company bought TXU Gas Company.) But excluding future acquisitions, due to many uncertainties, annual share-net growth may be in the mid-single-digit range over the next three to five years. These good-quality shares offer an appealing dividend yield, which is nearly one percentage point higher than the average of all natural gas utility stocks tracked by Value Line. Further increases in the payout, though modest, seem likely. Earnings coverage should remain adequate. Total return possibilities over 2013-2015 look decent, on a risk-adjusted basis. That's assuming continued, steady dividend hikes over that time frame. But these shares are ranked to lag the year-ahead market. <i>Frederick L. Harris, III December 10, 2010</i>																																																																																																																																																																																																																																																																																																																																																																																							
ANNUAL RATES Past Past Est'd '07-'09 of change (per sh) 10 Yrs. 5 Yrs. to '13-'15 Revenues 9.5% 10.0% 1.5% "Cash Flow" 3.5% 6.0% 4.5% Earnings 4.0% 4.5% 5.5% Dividends 2.0% 1.5% 2.0% Book Value 7.0% 7.0% 4.5%			We believe that Atmos Energy will register a decent earnings-per-share advance in fiscal 2011, compared to the prior-year figure. The bread-and-butter natural gas utility stands to benefit from a steady rise in throughput, if weather conditions cooperate (which ought to boost consumption). That unit will also enjoy a full year of higher rates in such states as Missouri, Kansas, Kentucky, and Texas. Elsewhere, we expect the nonregulated operations, which include the natural gas marketing unit and pipeline segment, to perform reasonably well. Finally, repurchases of common stock should help the company's results. At this juncture, consolidated share net stands to increase nearly 7%, to \$2.30, in fiscal 2011. Additional expansion in operating margins ought to enable the bottom line to advance at a similar rate, to \$2.45 a share, the following year. Steady, albeit unspectacular, results seem likely for the company out to mid-decade. The utility is one of the country's largest natural gas-only distributors, currently serving more than three million customers across 12 states.																																																																																																																																																																																																																																																																																																																																																																																							
Fiscal Year Ends QUARTERLY REVENUES (\$ mill.) ^A Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2007 1602.6 2075.6 1218.2 1002.0 5898.4 2008 1657.5 2484.0 1639.1 1440.7 7221.3 2009 1716.3 1821.4 780.8 650.6 4969.1 2010 1292.9 1940.3 770.2 786.3 4789.7 2011 1115 1975 1055 855 5000			What's more, the unregulated segments, especially pipelines, possess healthy overall expansion prospects. Lastly, management may resume its successful strategy of purchasing less efficient utilities and shoring up their profitability through expense-reduction initiatives, rate relief, and aggressive marketing efforts. (The last major deal was in 2004, when the company bought TXU Gas Company.) But excluding future acquisitions, due to many uncertainties, annual share-net growth may be in the mid-single-digit range over the next three to five years. These good-quality shares offer an appealing dividend yield, which is nearly one percentage point higher than the average of all natural gas utility stocks tracked by Value Line. Further increases in the payout, though modest, seem likely. Earnings coverage should remain adequate. Total return possibilities over 2013-2015 look decent, on a risk-adjusted basis. That's assuming continued, steady dividend hikes over that time frame. But these shares are ranked to lag the year-ahead market. <i>Frederick L. Harris, III December 10, 2010</i>																																																																																																																																																																																																																																																																																																																																																																																							
Fiscal Year Ends EARNINGS PER SHARE ^{A B E} Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2007 .97 1.20 d.15 d.05 1.94 2008 .82 1.24 d.07 .02 2.00 2009 .83 1.29 .02 d.17 1.97 2010 1.00 1.17 d.03 .02 2.16 2011 .97 1.30 .03 Nil 2.30			What's more, the unregulated segments, especially pipelines, possess healthy overall expansion prospects. Lastly, management may resume its successful strategy of purchasing less efficient utilities and shoring up their profitability through expense-reduction initiatives, rate relief, and aggressive marketing efforts. (The last major deal was in 2004, when the company bought TXU Gas Company.) But excluding future acquisitions, due to many uncertainties, annual share-net growth may be in the mid-single-digit range over the next three to five years. These good-quality shares offer an appealing dividend yield, which is nearly one percentage point higher than the average of all natural gas utility stocks tracked by Value Line. Further increases in the payout, though modest, seem likely. Earnings coverage should remain adequate. Total return possibilities over 2013-2015 look decent, on a risk-adjusted basis. That's assuming continued, steady dividend hikes over that time frame. But these shares are ranked to lag the year-ahead market. <i>Frederick L. Harris, III December 10, 2010</i>																																																																																																																																																																																																																																																																																																																																																																																							
Calendar QUARTERLY DIVIDENDS PAID ^C Full Year Mar.31 Jun.30 Sep.30 Dec.31 2006 .315 .315 .315 .32 1.27 2007 .32 .32 .32 .325 1.29 2008 .325 .325 .325 .33 1.31 2009 .33 .33 .33 .335 1.33 2010 .335 .335 .335 .34			What's more, the unregulated segments, especially pipelines, possess healthy overall expansion prospects. Lastly, management may resume its successful strategy of purchasing less efficient utilities and shoring up their profitability through expense-reduction initiatives, rate relief, and aggressive marketing efforts. (The last major deal was in 2004, when the company bought TXU Gas Company.) But excluding future acquisitions, due to many uncertainties, annual share-net growth may be in the mid-single-digit range over the next three to five years. These good-quality shares offer an appealing dividend yield, which is nearly one percentage point higher than the average of all natural gas utility stocks tracked by Value Line. Further increases in the payout, though modest, seem likely. Earnings coverage should remain adequate. Total return possibilities over 2013-2015 look decent, on a risk-adjusted basis. That's assuming continued, steady dividend hikes over that time frame. But these shares are ranked to lag the year-ahead market. <i>Frederick L. Harris, III December 10, 2010</i>																																																																																																																																																																																																																																																																																																																																																																																							
(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '00, 12c; '03, d17c; '06, d18c; '07, d2c; '09, 12c; Q2 '10, 5c. Next eggs. rpt. due early Feb. (C) Dividends historically paid in early March, June, Sept., and Dec. (D) In millions. (E) Qtrs may not add due to change in shrs outstanding.			Company's Financial Strength B+ Stock's Price Stability 100 Price Growth Persistence 50 Earnings Predictability 90																																																																																																																																																																																																																																																																																																																																																																																							
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LACLEDE GROUP NYSE-LG

RECENT PRICE 35.35

P/E RATIO 13.1 (Trailing: 14.5 Median: 14.0)

RELATIVE P/E RATIO 0.85

DIV'D YLD 4.6%

VALUE LINE

TIMELINESS 3 Raised 11/19/10

SAFETY 2 Raised 6/20/03

TECHNICAL 3 Lowered 11/19/10

BETA .60 (1.00 = Market)

LEGENDS

1.00 x Dividends p sh divided by Interest Rate

Relative Price Strength

Options: Yes

Shaded areas indicate recessions

Target Price Range

2013 2014 2015

128

96

80

64

48

32

16

12

2013-15 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+55%)	15%
Low	40	(+15%)	8%

Insider Decisions

	J	F	M	A	M	J	J	A	S
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

	4Q2009	1Q2010	2Q2010	Percent shares traded
to Buy	75	55	63	7.5
to Sell	60	60	58	5
Hld's(000)	10697	10279	10043	2.5

% TOT. RETURN 11/10

	THIS STOCK	VL ARITH. INDEX
1 yr.	18.4	25.9
3 yr.	16.9	17.2
5 yr.	46.9	39.4

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	100.44	85.49	77.10	79.55	Revenues per sh	96.15
2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.22	4.56	4.05	4.35	"Cash Flow" per sh	5.20
1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.64	2.92	2.43	2.55	Earnings per sh ^{A B}	3.00
1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	1.53	1.57	1.61	Div'ds Decl'd per sh ^C	1.75
2.50	2.63	2.35	2.40	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.57	2.36	2.45	2.55	Cap'l Spending per sh	3.15
12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	22.12	23.32	24.95	25.55	Book Value per sh ^D	27.70
15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	21.65	21.99	22.17	22.50	23.00	Common Shs Outst'g ^E	26.00
16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.3	13.4	13.7	13.7	Avg Ann'l P/E Ratio	16.0
1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.75	.86	.88	.88	.88	Relative P/E Ratio	1.05
5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	3.9%	3.9%	4.7%	4.7%	Avg Ann'l Div'd Yield	3.7%

CAPITAL STRUCTURE as of 6/30/10

Total Debt \$440.5 mill. Due in 5 Yrs \$180.0 mill.

LT Debt \$364.3 mill. LT Interest \$20.0 mill.

(Total interest coverage: 4.3x)

Leases, Uncapitalized Annual rentals \$.9 mill.

Pension Assets-9/09 \$223.7 mill. **Oblig.** \$378.0 mill.

Pfd Stock None

Common Stock 22,292,095 shs. as of 7/29/10

MARKET CAP: \$800 million (Small Cap)

CURRENT POSITION	2008	2009	6/30/10 (\$MILL)
Cash Assets	14.9	74.6	109.3
Other	547.0	294.2	277.8
Current Assets	561.9	368.8	387.1
Accts Payable	159.6	72.8	107.3
Debt Due	216.1	129.8	76.2
Other	103.5	96.5	102.3
Current Liab.	479.2	299.1	285.8
Fix. Chg. Cov.	377%	420%	415%

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '13-'15
Revenues	12.0%	12.5%	.5%
"Cash Flow"	3.5%	8.5%	3.5%
Earnings	5.0%	10.5%	2.5%
Dividends	1.0%	2.0%	2.5%
Book Value	4.0%	6.5%	4.0%

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2007	539.6	700.8	457.9	323.3	2021.6
2008	504.0	747.7	505.5	451.8	2209.0
2009	674.3	659.1	309.9	251.9	1895.2
2010	491.2	635.3	324.5	284.0	1735.0
2011	495	655	393	287	1830

EARNINGS PER SHARE ^{A B F}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2007	.89	.97	.43	.03	2.31
2008	.99	1.39	.41	d.14	2.64
2009	1.42	1.40	.31	d.22	2.92
2010	1.03	1.26	.21	d.07	2.43
2011	1.05	1.36	.36	d.22	2.55

QUARTERLY DIVIDENDS PAID ^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.345	.355	.355	.355	1.41
2007	.365	.365	.365	.365	1.46
2008	.375	.375	.375	.375	1.50
2009	.385	.385	.385	.385	1.54
2010	.395	.395	.395	.395	1.54

BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 630,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Therms sold and transported in fiscal 2009: 1.07 mill. Revenue mix for regulated operations: residential, 65%; commercial and industrial, 24%; transportation, 1%; other, 10%. Has around 1,762 employees. Officers and directors own approximately 8% of common shares (1/10 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yaeger. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.thelacledegroup.com.

Laclede Group's bottom line stands to make a partial recovery in fiscal 2011 (began on October 1st), versus the year-ago figure. Laclede Gas ought to benefit from a rise in volumes from entities within the service territory, if temperatures cooperate, as well as aggressive collections efforts. A rate hike effective September 1st (discussed below) should help here, too. Elsewhere, we look for Laclede Energy Resources to have a respectable showing, although the benefit of substantially lower natural gas prices that occurred in fiscal 2009 may not be repeated. All told, consolidated share net could advance roughly 5%, to \$2.55, this year. Assuming further expansion of operating margins, the bottom line may well rise at a similar rate, to \$2.70 a share, in fiscal 2012.

A request for a general rate hike was granted by the Missouri Public Service Commission. The measure will generate a net revenue increase of \$20.5 million annually. Even so, this amount was considerably less than the \$52.6 million Laclede wanted. (The last rate hike occurred in 2007.)

Prospects over the 2013-2015 horizon do not look spectacular. Expansion of the customer base for the natural gas distributor will probably remain sluggish, at best, since the service area is mature. Laclede Energy Resources has promising growth opportunities, but that unit tends to contribute only a small portion to total profits. No major acquisitions appear to be on management's agenda, either. Consequently, annual share-net gains may only be in the mid-single-digit range over the 2013-2015 period.

The good-quality stock offers a generous portion of current dividend income, which is adequately covered by earnings. But additional increases in the distribution could be slow in coming, since the long-term growth prospects for Laclede Gas are not exciting.

Total return potential is limited. That's because these shares are trading close to our 3- to 5-year Target Price Range, and we expect further moderate hikes in the payout. Meanwhile, the equity is ranked to just approximate the market during the next six to 12 months.

Frederick L. Harris, III December 10, 2010

(A) Fiscal year ends Sept. 30th. (B) Based on average shares outstanding thru '07, then diluted. Excludes nonrecurring loss: '06, 7c. Excludes gain from discontinued operations. (C) Dividends historically paid in late January, April, July, and October. (D) Dividend reinvestment plan available. (E) Incl. deferred charges. In '09: \$488.3 mill., \$22.03/sh. (F) Qlty. egs. may not sum due to rounding or change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	85

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NEW JERSEY RES. NYSE-NJR										RECENT PRICE	P/E RATIO	Trailing: 17.0 Median: 15.0	RELATIVE P/E RATIO	DIV'D YLD	3.3%	VALUE LINE			
TIMELINESS 3	Raised 8/13/10	High: 18.3	19.8	21.7	22.4	26.4	29.7	32.9	35.4	37.6	41.1	42.4	43.8	Target Price Range 2013-2015					
SAFETY 1	Raised 9/15/06	Low: 14.9	16.1	16.6	16.2	20.0	24.3	27.1	27.7	30.3	24.6	30.0	33.5						
TECHNICAL 3	Lowered 11/19/10	LEGENDS 1.40 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 3/02 3-for-2 split 3/08 Options: Yes Shaded areas indicate recessions																	
BETA .65	(1.00 = Market)	2013-15 PROJECTIONS High Price 45 Gain (+5%) Ann'l Total Return 5% Low Price 40 Gain (-5%) Return 2%																	
Insider Decisions J F M A M J J A S to Buy 0 0 0 0 0 0 0 0 0 Options 0 0 0 0 1 0 0 1 0 to Sell 0 0 0 0 0 0 0 0 0																			
Institutional Decisions 4Q2009 1Q2010 2Q2010 to Buy 66 53 59 to Sell 76 77 76 Hld's(000) 24156 23468 23012 Percent shares traded 12 8 4																			
% TOT. RETURN 11/10 THIS STOCK VL ARITH. INDEX 1 yr. 27.0 25.9 3 yr. 42.5 17.2 5 yr. 80.1 39.4																			
1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
12.81	11.36	13.48	17.31	17.73	22.65	29.42	51.22	44.11	62.29	60.89	76.19	79.63	72.62	90.74	62.34	63.81	67.05	Revenues per sh ^A	75.15
1.54	1.42	1.48	1.63	1.74	1.86	1.99	2.12	2.14	2.38	2.50	2.62	2.73	2.44	3.62	3.16	3.28	3.50	"Cash Flow" per sh	4.00
.84	.86	.92	.99	1.04	1.11	1.20	1.30	1.39	1.59	1.70	1.77	1.87	1.55	2.70	2.40	2.46	2.65	Earnings per sh ^B	3.00
.68	.68	.69	.71	.73	.75	.76	.78	.80	.83	.87	.91	.96	1.01	1.11	1.24	1.36	1.44	Div'ds Decl'd per sh ^C	1.56
1.40	1.18	1.19	1.15	1.07	1.21	1.23	1.10	1.02	1.14	1.45	1.28	1.46	1.72	1.81	2.09	1.95	1.95	Cap'l Spending per sh	2.00
6.43	6.47	6.73	6.92	7.26	7.57	8.29	8.80	8.71	10.26	11.25	10.60	15.00	15.50	17.28	16.59	17.53	18.60	Book Value per sh ^D	23.05
38.93	40.03	40.69	40.23	40.07	39.92	39.59	40.00	41.50	40.85	41.61	41.32	41.44	41.61	42.06	41.59	41.36	41.00	Common Shs Outst'g ^E	40.00
13.0	11.8	13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	16.1	21.6	12.3	14.9	15.0	1.95	Avg Ann'l P/E Ratio	14.0
.85	.79	.85	.78	.80	.87	.96	.73	.80	.80	.81	.89	.87	1.15	.74	.98	.96	1.95	Relative P/E Ratio	.95
6.2%	6.7%	5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.0%	3.3%	3.5%	3.7%	3.7%	Avg Ann'l Div'd Yield	3.7%
CAPITAL STRUCTURE as of 9/30/10 Total Debt \$607.8 mill. Due in 5 Yrs \$153.5 mill. LT Debt \$428.9 mill. LT Interest \$15.8 mill. Incl. \$9.9 mill. capitalized leases. (LT interest earned: 7.5%; total interest coverage: 7.5x) Pension Assets-9/10 \$150.5 mill. Oblig. \$244.5 mill. Pfd Stock None																			
Common Stock 41,250,098 shs. as of 11/22/10 MARKET CAP: \$1.8 billion (Mid Cap)																			
CURRENT POSITION (\$MILL) Cash Assets 42.6 36.2 .9 Other 1067.1 648.0 784.1 Current Assets 1109.7 684.2 785.0 Accts Payable 61.7 44.4 47.3 Debt Due 238.3 149.9 178.9 Other 594.0 361.9 479.6 Current Liab. 894.0 556.2 705.8 Fix. Chg. Cov. 780% 711% 700%																			
ANNUAL RATES Past Past Est'd '07-'09 of change (per sh) 10 Yrs. 5 Yrs. to '13-'15 Revenues 14.5% 6.0% NMF "Cash Flow" 6.0% 5.5% 4.5% Earnings 8.0% 7.5% 5.0% Dividends 4.5% 6.0% 5.5% Book Value 8.5% 10.5% 5.5%																			
QUARTERLY REVENUES (\$ mill.)^A Fiscal Year Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2007 737.4 1029 662.2 593.2 3021.8 2008 811.1 1178 1000 827.1 3816.2 2009 801.3 937.5 441.1 412.6 2592.5 2010 609.6 918.4 479.8 631.5 2639.3 2011 640 945 505 660 2750																			
EARNINGS PER SHARE^{A B} Fiscal Year Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2007 .70 .19 .60 .06 1.55 ^F 2008 1.31 1.86 d.10 d.39 2.70 2009 .77 1.71 .03 d.12 2.40 2010 .66 1.55 .28 d.03 2.46 2011 .70 1.60 .30 .05 2.65																			
QUARTERLY DIVIDENDS PAID^{C E} Cal- Full endar Mar.31 Jun.30 Sep.30 Dec.31 Year 2006 .24 .24 .24 .24 .96 2007 .253 .253 .253 .253 1.01 2008 .267 .28 .28 .28 1.11 2009 .31 .31 .31 .31 1.24 2010 .34 .34 .34 .34 1.36																			
BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 486,529 customers at 9/30/09 in Monmouth and Ocean Counties, and other N.J. Counties. Fiscal 2009 volume: 133 bill. cu. ft. (5% firm, 95% interruptible industrial and electric utility, 3% off-system and capacity release). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2009 dep. rate: 2.2%. Has 613 empis. Off./dir. own about 1.5% of common (12/09 Proxy). Chrmn., CEO & Pres.: Laurence M. Downes, Inc.: NJ Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.																			
New Jersey Resources finished fiscal 2010 (ended September 30th) with decent financial results. Both the top and bottom lines benefited from a solid performance at the New Jersey Natural Gas (NJNG) division, which was driven by improvements in the residential new-construction and commercial-conversion markets. Meantime, the NJR Energy Services and Midstream Asset units faced economic challenges throughout the year. On balance, share net advanced 2.5% compared to last year. But this was lower than we had expected. Consequently, we have trimmed our 2011 earnings estimate by a dime, to \$2.65 a share.																			
We have some concerns with the balance sheet. Cash reserves declined 93%, to just under \$1 million, during the course of the year. This likely stems from the repurchasing of 637,000 shares of common stock over that interim. At the same time, the debt load increased almost 3%, to \$148 million. And accounts receivables rose 60%, to \$163 million, which could be an indication that NJR's customers are having trouble paying their bills. On the upside, the board of directors recently approved a 5.9% quarterly dividend hike, to \$0.36, or \$1.44 a year.																			
Over the longer term, New Jersey Resources' service area appears to be improving. The NJNG unit has been experiencing solid additions of new customers. During the fourth quarter, it registered a 36% year-over-year increase in that figure. It is important to note that a portion of that gain likely stemmed from 2009's easy comparison. Still, the improvement suggests a potential stabilization in the new-construction market of NJR's service area. In time, this should augur well for top- and bottom-line results.																			
Nonetheless, at the moment, these neutrally ranked shares do not stand out. The stock is currently trading within our 3- to 5-year Target Price Range. This likely stems from an almost 20% increase in price since our September review, which reflects the company's announcement of a dividend hike. All told, total return potential for the pull to 2013-2015 is unimpressive. Investors can find other utilities in the Value Line universe that offer more attractive dividend yields.																			
Bryan J. Fong December 10, 2010																			
Company's Financial Strength Stock's Price Stability A Price Growth Persistence 100 Earnings Predictability 60 45																			
To subscribe call 1-800-833-0046.																			

(A) Fiscal year ends Sept. 30th.
 (B) Diluted earnings. Qly eqs may not sum to total due to change in shares outstanding. Next earnings report due late Jan.
 (C) Dividends historically paid in early January, April, July, and October. Dividend reinvestment plan available.
 (D) Includes regulatory assets in 2009: \$391.0 million, \$9.21/share.
 (E) In millions, adjusted for splits.
 (F) Restated.

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SOUTH JERSEY INDS. NYSE-SJI										RECENT PRICE	P/E RATIO					RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																										
										51.19	18.3 (Trailing: 19.6 Median: 14.0)					1.18	2.9%																																																																																																																																																																																																																											
TIMELINESS	3	Lowered 10/15/10	High: 15.4	15.1	17.0	18.3	20.3	26.5	32.4	34.3	41.3	40.6	40.8	52.1	Target Price Range 2013 2014 2015																																																																																																																																																																																																																													
SAFETY	2	Lowered 1/4/91	Low: 10.8	12.3	13.8	14.1	15.3	19.7	24.9	25.6	31.2	25.2	32.0	37.2																																																																																																																																																																																																																														
TECHNICAL	3	Lowered 7/30/10	LEGENDS 1.25 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 7/05 Options: Yes Shaded areas indicate recessions																																																																																																																																																																																																																																									
BETA	.65	(1.00 = Market)	2013-15 PROJECTIONS <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total Return</th> </tr> <tr> <td>High</td> <td>55 (+5%)</td> <td>5%</td> </tr> <tr> <td>Low</td> <td>40 (-20%)</td> <td>-2%</td> </tr> </table>														Price	Gain	Ann'l Total Return	High	55 (+5%)	5%	Low	40 (-20%)	-2%																																																																																																																																																																																																																			
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.72	.72	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	1.01	1.11	1.22	1.36	1.48	Div'ds Decl'd per sh ^B	1.84																																																																																																																																																																																																																									
1.93	2.08	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	1.88	2.08	3.67	4.50	4.85	Cap'l Spending per sh	6.05																																																																																																																																																																																																																									
7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.25	17.33	18.27	18.85	19.70	Book Value per sh ^C	22.75																																																																																																																																																																																																																									
21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.61	29.73	29.80	30.00	31.00	Common Shs Outst'g ^D	33.00																																																																																																																																																																																																																									
16.1	12.2	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	15.0	15.0	15.0	Avg Ann'l P/E Ratio	14.0																																																																																																																																																																																																																									
1.06	.82	.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	.64	.91	.96	.99	.99	.99	Relative P/E Ratio	.95																																																																																																																																																																																																																									
7.4%	7.2%	6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%	3.4%	3.4%	3.4%	Avg Ann'l Div'd Yield	3.9%																																																																																																																																																																																																																									
CAPITAL STRUCTURE as of 9/30/10 Total Debt \$630.6 mill. Due in 5 Yrs \$423.7 mill. LT Debt \$285.0 mill. LT Interest \$22.0 mill. (Total interest coverage: 5.5x)																																																																																																																																																																																																																																												
<table border="1"> <tr> <td>515.9</td> <td>837.3</td> <td>505.1</td> <td>696.8</td> <td>819.1</td> <td>921.0</td> <td>931.4</td> <td>956.4</td> <td>962.0</td> <td>845.4</td> <td>900</td> <td>960</td> <td>Revenues (\$mill)</td> <td>1250</td> </tr> <tr> <td>24.7</td> <td>26.8</td> <td>29.4</td> <td>34.6</td> <td>43.0</td> <td>48.6</td> <td>72.0</td> <td>61.8</td> <td>67.7</td> <td>71.1</td> <td>82.5</td> <td>90.0</td> <td>Net Profit (\$mill)</td> <td>115</td> </tr> <tr> <td>43.1%</td> <td>42.2%</td> <td>41.4%</td> <td>40.6%</td> <td>40.9%</td> <td>41.5%</td> <td>41.3%</td> <td>41.9%</td> <td>47.7%</td> <td>36.7%</td> <td>30.0%</td> <td>35.0%</td> <td>Income Tax Rate</td> <td>35.0%</td> </tr> <tr> <td>4.8%</td> <td>3.2%</td> <td>5.8%</td> <td>5.0%</td> <td>5.2%</td> <td>5.3%</td> <td>7.7%</td> <td>6.5%</td> <td>7.0%</td> <td>8.4%</td> <td>9.2%</td> <td>9.4%</td> <td>Net Profit Margin</td> <td>9.2%</td> </tr> <tr> <td>54.1%</td> <td>57.0%</td> <td>53.6%</td> <td>50.8%</td> <td>48.7%</td> <td>44.9%</td> <td>44.7%</td> <td>42.7%</td> <td>39.2%</td> <td>36.5%</td> <td>34.5%</td> <td>36.5%</td> <td>Long-Term Debt Ratio</td> <td>40.0%</td> </tr> <tr> <td>37.6%</td> <td>35.9%</td> <td>46.1%</td> <td>49.0%</td> <td>51.0%</td> <td>55.1%</td> <td>55.3%</td> <td>57.3%</td> <td>60.8%</td> <td>63.5%</td> <td>65.5%</td> <td>63.5%</td> <td>Common Equity Ratio</td> <td>60.0%</td> </tr> <tr> <td>443.5</td> <td>516.2</td> <td>512.5</td> <td>608.4</td> <td>675.0</td> <td>710.3</td> <td>801.1</td> <td>839.0</td> <td>848.0</td> <td>857.4</td> <td>865</td> <td>960</td> <td>Total Capital (\$mill)</td> <td>1250</td> </tr> <tr> <td>562.2</td> <td>607.0</td> <td>666.6</td> <td>748.3</td> <td>799.9</td> <td>877.3</td> <td>920.0</td> <td>948.9</td> <td>982.6</td> <td>1073.1</td> <td>1140</td> <td>1175</td> <td>Net Plant (\$mill)</td> <td>1350</td> </tr> <tr> <td>7.4%</td> <td>6.9%</td> <td>7.6%</td> <td>7.3%</td> <td>7.9%</td> <td>8.3%</td> <td>10.1%</td> <td>8.6%</td> <td>8.9%</td> <td>8.9%</td> <td>11.0%</td> <td>10.5%</td> <td>Return on Total Cap'l</td> <td>10.5%</td> </tr> <tr> <td>12.1%</td> <td>12.1%</td> <td>12.4%</td> <td>11.5%</td> <td>12.4%</td> <td>12.4%</td> <td>16.3%</td> <td>12.8%</td> <td>13.1%</td> <td>13.1%</td> <td>14.5%</td> <td>15.0%</td> <td>Return on Shr. Equity</td> <td>15.5%</td> </tr> <tr> <td>14.8%</td> <td>12.8%</td> <td>12.5%</td> <td>11.6%</td> <td>12.5%</td> <td>12.4%</td> <td>16.3%</td> <td>12.8%</td> <td>13.1%</td> <td>13.1%</td> <td>14.5%</td> <td>15.0%</td> <td>Return on Com Equity</td> <td>15.5%</td> </tr> <tr> <td>4.8%</td> <td>3.5%</td> <td>4.7%</td> <td>5.0%</td> <td>5.9%</td> <td>6.2%</td> <td>10.2%</td> <td>6.7%</td> <td>6.7%</td> <td>6.4%</td> <td>7.5%</td> <td>7.0%</td> <td>Retained to Com Eq</td> <td>7.0%</td> </tr> <tr> <td>67%</td> <td>76%</td> <td>62%</td> <td>57%</td> <td>52%</td> <td>50%</td> <td>37%</td> <td>48%</td> <td>49%</td> <td>51%</td> <td>49%</td> <td>51%</td> <td>All Div'ds to Net Prof</td> <td>53%</td> </tr> </table>																	515.9	837.3	505.1	696.8	819.1	921.0	931.4	956.4	962.0	845.4	900	960	Revenues (\$mill)	1250	24.7	26.8	29.4	34.6	43.0	48.6	72.0	61.8	67.7	71.1	82.5	90.0	Net Profit (\$mill)	115	43.1%	42.2%	41.4%	40.6%	40.9%	41.5%	41.3%	41.9%	47.7%	36.7%	30.0%	35.0%	Income Tax Rate	35.0%	4.8%	3.2%	5.8%	5.0%	5.2%	5.3%	7.7%	6.5%	7.0%	8.4%	9.2%	9.4%	Net Profit Margin	9.2%	54.1%	57.0%	53.6%	50.8%	48.7%	44.9%	44.7%	42.7%	39.2%	36.5%	34.5%	36.5%	Long-Term Debt Ratio	40.0%	37.6%	35.9%	46.1%	49.0%	51.0%	55.1%	55.3%	57.3%	60.8%	63.5%	65.5%	63.5%	Common Equity Ratio	60.0%	443.5	516.2	512.5	608.4	675.0	710.3	801.1	839.0	848.0	857.4	865	960	Total Capital (\$mill)	1250	562.2	607.0	666.6	748.3	799.9	877.3	920.0	948.9	982.6	1073.1	1140	1175	Net Plant (\$mill)	1350	7.4%	6.9%	7.6%	7.3%	7.9%	8.3%	10.1%	8.6%	8.9%	8.9%	11.0%	10.5%	Return on Total Cap'l	10.5%	12.1%	12.1%	12.4%	11.5%	12.4%	12.4%	16.3%	12.8%	13.1%	13.1%	14.5%	15.0%	Return on Shr. Equity	15.5%	14.8%	12.8%	12.5%	11.6%	12.5%	12.4%	16.3%	12.8%	13.1%	13.1%	14.5%	15.0%	Return on Com Equity	15.5%	4.8%	3.5%	4.7%	5.0%	5.9%	6.2%	10.2%	6.7%	6.7%	6.4%	7.5%	7.0%	Retained to Com Eq	7.0%	67%	76%	62%	57%	52%	50%	37%	48%	49%	51%	49%	51%	All Div'ds to Net Prof	53%																																						
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Pension Assets-12/09 \$105.9 mill. Oblig. \$149.0 mill.																																																																																																																																																																																																																																												
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CURRENT POSITION (MILL) <table border="1"> <tr> <th></th> <th>2008</th> <th>2009</th> <th>9/30/10</th> </tr> <tr> <td>Cash Assets</td> <td>5.8</td> <td>3.8</td> <td>2.2</td> </tr> <tr> <td>Other</td> <td>429.3</td> <td>364.6</td> <td>348.9</td> </tr> <tr> <td>Current Assets</td> <td>435.1</td> <td>368.4</td> <td>351.1</td> </tr> <tr> <td>Accts Payable</td> <td>120.2</td> <td>123.9</td> <td>107.4</td> </tr> <tr> <td>Debt Due</td> <td>237.6</td> <td>231.7</td> <td>345.6</td> </tr> <tr> <td>Other</td> <td>142.1</td> <td>123.2</td> <td>152.0</td> </tr> <tr> <td>Current Liab.</td> <td>499.9</td> <td>478.8</td> <td>605.0</td> </tr> <tr> <td>Fix. Chg. Cov.</td> <td>598%</td> <td>585%</td> <td>537%</td> </tr> </table>																		2008	2009	9/30/10	Cash Assets	5.8	3.8	2.2	Other	429.3	364.6	348.9	Current Assets	435.1	368.4	351.1	Accts Payable	120.2	123.9	107.4	Debt Due	237.6	231.7	345.6	Other	142.1	123.2	152.0	Current Liab.	499.9	478.8	605.0	Fix. Chg. Cov.	598%	585%	537%																																																																																																																																																																																								
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2008	1.32	.26	.04	.67	2.27																																																																																																																																																																																																																																							
2009	1.46	.15	d.06	.83	2.38																																																																																																																																																																																																																																							
2010	1.49	.24	1.10	.87	2.70																																																																																																																																																																																																																																							
2011	1.55	.28	.12	.95	2.90																																																																																																																																																																																																																																							
QUARTERLY DIVIDENDS PAID ^B <table border="1"> <tr> <th>Cal-endar</th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th>Full Year</th> </tr> <tr> <td>2006</td> <td>--</td> <td>.225</td> <td>.225</td> <td>.470</td> <td>.92</td> </tr> <tr> <td>2007</td> <td>--</td> <td>.245</td> <td>.245</td> <td>.515</td> <td>1.01</td> </tr> <tr> <td>2008</td> <td>--</td> <td>.270</td> <td>.270</td> <td>.568</td> <td>1.11</td> </tr> <tr> <td>2009</td> <td>--</td> <td>.298</td> <td>.298</td> <td>.628</td> <td>1.22</td> </tr> <tr> <td>2010</td> <td>--</td> <td>.330</td> <td>.330</td> <td>.695</td> <td></td> </tr> </table>																	Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year	2006	--	.225	.225	.470	.92	2007	--	.245	.245	.515	1.01	2008	--	.270	.270	.568	1.11	2009	--	.298	.298	.628	1.22	2010	--	.330	.330	.695																																																																																																																																																																																									
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year																																																																																																																																																																																																																																							
2006	--	.225	.225	.470	.92																																																																																																																																																																																																																																							
2007	--	.245	.245	.515	1.01																																																																																																																																																																																																																																							
2008	--	.270	.270	.568	1.11																																																																																																																																																																																																																																							
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2010	--	.330	.330	.695																																																																																																																																																																																																																																								
Business: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 343,566 customers in New Jersey's southern counties, which covers about 2,500 square miles and includes Atlantic City. Gas revenue mix '09: residential, 48%; commercial, 23%; cogeneration and electric generation, 5%; industrial, 24%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, Marina Energy, and South Jersey Energy Service Plus. Has 617 employees. Off/dir. control 1.0% of common shares; Black Rock Inc., 8.2% (3/10 proxy). Chrmn. & CEO: Edward Graham, Incorp.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Telephone: 609-561-9000. Internet: www.sjindustries.com.																																																																																																																																																																																																																																												
Shares of South Jersey Industries have risen nicely over the past three months. The company had a solid performance for the third quarter. Share earnings compared favorably with the results of the prior-year period. This was mostly due to strength in the Retail Energy business, which benefited from the recognition of investment tax credits associated with several renewable energy projects. Results elsewhere were somewhat less impressive, however. The utility business posted a seasonal net loss of \$2 million for the recent interim, which was a slight improvement from the prior-year period. The upstream wholesale energy unit also reported a loss for the quarter. This business continues to experience thin trading margins, given weakness in natural gas prices.																																																																																																																																																																																																																																												
Prospects look good for utility South Jersey Gas. This business ought to continue to experience modest customer growth going forward, despite softness in the housing construction market. Natural gas remains the fuel of choice within SJG's service territory. Moreover, the utility continues to benefit from customers inter-																																																																																																																																																																																																																																												
ested in converting to natural gas from other fuel sources. The company's non-utility operations should also perform well. The retail energy business ought to continue to benefit from demand for renewable projects. Meanwhile, efforts by the wholesale energy unit to expand marketing activities in the Marcellus Shale should provide the company with competitively priced gas for its asset management business.																																																																																																																																																																																																																																												
The board of directors recently announced a dividend increase of 11%. The quarterly dividend will increase from \$0.33 to \$0.365 per share, beginning with the December payout. This follows similar increases in previous years. This encouraging trend will probably continue going forward.																																																																																																																																																																																																																																												
This stock is neutrally ranked for Timeliness. We project higher revenues and share earnings at the company by 2013-2015. Moreover, this equity earns high marks for Safety, Price Stability, and Earnings Predictability. Nevertheless, it offers subpar total return potential from the present quotation.																																																																																																																																																																																																																																												
<i>Michael Napoli, CFA December 10, 2010</i>																																																																																																																																																																																																																																												
Company's Financial Strength B++ Stock's Price Stability 100 Price Growth Persistence 90 Earnings Predictability 85																																																																																																																																																																																																																																												
To subscribe call 1-800-833-0046.																																																																																																																																																																																																																																												

(A) Based on GAAP egs. through 2006, economic egs. thereafter. GAAP EPS: '07, \$2.10; '08, \$2.58; '09, \$1.94. Excl. nonrecur. gain (loss): '01, \$0.13; '08, \$0.31; '09, (\$0.44). Excl

gain (losses) from discount. ops.: '99, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02); '07, \$0.01. Egs. may not sum due to rounding. Next egs.

report due in February. (B) Div'ds paid early Apr., Jul., Oct., and late Dec. Div. reinvest. plan avail. (C) Incl. reg. assets. In 2009: \$240.5 mill., \$8.07 per shr. (D) In millions, adj. for split.

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SOUTHWEST GAS NYSE-SWX

RECENT PRICE **35.03** P/E RATIO **14.6** (Trailing: 15.2 Median: 18.0) RELATIVE P/E RATIO **0.94** DIV'D YLD **3.0%** **VALUE LINE**

TIMELINESS **3** Lowered 8/20/10
SAFETY **3** Lowered 1/4/91
TECHNICAL **3** Lowered 3/26/10
BETA .75 (1.00 = Market)

High: 29.5 23.0 24.7 25.3 23.6 26.2 28.1 39.4 39.9 33.3 29.5 36.1
Low: 20.4 16.9 18.6 18.1 19.3 21.5 23.5 26.0 26.5 21.1 17.1 26.3

LEGENDS
— 1.50 x Dividends p sh divided by Interest Rate
... Relative Price Strength
Options: Yes
Shaded areas indicate recessions

2013-15 PROJECTIONS
Price 50 Gain (+45%) Ann'l Total Return 12%
High 50 Low 35 (Nil) 3%

Insider Decisions
to Buy 0 0 0 0 0 0 0 0 0 1
Options 0 0 2 1 1 1 1 0 0 4
to Sell 1 0 4 1 1 2 0 0 4

Institutional Decisions
to Buy 78 65 61
to Sell 66 72 80
Hid's(000) 33222 33164 32977
Percent shares traded 9 6 3

% TOT. RETURN 11/10
THIS STOCK VL ARITH. INDEX
1 yr. 37.9 25.9
3 yr. 34.1 17.2
5 yr. 53.2 39.4

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC. 13-15	
28.16	23.03	24.09	26.73	30.17	30.24	32.61	42.98	39.68	35.96	40.14	43.59	48.47	50.28	48.53	42.00	39.65	40.45	Revenues per sh	52.00
5.09	2.65	3.00	3.85	4.48	4.45	4.57	4.79	5.07	5.11	5.57	5.20	5.97	6.21	5.76	6.15	6.70	6.70	"Cash Flow" per sh	7.40
1.22	.10	.25	.77	1.65	1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.98	1.95	1.39	1.94	2.35	2.45	Earnings per sh ^A	2.80
.80	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.86	.90	.95	1.00	1.05	Div'ds Decl'd per sh ^B	1.20
6.64	6.79	8.19	6.19	6.40	7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.96	6.79	4.81	4.55	4.55	Cap'l Spending per sh	6.00
16.38	14.55	14.20	14.09	15.67	16.31	16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.98	23.49	24.46	24.55	25.55	Book Value per sh	30.00
21.28	24.47	26.73	27.39	30.41	30.99	31.71	32.49	33.29	34.23	36.79	39.33	41.77	42.81	44.19	45.09	46.00	47.00	Common Shs Outst'g ^C	50.00
14.0	NMF	NMF	24.1	13.2	21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	17.3	20.3	12.2	12.2	12.2	Avg Ann'l P/E Ratio	15.0
.92	NMF	NMF	1.39	.69	1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.92	1.22	.80	.80	.80	Relative P/E Ratio	1.00
4.7%	5.4%	4.7%	4.4%	3.8%	3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.6%	3.2%	4.0%	4.0%	4.0%	Avg Ann'l Div'd Yield	2.9%

CAPITAL STRUCTURE as of 9/30/10
Total Debt \$1075.6 mill. Due in 5 Yrs \$495.0 mill.
LT Debt \$1075.5 mill. LT Interest \$80.0 mill.
(Total interest coverage: 3.0x)
Leases, Uncapitalized Annual rentals \$5.0 mill.
Pension Assets-12/09 \$418.5 mill.
Oblig. \$648.6 mill.

Pfd Stock None

Common Stock 45,548,236 shs. as of 10/29/10

MARKET CAP: \$1.6 billion (Mid Cap)

CURRENT POSITION (\$MILL)	2008	2009	9/30/10
Cash Assets	26.4	65.3	19.9
Other	411.7	352.3	250.9
Current Assets	438.1	417.6	270.8
Accts Payable	191.4	158.9	70.7
Debt Due	62.8	1.3	1
Other	255.7	314.0	403.5
Current Liab.	509.9	474.2	474.3
Fix. Chg. Cov.	224%	251%	300%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '07-'09 to '13-'15
Revenues	6.0%	4.5%	1.5%
"Cash Flow"	4.5%	3.5%	3.5%
Earnings	7.0%	9.0%	8.0%
Dividends	.5%	1.0%	5.0%
Book Value	4.5%	5.0%	4.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	Year
2007	793.7 426.6 371.5 560.3	2152.1
2008	813.6 447.3 374.4 509.4	2144.7
2009	689.9 387.6 317.5 498.8	1893.8
2010	668.8 385.8 307.7 462.7	1825
2011	680 400 320 500	1900

Cal-endar	EARNINGS PER SHARE ^A	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	Year
2007	1.17 d.01 d.22 1.01	1.95
2008	1.14 d.06 d.38 .71	1.39
2009	1.12 d.01 d.18 1.02	1.94
2010	1.42 d.02 d.11 1.06	2.35
2011	1.45 Nil d.10 1.10	2.45

Cal-endar	QUARTERLY DIVIDENDS PAID ^B	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	Year
2006	.205 .205 .205 .205	.82
2007	.205 .215 .215 .215	.85
2008	.215 .225 .225 .225	.89
2009	.225 .238 .238 .238	.94
2010	.238 .250 .250 .250	

Southwest Gas reported a modest top-line decline but a lower share loss for the third quarter. Given the seasonal nature of the business, unfavorable performance during the third quarter is common. Still, modest customer growth and rate relief in Nevada supported results. Looking forward, **We expect mixed results for the fourth quarter.** The top line ought to fall short of prior year revenue, but share net should improve modestly on lower operating expenses. Overall, we look for a revenue decline but a bottom-line rebound for the full year. The top line may well improve in 2011, assuming modest customer growth and a more favorable operating climate materializes in that year. Efforts to control operating costs will likely continue to benefit share earnings. **Rate relief should continue to boost performance.** Successful efforts to procure higher rates have benefited results over the past year, particularly in Nevada. The company currently plans to file for rate relief and improved rate design in Arizona in the near future. Southwest's focus on this matter is important,

BUSINESS: Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2009 margin mix: residential and small commercial, 86%; large commercial and industrial, 4%; transportation, 10%. Total throughput: 2.2 billion

therms. Sold PriMerit Bank, 7/96. Has 4,450 employees. Off. & Dir. own 2.0% of common stock; BlackRock Inc., 9.1%; GAMCO Investors, Inc, 6.8%; T. Rowe Price Associates, Inc., 6.0% (3/10 Proxy). Chairman: James J. Kropid. CEO: Jeffrey W. Shaw. Inc.: CA. Address: 5241 Spring Mountain Road, Las Vegas, Nevada 89193. Telephone: 702-876-7237. Internet: www.swgas.com.

as the company depends upon such approved revenue increases to help it to cope with greater costs. **Investors should be mindful of several caveats.** Southwest Gas will probably incur greater expenses as it continues to expand its operations in the coming years. Moreover, warmer-than-normal temperatures during the winter months can result in lower profitability for the company. Insufficient, or lagging, rate relief may also hurt performance. **These shares are ranked to track the broader market averages for the coming six to 12 months.** It may take some time for the housing markets in Nevada and Arizona to improve. Customer growth will likely pick up when this occurs. We anticipate higher revenues and share earnings at the company by 2013-2015, and a rising dividend in the coming years, too. Nevertheless, total return potential is not especially compelling from the current quotation. Moreover, this stock's dividend yield is below average for a utility. As a result, investors may find more-attractive opportunities elsewhere.

Michael Napoli, CFA December 10, 2010

(A) Based on avg. shares outstanding, thrus. '96, then diluted. Excl. nonrec. gains (losses): '97, 16c; '02, (10c); '05, (11c); '06, 7c. Excl. loss from disc. ops.: '95, 75c. Totals may not sum due to rounding. Next egs. report due late February. (B) Dividends historically paid early March, June, September, December. Div'd reinvestment and stock purchase plan avail.

(C) In millions.

Company's Financial Strength	B
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	70

WGL HOLDINGS NYSE-WGL

RECENT PRICE 36.26 **P/E RATIO 17.2** (Trailing: 16.3 Median: 15.0) **RELATIVE P/E RATIO 1.10** **DIV'D YLD 4.2%** **VALUE LINE**

TIMELINESS 3 Raised 12/10/10
SAFETY 1 Raised 4/2/93
TECHNICAL 3 Lowered 8/20/10
BETA .65 (1.00 = Market)

2013-15 PROJECTIONS
High Price 40 Gain (+25%) Ann'l Total Return 10%
Low Price 35 (-5%) Return 4%

Insider Decisions
to Buy 0 0 0 0 0 0 0 0 0 0
Options 0 0 3 2 3 0 3 2 1 1
to Sell 0 1 3 2 6 0 4 4 4 1

Institutional Decisions
4Q2009 1Q2010 2Q2010
to Buy 81 76 70
to Sell 83 83 83
Hld's(000) 31716 27544 31974
Percent shares traded 18 12 6

% TOT. RETURN 11/10
THIS STOCK VS. ARITH. INDEX
1 yr. 20.2 25.9
3 yr. 25.3 17.2
5 yr. 48.3 39.4

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	© VALUE LINE PUB., INC.	13-15
21.69	19.30	22.19	24.16	23.74	20.92	22.19	29.80	32.63	42.45	42.93	44.94	53.96	53.51	52.65	53.98	53.60	54.90	Revenues per sh ^A	57.15
2.43	2.51	2.93	3.02	2.79	2.74	3.20	3.24	2.63	4.00	3.87	3.97	3.84	3.89	4.34	4.44	4.11	3.95	"Cash Flow" per sh	4.45
1.42	1.45	1.85	1.85	1.54	1.47	1.79	1.88	1.14	2.30	1.98	2.13	1.94	2.10	2.44	2.53	2.27	2.10	Earnings per sh ^B	2.55
1.11	1.12	1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	1.30	1.32	1.35	1.37	1.41	1.47	1.51	1.55	Div'ds Decl'd per sh ^C	1.67
2.84	2.63	2.85	3.20	3.62	3.42	2.67	2.68	3.34	2.65	2.33	2.32	3.27	3.33	2.70	2.77	2.57	2.45	Cap'l Spending per sh	2.40
11.51	11.95	12.79	13.48	13.86	14.72	15.31	16.24	15.78	16.25	16.95	17.80	18.86	19.83	20.99	21.89	22.82	23.50	Book Value per sh ^D	26.20
42.19	42.93	43.70	43.70	43.84	46.47	46.47	48.54	48.56	48.63	48.67	48.65	48.89	49.45	49.92	50.14	50.54	51.00	Common Shs Outst'g ^E	52.00
14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	15.5	15.6	13.7	12.6	15.1	14.0	Avg Ann'l P/E Ratio	15.0
.92	.85	.72	.73	.89	.99	.95	.75	1.26	.63	.75	.78	.84	.83	.82	.83	.97	.97	Relative P/E Ratio	1.00
5.6%	6.1%	5.4%	5.0%	4.5%	4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.5%	4.2%	4.2%	4.6%	4.4%	4.4%	Avg Ann'l Div'd Yield	4.4%

CAPITAL STRUCTURE as of 9/30/10
Total Debt \$723.4 mill. Due in 5 Yrs \$194.2 mill.
LT Debt \$592.9 mill. LT Interest \$39.4 mill.
(LT interest earned: 6.2%; total interest coverage: 5.7x)
Pension Assets-9/10 \$1,215.8 mill.
Oblig. \$678.1 mill.
Preferred Stock \$28.2 mill. Prfd. Div'd \$1.3 mill.
Common Stock 51,071,533 shs. as of 10/31/10

MARKET CAP: \$1.9 billion (Mid Cap)

CURRENT POSITION (\$MILL)	2008	2009	9/30/10
Cash Assets	6.2	7.9	8.9
Other	736.1	675.6	708.4
Current Assets	742.3	683.5	717.3
Accts Payable	243.1	213.5	225.4
Debt Due	347.0	266.5	130.5
Other	158.4	154.6	188.2
Current Liab.	748.5	634.6	544.1
Fix. Chg. Cov.	490%	533%	535%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '07-'09 to '13-'15

Revenues (per sh)	9.0%	6.5%	1.0%
"Cash Flow"	4.0%	4.0%	1.0%
Earnings	4.0%	5.5%	1.5%
Dividends	1.5%	2.0%	3.0%
Book Value	4.0%	5.0%	4.0%

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2007	732.9	1119.9	467.5	325.7	2646.0
2008	751.6	1020.0	464.7	391.9	2628.2
2009	826.2	1040.9	427.0	412.8	2706.9
2010	727.4	1056.6	459.7	465.2	2708.9
2011	750	1075	485	490	2800

EARNINGS PER SHARE^{A B}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2007	.92	1.27	.22	d.31	2.10
2008	.96	1.66	.06	d.24	2.44
2009	1.03	1.65	.11	d.25	2.53
2010	1.01	1.64	d.07	d.29	2.27
2011	.95	1.55	d.10	d.30	2.10

QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.333	.338	.338	.338	1.35
2007	.34	.34	.34	.34	1.36
2008	.34	.36	.36	.36	1.42
2009	.36	.37	.37	.37	1.47
2010	.37	.378	.378	.378	1.50

WGL Holdings' earnings declined 10% in fiscal 2010 (ended September 30th). The top line got a slight boost from an increase in the number of active meters. Still utility volumes declined and it was the company's nonutility operations that helped to maintain revenues. Meanwhile, operating expense and taxes rose, impacting profitability, and contributing to the share-net decline.

We have trimmed our 2011 bottom-line estimate by \$0.35, to \$2.10 a share. Revenues ought to advance about 3.5% due to solid results at the retail energy marketing unit and growth in the utility segment. Meanwhile, the company plans to apply this year for new rate cases in VA and MD. WGL has been unable to apply for a rate case in VA for the past four years. If a rate case were approved, it would help with the cost structure there. Still, higher pension and retiring medical costs due to healthcare reform will probably remain a problem this year. This contributed to our earnings revision.

Recent investments in alternative energies and capital projects augur well for prospects. WGL invested \$55 million into a solar system project with American Solar Direct Inc. (ASDI) and its parent company. These moves ought to help the company gain a foothold in the developing solar power market and also provide tax advantages to WGL. ASDI primarily operates in California, which is one of the nation's more attractive residential solar markets due to the state's favorable incentives, high electric rates, and abundance of sunshine. At the same time, WGL recently began construction of a \$78 million facility in Springfield, VA. That location will support regular operations and is expected to be completed by 2012.

WGL Holdings may appeal to income-seeking accounts. Indeed, this good-quality stock offers a decent dividend yield, which is in line with other utilities in the Value Line universe. And, since our September review, shares of WGL have improved in Timeliness. They are now ranked to keep pace with the broader market averages in the year ahead. However, the stock is trading inside our Target Price Range, thus limiting capital appreciation potential for the pull to 2013-2015.

Bryan J. Fong
December 10, 2010

BUSINESS: WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to resident'l and comm'l users (1,064,071 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. Amer. Century Inv. own 7.7% of common stock; Off./dir. less than 1% (1/10 proxy). Chrmn. & CEO: Terry D. McCallister, Inc.: D.C. and VA. Addr.: 101 Const. Ave., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wgholdings.com.

(A) Fiscal years end Sept. 30th.
(B) Based on diluted shares. Excludes non-recurring losses: '01, (13c); '02, (34c); '07, (4c); '08, (14c) discontinued operations; '06,

(15c). Qtlly egs. may not sum to total, due to change in shares outstanding. Next earnings report due late Jan. (C) Dividends historically paid early February, May, August, and Novem-

ber. ■ Dividend reinvestment plan available. (D) Includes deferred charges and intangibles. '09: \$386.7 million, \$7.71/sh. (E) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	95
Earnings Predictability	45

ATMOS ENERGY CORP. NYSE-ATO										RECENT PRICE	28.16	P/E RATIO	14.9	(Trailing: 12.4 Median: 16.0)	RELATIVE P/E RATIO	0.83	DIV'D YLD	4.6%	VALUE LINE																																																																																																																																																																																																																																																																																																																			
TIMELINESS	4	Lowered 8/17/07	High:	31.0	30.5	32.3	33.0	26.3	25.8	24.5	25.5	27.6	30.0	33.1	33.5					Target Price Range	2010	2011	2012																																																																																																																																																																																																																																																																																																															
SAFETY	2	Raised 12/16/05	Low:	20.9	22.1	24.8																																																																																																																																																																																																																																																																																																																																
TECHNICAL	4	Lowered 9/7/07	LEGENDS 1.25 x Dividends p sh divided by Interest Rate Relative Price Strength 3-for-2 split 5/94 Options: Yes Shaded area indicates recession																																																																																																																																																																																																																																																																																																																																			
BETA	.80	(1.00 = Market)	2010-12 PROJECTIONS <table border="1"> <tr> <th>Price</th> <th>Gain</th> <th>Ann'l Total</th> </tr> <tr> <td>High</td> <td>40</td> <td>(+40%)</td> </tr> <tr> <td>Low</td> <td>30</td> <td>(+5%)</td> </tr> <tr> <td>Return</td> <td>13%</td> <td>6%</td> </tr> </table>																				Price	Gain	Ann'l Total	High	40	(+40%)	Low	30	(+5%)	Return	13%	6%																																																																																																																																																																																																																																																																																																				
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Atmos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.			<table border="1"> <tr> <th></th> <th>1997</th> <th>1998</th> <th>1999</th> <th>2000</th> <th>2001</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> </tr> <tr> <td>Revenues per sh^A</td> <td>30.59</td> <td>27.90</td> <td>22.09</td> <td>26.61</td> <td>35.36</td> <td>22.82</td> <td>54.39</td> <td>46.50</td> <td>61.75</td> <td>75.27</td> <td>69.45</td> <td>70.25</td> </tr> <tr> <td>"Cash Flow" per sh</td> <td>2.85</td> <td>3.38</td> <td>2.62</td> <td>3.01</td> <td>3.03</td> <td>3.39</td> <td>3.23</td> <td>2.91</td> <td>3.90</td> <td>4.26</td> <td>4.15</td> <td>4.30</td> </tr> <tr> <td>Earnings per sh^{A,B}</td> <td>1.34</td> <td>1.84</td> <td>.81</td> <td>1.03</td> <td>1.47</td> <td>1.45</td> <td>1.71</td> <td>1.58</td> <td>1.72</td> <td>2.00</td> <td>1.90</td> <td>2.05</td> </tr> <tr> <td>Div'ds Decl'd per sh^C</td> <td>1.01</td> <td>1.06</td> <td>1.10</td> <td>1.14</td> <td>1.16</td> <td>1.18</td> <td>1.20</td> <td>1.22</td> <td>1.24</td> <td>1.26</td> <td>1.28</td> <td>1.30</td> </tr> <tr> <td>Cap'l Spending per sh</td> <td>4.13</td> <td>4.44</td> <td>3.53</td> <td>2.36</td> <td>2.77</td> <td>3.17</td> <td>3.10</td> <td>3.03</td> <td>4.14</td> <td>5.20</td> <td>4.25</td> <td>4.55</td> </tr> <tr> <td>Book Value per sh</td> <td>11.04</td> <td>12.21</td> <td>12.09</td> <td>12.28</td> <td>14.31</td> <td>13.75</td> <td>16.66</td> <td>18.05</td> <td>19.90</td> <td>20.16</td> <td>22.60</td> <td>23.25</td> </tr> <tr> <td>Common Shs Outst'g^D</td> <td>29.64</td> <td>30.40</td> <td>31.25</td> <td>31.95</td> <td>40.79</td> <td>41.68</td> <td>51.48</td> <td>62.80</td> <td>80.54</td> <td>81.74</td> <td>89.50</td> <td>92.50</td> </tr> <tr> <td>Avg Ann'l P/E Ratio</td> <td>17.9</td> <td>15.4</td> <td>33.0</td> <td>18.9</td> <td>15.6</td> <td>15.2</td> <td>13.4</td> <td>15.9</td> <td>16.1</td> <td>13.5</td> <td>13.5</td> <td>14.0</td> </tr> <tr> <td>Relative P/E Ratio</td> <td>1.03</td> <td>.80</td> <td>1.88</td> <td>1.23</td> <td>.80</td> <td>.83</td> <td>.76</td> <td>.84</td> <td>.86</td> <td>.73</td> <td>.73</td> <td>.95</td> </tr> <tr> <td>Avg Ann'l Div'd Yield</td> <td>4.2%</td> <td>3.7%</td> <td>4.1%</td> <td>5.9%</td> <td>5.1%</td> <td>5.4%</td> <td>5.2%</td> <td>4.9%</td> <td>4.5%</td> <td>4.7%</td> <td>4.7%</td> <td>3.9%</td> </tr> <tr> <td>Revenues (\$mill)^A</td> <td>906.8</td> <td>848.2</td> <td>690.2</td> <td>850.2</td> <td>1442.3</td> <td>950.8</td> <td>2799.9</td> <td>2920.0</td> <td>4973.3</td> <td>6152.4</td> <td>6215</td> <td>6500</td> </tr> <tr> <td>Net Profit (\$mill)</td> <td>39.2</td> <td>55.3</td> <td>25.0</td> <td>32.2</td> <td>56.1</td> <td>59.7</td> <td>79.5</td> <td>86.2</td> <td>135.8</td> <td>162.3</td> <td>170</td> <td>190</td> </tr> <tr> <td>Income Tax Rate</td> <td>37.5%</td> <td>36.5%</td> <td>35.0%</td> <td>36.1%</td> <td>37.3%</td> <td>37.1%</td> <td>37.1%</td> <td>37.4%</td> <td>37.7%</td> <td>37.6%</td> <td>39.0%</td> <td>39.0%</td> </tr> <tr> <td>Net Profit Margin</td> <td>4.3%</td> <td>6.5%</td> <td>3.6%</td> <td>3.8%</td> <td>3.9%</td> <td>6.3%</td> <td>2.8%</td> <td>3.0%</td> <td>2.7%</td> <td>2.6%</td> <td>2.7%</td> <td>2.9%</td> </tr> <tr> <td>Long-Term Debt Ratio</td> <td>48.1%</td> <td>51.8%</td> <td>50.0%</td> <td>48.1%</td> <td>54.3%</td> <td>53.9%</td> <td>50.2%</td> <td>43.2%</td> <td>57.7%</td> <td>57.0%</td> <td>52.0%</td> <td>52.0%</td> </tr> <tr> <td>Common Equity Ratio</td> <td>51.9%</td> <td>48.2%</td> <td>50.0%</td> <td>51.9%</td> <td>45.7%</td> <td>46.1%</td> <td>49.8%</td> <td>56.8%</td> <td>42.3%</td> <td>43.0%</td> <td>48.0%</td> <td>48.0%</td> </tr> <tr> <td>Total Capital (\$mill)</td> <td>630.2</td> <td>769.7</td> <td>755.1</td> <td>755.7</td> <td>1276.3</td> <td>1243.7</td> <td>1721.4</td> <td>1994.8</td> <td>3785.5</td> <td>3828.5</td> <td>4215</td> <td>4480</td> </tr> <tr> <td>Net Plant (\$mill)</td> <td>849.1</td> <td>917.9</td> <td>965.8</td> <td>982.3</td> <td>1335.4</td> <td>1300.3</td> <td>1516.0</td> <td>1722.5</td> <td>3374.4</td> <td>3629.2</td> <td>3850</td> <td>4150</td> </tr> <tr> <td>Return on Total Cap'l</td> <td>8.3%</td> <td>9.0%</td> <td>5.1%</td> <td>6.5%</td> <td>5.9%</td> <td>6.8%</td> <td>6.2%</td> <td>5.8%</td> <td>5.3%</td> <td>6.1%</td> <td>5.5%</td> <td>6.0%</td> </tr> <tr> <td>Return on Shr. Equity</td> <td>12.0%</td> <td>14.9%</td> <td>6.6%</td> <td>8.2%</td> <td>9.6%</td> <td>10.4%</td> <td>9.3%</td> <td>7.6%</td> <td>8.5%</td> <td>9.9%</td> <td>8.5%</td> <td>9.0%</td> </tr> <tr> <td>Return on Com Equity</td> <td>12.0%</td> <td>14.9%</td> <td>6.6%</td> <td>8.2%</td> <td>9.6%</td> <td>10.4%</td> <td>9.3%</td> <td>7.6%</td> <td>8.5%</td> <td>9.9%</td> <td>8.5%</td> <td>9.0%</td> </tr> <tr> <td>Retained to Com Eq</td> <td>3.9%</td> <td>6.3%</td> <td>NMF</td> <td>NMF</td> <td>2.1%</td> <td>1.9%</td> <td>2.8%</td> <td>1.7%</td> <td>2.3%</td> <td>3.6%</td> <td>2.5%</td> <td>3.0%</td> </tr> <tr> <td>All Div'ds to Net Prof</td> <td>67%</td> <td>58%</td> <td>NMF</td> <td>112%</td> <td>79%</td> <td>82%</td> <td>70%</td> <td>77%</td> <td>73%</td> <td>63%</td> <td>67%</td> <td>63%</td> </tr> </table>											1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Revenues per sh ^A	30.59	27.90	22.09	26.61	35.36	22.82	54.39	46.50	61.75	75.27	69.45	70.25	"Cash Flow" per sh	2.85	3.38	2.62	3.01	3.03	3.39	3.23	2.91	3.90	4.26	4.15	4.30	Earnings per sh ^{A,B}	1.34	1.84	.81	1.03	1.47	1.45	1.71	1.58	1.72	2.00	1.90	2.05	Div'ds Decl'd per sh ^C	1.01	1.06	1.10	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	Cap'l Spending per sh	4.13	4.44	3.53	2.36	2.77	3.17	3.10	3.03	4.14	5.20	4.25	4.55	Book Value per sh	11.04	12.21	12.09	12.28	14.31	13.75	16.66	18.05	19.90	20.16	22.60	23.25	Common Shs Outst'g ^D	29.64	30.40	31.25	31.95	40.79	41.68	51.48	62.80	80.54	81.74	89.50	92.50	Avg Ann'l P/E Ratio	17.9	15.4	33.0	18.9	15.6	15.2	13.4	15.9	16.1	13.5	13.5	14.0	Relative P/E Ratio	1.03	.80	1.88	1.23	.80	.83	.76	.84	.86	.73	.73	.95	Avg Ann'l Div'd Yield	4.2%	3.7%	4.1%	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	4.7%	4.7%	3.9%	Revenues (\$mill) ^A	906.8	848.2	690.2	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6152.4	6215	6500	Net Profit (\$mill)	39.2	55.3	25.0	32.2	56.1	59.7	79.5	86.2	135.8	162.3	170	190	Income Tax Rate	37.5%	36.5%	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	39.0%	39.0%	Net Profit Margin	4.3%	6.5%	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.7%	2.9%	Long-Term Debt Ratio	48.1%	51.8%	50.0%	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	52.0%	Common Equity Ratio	51.9%	48.2%	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	48.0%	Total Capital (\$mill)	630.2	769.7	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4215	4480	Net Plant (\$mill)	849.1	917.9	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3850	4150	Return on Total Cap'l	8.3%	9.0%	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.5%	6.0%	Return on Shr. Equity	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.9%	8.5%	9.0%	Return on Com Equity	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.9%	8.5%	9.0%	Retained to Com Eq	3.9%	6.3%	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	2.5%	3.0%	All Div'ds to Net Prof	67%	58%	NMF	112%	79%	82%	70%	77%	73%	63%	67%	63%	© VALUE LINE PUB., INC. 10-12	
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Income Tax Rate	37.5%	36.5%	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	39.0%	39.0%																																																																																																																																																																																																																																																																																																																										
Net Profit Margin	4.3%	6.5%	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.7%	2.9%																																																																																																																																																																																																																																																																																																																										
Long-Term Debt Ratio	48.1%	51.8%	50.0%	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	52.0%																																																																																																																																																																																																																																																																																																																										
Common Equity Ratio	51.9%	48.2%	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	48.0%																																																																																																																																																																																																																																																																																																																										
Total Capital (\$mill)	630.2	769.7	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4215	4480																																																																																																																																																																																																																																																																																																																										
Net Plant (\$mill)	849.1	917.9	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3850	4150																																																																																																																																																																																																																																																																																																																										
Return on Total Cap'l	8.3%	9.0%	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.5%	6.0%																																																																																																																																																																																																																																																																																																																										
Return on Shr. Equity	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.9%	8.5%	9.0%																																																																																																																																																																																																																																																																																																																										
Return on Com Equity	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.9%	8.5%	9.0%																																																																																																																																																																																																																																																																																																																										
Retained to Com Eq	3.9%	6.3%	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	2.5%	3.0%																																																																																																																																																																																																																																																																																																																										
All Div'ds to Net Prof	67%	58%	NMF	112%	79%	82%	70%	77%	73%	63%	67%	63%																																																																																																																																																																																																																																																																																																																										
CAPITAL STRUCTURE as of 6/30/07 Total Debt \$2430.5 mill. Due in 5 Yrs \$1450.0 mill. LT Debt \$2126.5 mill. LT Interest \$120.0 mill. (LT interest earned: 2.9x; total interest coverage: 2.8x) Leases, Uncapitalized Annual rentals \$16.0 mill. Pfd Stock None Pension Assets-9/06 \$362.7 mill. Oblig. \$326.5 mill. Common Stock 89,160,099 shs. as of 7/31/07 MARKET CAP: \$2.5 billion (Mid Cap)			BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to 3.2 million customers via six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Combined 2006 gas volumes: 272 MMcf. Breakdown: 53%, residential; 32%, commercial; 10%, industrial; and 5% other. 2006 depreciation rate 3.6%. Has around 4,600 employees. Officers and directors own approximately 1.9% of common stock (12/06 Proxy). Chairman and Chief Executive Officer: Robert W. Best. Incorporated: Texas. Address: P.O. Box 650205, Dallas, Texas 75265. Telephone: 972-934-9227. Internet: www.atmosenergy.com.																																																																																																																																																																																																																																																																																																																																			
CURRENT POSITION 2005 2006 6/30/07 (\$MILL.) Cash Assets 40.1 75.8 350.4 Other 1224.3 1041.7 984.1 Current Assets 1264.4 1117.5 1334.5 Accts Payable 461.3 345.1 428.8 Debt Due 148.1 385.6 304.0 Other 503.4 388.5 360.9 Current Liab. 1112.8 1119.2 1093.7 Fix. Chg. Cov. 395% 408% 400%			ANNUAL RATES Past Past Est'd '04-'06 of change (per sh) 10 Yrs. 5 Yrs. to '10-'12 Revenues 7.5% 17.0% 4.5% "Cash Flow" 4.0% 5.0% 4.0% Earnings 3.5% 10.0% 5.5% Dividends 3.0% 2.0% 1.5% Book Value 6.5% 8.5% 5.5%																																																																																																																																																																																																																																																																																																																																			
Fiscal Year Ends QUARTERLY REVENUES (\$ mill.) ^A Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2004 763.6 1117.5 546.1 492.8 2920.0 2005 1371.0 1687.8 909.9 1004.6 4973.3 2006 2283.8 2033.8 863.2 971.6 6152.4 2007 1602.6 2075.6 1218.2 1318.6 6215 2008 1625 1625 1625 1625 6500			ANNUAL RATES Past Past Est'd '04-'06 of change (per sh) 10 Yrs. 5 Yrs. to '10-'12 Revenues 7.5% 17.0% 4.5% "Cash Flow" 4.0% 5.0% 4.0% Earnings 3.5% 10.0% 5.5% Dividends 3.0% 2.0% 1.5% Book Value 6.5% 8.5% 5.5%																																																																																																																																																																																																																																																																																																																																			
Fiscal Year Ends EARNINGS PER SHARE ^{A,B,E} Full Fiscal Year Dec.31 Mar.31 Jun.30 Sep.30 2004 .57 1.12 .09 d.11 1.58 2005 .79 1.11 .06 d.21 1.72 2006 .88 1.10 d.22 .25 2.00 2007 .97 1.20 d.15 d.12 1.90 2008 .96 1.20 d.03 d.08 2.05			ANNUAL RATES Past Past Est'd '04-'06 of change (per sh) 10 Yrs. 5 Yrs. to '10-'12 Revenues 7.5% 17.0% 4.5% "Cash Flow" 4.0% 5.0% 4.0% Earnings 3.5% 10.0% 5.5% Dividends 3.0% 2.0% 1.5% Book Value 6.5% 8.5% 5.5%																																																																																																																																																																																																																																																																																																																																			
Cal-endar QUARTERLY DIVIDENDS PAID ^C Full Year Mar.31 Jun.30 Sep.30 Dec.31 2003 .30 .30 .30 .305 1.21 2004 .305 .305 .305 .31 1.23 2005 .31 .31 .31 .315 1.25 2006 .315 .315 .315 .32 1.27 2007 .32 .32 .32			ANNUAL RATES Past Past Est'd '04-'06 of change (per sh) 10 Yrs. 5 Yrs. to '10-'12 Revenues 7.5% 17.0% 4.5% "Cash Flow" 4.0% 5.0% 4.0% Earnings 3.5% 10.0% 5.5% Dividends 3.0% 2.0% 1.5% Book Value 6.5% 8.5% 5.5%																																																																																																																																																																																																																																																																																																																																			
(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '97, d53c; '99, d23c; '00, 12c; '03, d17c; '06, d18c. Next eps. rpt. due early Nov. (C) Dividends historically paid in early March, June, Sept., and Dec. (D) In millions, adjusted for stock splits. (E) Qtrs may not add due to change in shrs outstanding. (F) ATO completed United Cities merger 7/97.			Company's Financial Strength B+ Stock's Price Stability 100 Price Growth Persistence 30 Earnings Predictability 75																																																																																																																																																																																																																																																																																																																																			
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steady, though unspectacular, share earnings advances over the coming three to five years. With the utility division now serving 3.2 million customers across 12 states, Atmos is not dependent on the business environment in any one region of the country. Also, the non-utility segments, particularly pipelines, possess healthy overall prospects. Excluding future acquisitions, annual bottom-line growth could be in the mid-single-digit range out to 2010-2012.

Income-oriented accounts may be attracted to the dividend yield, which is adequately covered by earnings. We look for additional increases in the payout to occur, as well.

But these shares have lost some ground in recent months. We attribute that, in part, to a slumping market (reflecting uncertainty surrounding the timing of a recovery in the housing industry). This diminished stock-price momentum is partially behind the 4 (Below Average) rank for Timeliness. Long-term total-return possibilities are decent, on a risk-adjusted basis, though.

Frederick L. Harris, III September 14, 2007

ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE 27.50 **P/E RATIO 13.0** (Trailing: 14.2 Median: 16.0) **RELATIVE P/E RATIO 0.83** **DIV'D YLD 4.8%** **VALUE LINE**

TIMELINESS 3 Raised 1/25/08
SAFETY 2 Raised 12/16/05
TECHNICAL 3 Lowered 7/11/08
BETA .80 (1.00 = Market)

2011-13 PROJECTIONS
High Price 40 (+45%)
Low Price 30 (+10%)
Ann'l Total Return 13%
Ann'l Total Return 6%

Insider Decisions
to Buy 0 2 2 0 0 1 0 0 0
Options 0 0 0 0 0 0 0 0 0
to Sell 0 3 0 0 0 0 0 0 3

Institutional Decisions
4Q2007 1Q2008 2Q2008
to Buy 113 112 119
to Sell 104 103 89
Hld's(000) 59007 58504 58318

LEGENDS
1.00 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

% TOT. RETURN 8/08
THIS STOCK VS. S&P 500
1 yr. 2.8
3 yr. 6.6
5 yr. 42.2

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC. 11-13
Revenues per sh ^A	27.90	22.09	26.61	35.36	22.82	54.39	46.50	61.75	75.27	66.03	78.90	83.15	89.55
"Cash Flow" per sh	3.38	2.62	3.01	3.03	3.39	3.23	2.91	3.90	4.26	4.14	4.20	4.30	4.65
Earnings per sh ^{A B}	1.84	.81	1.03	1.47	1.45	1.71	1.58	1.72	2.00	1.94	1.98	2.10	2.45
Div'ds Decl'd per sh ^C	1.06	1.10	1.14	1.16	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.40
Cap'l Spending per sh	4.44	3.53	2.36	2.77	3.17	3.10	3.03	4.14	5.20	4.39	5.05	5.20	6.20
Book Value per sh	12.21	12.09	12.28	14.31	13.75	16.66	18.05	19.90	20.16	22.01	23.65	24.10	25.55
Common Shs Outst'g ^D	30.40	31.25	31.95	40.79	41.68	51.48	62.80	80.54	81.74	89.33	91.00	95.00	115.00
Avg Ann'l P/E Ratio	15.4	33.0	18.9	15.6	15.2	13.4	15.9	16.1	13.5	15.9	15.9	16.1	14.5
Relative P/E Ratio	.80	1.88	1.23	.80	.83	.76	.84	.86	.73	.83	.83	.83	.95
Avg Ann'l Div'd Yield	3.7%	4.1%	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	4.7%	4.2%	4.2%	4.2%	4.0%
Revenues (\$mill) ^A	848.2	690.2	850.2	1442.3	950.8	2799.9	2920.0	4973.3	6152.4	5898.4	7180	7900	10300
Net Profit (\$mill)	55.3	25.0	32.2	56.1	59.7	79.5	86.2	135.8	162.3	170.5	180	200	280
Income Tax Rate	36.5%	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	37.6%	35.8%	36.0%	36.5%	38.0%
Net Profit Margin	6.5%	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	2.6%	2.9%	2.5%	2.5%	3.0%
Long-Term Debt Ratio	51.8%	50.0%	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	50.0%	50.0%	51.0%
Common Equity Ratio	48.2%	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	50.0%	50.0%	49.0%
Total Capital (\$mill)	769.7	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	3828.5	4092.1	4300	4580	6000
Net Plant (\$mill)	917.9	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	3629.2	3836.8	4050	4270	5700
Return on Total Cap'l	9.0%	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	6.1%	5.9%	5.5%	6.0%	6.0%
Return on Shr. Equity	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.5%	8.5%	9.5%
Return on Com Equity	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.5%	8.5%	9.5%
Retained to Com Eq	6.3%	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	3.6%	3.0%	3.0%	3.5%	4.0%
All Div'ds to Net Prof	58%	NMF	112%	79%	82%	70%	77%	73%	63%	65%	66%	63%	58%

Atmos Energy's history dates back to 1906 in the Texas Panhandle. Over the years, through various mergers, it became part of Pioneer Corporation, and, in 1981, Pioneer named its gas distribution division Energas. In 1983, Pioneer organized Energas as a separate subsidiary and distributed the outstanding shares of Energas to Pioneer shareholders. Energas changed its name to Atmos in 1988. Atmos acquired Trans Louisiana Gas in 1986, Western Kentucky Gas Utility in 1987, Greeley Gas in 1993, United Cities Gas in 1997, and others.

CAPITAL STRUCTURE as of 6/30/08
Total Debt \$2234.0 mill. Due in 5 Yrs \$920.0 mill.
LT Debt \$2119.7 mill. LT Interest \$125.0 mill.
(LT interest earned: 2.9x; total interest coverage: 2.8x)
Leases, Uncapitalized Annual rentals \$16.9 mill.
Pfd Stock None
Pension Assets-9/07 \$389.1 mill.
Oblig. \$335.6 mill.
Common Stock 90,627,522 shs.
as of 7/31/08
MARKET CAP: \$2.5 billion (Mid Cap)

CURRENT POSITION 2006 2007 6/30/08 (\$MILL.)
Cash Assets 75.8 60.7 46.5
Other 1041.7 1008.2 1350.5
Current Assets 1117.5 1068.9 1397.0
Accts Payable 345.1 355.3 582.4
Debt Due 385.6 154.4 114.3
Other 388.5 410.0 472.1
Current Liab. 1119.2 919.7 1168.8
Fix. Chg. Cov. 408% 405% 410%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13
of change (per sh)
Revenues 8.5% 19.0% 5.0%
"Cash Flow" 4.0% 5.5% 2.0%
Earnings 3.5% 7.5% 4.5%
Dividends 2.5% 1.5% 2.0%
Book Value 7.0% 9.0% 3.5%

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to 3.2 million customers via six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Combined 2007 gas volumes: 297 MMcf. Breakdown: 56%, residential; 32%, commercial; 8%, industrial; and 4% other. 2007 depreciation rate 3.7%. Has around 4,470 employees. Officers and directors own approximately 1.8% of common stock (12/07 Proxy). Chairman and Chief Executive Officer: Robert W. Best. Incorporated: Texas. Address: P.O. Box 650205, Dallas, Texas 75265. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

Atmos Energy's natural gas utility and regulated transmission and storage operations are posting good results in fiscal 2008 (ends September 30th). The former division, which accounts for the biggest portion of profits, is benefiting greatly from higher rates in the Texas, Louisiana, Tennessee, Kansas, and Kentucky service areas. Meanwhile, the performance of the regulated transmission and storage segment is enjoying a jump in throughput, reflecting increased production in the Barnett Shale region of Texas, plus higher per-unit margins due to greater demand.

But profits for the nonregulated marketing segment are substantially lower, as less volatility in natural gas prices is squeezing margins. That being the case, **Share net may advance only modestly, to \$1.98, this fiscal year.** The bottom line stands to increase at a somewhat stronger 6% rate, to \$2.10 a share, in fiscal 2009. That's based partly on our assumption that the nonregulated marketing unit perks up.

We anticipate steady, though unexcit-

ing, annual earnings growth over the 2011-2013 time frame. The utility division does not depend on the business climate in any one region of the country, given that it currently provides services in 12 states. Furthermore, the unregulated segments seem to possess healthy overall prospects. Lastly, management should continue to implement its successful strategy of purchasing less-efficient utilities and shoring up their profitability via expense-reduction efforts, rate relief, and aggressive marketing initiatives. (Future acquisitions are not included in our figures, however.) In the present corporate configuration, annual share-net gains ought to be in the mid-single-digit range over the 3- to 5-year horizon.

The good-quality stock offers an appealing dividend yield. Additional moderate increases in the distribution are likely, as well. Earnings coverage should remain adequate.

On a risk-adjusted basis, total-return possibilities appear promising. But Atmos shares are just an average selection for Timeliness.

Frederick L. Harris, III September 12, 2008

(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '99, d23c; '00, 12c; '03, d17c; '06, d18c; '07, d2c. Next eqs. rpt. due early Nov. (C) Dividends historically paid in early March, June, Sept., and Dec. ■ Div. reinvestment plan. Direct stock purchase plan available. (D) In millions. (E) Qtrs may not add due to change in shrs outstanding. (F) ATO completed United Cities merger 7/97.

Company's Financial Strength B+
Stock's Price Stability 100
Price Growth Persistence 35
Earnings Predictability 80

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LACLEDE GROUP NYSE-LG				RECENT PRICE	32.64	P/E RATIO	13.9	(Trailing: 14.5 Median: 15.0)	RELATIVE P/E RATIO	0.77	DIV'D YLD	4.6%	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
TIMELINESS	3	Raised 9/14/07	High: 24.9	20.0	28.6	27.9	27.0	24.8	25.5	25.0	30.0	32.5	34.3	37.5	36.0	Target Price Range	2010	2011	2012																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
SAFETY	2	Raised 6/20/03	Low: 20.0	20.3	22.4	20.0	20.0	17.5	21.3	19.0	21.8	26.0	26.9	29.1	28.8																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
TECHNICAL	3	Raised 8/17/07	LEGENDS 1.00 x Dividends p sh divided by Interest Rate ... Relative Price Strength 2-for-1 split 3/94 Options: No Shaded area indicates recession																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
BETA	90	(1.00 = Market)	2010-12 PROJECTIONS Price Gain Ann'l Total High 45 (+40%) 12% Low 30 (-10%) 3%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Insider Decisions			<table border="1"> <tr> <td></td> <td>O</td> <td>N</td> <td>D</td> <td>J</td> <td>F</td> <td>M</td> <td>A</td> <td>M</td> <td>J</td> </tr> <tr> <td>to Buy</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Options</td> <td>0</td> <td>4</td> <td>1</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>to Sell</td> <td>0</td> <td>4</td> <td>1</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> </table>																	O	N	D	J	F	M	A	M	J	to Buy	0	1	0	0	0	0	0	1	0	Options	0	4	1	0	1	0	0	0	0	to Sell	0	4	1	0	1	0	0	0	0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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Has roughly 631,000 customers. Purchased SM&P for approximately \$43 million (1/02). Therms sold and transported in fiscal 2006: 1.02 mill. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 25%; transportation, 1%; other, 14%. Has around 3,880 employees. Officers and directors own approximately 7.0% of common shares (1/07 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yeager. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegas.com. </td> </tr> <tr> <td colspan="17"> It appears that earnings for Laclede Group will be lower in fiscal 2007 (ends September 30th). That can be traced largely to Laclede Energy Resources (LER), which has not performed as well as last year, when margins were substantially higher as a result of supply/demand imbalances arising from the severe 2005 Gulf Coast hurricanes. Furthermore, results for SM&P Utility Resources are being weighed down by higher operating expenses. </td> </tr> <tr> <td colspan="17"> But there has been a bright spot. Laclede Gas, the core subsidiary, is benefiting partly from higher volumes from entities within the service territory (reflecting cooler temperatures). A decline in the provision for uncollectible accounts has also helped here. </td> </tr> <tr> <td colspan="17"> Still, consolidated share net will decrease about 9%, to \$2.15, in fiscal 2007. The comparison would be quite difficult, though, given LER's exceptional showing last year. The bottom line for next year may be around the same level as fiscal 2007. </td> </tr> <tr> <td colspan="17"> A request for a general rate increase was granted by the Missouri Public </td> </tr> <tr> <td colspan="17"> Service Commission. The measure, effective August 1st of this year, will generate additional annual revenues of \$38.6 million. (The company last received such a rate hike in 2005.) </td> </tr> <tr> <td colspan="17"> Prospects over the next three to five years are lackluster. The customer base for Laclede Gas has expanded at a sluggish pace for some time, leading us to believe that internal growth here will remain moderate. As such, any substantial gains will have to come from the unregulated businesses or from acquisitions, scenarios we don't see happening anytime soon. Thus, annual share-net advances may only be in the low-single-digit range over the 2010-2012 period. </td> </tr> <tr> <td colspan="17"> Income-oriented accounts may be drawn to the dividend. Further increases in the distribution could be minimal, however, given the uninspiring long-term view for the regulated unit. </td> </tr> <tr> <td colspan="17"> These shares, ranked 3 (Average) for Timeliness, are now trading within our 3- to 5-year Target Price Range. The good-quality stock's high yield reflects the company's subpar growth prospects. </td> </tr> <tr> <td colspan="17"> <i>Frederick L. Harris, III September 14, 2007</i> </td> </tr> <tr> <td colspan="17"> <table border="1"> <tr> <td>(A) Fiscal year ends Sept. 30th.</td> <td>(C) Dividends historically paid in early January, April, July, and October. Dividend reinvestment plan available.</td> <td>(E) In millions. Adjusted for stock split.</td> <td>Company's Financial Strength</td> <td>B+</td> </tr> <tr> <td>(B) Based on average shares outstanding thru '97, then diluted. Excludes nonrecurring loss: '06, 7c. Next earnings report due late October.</td> <td>(D) Incl. deferred charges. In '06: \$256.8 mill.</td> <td>(F) Qty. egs. may not sum due to change in shares outstanding.</td> <td>Stock's Price Stability</td> <td>95</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Price Growth Persistence</td> <td>65</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Earnings Predictability</td> <td>55</td> </tr> </table> </td> </tr> <tr> <td colspan="17"> © 2007 Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product. </td> </tr> <tr> <td colspan="17"> To subscribe call 1-800-833-0046. </td> </tr> </tbody> </table>																	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12	28.10	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	91.15	88.20	Revenues per sh	110.00	2.37	2.32	2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.85	4.00	"Cash Flow" per sh	5.00	1.28	1.17	1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.15	2.10	Earnings per sh ^{A B}	2.35	1.20	1.20	1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	Div'ds Decl'd per sh ^C	1.60	2.46	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.95	3.05	Cap'l Spending per sh	3.80	11.83	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	21.00	20.95	Book Value per sh ^D	24.50	15.59	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	22.00	21.50	Common Shs Outst'g ^E	25.00	12.5	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	13.6	13.6	Avg Ann'l P/E Ratio	16.0	.80	.96	.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.73	.73	Relative P/E Ratio	1.05	7.5%	6.5%	5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	4.3%	Avg Ann'l Div'd Yield	4.3%	CAPITAL STRUCTURE as of 6/30/07 Total Debt \$497.8 mill. 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Has roughly 631,000 customers. Purchased SM&P for approximately \$43 million (1/02). Therms sold and transported in fiscal 2006: 1.02 mill. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 25%; transportation, 1%; other, 14%. Has around 3,880 employees. Officers and directors own approximately 7.0% of common shares (1/07 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yeager. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegas.com.																	It appears that earnings for Laclede Group will be lower in fiscal 2007 (ends September 30th). That can be traced largely to Laclede Energy Resources (LER), which has not performed as well as last year, when margins were substantially higher as a result of supply/demand imbalances arising from the severe 2005 Gulf Coast hurricanes. Furthermore, results for SM&P Utility Resources are being weighed down by higher operating expenses.																	But there has been a bright spot. Laclede Gas, the core subsidiary, is benefiting partly from higher volumes from entities within the service territory (reflecting cooler temperatures). A decline in the provision for uncollectible accounts has also helped here.																	Still, consolidated share net will decrease about 9%, to \$2.15, in fiscal 2007. The comparison would be quite difficult, though, given LER's exceptional showing last year. The bottom line for next year may be around the same level as fiscal 2007.																	A request for a general rate increase was granted by the Missouri Public																	Service Commission. The measure, effective August 1st of this year, will generate additional annual revenues of \$38.6 million. (The company last received such a rate hike in 2005.)																	Prospects over the next three to five years are lackluster. The customer base for Laclede Gas has expanded at a sluggish pace for some time, leading us to believe that internal growth here will remain moderate. As such, any substantial gains will have to come from the unregulated businesses or from acquisitions, scenarios we don't see happening anytime soon. Thus, annual share-net advances may only be in the low-single-digit range over the 2010-2012 period.																	Income-oriented accounts may be drawn to the dividend. Further increases in the distribution could be minimal, however, given the uninspiring long-term view for the regulated unit.																	These shares, ranked 3 (Average) for Timeliness, are now trading within our 3- to 5-year Target Price Range. The good-quality stock's high yield reflects the company's subpar growth prospects.																	<i>Frederick L. Harris, III September 14, 2007</i>																	<table border="1"> <tr> <td>(A) Fiscal year ends Sept. 30th.</td> <td>(C) Dividends historically paid in early January, April, July, and October. Dividend reinvestment plan available.</td> <td>(E) In millions. Adjusted for stock split.</td> <td>Company's Financial Strength</td> <td>B+</td> </tr> <tr> <td>(B) Based on average shares outstanding thru '97, then diluted. Excludes nonrecurring loss: '06, 7c. Next earnings report due late October.</td> <td>(D) Incl. deferred charges. In '06: \$256.8 mill.</td> <td>(F) Qty. egs. may not sum due to change in shares outstanding.</td> <td>Stock's Price Stability</td> <td>95</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Price Growth Persistence</td> <td>65</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Earnings Predictability</td> <td>55</td> </tr> </table>																	(A) Fiscal year ends Sept. 30th.	(C) Dividends historically paid in early January, April, July, and October. 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To subscribe call 1-800-833-0046.																
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28.10	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	91.15	88.20	Revenues per sh	110.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
2.37	2.32	2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.85	4.00	"Cash Flow" per sh	5.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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2.46	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.95	3.05	Cap'l Spending per sh	3.80																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
11.83	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	21.00	20.95	Book Value per sh ^D	24.50																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
15.59	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	22.00	21.50	Common Shs Outst'g ^E	25.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
12.5	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	13.6	13.6	Avg Ann'l P/E Ratio	16.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 631,000 customers. Purchased SM&P for approximately \$43 million (1/02). Therms sold and transported in fiscal 2006: 1.02 mill. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 25%; transportation, 1%; other, 14%. Has around 3,880 employees. Officers and directors own approximately 7.0% of common shares (1/07 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yeager. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegas.com.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
It appears that earnings for Laclede Group will be lower in fiscal 2007 (ends September 30th). That can be traced largely to Laclede Energy Resources (LER), which has not performed as well as last year, when margins were substantially higher as a result of supply/demand imbalances arising from the severe 2005 Gulf Coast hurricanes. Furthermore, results for SM&P Utility Resources are being weighed down by higher operating expenses.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
But there has been a bright spot. Laclede Gas, the core subsidiary, is benefiting partly from higher volumes from entities within the service territory (reflecting cooler temperatures). A decline in the provision for uncollectible accounts has also helped here.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Still, consolidated share net will decrease about 9%, to \$2.15, in fiscal 2007. The comparison would be quite difficult, though, given LER's exceptional showing last year. The bottom line for next year may be around the same level as fiscal 2007.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
A request for a general rate increase was granted by the Missouri Public																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Service Commission. The measure, effective August 1st of this year, will generate additional annual revenues of \$38.6 million. (The company last received such a rate hike in 2005.)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Prospects over the next three to five years are lackluster. The customer base for Laclede Gas has expanded at a sluggish pace for some time, leading us to believe that internal growth here will remain moderate. As such, any substantial gains will have to come from the unregulated businesses or from acquisitions, scenarios we don't see happening anytime soon. Thus, annual share-net advances may only be in the low-single-digit range over the 2010-2012 period.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
Income-oriented accounts may be drawn to the dividend. Further increases in the distribution could be minimal, however, given the uninspiring long-term view for the regulated unit.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
These shares, ranked 3 (Average) for Timeliness, are now trading within our 3- to 5-year Target Price Range. The good-quality stock's high yield reflects the company's subpar growth prospects.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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LACLEDE GROUP NYSE-LG

RECENT PRICE 44.68

P/E RATIO 17.9 (Trailing: 15.8 Median: 15.0)

RELATIVE P/E RATIO 1.15

DIV'D YLD 3.4%

VALUE LINE

TIMELINESS 3 Raised 9/14/07

SAFETY 2 Raised 6/20/03

TECHNICAL 3 Lowered 9/5/08

BETA .80 (1.00 = Market)

2011-13 PROJECTIONS

Price	Gain	Ann'l Total Return
High 55	(+25%)	8%
Low 40	(-10%)	1%

Insider Decisions

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

Institutional Decisions

	4Q2007	1Q2008	2Q2008
to Buy	64	72	97
to Sell	51	55	50
Hld's(000)	9951	10492	11750

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
Revenues per sh	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	95.70	91.55	Revenues per sh	107.85
"Cash Flow" per sh	2.32	2.81	2.65	2.55	3.32	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.45	4.45	"Cash Flow" per sh	5.30
Earnings per sh ^A	1.17	1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.75	2.50	Earnings per sh ^A	2.85
Div'ds Decl'd per sh ^C	1.20	1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	1.53	Div'ds Decl'd per sh ^C	1.65
Cap'l Spending per sh	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.75	2.85	Cap'l Spending per sh	3.70
Book Value per sh ^D	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	23.00	22.55	Book Value per sh ^D	26.00
Common Shs Outst'g ^E	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	21.65	22.00	22.50	Common Shs Outst'g ^E	25.50
Avg Ann'l P/E Ratio	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.2	14.2	Avg Ann'l P/E Ratio	16.5
Relative P/E Ratio	.96	.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.75	1.10	1.10	Relative P/E Ratio	1.10
Avg Ann'l Div'd Yield	6.5%	5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	4.3%	4.3%	Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 6/30/08

Total Debt \$368.0 mill. Due in 5 Yrs \$275.0 mill.

LT Debt \$309.2 mill. LT Interest \$20.0 mill.

(Total interest coverage: 3.0x)

Leases, Uncapitalized Annual rentals \$.9 mill.

Pension Assets-9/07 \$260.3 mill.

Oblig. \$293.3 mill.

Pfd Stock \$.5 mill. **Pfd Div'd** \$.04 mill.

Common Stock 21,971,760 shs. as of 8/5/08

MARKET CAP: \$975 million (Small Cap)

CURRENT POSITION

	2006	2007	6/30/08
Cash Assets	50.8	52.7	33.0
Other	409.0	414.6	395.9
Current Assets	459.8	467.3	428.9
Accts Payable	103.3	106.8	191.4
Debt Due	207.5	251.6	58.8
Other	120.1	115.3	75.3
Current Liab.	430.9	473.7	325.5
Fix. Chg. Cov.	285%	282%	285%

	2006	2007	6/30/08
35.6%	35.5%	35.2%	32.7%
5.1%	5.5%	4.6%	3.0%
40.9%	41.8%	45.2%	49.5%
58.6%	57.8%	54.5%	50.2%
438.0	488.6	519.2	574.1
490.6	519.4	575.4	602.5
8.1%	7.1%	6.7%	6.9%
10.8%	9.5%	9.1%	10.5%
10.8%	9.5%	9.1%	10.5%
1.8%	1.0%	.2%	1.8%
83%	89%	98%	83%

BUSINESS: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 632,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Therms sold and transported in fiscal 2007: 1.12 mill. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 24%; transportation, 1%; other, 15%. Has around 3,845 employees. Officers and directors own approximately 7.0% of common shares (1/08 proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yaeger. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.thelacledegroup.com.

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	11.5%	16.5%	3.5%
"Cash Flow"	1.5%	5.5%	7.0%
Earnings	3.0%	9.5%	4.5%
Dividends	1.0%	1.0%	2.5%
Book Value	3.0%	4.5%	5.5%

QUARTERLY REVENUES (\$ mill.)^A

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2005	442.5	576.5	311.3	266.7	1597.0
2006	689.2	708.8	330.6	269.0	1997.6
2007	539.6	700.8	457.9	323.3	2021.6
2008	504.0	747.7	505.5	347.8	2105
2009	515	515	515	515	2060

EARNINGS PER SHARE^{A B F}

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2005	.79	1.06	.29	d.24	1.90
2006	1.23	1.05	.13	d.04	2.37
2007	.89	.97	.43	.03	2.31
2008	.99	1.39	.41	d.04	2.75
2009	.96	1.16	.33	.05	2.50

QUARTERLY DIVIDENDS PAID^C

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.335	.34	.34	.34	1.36
2005	.34	.345	.345	.345	1.38
2006	.345	.355	.355	.355	1.41
2007	.365	.365	.365	.365	1.46
2008	.375	.375	.375	.375	

Laclede Group's bread-and-butter subsidiary, Laclede Gas, has performed quite well in fiscal 2008 (which ends September 30th). That is attributable primarily to a general rate increase that became effective on August 1st of last year. Higher volumes within the service area and the recording of previously unrecognized tax benefits are also helping matters. But results are being constrained somewhat by lower income from off-system operations and a rise in the provision for uncollectible accounts. Still, it seems that this division is about to close the book on a strong year.

Things are also looking bright for Laclede Energy Resources, arising partially from expanded margins on sales of natural gas. The reversal of tax-related expenses has been another contributor to profits.

All told, consolidated share net ought to surge nearly 20%, to \$2.75, this fiscal year (which would be a record). But the bottom line may fall back in fiscal 2009, to \$2.50 a share, given the difficult comparison.

The company's prospects out to 2011-

2013 appear unexciting, though. The market in which the regulated gas unit operates continues to be in a mature phase. Consequently, achieving significant customer growth should be difficult going forward. Furthermore, it seems that management has no intention to conduct a major acquisition anytime soon. At this juncture, annual bottom-line advances may be only between 4% and 5% over the next three to five years.

These shares offer a decent amount of current dividend income. But we expect further hikes in the payout to be gradual, given Laclede Gas' unspectacular long-term expansion possibilities.

The good-quality stock is currently trading near record-high levels. It appears that the company's strong year-to-date earnings are the main reason why this is happening.

But total-return potential is unexciting. That reflects the equity's substantial rise in value, as well as our assumption that modest increases in the dividend will continue. Meanwhile, the Timeliness rank is 3 (Average).

Frederick L. Harris, III September 12, 2008

(A) Fiscal year ends Sept. 30th.

(B) Based on average shares outstanding thru '97, then diluted. Excludes nonrecurring loss: '06, 7c. Excludes gain from discontinued operations: '08, 96c. Next earnings report due late Oct. (C) Dividends historically paid in early January, April, July, and October. (D) Dividend reinvestment plan available. (E) Incl. deferred charges. In '07: \$289.7 mill., \$13.38/sh. (F) Qty. egs. may not sum due to rounding or change in shares outstanding.

Company's Financial Strength B+

Stock's Price Stability 100

Price Growth Persistence 60

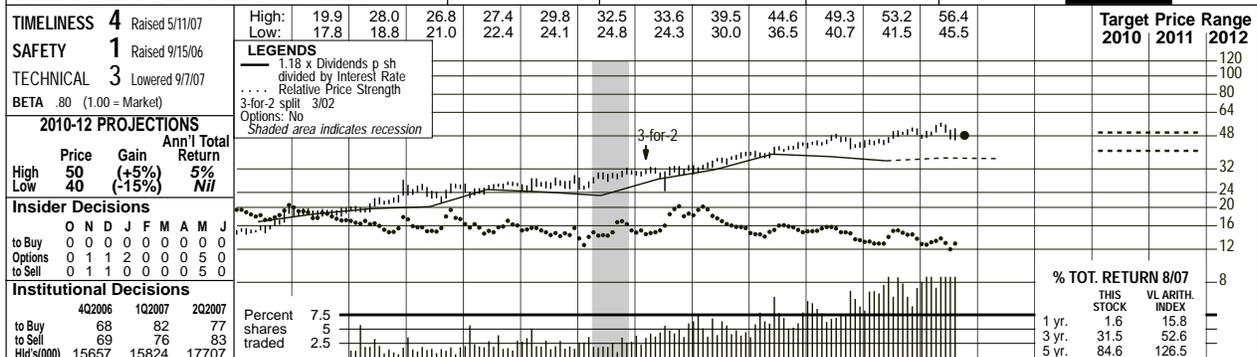
Earnings Predictability 70

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NEW JERSEY RES. NYSE-NJR

RECENT PRICE **48.33** P/E RATIO **14.6** (Trailing: 14.0 Median: 15.0) RELATIVE P/E RATIO **0.81** DIV'D YLD **3.1%** VALUE LINE



TIMELINESS 4 Raised 5/11/07
SAFETY 1 Raised 9/15/06
TECHNICAL 3 Lowered 9/7/07
BETA .80 (1.00 = Market)

2010-12 PROJECTIONS

Price	Gain	Ann'l Total Return
High 50	(+5%)	5%
Low 40	(-15%)	N/A

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	1	1	2	0	0	0	5	0
to Sell	0	1	0	0	0	0	0	0	0

Institutional Decisions

	4Q2006	1Q2007	2Q2007	Percent shares traded
to Buy	68	82	77	7.5
to Sell	69	76	83	2.5
Hld's(000)	15657	15824	17707	

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
15.99	16.88	18.02	19.22	17.03	20.22	25.97	26.59	33.98	44.13	76.82	66.17	93.43	91.33	114.29	119.44	113.20	113.35	Revenues per sh ^A	117.65
1.58	1.95	2.14	2.31	2.22	2.22	2.45	2.60	2.79	2.99	3.18	3.21	3.58	3.75	3.92	4.10	4.40	4.45	"Cash Flow" per sh	4.60
.55	1.09	1.15	1.26	1.29	1.37	1.48	1.55	1.66	1.79	1.95	2.09	2.38	2.55	2.65	2.80	3.10	3.15	Earnings per sh ^B	3.35
1.00	1.01	1.01	1.01	1.01	1.03	1.07	1.09	1.12	1.15	1.17	1.20	1.24	1.30	1.36	1.44	1.52	1.60	Div'ds Decl'd per sh ^C	1.84
2.91	1.99	2.31	2.10	1.77	1.78	1.72	1.60	1.81	1.85	1.66	1.53	1.71	2.17	1.92	1.92	1.95	1.95	Cap'l Spending per sh	1.85
8.57	9.44	9.81	9.64	9.70	10.10	10.38	10.88	11.35	12.43	13.20	13.06	15.38	16.87	15.90	22.50	24.50	26.65	Book Value per sh ^D	33.25
20.95	24.43	25.23	25.95	26.69	27.13	26.82	26.72	26.61	26.39	26.66	27.67	27.23	27.74	27.55	27.63	28.00	28.50	Common Shs Outst'g ^E	30.00
22.3	12.4	15.1	13.0	11.7	13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	16.1	16.1	16.1	Avg Ann'l P/E Ratio	14.0
1.42	.75	.89	.85	.78	.85	.78	.80	.87	.96	.73	.80	.80	.81	.89	.86	.86	.86	Relative P/E Ratio	.95
8.1%	7.5%	5.8%	6.2%	6.7%	5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.2%	3.2%	Avg Ann'l Div'd Yield	4.5%

CAPITAL STRUCTURE as of 6/30/07
Total Debt \$565.8 mill. Due in 5 Yrs \$300.0 mill.
LT Debt \$334.5 mill. **LT Interest** \$17.0 mill.
 Incl. \$7.4 mill. capitalized leases.
 (LT interest earned: 6.0x; total interest coverage: 6.0x)
Pension Assets-9/06 \$95.8 mill. **Oblig.** \$103.7 mill.

Pfd Stock None

Common Stock 28,063,442 shs. as of 8/1/07
MARKET CAP: \$1.4 billion (Mid Cap)

CURRENT POSITION (SMILL)

	2005	2006	6/30/07
Cash Assets	25.0	5.0	5.7
Other	927.8	960.5	805.6
Current Assets	952.8	965.5	811.3
Accts Payable	54.7	46.8	53.7
Debt Due	177.4	284.4	231.3
Other	744.2	566.0	471.6
Current Liab.	976.3	897.2	756.7
Fix. Chg. Cov.	660%	570%	550%

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '04-'06 to '10-'12
of change (per sh)			
Revenues	19.0%	16.0%	1.5%
"Cash Flow"	6.0%	5.5%	2.5%
Earnings	7.5%	8.0%	4.0%
Dividends	3.0%	3.5%	5.0%
Book Value	6.5%	8.5%	10.5%

QUARTERLY REVENUES (\$ mill.)

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2004	643.0	1037	438.5	415.1	2533.6
2005	854.1	1065	544.3	684.9	3148.3
2006	1164	1064	536.1	535.5	3299.6
2007	741.5	1024	665.4	739.1	3170
2008	765	1040	675	750	3230

EARNINGS PER SHARE

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2004	.87	1.82	.06	d.20	2.55
2005	.91	1.84	.07	d.17	2.65
2006	1.23	2.14	d.14	d.43	2.80
2007	1.01	2.87	d.18	d.60	3.10
2008	1.20	2.90	d.30	d.65	3.15

QUARTERLY DIVIDENDS PAID

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.31	.31	.31	.31	1.24
2004	.325	.325	.325	.325	1.30
2005	.34	.34	.34	.34	1.36
2006	.36	.36	.36	.36	1.44
2007	.38	.38	.38	.38	1.52

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 471,000 customers as of 9/30/06 in Monmouth and Ocean Counties, and other N.J. Counties. Fiscal 2006 volume: 102.8 bill. cu. ft. (56% firm, 7% interruptible industrial and electric utility, 37% off-system and capacity release). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2006 dep. rate: 2.7%. Has 766 emp. Off./dir. own about 2% of common (12/06 Proxy). Chrmn. and CEO: Laurence M. Downes, Inc.: N.J. Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.

New Jersey Resources' results over the first nine months of fiscal 2007 (year ends September 30th) have been solid. Earnings over this timeframe increased approximately 15%, to \$3.70 a share. The majority of the gains were driven by a larger portfolio of pipeline & storage contracts and the company's ability to take advantage of market volatility. Due to the geographic diversity of its holdings, the energy service division's contracts become more valuable when price changes occur between areas, creating arbitrage opportunities. This segment now represents about 45% of the bottom line. As is consistent with the seasonal nature of its business, NJR will likely post a loss in the September period.

We look for the annual earnings tally to advance approximately 10% this year. Revenues will likely decline in 2007 and grow at a slower pace in future years, owing to warmer-than-normal weather. Normal is based on the 20-year average temperature. So far this year, temperatures have been roughly 5.5% warmer than the norm. Also, there is the potential for a lower level of gas usage because of

conservation efforts. However, top-line reductions should have less of an effect on earnings due to the Conservation Incentive Program. This plan shelters the bottom line from both weather- and non-weather-related issues.

Provisions are being made to lift revenues. So far in fiscal 2007, 5,500 new customers have been added, and NJR expects that number to reach 9,000 by yearend. Furthermore, the company's entry into a partnership with Spectra Energy to provide storage services looks promising. The natural gas storage facility will have access to both the Texas Eastern and Dominion pipeline systems. The project will cost \$250 million, and will have up to 12 billion cubic feet of storage capacity. It is expected to be operational in 2009.

However, these shares have little appeal. The equity is ranked to underperform the broader-market averages for the coming year. Furthermore, since our June report its price has dropped 5%-10%, but it is still trading within our Target Price Range, thus limiting appreciation potential to 2010-2012.

(A) Fiscal year ends Sept. 30th. (B) Diluted earnings. Next earnings report due late Oct. (C) Dividends historically paid in early January, April, July, and October. (D) Dividend reinvestment plan available. (E) In millions, adjusted for split. Company's Financial Strength A Stock's Price Stability 100 Price Growth Persistence 70 Earnings Predictability 95

NEW JERSEY RES. NYSE-NJR

RECENT PRICE 36.35

P/E RATIO 29.6 (Trailing: 40.3 Median: 15.0)

RELATIVE P/E RATIO 1.90

DIV'D YLD 3.1%

VALUE LINE

TIMELINESS 3 Raised 6/6/08

SAFETY 1 Raised 9/15/06

TECHNICAL 3 Lowered 6/6/08

BETA .80 (1.00 = Market)

2011-13 PROJECTIONS

Price	Gain	Ann'l Total Return
High 45	(+25%)	6%
Low 35	(-5%)	Nil

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	1	4	2	0	0	1	2	0
to Sell	0	0	6	0	2	0	0	2	0

Institutional Decisions

	4Q2007	1Q2008	2Q2008
to Buy	82	85	90
to Sell	68	70	62
Hld's(000)	25741	26518	26910

LEGENDS
 1.18 x Dividends p sh divided by Interest Rate
 ... Relative Price Strength
 3-for-2 split 3/02
 3-for-2 split 3/08
 Options: No
 Shaded area indicates recession

Target Price Range 2013

2011	2012	2013
40	45	50

% TOT. RETURN 8/08

THIS STOCK	VL ARITH. INDEX
1 yr. 14.6	-9.4
3 yr. 27.1	12.4
5 yr. 76.5	56.8

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
11.25	12.02	12.81	11.36	13.48	17.31	17.73	22.65	29.42	51.22	44.11	62.29	60.89	76.19	79.63	72.62	85.70	87.30	Revenues per sh ^A	92.05
1.30	1.42	1.54	1.42	1.48	1.63	1.74	1.86	1.99	2.12	2.14	2.38	2.50	2.62	2.73	2.44	2.00	3.05	"Cash Flow" per sh	3.70
.73	.76	.84	.86	.92	.99	1.04	1.11	1.20	1.30	1.39	1.59	1.70	1.77	1.87	1.55	1.10	2.15	Earnings per sh ^B	2.80
.68	.68	.68	.68	.69	.71	.73	.75	.76	.78	.80	.83	.87	.91	.96	1.01	1.11	1.17	Div'ds Decl'd per sh ^C	1.36
1.33	1.54	1.40	1.18	1.19	1.15	1.07	1.21	1.23	1.10	1.02	1.14	1.45	1.28	1.28	1.46	1.55	1.65	Cap'l Spending per sh	1.80
6.29	6.54	6.43	6.47	6.73	6.92	7.26	7.57	8.29	8.80	8.71	10.26	11.25	10.60	15.00	15.50	15.45	16.95	Book Value per sh ^D	22.85
36.64	37.84	38.93	40.03	40.69	40.23	40.07	39.92	39.59	40.00	41.50	40.85	41.61	41.32	41.44	41.61	42.00	42.50	Common Shs Outst'g ^E	44.00
12.4	15.1	13.0	11.7	13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	16.1	21.6	21.6	21.6	Avg Ann'l P/E Ratio	14.0
.75	.89	.85	.78	.85	.78	.80	.87	.96	.73	.80	.80	.81	.89	.87	1.13	1.13	1.13	Relative P/E Ratio	.95
7.5%	5.8%	6.2%	6.7%	5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.0%	3.2%	3.0%	Avg Ann'l Div'd Yield	4.0%

CAPITAL STRUCTURE as of 6/30/08
 Total Debt \$626.6 mill. Due in 5 Yrs \$300.0 mill.
 LT Debt \$481.6 mill. LT Interest \$17.0 mill.
 Incl. \$7.4 mill. capitalized leases.
 (LT interest earned: 4.8x; total interest coverage: 4.8x)
 Pension Assets-9/07 \$105.4 mill. Oblig. \$107.9 mill.

Pfd Stock None

Common Stock 42,034,445 shs. as of 8/1/08
MARKET CAP: \$1.5 billion (Mid Cap)

CURRENT POSITION (\$MILL)	2006	2007	6/30/08
Cash Assets	5.0	5.1	25.9
Other	960.5	794.8	1167.6
Current Assets	965.5	799.9	1193.5
Accts Payable	46.8	64.4	53.1
Debt Due	284.4	260.8	145.0
Other	566.0	378.1	837.5
Current Liab.	897.2	703.3	1035.6
Fix. Chg. Cov.	570%	461%	450%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 of change (per sh) to '11-'13

Revenues	18.5%	13.0%	3.5%
"Cash Flow"	5.5%	4.5%	6.5%
Earnings	6.5%	6.0%	8.5%
Dividends	3.5%	4.0%	6.0%
Book Value	7.5%	10.0%	9.0%

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
2005	854.1	1065	544.3	684.9	3148.3
2006	1164	1064	536.1	535.5	3299.6
2007	737.4	1029	662.2	593.2	3021.8
2008	811.1	1178	1000	610.9	3600
2009	820	1190	1050	650	3710

Fiscal Year Ends	EARNINGS PER SHARE ^{A B}				Full Fiscal Year
	Dec.31	Mar.31	Jun.30	Sep.30	
2005	.61	1.23	.05	d.12	1.77
2006	.82	1.43	d.09	d.29	1.87
2007	.70	.19	.60	.06	1.55
2008	.87	.30	d.18	.11	1.10
2009	.90	.40	.73	.12	2.15

Cal-endar	QUARTERLY DIVIDENDS PAID ^{C E}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2004	.217	.217	.217	.217	.87
2005	.227	.227	.227	.227	.91
2006	.24	.24	.24	.24	.96
2007	.253	.253	.253	.253	1.01
2008	.267	.28	.28		

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 478,000 customers at 9/30/07 in Monmouth and Ocean Counties, and other N.J. Counties. Fiscal 2007 volume: 102.8 bill. cu. ft. (58% firm, 6% interruptible industrial and electric utility, 36% off-system and capacity release). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2007 dep. rate: 2.8%. Has 808 empis. Off.dir. own about 2% of common (12/07 Proxy). Chrmn., CEO, & Pres.: Laurence M. Downes, Inc.: N.J. Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.

New Jersey Resources' results over the first nine months of fiscal 2008 were lackluster. Gas expenses have risen by 10.7% and now sit at roughly 95% of total revenues for the June period. Meanwhile, warmer-than-normal weather patterns eased demand across much of the company's service areas. Helping the top and bottom lines, however, is an ever-increasing customer base. For example, NJR has added almost 5,000 new accounts so far this year. Even so, share earnings fell approximately 34% in the first nine months. And we believe the overall spottiness in the economy, coupled with higher natural gas prices, will continue to apply pressure to margins this year. In all, we look for earnings to decline about 30% for the year.

The company's bottom line ought to rebound in 2009. The NJNG division has a pending rate case in New Jersey. A favorable ruling would increase the base rates by 7.5%, or about \$58.6 million. Meanwhile, a second case was initiated last quarter. It deals with off-system sales, capacity release, storage optimization, and financial risk management programs.

Should these cases be approved, they would benefit both revenues and earnings, as well as provide customer savings. **Capital projects ought to bear fruit in the years to come.** The FERC recently approved the development of 12 billion cubic feet of working natural gas storage capacity in Pennsylvania for the Steckman Ridge location. This facility will provide extra capacity during the peak winter and summer months to the Northeast. Meanwhile, construction has begun on a new 16-inch main pipeline that will bring natural gas service to Whiting, NJ. Combined, these projects should provide a boon NJR's prospects in the coming years.

These shares may appeal to conservative, income-oriented accounts. A solid dividend yield and high marks for Price Stability make this stock a selectively attractive purchase. Meanwhile, the equity is ranked to mirror the broader market for the coming year. On the downside, the stock's current quotation sits within our Target Price Range. This suggests the issue offers little, if any, appreciation potential for the pull to 2011-2013.

Bryan Fong *September 12, 2008*

(A) Fiscal year ends Sept. 30th.
 (B) Diluted earnings. Next earnings report due late Oct.
 (C) Dividends historically paid in early January.
 (D) Includes regulatory assets in 2007: \$312.4 million, \$11.24/share.

(E) In millions, adjusted for split.
 (F) Restated.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	50

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N.W. NAT'L GAS NYSE-NWN										RECENT PRICE	P/E RATIO					RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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TIMELINESS	4	Lowered 7/20/07	High: 25.9	31.4	30.8	27.9	27.5	26.8	30.7	31.3	34.1	39.6	43.7	52.8	Target Price Range 2010 2011 2012																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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Due in 5 Yrs \$179.7 mill. LT Debt \$517.0 mill. LT Interest \$31.0 mill. (Total interest coverage: 3.5x) </td> </tr> <tr> <td colspan="17"> Pension Assets-12/06 \$236 mill. Oblig. \$269 mill. Pfd Stock None </td> </tr> <tr> <td colspan="17"> Common Stock 26,580,275 shs. as of 7/31/07 MARKET CAP \$1.3 billion (Mid Cap) </td> </tr> <tr> <td colspan="17"> <table border="1"> <thead> <tr> <th>CURRENT POSITION (\$MILL)</th> <th>2005</th> <th>2006</th> <th>6/30/07</th> </tr> </thead> <tbody> <tr> <td>Cash Assets</td> <td>7.1</td> <td>5.8</td> <td>4.9</td> </tr> <tr> <td>Other</td> <td>316.6</td> <td>303.0</td> <td>156.6</td> </tr> <tr> <td>Current Assets</td> <td>323.7</td> <td>308.8</td> <td>161.5</td> </tr> <tr> <td>Accts Payable</td> <td>135.3</td> <td>113.6</td> <td>66.3</td> </tr> <tr> <td>Debt Due</td> <td>134.7</td> <td>129.6</td> <td>42.1</td> </tr> <tr> <td>Other</td> <td>56.6</td> <td>98.3</td> <td>105.3</td> </tr> <tr> <td>Current Liab.</td> <td>326.6</td> <td>341.5</td> <td>213.7</td> </tr> <tr> <td>Fx. Chg. Cov.</td> <td>340%</td> <td>349%</td> <td>NMF</td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="17"> <table border="1"> <thead> <tr> <th>ANNUAL RATES of change (per sh)</th> <th>Past 10 Yrs.</th> <th>Past 5 Yrs.</th> <th>Est'd '04-'06 to '10-'12</th> </tr> </thead> <tbody> <tr> <td>Revenues</td> <td>6.5%</td> <td>8.0%</td> <td>6.5%</td> </tr> <tr> <td>"Cash Flow"</td> <td>2.0%</td> <td>3.0%</td> <td>5.0%</td> </tr> <tr> <td>Earnings</td> <td>2.0%</td> <td>3.0%</td> <td>7.0%</td> </tr> <tr> <td>Dividends</td> <td>1.0%</td> <td>1.5%</td> <td>5.5%</td> </tr> <tr> <td>Book Value</td> <td>4.0%</td> <td>3.5%</td> <td>3.5%</td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="17"> <table border="1"> <thead> <tr> <th>Cal-endar</th> <th>QUARTERLY REVENUES (\$mill)</th> <th>Full Year</th> </tr> <tr> <th></th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th></th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>254.5</td> <td>109.7</td> <td>81.4</td> <td>262.0</td> <td>707.6</td> </tr> <tr> <td>2005</td> <td>308.7</td> <td>153.7</td> <td>106.7</td> <td>341.4</td> <td>910.5</td> </tr> <tr> <td>2006</td> <td>390.4</td> <td>171.0</td> <td>114.9</td> <td>336.9</td> <td>1013.2</td> </tr> <tr> <td>2007</td> <td>394.1</td> <td>183.2</td> <td>120</td> <td>342.7</td> <td>1040</td> </tr> <tr> <td>2008</td> <td>405</td> <td>190</td> <td>125</td> <td>355</td> <td>1075</td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="17"> <table border="1"> <thead> <tr> <th>Cal-endar</th> <th>EARNINGS PER SHARE ^A</th> <th>Full Year</th> </tr> <tr> <th></th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th></th> </tr> </thead> <tbody> <tr> <td>2004</td> <td>1.24</td> <td>d.03</td> <td>d.30</td> <td>.95</td> <td>1.86</td> </tr> <tr> <td>2005</td> <td>1.44</td> <td>.04</td> <td>d.31</td> <td>.94</td> <td>2.11</td> </tr> <tr> <td>2006</td> <td>1.48</td> <td>.07</td> <td>d.35</td> <td>1.15</td> <td>2.35</td> </tr> <tr> <td>2007</td> <td>1.70</td> <td>.10</td> <td>d.33</td> <td>1.18</td> <td>2.65</td> </tr> <tr> <td>2008</td> <td>1.69</td> <td>.08</td> <td>d.33</td> <td>1.21</td> <td>2.65</td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="17"> <table border="1"> <thead> <tr> <th>Cal-endar</th> <th>QUARTERLY DIVIDENDS PAID ^B</th> <th>Full Year</th> </tr> <tr> <th></th> <th>Mar.31</th> <th>Jun.30</th> <th>Sep.30</th> <th>Dec.31</th> <th></th> </tr> </thead> <tbody> <tr> <td>2003</td> <td>.315</td> <td>.315</td> <td>.315</td> <td>.325</td> <td>1.27</td> </tr> <tr> <td>2004</td> <td>.325</td> <td>.325</td> <td>.325</td> <td>.325</td> <td>1.30</td> </tr> <tr> <td>2005</td> <td>.325</td> <td>.325</td> <td>.325</td> <td>.345</td> <td>1.32</td> </tr> <tr> <td>2006</td> <td>.345</td> <td>.345</td> <td>.345</td> <td>.355</td> <td>1.39</td> </tr> <tr> <td>2007</td> <td>.355</td> <td>.355</td> <td>.355</td> <td></td> <td></td> </tr> </tbody> </table> </td> </tr> <tr> <td colspan="17"> BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 641,000 customers, in Oregon (90% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system. </td> </tr> <tr> <td colspan="17"> Northwest Natural remains on track for a record year. Earnings rose a bit in the seasonally slow second quarter as a result of higher profits in the small gas storage business. Gas distribution profits were at roughly breakeven, as in the prior-year period. First-quarter earnings benefited from \$0.22 a share in profits from the purchased gas adjustment in Oregon. Northwest retains one third of the difference between forecast and actual gas costs in Oregon, whether at a profit or loss; in Washington, 100% of gas costs are passed through to customers. </td> </tr> <tr> <td colspan="17"> We anticipate little change in earnings over the balance of the year. Customer growth was about 2.6% in the first half of the year. While that's still about double the national average, it's down from last year. With the crisis in housing continuing, customer growth will probably continue to fall, while remaining above the national average. </td> </tr> <tr> <td colspan="17"> Earnings will likely be about the same in 2008, barring another large gain from astute gas purchasing in Oregon. Customer growth will probably remain above 2%, and costs should remain under good control as Northwest completes its work reorganization program, now under way. The program aims to reduce cost creep by centralizing and standardizing the utility's operations, while outsourcing new construction and some other non-emergency response work. </td> </tr> <tr> <td colspan="17"> Earnings and dividend growth ought to be above industry averages out to 2010-2012. 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BUSINESS: Northwest Natural Gas Co. distributes natural gas to 90 communities, 641,000 customers, in Oregon (90% of customers) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.5 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Northwest Natural remains on track for a record year. Earnings rose a bit in the seasonally slow second quarter as a result of higher profits in the small gas storage business. Gas distribution profits were at roughly breakeven, as in the prior-year period. First-quarter earnings benefited from \$0.22 a share in profits from the purchased gas adjustment in Oregon. Northwest retains one third of the difference between forecast and actual gas costs in Oregon, whether at a profit or loss; in Washington, 100% of gas costs are passed through to customers.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
We anticipate little change in earnings over the balance of the year. Customer growth was about 2.6% in the first half of the year. While that's still about double the national average, it's down from last year. With the crisis in housing continuing, customer growth will probably continue to fall, while remaining above the national average.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Earnings will likely be about the same in 2008, barring another large gain from astute gas purchasing in Oregon. Customer growth will probably remain above 2%, and costs should remain under good control as Northwest completes its work reorganization program, now under way. The program aims to reduce cost creep by centralizing and standardizing the utility's operations, while outsourcing new construction and some other non-emergency response work.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
Earnings and dividend growth ought to be above industry averages out to 2010-2012. Earnings should benefit from Oregon's weather normalization and conservation clauses, which protect Northwest's profits from the effects of unusual weather and lower usage due to conservation. And the state is extending the urban density boundary to the southeast of Portland; the move will probably cause rapid population and customer growth there. Moreover, three new liquefied natural gas plants in Northwest's territory could add to its throughput by 2012.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
These untimely, high-quality shares may appeal to conservative accounts. NWN's dividend yield is below the industry average, but earnings growth should be above average, producing worthwhile, risk-adjusted total-return potential.																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
<i>Sigourney B. Romaine September 14, 2007</i>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												

(A) Diluted earnings per share. Excludes non-recurring items: '98, \$0.15; '00, \$0.11; '06, (\$0.06). Next earnings report due early November.

(B) Dividends historically paid in mid-February, mid-May, mid-August, and mid-November. Dividend reinvestment plan available. (C) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	65
Earnings Predictability	80

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PIEDMONT NAT'L GAS NYSE-PNY		RECENT PRICE	26.46	P/E RATIO	18.6 (Trailing: 19.0 Median: 17.0)	RELATIVE P/E RATIO	1.04	DIV'D YLD	3.8%	VALUE LINE										
TIMELINESS	3 Raised 6/15/07	High: 12.9	18.2	18.1	18.3	19.7	19.0	19.0	22.0	24.3	25.8	28.4	27.5		Target Price Range					
SAFETY	2 New 7/27/90	Low: 10.3	11.0	13.9	14.3	11.8	14.6	13.7	16.6	19.2	21.3	23.2	22.0		2010	2011				
TECHNICAL	3 Raised 7/6/07	LEGENDS 1.40 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 11/04 Options: No Shaded area indicates recession																		
BETA	.80 (1.00 = Market)	2010-12 PROJECTIONS Price Gain Ann'l Total High 45 (+70%) 17% Low 30 (+15%) 7%																		
Insider Decisions O N D J F M A M J to Buy 0 0 0 0 0 1 0 0 0 Options 0 0 0 0 0 0 0 0 0 to Sell 0 0 1 0 0 0 1 0 0		Institutional Decisions 4Q2006 1Q2007 2Q2007 to Buy 79 74 84 to Sell 70 70 77 Hid's(000) 33589 31059 35264 Percent shares traded 7.5 5 2.5										% TOT. RETURN 8/07 THIS STOCK VL ARITH. INDEX 1 yr. 5.1 15.8 3 yr. 36.4 52.6 5 yr. 79.1 126.5								
1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12	
8.32	8.91	10.57	10.82	8.76	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.80	25.55	26.85	Revenues per sh ^A	30.65	
.78	1.07	1.14	1.13	1.25	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.50	2.55	2.65	"Cash Flow" per sh	2.95	
.44	.70	.73	.68	.73	.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	1.27	1.45	1.50	Earnings per sh ^B	1.70	
.44	.46	.48	.51	.54	.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	.95	1.00	1.04	Div'ds Decl'd per sh ^C	1.16	
1.37	1.41	1.58	1.95	1.72	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.95	2.05	Cap'l Spending per sh	2.30	
4.83	5.13	5.45	5.68	6.16	6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.83	12.15	12.40	Book Value per sh ^D	13.60	
49.46	51.59	52.30	53.15	57.67	59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	74.61	73.80	73.00	Common Shs Outst'g ^E	71.80	
16.3	12.3	15.4	15.7	13.8	13.9	13.6	13.7	14.3	16.7	18.4	16.7	16.6	17.9	19.4	Bold figures are Value Line estimates		19.4	Avg Ann'l P/E Ratio	22.0	
1.04	.75	.91	1.03	.92	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	1.02			Relative P/E Ratio	1.30	
6.0%	5.3%	4.3%	4.8%	5.4%	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%			Avg Ann'l Div'd Yield	3.5%	
CAPITAL STRUCTURE as of 4/30/07 Total Debt \$854.5 mill. Due in 5 Yrs \$150.0 mill. LT Debt \$825.0 mill. LT Interest \$50.0 mill. (LT interest earned: 4.0x; total interest coverage: 4.0x)		775.5	765.3	686.5	830.4	1107.9	832.0	1220.8	1529.7	1761.1	1924.7	1885	1960	1960	1960	1960	1960	1960	Revenues (\$mill) ^A	2200
Pension Assets-10/06 \$211.9 mill. Oblig. \$236.3 mill.		55.2	60.3	58.2	64.0	65.5	62.2	74.4	95.2	101.3	96.7	105	110	110	110	110	110	110	Net Profit (\$mill)	120
Prd Stock None		39.1%	39.2%	39.7%	34.7%	34.6%	33.1%	34.8%	35.1%	33.7%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	Income Tax Rate	35.0%
Common Stock 73,909,836 shs. as of 6/4/07 MARKET CAP: \$2.0 billion (Mid Cap)		7.1%	7.9%	8.5%	7.7%	5.9%	7.5%	6.1%	6.2%	5.8%	5.0%	5.7%	5.6%	5.0%	4.9%	4.9%	5.0%	5.0%	Long-Term Debt Ratio	48.7%
CURRENT POSITION (\$MILL) Cash Assets 7.1 8.9 10.4 Other 497.8 467.1 375.0 Current Assets 504.9 476.0 385.4 Accts Payable 182.8 80.3 101.7 Debt Due 193.5 170.0 29.5 Other 152.3 150.1 133.9 Current Liab. 528.6 400.4 265.1 Fix. Chg. Cov. 271% 261% 300%		47.6%	44.7%	46.2%	46.1%	47.6%	43.9%	42.2%	43.6%	41.4%	48.3%	49.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	Common Equity Ratio	51.3%
ANNUAL RATES Past Past Est'd '04-'06 of change (per sh) 10 Yrs. 5 Yrs. to '10-'12 Revenues 7.5% 11.0% 5.0% "Cash Flow" 7.0% 5.5% 3.5% Earnings 5.5% 5.0% 4.5% Dividends 5.5% 5.0% 4.5% Book Value 6.5% 6.5% 3.0%		800.8	829.3	914.7	978.4	1069.4	1051.6	1090.2	1514.9	1509.2	1708.0	1755	1810	1810	1810	1810	1810	1810	Total Capital (\$mill)	1910
QUARTERLY REVENUES (\$ mill.)^A Full Fiscal Year Jan.31 Apr.30 Jul.31 Oct.31 2004 618.8 482.4 214.7 213.8 1529.7 2005 680.6 508.0 232.9 339.6 1761.1 2006 921.4 483.2 237.9 282.2 1924.7 2007 677.2 531.6 336 340.2 1885 2008 800 540 275 345 1960		941.7	990.6	1047.0	1072.0	1114.7	1158.5	1812.3	1849.8	1939.1	2075.0	2100	2150	2150	2150	2150	2150	2150	Net Plant (\$mill)	2350
EARNINGS PER SHARE^{A B F} Full Fiscal Year Jan.31 Apr.30 Jul.31 Oct.31 2004 1.03 .54 d.11 d.21 1.27 2005 .93 .52 d.06 d.07 1.32 2006 .94 .57 d.16 d.08 1.27 2007 .94 .69 d.10 d.08 1.45 2008 .95 .65 d.06 d.04 1.50		8.9%	9.2%	8.1%	8.3%	7.9%	7.8%	8.6%	7.8%	8.2%	7.1%	7.5%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	Return on Total Cap'l	7.5%
QUARTERLY DIVIDENDS PAID^C Full Year Mar.31 Jun.30 Sep.30 Dec.31 2003 .20 .208 .208 .208 .82 2004 .208 .215 .215 .215 .85 2005 .215 .23 .23 .23 .91 2006 .23 .24 .24 .24 .95 2007 .25 .25 .25 .25 .95		13.1%	13.2%	11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	11.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	Return on Shr. Equity	12.5%
Business: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 1,016,000 customers in North Carolina, South Carolina, and Tennessee. 2006 revenue mix: residential (44%), commercial (26%), industrial (11%), other (19%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 72.8% of revenues. '06 deprec. rate: 3.5%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 2,051 employees. Officers & directors own less than 1% of common stock (1/07 proxy). Chairman, CEO, & President: Thomas E. Skains, Inc.: NC. Addr.: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-731-4226. Internet: www.piedmonting.com.		4.6%	4.7%	3.3%	3.5%	3.0%	1.7%	3.1%	3.7%	3.6%	2.8%	3.5%	3.5%	3.6%	68%	68%	69%	69%	Retained to Com Eq	4.0%
Piedmont Natural Gas likely posted solid earnings advances in the first nine months of fiscal 2007, in comparison to last year. Share-net losses are probable in the third and fourth quarters, as is the norm for this seasonal business. The top line likely experienced a decline sequentially, a trend that should continue in the fourth quarter. However, margin stabilization features, coupled with business process improvements, have helped spur cost savings and greater efficiency. In fact, the company has reduced expenses by 5% so far this year. All told, we look for the annual earnings tally to rise approximately 15% over last year.		65%	65%	72%	71%	75%	83%	74%	66%	68%	75%	69%	69%	69%	69%	69%	69%	69%	All Div'ds to Net Prof	69%
The Hardy Storage Company, Piedmont's joint venture, is on schedule for the 2007-2008 winter season. The storage facility initiated service and began accepting gas during the April period. Hardy adds a cost-effective and diverse underground storage asset to PNY's supply portfolio. At present, Piedmont is trying to build sufficient reserves to serve the North Carolina and South Carolina markets during the upcoming winter months. Should capacity allow, the company may well garner additional income from off-system sales to other providers. In turn, a large portion of these proceeds can finance customer refunds, which would not only boost the top line, but help increase customer retention.		We look for year-to-year earnings advances to moderate in 2008 and beyond. Even with an expanding customer base, above-average temperatures are affecting the top line. And most of the margin improvements stemming from cost-cutting efforts should be seen in the current year. Thus, we anticipate future share-net gains to occur at a slower pace. These shares are moderately appealing at this time. The equity's appreciation potential for the 3- to 5-year timeframe is about average. And it is ranked to perform in line with the overall market for the year ahead. Investors with an eye on capital preservation should note the issue's Above-Average Safety rank (2), and its top score for Price Stability, which is evident in its stable quotation during recent market downturns. Too, it offers an attractive dividend yield.										Bryan Fong September 14, 2007								
(A) Fiscal year ends October 31st. (B) Diluted earnings. Excl. extraordinary item: '00, 8c. Excl. nonrecurring charge: '97, 2c. Next earnings report due early Nov. (C) Dividends historically paid mid-January, April, July, October. (D) Includes deferred charges. At 10/31/06. (E) In millions, adjusted for stock split. (F) Quarters may not add to total due to change in shares outstanding.		Company's Financial Strength B++ Stock's Price Stability 100 Price Growth Persistence 60 Earnings Predictability 80										To subscribe call 1-800-833-0046.								

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PIEDMONT NAT'L GAS NYSE-PNY										RECENT PRICE	29.19	P/E RATIO	18.2 (Trailing: 18.8 Median: 17.0)	RELATIVE P/E RATIO	1.17	DIV'D YLD	3.6%	VALUE LINE																																																																																																																																																																																																																																						
TIMELINESS	3	Raised 6/15/07	High: 18.2	18.1	18.3	19.7	19.0	19.0	22.0	24.3	25.8	28.4	28.0	29.5	Target Price Range 2011-2013																																																																																																																																																																																																																																									
SAFETY	2	New 7/27/90	Low: 11.0	13.9	14.3	11.8	14.6	13.7	16.6	19.2	21.3	23.2	22.0	24.0																																																																																																																																																																																																																																										
TECHNICAL	3	Lowered 9/12/08	LEGENDS 1.40 x Dividends p sh divided by Interest Rate Relative Price Strength 2-for-1 split 11/04 Options: Yes Shaded area indicates recession																																																																																																																																																																																																																																																					
BETA	.80	(1.00 = Market)	2011-13 PROJECTIONS Price Gain Ann'l Total High 40 (+35%) 11% Low 30 (+5%) 5%																																																																																																																																																																																																																																																					
Insider Decisions			<table border="1"> <tr><th></th><th>O</th><th>N</th><th>D</th><th>J</th><th>F</th><th>M</th><th>A</th><th>M</th><th>J</th></tr> <tr><td>to Buy</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Options</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>to Sell</td><td>0</td><td>0</td><td>0</td><td>0</td><td>2</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> </table>														O	N	D	J	F	M	A	M	J	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	2	0	0	0	0																																																																																																																																																																																																	
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Common Shs Outst'g ^E	51.59	52.30	53.15	57.67	59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	74.61	73.23	73.00	72.75	Common Shs Outst'g ^E	72.00																																																																																																																																																																																																																																				
Avg Ann'l P/E Ratio	12.3	15.4	15.7	13.8	13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9	19.2	18.7	18.7	18.7	Avg Ann'l P/E Ratio	18.0																																																																																																																																																																																																																																				
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Avg Ann'l Div'd Yield	5.3%	4.3%	4.8%	5.4%	4.8%	4.0%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%	3.8%	Avg Ann'l Div'd Yield	3.1%																																																																																																																																																																																																																																				
CAPITAL STRUCTURE as of 4/30/08 Total Debt \$903.2 mill. Due in 5 Yrs \$150.0 mill. LT Debt \$824.7 mill. LT Interest \$55.7 mill. (LT interest earned: 4.0x; total interest coverage: 4.0x)																																																																																																																																																																																																																																																								
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ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13 Revenues 8.0% 11.0% 4.5% "Cash Flow" 5.5% 7.0% 4.0% Earnings 5.0% 6.0% 7.0% Dividends 5.0% 4.5% 4.0% Book Value 6.0% 6.5% 4.0%																																																																																																																																																																																																																																																								
QUARTERLY REVENUES (\$ mill.) ^A <table border="1"> <tr><th>Fiscal Year Ends</th><th>Jan.31</th><th>Apr.30</th><th>Jul.31</th><th>Oct.31</th><th>Full Fiscal Year</th></tr> <tr><td>2005</td><td>680.6</td><td>508.0</td><td>232.9</td><td>339.6</td><td>1761.1</td></tr> <tr><td>2006</td><td>921.4</td><td>483.2</td><td>237.9</td><td>282.2</td><td>1924.7</td></tr> <tr><td>2007</td><td>677.2</td><td>531.5</td><td>224.4</td><td>278.2</td><td>1711.3</td></tr> <tr><td>2008</td><td>788.5</td><td>634.2</td><td>250</td><td>302.3</td><td>1975</td></tr> <tr><td>2009</td><td>815</td><td>655</td><td>255</td><td>310</td><td>2035</td></tr> </table>																		Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year	2005	680.6	508.0	232.9	339.6	1761.1	2006	921.4	483.2	237.9	282.2	1924.7	2007	677.2	531.5	224.4	278.2	1711.3	2008	788.5	634.2	250	302.3	1975	2009	815	655	255	310	2035																																																																																																																																																																																																			
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BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 932,097 customers in North Carolina, South Carolina, and Tennessee. 2007 revenue mix: residential (54%), commercial (30%), industrial (14%), other (2%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 69.4% of revenues. '07 deprec. rate: 3.4%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,876 employees. Officers & directors own less than 1% of common stock (1/08 proxy). Chairman, CEO, & President: Thomas E. Skains, Inc.: NC. Addr.: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmonting.com.																																																																																																																																																																																																																																																								
Piedmont Natural Gas continues to perform well despite a difficult operating environment. Its revenues have been advancing at a nice clip. This trend stems from additions to its customer base resulting in higher top-line volumes. But margins have been impacted as rising commodity prices pushed up the cost of gas by 5%. This metric now sits at 75% of operating revenues. These factors hurt PNY's April-period results. However, We look for the company to have posted July-period results in line with last year. This would represent a 20% improvement compared to our previous estimate. Greater efficiency likely stemmed from solid cost-control efforts. Piedmont has been implementing process improvements that have been starting to take hold in the form of lower expenses. Consequently, we have improved our share-net estimates for the second half of the year. The bottom line ought to advance approximately 11% and 3% for this year and next, respectively. The bulk of the efficiency initiatives will likely take hold this year. Thus, we estimate 2009's share-earnings will moderate on a year-to-year																																																																																																																																																																																																																																																								
comparable basis. Meanwhile, a bit of uncertainty stems from the company's joint venture with Southstar. Its profitability has been hurt as a result of the difficult natural gas markets. On a brighter note, capital projects augur well for Piedmont's longer-term prospects. The company recently announced its plans to construct a liquefied natural gas peak storage facility in North Carolina. This project is in its preliminary stages, and PNY expects its cost to range from \$300 million-\$350 million. The new facility should be capable of storing roughly 1.25 billion cubic feet of natural gas for use during times of peak demand. It is expected to be in service for the 2012-2013 winter heating season. These shares may appeal to income-oriented accounts stressing safety. This is made possible by the solid dividend yield and high mark for Price Stability. However, given the fact that the stock's current quotation sits near our Target Price Range, its total return potential for the coming 3 to 5 years is only average for a gas utility.																																																																																																																																																																																																																																																								
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To subscribe call 1-800-833-0046.																																																																																																																																																																																																																																																								

(A) Fiscal year ends October 31st.
 (B) Diluted earnings. Excl. extraordinary item: '00, 8c. Excl. nonrecurring charge '97, 2c. Next earnings report due early Nov.
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(C) Dividends historically paid mid-January, April, July, October.
 (D) Includes deferred charges. In 2007: \$23.9 million, 33c/share.
 (E) In millions, adjusted for stock split.
 (F) Quarters may not add to total due to change in shares outstanding.

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SOUTH JERSEY INDS. NYSE-SJI										RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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Internet: www.sjindustries.com.</p> </td></tr> <tr><td colspan="17"> <p>South Jersey Industries reported solid top-line growth for the second quarter. This was a result of strength in nonutility operations, as sales in these businesses advanced roughly 35%. Revenue comparisons ought to remain favorable going forward, and we project a top-line advance in the mid-single digits for 2007. Readers are advised that share earnings are now based on economic earnings, a non-GAAP measure that excludes highly volatile unrealized gains and losses from commodity derivative transactions. As a result, bottom-line figures from 2007 onward are not directly comparable with those from prior years.</p> <p>Subsidiary South Jersey Gas has been reporting mixed performance. Revenues at this business decreased roughly 9% in the second quarter. A greater decline in operating costs resulted in improving margins, and operating income advanced 17%. This was partly due to the Conservation Incentive Program (CIP), which continues to benefit performance. This initiative allows South Jersey Gas to promote energy conservation, while insulating the company from the negative impact of lower customer utilization. The CIP augmented the bottom line by \$1.4 million in the recent interim. Looking forward, customer growth may ease to a degree, owing to the housing slowdown. Despite this, we are optimistic about the prospects for this business over the long haul, as natural gas will likely remain the fuel of choice within its service territory.</p> <p>The company has announced a new project for Marina Energy. Marina and DCO Energy have formed an agreement with the Salem County Utilities Authority (SCUA) to construct, own, and operate a facility that will generate electricity from landfill methane gas in Salem County. The companies will sell the project's electricity to SCUA over a 20-year period. This facility will probably be constructed and operating by the third quarter of next year.</p> <p>This stock is untimely. However, these good-quality shares have superior scores for Price Stability and Earnings Predictability. This issue offers worthwhile total return potential for a natural gas utility company, and may interest investors looking for exposure to its industry.</p> <p><i>Michael Napoli, CPA September 14, 2007</i></p> </td></tr> <tr><td colspan="17"> <table border="1"> <tr><th>Cal-endar</th><th>QUARTERLY REVENUES (\$mill)</th><th>Full Year</th></tr> <tr><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th>Year</th></tr> <tr><td>2004</td><td>307.6</td><td>136.5</td><td>129.5</td><td>245.5</td><td>819.1</td></tr> <tr><td>2005</td><td>328.6</td><td>154.0</td><td>157.0</td><td>281.4</td><td>921.0</td></tr> <tr><td>2006</td><td>372.6</td><td>153.8</td><td>154.7</td><td>250.3</td><td>931.4</td></tr> <tr><td>2007</td><td>368.4</td><td>171.7</td><td>160</td><td>269.9</td><td>970</td></tr> <tr><td>2008</td><td>390</td><td>190</td><td>170</td><td>280</td><td>1030</td></tr> </table> </td></tr> <tr><td colspan="17"> <table border="1"> <tr><th>Cal-endar</th><th>EARNINGS PER SHARE A</th><th>Full Year</th></tr> <tr><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th>Year</th></tr> <tr><td>2004</td><td>.91</td><td>.15</td><td>.02</td><td>.50</td><td>1.58</td></tr> <tr><td>2005</td><td>.96</td><td>.27</td><td>.09</td><td>.39</td><td>1.71</td></tr> <tr><td>2006</td><td>1.06</td><td>.20</td><td>.51</td><td>.69</td><td>2.46</td></tr> <tr><td>2007</td><td>1.30</td><td>.21</td><td>.25</td><td>.39</td><td>2.15</td></tr> <tr><td>2008</td><td>1.25</td><td>.25</td><td>.35</td><td>.50</td><td>2.35</td></tr> </table> </td></tr> <tr><td colspan="17"> <table border="1"> <tr><th>Cal-endar</th><th>QUARTERLY DIVIDENDS PAID B=C</th><th>Full Year</th></tr> <tr><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th>Year</th></tr> <tr><td>2003</td><td>--</td><td>.193</td><td>.193</td><td>.395</td><td>.78</td></tr> <tr><td>2004</td><td>--</td><td>.202</td><td>.202</td><td>.415</td><td>.82</td></tr> <tr><td>2005</td><td>--</td><td>.213</td><td>.213</td><td>.438</td><td>.86</td></tr> <tr><td>2006</td><td>--</td><td>.225</td><td>.225</td><td>.470</td><td>.92</td></tr> <tr><td>2007</td><td>--</td><td>.245</td><td>.245</td><td></td><td></td></tr> </table> </td></tr> <tr><td colspan="17"> <p>(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: Q1 2007, \$0.92; Q2 2007, \$0.37. Excl. nonrecr. gain: '01, \$0.13. Excl gain (losses) from disc. cont. ops.: '96, \$1.14; '97, (\$0.24); '98, (\$0.26); '99, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02). Next eps. report due early November.</p> <p>(B) Dividends paid early Apr., Jul., Oct., and late Dec. Div. reinvest. plan avail. (C) Incl. regulatory assets. At 6/30/07: \$228.2 mill., \$7.73 per shr. (D) In millions, adjusted for split.</p> </td></tr> <tr><td colspan="17"> <table border="1"> <tr><th colspan="2">Company's Financial Strength</th><th>B++</th></tr> <tr><td>Stock's Price Stability</td><td></td><td>100</td></tr> <tr><td>Price Growth Persistence</td><td></td><td>95</td></tr> <tr><td>Earnings Predictability</td><td></td><td>90</td></tr> </table> </td></tr> <tr><td colspan="17">To subscribe call 1-800-833-0046.</td></tr> </table>																		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12	15.10	16.67	17.03	17.45	16.50	16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	31.77	32.60	33.75	33.75	Revenues per sh	37.50	1.37	1.56	1.54	1.35	1.65	1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	3.49	3.49	3.49	3.49	"Cash Flow" per sh	4.05	.64	.81	.78	.61	.83	.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	2.46	2.15	2.35	2.35	Earnings per sh A	2.85	.71	.71	.72	.72	.72	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	.98	1.04	1.04	Div'ds Decl'd per sh B	1.20	2.17	1.69	1.87	1.93	2.08	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	2.00	2.45	2.45	Cap'l Spending per sh	3.15	6.77	6.95	7.17	7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.45	16.70	16.70	Book Value per sh C	17.95	18.48	19.00	19.61	21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.75	30.50	30.50	Common Shs Outst'g D	32.00	14.5	13.2	15.8	16.1	12.2	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	11.9	11.9	11.9	Avg Ann'l P/E Ratio	14.0	.93	.80	.93	1.06	.82	.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	.64	.64	.64	.64	Relative P/E Ratio	.95	7.6%	6.6%	5.9%	7.4%	7.2%	6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	3.2%	3.2%	3.2%	Avg Ann'l Div'd Yield	3.0%	CAPITAL STRUCTURE as of 6/30/07																	Total Debt \$467.0 mill. 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Off/dir. cntrl. 1.2% of com. shares; Dimensional Fund Advisors, 8.3%; Barclays, 6.0% (3/07 proxy). Chrmn. & CEO: Edward Graham. Incorpor. NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.</p>																	<p>South Jersey Industries reported solid top-line growth for the second quarter. This was a result of strength in nonutility operations, as sales in these businesses advanced roughly 35%. Revenue comparisons ought to remain favorable going forward, and we project a top-line advance in the mid-single digits for 2007. Readers are advised that share earnings are now based on economic earnings, a non-GAAP measure that excludes highly volatile unrealized gains and losses from commodity derivative transactions. As a result, bottom-line figures from 2007 onward are not directly comparable with those from prior years.</p> <p>Subsidiary South Jersey Gas has been reporting mixed performance. Revenues at this business decreased roughly 9% in the second quarter. A greater decline in operating costs resulted in improving margins, and operating income advanced 17%. This was partly due to the Conservation Incentive Program (CIP), which continues to benefit performance. This initiative allows South Jersey Gas to promote energy conservation, while insulating the company from the negative impact of lower customer utilization. The CIP augmented the bottom line by \$1.4 million in the recent interim. Looking forward, customer growth may ease to a degree, owing to the housing slowdown. Despite this, we are optimistic about the prospects for this business over the long haul, as natural gas will likely remain the fuel of choice within its service territory.</p> <p>The company has announced a new project for Marina Energy. Marina and DCO Energy have formed an agreement with the Salem County Utilities Authority (SCUA) to construct, own, and operate a facility that will generate electricity from landfill methane gas in Salem County. The companies will sell the project's electricity to SCUA over a 20-year period. This facility will probably be constructed and operating by the third quarter of next year.</p> <p>This stock is untimely. However, these good-quality shares have superior scores for Price Stability and Earnings Predictability. This issue offers worthwhile total return potential for a natural gas utility company, and may interest investors looking for exposure to its industry.</p> <p><i>Michael Napoli, CPA September 14, 2007</i></p>																	<table border="1"> <tr><th>Cal-endar</th><th>QUARTERLY REVENUES (\$mill)</th><th>Full Year</th></tr> <tr><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th>Year</th></tr> <tr><td>2004</td><td>307.6</td><td>136.5</td><td>129.5</td><td>245.5</td><td>819.1</td></tr> <tr><td>2005</td><td>328.6</td><td>154.0</td><td>157.0</td><td>281.4</td><td>921.0</td></tr> <tr><td>2006</td><td>372.6</td><td>153.8</td><td>154.7</td><td>250.3</td><td>931.4</td></tr> <tr><td>2007</td><td>368.4</td><td>171.7</td><td>160</td><td>269.9</td><td>970</td></tr> <tr><td>2008</td><td>390</td><td>190</td><td>170</td><td>280</td><td>1030</td></tr> </table>																	Cal-endar	QUARTERLY REVENUES (\$mill)	Full Year	Mar.31	Jun.30	Sep.30	Dec.31	Year	2004	307.6	136.5	129.5	245.5	819.1	2005	328.6	154.0	157.0	281.4	921.0	2006	372.6	153.8	154.7	250.3	931.4	2007	368.4	171.7	160	269.9	970	2008	390	190	170	280	1030	<table border="1"> <tr><th>Cal-endar</th><th>EARNINGS PER SHARE A</th><th>Full Year</th></tr> <tr><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th>Year</th></tr> <tr><td>2004</td><td>.91</td><td>.15</td><td>.02</td><td>.50</td><td>1.58</td></tr> <tr><td>2005</td><td>.96</td><td>.27</td><td>.09</td><td>.39</td><td>1.71</td></tr> <tr><td>2006</td><td>1.06</td><td>.20</td><td>.51</td><td>.69</td><td>2.46</td></tr> <tr><td>2007</td><td>1.30</td><td>.21</td><td>.25</td><td>.39</td><td>2.15</td></tr> <tr><td>2008</td><td>1.25</td><td>.25</td><td>.35</td><td>.50</td><td>2.35</td></tr> </table>																	Cal-endar	EARNINGS PER SHARE A	Full Year	Mar.31	Jun.30	Sep.30	Dec.31	Year	2004	.91	.15	.02	.50	1.58	2005	.96	.27	.09	.39	1.71	2006	1.06	.20	.51	.69	2.46	2007	1.30	.21	.25	.39	2.15	2008	1.25	.25	.35	.50	2.35	<table border="1"> <tr><th>Cal-endar</th><th>QUARTERLY DIVIDENDS PAID B=C</th><th>Full Year</th></tr> <tr><th>Mar.31</th><th>Jun.30</th><th>Sep.30</th><th>Dec.31</th><th>Year</th></tr> <tr><td>2003</td><td>--</td><td>.193</td><td>.193</td><td>.395</td><td>.78</td></tr> <tr><td>2004</td><td>--</td><td>.202</td><td>.202</td><td>.415</td><td>.82</td></tr> <tr><td>2005</td><td>--</td><td>.213</td><td>.213</td><td>.438</td><td>.86</td></tr> <tr><td>2006</td><td>--</td><td>.225</td><td>.225</td><td>.470</td><td>.92</td></tr> <tr><td>2007</td><td>--</td><td>.245</td><td>.245</td><td></td><td></td></tr> </table>																	Cal-endar	QUARTERLY DIVIDENDS PAID B=C	Full Year	Mar.31	Jun.30	Sep.30	Dec.31	Year	2003	--	.193	.193	.395	.78	2004	--	.202	.202	.415	.82	2005	--	.213	.213	.438	.86	2006	--	.225	.225	.470	.92	2007	--	.245	.245			<p>(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: Q1 2007, \$0.92; Q2 2007, \$0.37. Excl. nonrecr. gain: '01, \$0.13. Excl gain (losses) from disc. cont. ops.: '96, \$1.14; '97, (\$0.24); '98, (\$0.26); '99, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02). Next eps. report due early November.</p> <p>(B) Dividends paid early Apr., Jul., Oct., and late Dec. Div. reinvest. plan avail. (C) Incl. regulatory assets. At 6/30/07: \$228.2 mill., \$7.73 per shr. (D) In millions, adjusted for split.</p>																	<table border="1"> <tr><th colspan="2">Company's Financial Strength</th><th>B++</th></tr> <tr><td>Stock's Price Stability</td><td></td><td>100</td></tr> <tr><td>Price Growth Persistence</td><td></td><td>95</td></tr> <tr><td>Earnings Predictability</td><td></td><td>90</td></tr> </table>																	Company's Financial Strength		B++	Stock's Price Stability		100	Price Growth Persistence		95	Earnings Predictability		90	To subscribe call 1-800-833-0046.																
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15.10	16.67	17.03	17.45	16.50	16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	31.77	32.60	33.75	33.75	Revenues per sh	37.50																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
1.37	1.56	1.54	1.35	1.65	1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	3.49	3.49	3.49	3.49	"Cash Flow" per sh	4.05																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
.64	.81	.78	.61	.83	.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	2.46	2.15	2.35	2.35	Earnings per sh A	2.85																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
.71	.71	.72	.72	.72	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	.98	1.04	1.04	Div'ds Decl'd per sh B	1.20																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
2.17	1.69	1.87	1.93	2.08	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	2.00	2.45	2.45	Cap'l Spending per sh	3.15																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
6.77	6.95	7.17	7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.45	16.70	16.70	Book Value per sh C	17.95																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
18.48	19.00	19.61	21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.75	30.50	30.50	Common Shs Outst'g D	32.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
14.5	13.2	15.8	16.1	12.2	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	11.9	11.9	11.9	Avg Ann'l P/E Ratio	14.0																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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<p>BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 330,049 customers in New Jersey's southern counties, which covers 2,500 square miles and includes Atlantic City. Gas revenue mix '06: residential, 43%; commercial, 24%; cogeneration and electric generation, 3%; industrial, 30%. Non-utility operations include:</p> <p>South Jersey Energy, South Jersey Resources Group, Marina Energy, and South Jersey Energy Service Plus. Has 611 employees. Off/dir. cntrl. 1.2% of com. shares; Dimensional Fund Advisors, 8.3%; Barclays, 6.0% (3/07 proxy). Chrmn. & CEO: Edward Graham. Incorpor. NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.</p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
<p>South Jersey Industries reported solid top-line growth for the second quarter. This was a result of strength in nonutility operations, as sales in these businesses advanced roughly 35%. Revenue comparisons ought to remain favorable going forward, and we project a top-line advance in the mid-single digits for 2007. Readers are advised that share earnings are now based on economic earnings, a non-GAAP measure that excludes highly volatile unrealized gains and losses from commodity derivative transactions. As a result, bottom-line figures from 2007 onward are not directly comparable with those from prior years.</p> <p>Subsidiary South Jersey Gas has been reporting mixed performance. Revenues at this business decreased roughly 9% in the second quarter. A greater decline in operating costs resulted in improving margins, and operating income advanced 17%. This was partly due to the Conservation Incentive Program (CIP), which continues to benefit performance. This initiative allows South Jersey Gas to promote energy conservation, while insulating the company from the negative impact of lower customer utilization. The CIP augmented the bottom line by \$1.4 million in the recent interim. Looking forward, customer growth may ease to a degree, owing to the housing slowdown. Despite this, we are optimistic about the prospects for this business over the long haul, as natural gas will likely remain the fuel of choice within its service territory.</p> <p>The company has announced a new project for Marina Energy. Marina and DCO Energy have formed an agreement with the Salem County Utilities Authority (SCUA) to construct, own, and operate a facility that will generate electricity from landfill methane gas in Salem County. The companies will sell the project's electricity to SCUA over a 20-year period. This facility will probably be constructed and operating by the third quarter of next year.</p> <p>This stock is untimely. However, these good-quality shares have superior scores for Price Stability and Earnings Predictability. This issue offers worthwhile total return potential for a natural gas utility company, and may interest investors looking for exposure to its industry.</p> <p><i>Michael Napoli, CPA September 14, 2007</i></p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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<p>(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: Q1 2007, \$0.92; Q2 2007, \$0.37. Excl. nonrecr. gain: '01, \$0.13. Excl gain (losses) from disc. cont. ops.: '96, \$1.14; '97, (\$0.24); '98, (\$0.26); '99, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02). Next eps. report due early November.</p> <p>(B) Dividends paid early Apr., Jul., Oct., and late Dec. Div. reinvest. plan avail. (C) Incl. regulatory assets. At 6/30/07: \$228.2 mill., \$7.73 per shr. (D) In millions, adjusted for split.</p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																				
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SOUTH JERSEY INDS. NYSE-SJI										RECENT PRICE	35.91	P/E RATIO	15.4	(Trailing: 16.6 Median: 14.0)	RELATIVE P/E RATIO	0.99	DIV'D YLD	3.1%	VALUE LINE																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
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Due in 5 Yrs \$152.0 mill.</td> </tr> <tr> <td colspan="20">LT Debt \$332.8 mill. LT Interest \$18.0 mill.</td> </tr> <tr> <td colspan="20">(Total interest coverage: 3.3x)</td> </tr> <tr> <td colspan="20"> <table border="1"> <tr> <th></th> <th>2006</th> <th>2007</th> <th>6/30/08</th> </tr> <tr> <td>450.2</td> <td>392.5</td> <td>515.9</td> <td>837.3</td> </tr> <tr> <td>13.8</td> <td>22.0</td> <td>24.7</td> <td>26.8</td> </tr> <tr> <td>46.2%</td> <td>42.8%</td> <td>43.1%</td> <td>42.2%</td> </tr> <tr> <td>3.1%</td> <td>5.6%</td> <td>4.8%</td> <td>3.2%</td> </tr> <tr> <td>57.3%</td> <td>53.8%</td> <td>54.1%</td> <td>57.0%</td> </tr> <tr> <td>33.5%</td> <td>37.0%</td> <td>37.6%</td> <td>35.9%</td> </tr> <tr> <td>401.1</td> <td>405.9</td> <td>443.5</td> <td>516.2</td> </tr> <tr> <td>504.3</td> <td>533.3</td> <td>562.2</td> <td>607.0</td> </tr> <tr> <td>5.3%</td> <td>7.4%</td> <td>7.4%</td> <td>6.9%</td> </tr> <tr> <td>8.1%</td> <td>11.7%</td> <td>12.1%</td> <td>12.4%</td> </tr> <tr> <td>10.3%</td> <td>14.6%</td> <td>14.8%</td> <td>12.8%</td> </tr> <tr> <td>NMF</td> <td>4.2%</td> <td>4.8%</td> <td>3.5%</td> </tr> <tr> <td>112%</td> <td>72%</td> <td>67%</td> <td>76%</td> </tr> </table> </td> </tr> <tr> <td colspan="20">Pension Assets-12/07 \$120.4 mill.</td> </tr> <tr> <td colspan="20">Oblig. \$133.0 mill.</td> </tr> <tr> <td colspan="20">Pfd Stock none</td> </tr> <tr> <td colspan="20">Common Stock 29,728,697 common shs. as of 8/1/08</td> </tr> <tr> <td colspan="20">MARKET CAP: \$1.1 billion (Mid Cap)</td> </tr> <tr> <td colspan="20">CURRENT POSITION (SMILL)</td> </tr> <tr> <td>Cash Assets</td> <td>7.9</td> <td>11.7</td> <td>8.9</td> </tr> <tr> <td>Other</td> <td>363.8</td> <td>316.6</td> <td>343.3</td> </tr> <tr> <td>Current Assets</td> <td>371.7</td> <td>328.3</td> <td>352.2</td> </tr> <tr> <td>Accts Payable</td> <td>101.6</td> <td>101.2</td> <td>138.5</td> </tr> <tr> <td>Debt Due</td> <td>197.0</td> <td>118.4</td> <td>114.4</td> </tr> <tr> <td>Other</td> <td>124.2</td> <td>108.7</td> <td>131.2</td> </tr> <tr> <td>Current Liab.</td> <td>422.8</td> <td>328.3</td> <td>384.1</td> </tr> <tr> <td>Fix. Chg. Cov.</td> <td>527%</td> <td>476%</td> <td>324%</td> </tr> <tr> <td colspan="20">ANNUAL RATES Past 10 Yrs. Past 5 Yrs. 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Book Value per sh ^C	6.95	7.17	7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.25	16.00	16.95	Book Value per sh ^C	18.20																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
Common Shs Outst'g ^D	19.00	19.61	21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.61	30.00	31.00	Common Shs Outst'g ^D	33.00																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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2005	--	.213	.213	.438	.86																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
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2008	--	.270	.270																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																															
<p>BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 335,663 customers in New Jersey's southern counties, which covers 2,500 square miles and includes Atlantic City. Gas revenue mix '07: residential, 46%; commercial, 23%; cogeneration and electric generation, 8%; industrial, 23%. Non-utility operations include:</p> <p>it to capture attractive margins resulting from volatility in pricing. Marina Energy's joint-venture project to develop and operate a thermal plant serving the Echelon Resort has been delayed. Construction of Boyd Gaming's Las Vegas resort has been pushed back by nine to 12 months. Boyd cited a difficult capital market environment, along with weak economic conditions. Still, we expect this project will ultimately benefit performance at Marina. South Jersey Gas is seeking a rate increase from the New Jersey Board of Public Utilities. It is proposing a 17.8% increase to the average residential customer's bill. The company cited higher natural gas prices, and is looking to recoup the additional cost. Assuming approval, the rate hike would likely take effect in October. We expect continued bottom-line growth at South Jersey to 2011-2013. That supports good dividend growth prospects, although the stock's yield is below the group average. But overall, the issue offers decent total return potential for a natural gas utility.</p> <p><i>Michael Napoli, CPA September 12, 2008</i></p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
<p>(A) Based on GAAP EPS through 2006, economic earnings thereafter. GAAP EPS: '07, \$2.10. Excl. nonrecr. gain (loss): '01, \$0.13; '02, \$0.70. Excl. gain (losses) from discont. ops.: '96, \$1.14; '97, (\$0.24); '98, (\$0.26); '99, (\$0.02); '00, (\$0.04); '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02); '07, \$0.01. Next egs. report due in November.</p> <p>(B) Div'ds paid early Apr., Jul., Oct., and late Dec. ■ Div. reinvest. plan avail. (C) Incl. regulatory assets. At 6/30/08: \$187.1 mill., \$6.29 per shr. (D) In millions, adjusted for split.</p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
<table border="1"> <tr> <td>Company's Financial Strength</td> <td>B++</td> </tr> <tr> <td>Stock's Price Stability</td> <td>100</td> </tr> <tr> <td>Price Growth Persistence</td> <td>95</td> </tr> <tr> <td>Earnings Predictability</td> <td>75</td> </tr> </table>																	Company's Financial Strength	B++	Stock's Price Stability	100	Price Growth Persistence	95	Earnings Predictability	75	<p>To subscribe call 1-800-833-0046.</p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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SOUTHWEST GAS NYSE-SWX

RECENT PRICE **29.11** P/E RATIO **13.5** (Trailing: 14.5 Median: 19.0) RELATIVE P/E RATIO **0.75** DIV'D YLD **3.0%** VALUE LINE

TIMELINESS 5 Lowered 8/17/07
SAFETY 3 Lowered 1/4/91
TECHNICAL 4 Lowered 8/10/07
BETA .85 (1.00 = Market)

High: 19.9 20.3 26.9 29.5 23.0 24.7 25.3 23.6 26.2 28.1 39.4 39.9
Low: 14.9 16.1 17.3 20.4 16.9 18.6 18.1 19.3 21.5 23.5 26.0 26.5

LEGENDS
2.00 x Dividends p sh divided by Interest Rate
Relative Price Strength
Options: Yes
Shaded area indicates recession

2010-12 PROJECTIONS
Price Gain Ann'l Total
High 60 (+105%) 22%
Low 40 (+35%) 17%

Insider Decisions
to Buy 1 0 0 0 1 0 0 0
Options 1 8 2 3 0 3 0 0
to Sell 1 8 4 3 0 5 0 1

Institutional Decisions
4Q2006 1Q2007 2Q2007
to Buy 92 99 93
to Sell 65 62 79
Hld's(000) 30129 29184 32178
Percent shares traded 9 6 3

% TOT. RETURN 8/07
THIS STOCK VS. ARITH. INDEX
1 yr. -11.9 15.8
3 yr. 33.8 52.6
5 yr. 60.7 126.5

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	© VALUE LINE PUB., INC.	10-12
24.99	25.93	25.68	28.16	23.03	24.09	26.73	30.17	30.24	32.61	42.98	39.68	35.96	40.14	43.59	48.47	51.15	54.55	Revenues per sh ^A	58.95
1.53	3.34	3.24	5.09	2.65	3.00	3.85	4.48	4.45	4.57	4.79	5.07	5.11	5.57	5.20	6.07	6.35	6.60	"Cash Flow" per sh	7.20
d.76	.81	.63	1.22	.10	.25	.77	1.65	1.27	1.21	1.15	1.16	1.13	1.66	1.25	1.98	2.10	2.25	Earnings per sh ^{A B}	2.70
.88	.70	.74	.80	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.82	.86	.86	Div'ds Decl'd per sh ^C	.90
3.76	5.02	5.43	6.64	6.79	8.19	6.19	6.40	7.41	7.04	8.17	8.50	7.03	8.23	7.49	8.27	7.80	9.10	Cap'l Spending per sh	9.45
15.88	15.99	15.96	16.38	14.55	14.20	14.09	15.67	16.31	16.82	17.27	17.91	18.42	19.18	19.10	21.58	22.65	22.75	Book Value per sh	25.25
20.60	20.60	21.00	21.28	24.47	26.73	27.39	30.41	30.99	31.71	32.49	33.29	34.23	36.79	39.33	41.77	43.00	44.00	Common Shs Outst'g ^D	47.50
--	16.6	26.5	14.0	NMF	69.3	24.1	13.2	21.1	16.0	19.0	19.9	19.2	14.3	20.6	15.9	15.9	15.9	Avg Ann'l P/E Ratio	18.0
--	1.01	1.57	.92	NMF	4.34	1.39	.69	1.20	1.04	.97	1.09	1.09	.76	1.10	.86	.86	.86	Relative P/E Ratio	1.20
7.0%	5.2%	4.4%	4.7%	5.4%	4.7%	4.4%	3.8%	3.1%	4.2%	3.8%	3.6%	3.8%	3.5%	3.2%	2.6%	2.6%	2.6%	Avg Ann'l Div'd Yield	1.9%

CAPITAL STRUCTURE as of 6/30/07

Total Debt \$1333.7 mill. Due in 5 Yrs \$454.8 mill.	732.0	917.3	936.9	1034.1	1396.7	1320.9	1231.0	1477.1	1714.3	2024.7	2200	2400	2800	2400	2400	2400	2400	Revenues (\$mill) ^A	2800
LT Debt \$1303.9 mill. LT Interest \$93.0 mill. (Total interest coverage: 2.4x)	20.8	47.5	39.3	38.3	37.2	38.6	38.5	58.9	48.1	81.1	90.0	95.0	125	125	125	125	125	Net Profit (\$mill)	125
	29.2%	43.4%	35.5%	26.2%	34.5%	32.8%	30.5%	34.8%	29.7%	34.7%	36.0%	35.0%	35.0%	35.0%	36.0%	36.0%	36.0%	Income Tax Rate	35.0%
	2.8%	5.2%	4.2%	3.7%	2.7%	2.9%	3.1%	4.0%	2.8%	4.0%	4.1%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%	Net Profit Margin	4.5%
	63.6%	60.2%	60.3%	60.2%	56.2%	62.5%	66.0%	64.2%	63.8%	60.6%	57.0%	57.5%	54.0%	54.0%	54.0%	54.0%	54.0%	Long-Term Debt Ratio	54.0%
Pension Assets-12/06 \$413.5 mill. Oblig. \$534.9 mill.	31.5%	35.3%	35.5%	35.8%	39.6%	34.1%	34.0%	35.8%	36.2%	39.4%	43.0%	42.5%	46.0%	46.0%	46.0%	46.0%	46.0%	Common Equity Ratio	46.0%
Pfd Stock None	1224.7	1349.3	1424.7	1489.9	1417.6	1748.3	1851.6	1968.6	2076.0	2287.8	2275	2350	2600	2600	2600	2600	2600	Total Capital (\$mill)	2600
	1360.3	1459.4	1581.1	1686.1	1825.6	1979.5	2175.7	2336.0	2489.1	2668.1	2800	3000	3500	3500	3500	3500	3500	Net Plant (\$mill)	3500
Common Stock 42,408,116 shs. as of 8/1/07	3.9%	5.8%	4.8%	4.6%	5.1%	4.3%	4.2%	5.0%	4.3%	5.6%	6.0%	6.0%	6.5%	6.4%	9.0%	9.0%	9.5%	Return on Total Cap'l	6.5%
	4.7%	8.9%	7.0%	6.5%	6.0%	5.9%	6.1%	8.3%	6.4%	9.0%	9.0%	9.5%	10.5%	10.5%	10.5%	10.5%	10.5%	Return on Shr. Equity	10.5%
	5.4%	10.0%	7.8%	7.2%	6.6%	6.5%	6.1%	8.3%	6.4%	9.0%	9.0%	9.5%	10.5%	10.5%	10.5%	10.5%	10.5%	Return on Com Equity	10.5%
MARKET CAP: \$1.2 billion (Mid Cap)	NMF	5.0%	2.8%	2.4%	1.9%	1.9%	1.7%	4.3%	2.2%	5.3%	5.5%	6.0%	7.0%	7.0%	7.0%	7.0%	7.0%	Retained to Com Eq	7.0%
	107%	50%	64%	67%	71%	70%	72%	49%	65%	41%	41%	39%	33%	33%	33%	33%	33%	All Div'ds to Net Prof	33%

BUSINESS: Southwest Gas Corporation is a regulated gas distributor serving approximately 1.8 million customers in sections of Arizona, Nevada, and California. Comprised of two business segments: natural gas operations and construction services. 2006 margin mix: residential and small commercial, 85%; large commercial and industrial, 6%; transportation, 9%. Total throughput: 2.4 billion therms. Sold PriMerit Bank (acquired in 1986) in July of 1996. Has 4,902 employees. Officers & Directors own roughly 1.4% of common stock (3/07 Proxy). Chairman: LeRoy C. Hanneman, Jr. Chief Executive Officer: Jeffrey W. Shaw. Incorporated: California. Address: 5241 Spring Mountain Road, Las Vegas, Nevada 89193. Telephone: 702-876-7237. Internet: www.swgasc.com.

Shares of Southwest Gas have declined over 20% since our June review, as the company reported an unimpressive performance for the second quarter. Revenues were relatively flat, compared to the prior year's period. During the past 12 months, Southwest Gas increased its customer base by roughly 57,000, an advance of about 3%. This was lower than in recent times, as customer growth appears to have moderated somewhat. Operating expenses increased, and the bottom line declined somewhat, to a loss of \$0.01 a share. Due to the seasonal nature of the company's operations, such losses are not unusual in the second and third quarters.

We anticipate modest growth at Southwest Gas going forward. SWX has remained focused on obtaining rate relief and improving rate design. Indeed, the company anticipates filing rate cases in California and Arizona in the near future. This is encouraging, as Southwest Gas depends upon such approved revenue increases to help it cope with higher natural gas prices and to provide greater earnings stability. Moreover, customer growth

Cal-endar	QUARTERLY REVENUES (\$mill)	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2004	473.4	278.7	264.5	460.5	1477.1
2005	542.9	361.1	313.3	497.0	1714.3
2006	676.9	430.9	351.8	565.1	2024.7
2007	793.7	426.5	380	599.8	2200
2008	850	475	425	650	2400

Investors should be aware of several caveats. As Southwest Gas continues to expand, it is likely to incur increased operating costs. Warmer-than-normal temperatures may well also hurt performance. The possibility of insufficient, or lagging, rate relief remains another risk.

These shares have declined a notch in Timeliness, and are now ranked 5 (Lowest). Nevertheless, we look for steady annual growth in revenues and share earnings in the coming years. Following the recent selloff, the stock has above-average appreciation potential for the pull to 2010-2012 and may appeal to patient, risk-tolerant investors. Furthermore, this issue offers a more attractive dividend yield at the current quotation.

Cal-endar	EARNINGS PER SHARE ^B	Full Year			
Mar.31	Jun.30	Sep.30	Dec.31	Year	
2004	1.18	d.24	d.51	1.23	1.66
2005	.88	d.07	d.43	.87	1.25
2006	1.11	.02	d.26	1.11	1.98
2007	1.17	d.01	d.20	1.14	2.10
2008	1.22	Nil	d.15	1.18	2.25

Company's Financial Strength

Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	65

Michael Napoli, CPA September 14, 2007

(A) Incl. income for PriMerit Bank on the equity basis through 1994. (B) Based on avg. shares outstanding thru '96, then diluted. Excl. nonrec. gains (losses): '93, 8c; '97, 16c; '02, (10c); '05, (11c); '06, 7c. Incl. asset writedown: '93, 44c. Excl. loss from disc. ops.: '95, 75c. Next eggs. report due early November. (C) Dividends historically paid early March, June, September, December. ■ Div'd reinvest. plan avail. (D) In millions.

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WGL HOLDINGS NYSE-WGL										RECENT PRICE	33.34	P/E RATIO	16.3 (Trailing: 14.4 Median: 15.0)	RELATIVE P/E RATIO	0.91	DIV'D YLD	4.1%	VALUE LINE																																																																																																																																																																																																																											
TIMELINESS	3	Raised 5/25/07	High:	25.0	31.4	30.8	29.4	31.5	30.5	29.5	28.8	31.4	34.8	33.6	35.9	Target Price Range 2010 2011 2012																																																																																																																																																																																																																													
SAFETY	1	Raised 4/2/93	Low:	19.1	20.9	23.1	21.0	21.8	25.3	19.3	23.2	26.7	28.8	27.0	29.8																																																																																																																																																																																																																														
TECHNICAL	3	Raised 6/29/07	LEGENDS 1.30 x Dividends p sh divided by Interest Rate ... Relative Price Strength 2-for-1 split 5/95 Options: No Shaded area indicates recession																																																																																																																																																																																																																																										
BETA	.85	(1.00 = Market)	2010-12 PROJECTIONS Price Gain Ann'l Total Return High 40 (+20%) 9% Low 30 (-10%) 2%																																																																																																																																																																																																																																										
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CAPITAL STRUCTURE as of 6/30/07 Total Debt \$670.1 mill. Due in 5 Yrs \$290.0 mill. LT Debt \$605.4 mill. LT Interest \$40.6 mill. (LT interest earned: 4.8%; total interest coverage: 4.2x) Pension Assets-9/06 \$699.9 mill. Oblig. \$697.4 mill. Preferred Stock \$28.2 mill. Pfd Div'd \$1.3 mill. Common Stock 49,309,995 shs. as of 7/31/07																																																																																																																																																																																																																																													
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BUSINESS: WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to resident' and comm'l users (1,031,916 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 9.6% of common stock; Off./dir. less than 1% (1/07 proxy). Chrmn. & CEO: J.H. DeGraffenreid, Inc.: D.C. and VA. Addr.: 1100 H St., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.																																																																																																																																																																																																																																													
WGL Holdings will likely post a modest earnings increase for fiscal 2007 (ends September 30th). This should result from higher gas and electric volume due to additional customers. The company has added approximately 14,000 new accounts year to date and estimates that number will reach 16,000 by the end of the fiscal year. Furthermore, rate cases and capital investments should help WGL grow at a steady pace.																																																																																																																																																																																																																																													
Favorable rate case settlements should moderate earnings volatility and may bolster the bottom line. One of WGL's subsidiaries has reached a settlement in its Virginia rate case. The resolution implements an annual rate hike of \$3.9 million, as well as a weather-normalized regulatory mechanism (WNA). When coupling the WNA with previous volatility mechanisms, 90% of the fluctuations related to changes in gas usage in Virginia (the largest area serviced) are eliminated. The rate increase is already in effect, but the SCC of Virginia must approve the changes before it is finalized; WGL expects this to happen by the end of this fiscal year. A similar program was put into use in Maryland earlier this year. These combined efforts have neutralized the effects of top-line variations on earnings in over 80% of areas serviced by WGL.																																																																																																																																																																																																																																													
The company continues to invest in capital projects to foster expansion. Currently, it is recovering the costs related to the Gardner Road facility, which blends hexane into the Cove Point gas (CPG) to make it more like domestic pipeline natural gas. The lack of hexane was causing O-rings to shrink, allowing gas to escape from the pipeline. CPG will eventually be used to service a large portion of WGL's customers. To allow for such usage, the company recently broke ground on a second facility in Rockville, Maryland and recently purchased property to construct a third in Granesville, Virginia.																																																																																																																																																																																																																																													
However, at present, these neutrally ranked shares are not very compelling (Timeliness: 3). Too, based on our projected earnings, the equity's current quotation is within our Target Price Range, leaving little room for capital appreciation out to 2010-2012.																																																																																																																																																																																																																																													
Bryan Fong September 14, 2007																																																																																																																																																																																																																																													
(A) Fiscal years end Sept. 30th. (B) Based on diluted shares. Excludes non-recurring losses: '01, (13c); '02, (34c); '07, (4e) discontinued operations: '06, (15c). Next earnings report due late Oct. (C) Dividends historically paid early February, May, August, and November. (D) Includes deferred charges and intangibles. '06: \$296.6 million, \$6.07/sh. (E) In millions, adjusted for stock split.																																																																																																																																																																																																																																													
Company's Financial Strength A Stock's Price Stability 100 Price Growth Persistence 50 Earnings Predictability 65																																																																																																																																																																																																																																													
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WGL HOLDINGS

NYSE-WGL

RECENT PRICE 32.48

P/E RATIO 14.4 (Trailing: 8.2, Median: 15.0)

RELATIVE P/E RATIO 0.93

DIV'D YLD 4.4%

VALUE LINE

TIMELINESS 3 Raised 5/25/07

SAFETY 1 Raised 4/2/93

TECHNICAL 3 Lowered 5/30/08

BETA .85 (1.00 = Market)

2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	25%	10%
Low	35	10%	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	1	0
Options	3	0	0	0	0	0	0	5	1
to Sell	3	0	1	2	0	0	0	7	1

Institutional Decisions

	4Q2007	1Q2008	2Q2008	Percent shares traded
to Buy	92	106	95	9
to Sell	94	89	100	6
Hld's(000)	35393	35559	34195	3

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
Revenues per sh ^A	18.37	21.55	21.69	19.30	22.19	24.16	23.74	20.92	22.19	29.80	32.63	42.45	42.93	44.94	53.96	53.51	52.55	53.45	Revenues per sh ^A	54.60
"Cash Flow" per sh	2.17	2.25	2.43	2.51	2.93	3.02	2.79	2.74	3.20	3.24	2.63	4.00	3.87	3.97	3.93	3.89	4.25	4.35	"Cash Flow" per sh	4.55
Earnings per sh ^B	1.27	1.31	1.42	1.45	1.85	1.85	1.54	1.47	1.79	1.88	1.14	2.30	1.98	2.11	1.94	2.10	2.40	2.45	Earnings per sh ^B	2.55
Div'ds Decl'd per sh ^C	1.07	1.09	1.11	1.12	1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	1.30	1.32	1.34	1.37	1.40	1.44	Div'ds Decl'd per sh ^C	1.56
Cap'l Spending per sh	2.17	2.43	2.84	2.63	2.85	3.20	3.62	3.42	2.67	2.68	3.34	2.65	2.33	2.32	3.27	3.33	3.35	3.00	Cap'l Spending per sh	2.50
Book Value per sh ^D	10.66	11.04	11.51	11.95	12.79	13.48	13.86	14.72	15.31	16.24	15.78	16.25	16.95	17.80	18.28	19.83	21.15	22.15	Book Value per sh ^D	25.40
Common Shs Outst'g ^E	40.62	41.50	42.19	42.93	43.70	43.70	43.84	46.47	46.47	48.54	48.56	48.63	48.67	48.65	48.89	49.45	49.50	49.60	Common Shs Outst'g ^E	50.00
Avg Ann'l P/E Ratio	13.6	15.6	14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	15.5	15.6	15.6	15.6	Avg Ann'l P/E Ratio	15.0
Relative P/E Ratio	.82	.92	.92	.85	.72	.73	.89	.99	.95	.75	1.26	.63	.75	.78	.84	.82	.82	.82	Relative P/E Ratio	1.00
Avg Ann'l Div'd Yield	6.2%	5.3%	5.6%	6.1%	5.4%	5.0%	4.5%	4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.5%	4.2%	4.5%	4.5%	Avg Ann'l Div'd Yield	4.2%

CAPITAL STRUCTURE as of 6/30/08

Total Debt \$695.8 mill. Due in 5 Yrs \$399.5 mill.

LT Debt \$600.5 mill. LT Interest \$40.1 mill.

(LT interest earned: 6.7%; total interest coverage: 5.7x)

Pension Assets-9/07 \$740.7 mill. Oblig. \$680.3 mill.

Preferred Stock \$28.2 mill. Prfd. Div'd \$1.3 mill.

Common Stock 49,912,444 shs. as of 7/31/08

MARKET CAP: \$1.6 billion (Mid Cap)

Current Position (\$mill)	2006	2007	6/30/08
Cash Assets	4.4	4.9	21.6
Other	556.9	568.8	698.7
Current Assets	561.3	573.7	720.3
Accts Payable	208.5	216.9	351.6
Debt Due	238.4	205.4	95.3
Other	113.9	134.8	177.8
Current Liab.	560.8	557.1	624.7
Fix. Chg. Cov.	465%	460%	460%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '05-'07 to '11-'13

Revenues 9.0% 12.5% 1.0%

"Cash Flow" 3.5% 5.0% 2.5%

Earnings 2.0% 5.0% 3.5%

Dividends 1.5% 1.5% 2.5%

Book Value 4.0% 3.5% 5.0%

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2005	623.4	929.8	349.0	284.1	2186.3
2006	902.9	1064.5	346.9	323.6	2637.9
2007	732.9	1119.9	467.5	325.7	2646.0
2008	751.6	1020.0	464.7	363.7	2600
2009	760	1050	480	360	2650

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2005	.88	1.63	d.17	d.23	2.11
2006	.93	1.17	d.01	d.15	1.94
2007	.92	1.27	.22	d.31	2.10
2008	.96	1.66	.06	d.28	2.40
2009	.97	1.50	.23	d.25	2.45

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.32	.325	.325	.325	1.30
2005	.325	.333	.333	.333	1.32
2006	.333	.338	.338	.338	1.34
2007	.34	.34	.34	.34	1.36
2008	.34	.36	.36		

BUSINESS: WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to resident and comm'l users (1,046,201 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and providing energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 8.2% of common stock; Off./dir. less than 1% (1/08 proxy). Chrmn. & CEO: J.H. DeGraffenreid, Inc.: D.C. and VA. Addr.: 1100 H St., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.

WGL Holdings posted lower-than-expected financial results for the June period. Revenues declined a bit, as warmer-than-normal weather led to weaker demand. Too, the company's electric volumes have slowed. Its retail energy marketing segment has been seeing a shift in its business mix away from larger commercial accounts toward an increasing retail residential base. Meanwhile, its regulated utility segment experienced diminished profitability as this unit was affected by the seasonal nature of the utility operations business. In all, WGL's third-quarter results were lackluster. Still, **The company ought to register a share-net advance of roughly 14% this year.** The earnings miss in the June period was offset by a solid performance during the first half of the year. Meanwhile, the implementation of new rates in Maryland, the increase in realized margins from the asset optimization program, and the addition of over 8,000 active customer meters since last year, all stand to benefit both the top and bottom lines in the remaining months of 2008. However, the economic slowdown may be an offset-

ting factor, as consumers begin to conserve energy in an effort to save money. **In 2009, WGL will likely experience low single-digit growth in revenues and earnings.** Financial results should moderate a bit in the coming year. This trend will likely stem from the previously mentioned shift in the electric segment's customer mix. Meanwhile, the downturn in the U.S. housing and construction markets will likely continue to limit growth from new customer accounts. Too, rising commodity prices will remain an issue in the near term, as they may continue pressuring margins. However, the expansion of the company's asset management program should help offset those effects. Also, pending rate cases in Maryland ought to augur well for earnings. **These neutrally ranked shares may appeal to conservative income-oriented accounts.** The equity offers an above-average dividend yield in relation to its peers. Furthermore, investors can take comfort in the stock's top mark for Price Stability (100), and Above-Average Safety rank (1).

Bryan Fong September 12, 2008

(A) Fiscal years end Sept. 30th.	(B) Based on diluted shares. Excludes non-recurring losses: '01, (13c); '02, (34c); '07, (4e) discontinued operations: '06, (15c). Next earnings report due late Oct. (C) Dividends historically paid early February, May, August, and November. ■ Dividend reinvestment plan available.	(D) Includes deferred charges and intangibles. '07: \$322.2 million, \$6.51/sh.	(E) In millions, adjusted for stock split.
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Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	65

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