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CAPITAL STRUCTURE RATIOS FOR SELECTED LOCAL NATURAL GAS DISTRIBUTION COMPANIES BASED ON PERMANENT CAPITAL (AVERAGE OF FOUR QUARTERS ENDING JUNE 2002)

	Long-Term Debt	Preferred Stock	Common Equity
AGL RESOURCES INC	59.2	0.0	40.8
ATMOS ENERGY CORP	52.8	0.0	47.2
NEW JERSEY RESOURCES	52.3	0.0	47.7
NICOR INC	37.1	0.5	62.4
NORTHWEST NATURAL GAS CO	44.4	3.7	51.9
PEOPLES ENERGY CORP	44.1	0.0	55.9
PIEDMONT NATURAL GAS CO	45.4	0.0	54.6
WGL HOLDINGS INC	42.5	1.9	55.6
MEAN	**47.2**	**0.8**	**52.0**
MEDIAN	**44.9**	**0.0**	**53.3**

Source: Standard & Poor's Research Insight, 10-Qs.

SCHEDULE 1
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CAPITAL STRUCTURE RATIOS FOR SELECTED LOCAL NATURAL GAS DISTRIBUTION COMPANIES BASED ON TOTAL CAPITAL (AVERAGE OF FOUR QUARTERS ENDING JUNE 2002)

	Long-Term Debt	Short-Term Debt	Preferred Stock	Common Equity
AGL RESOURCES INC	48.4	18.3	0.0	33.3
ATMOS ENERGY CORP	47.6	9.8	0.0	42.6
NEW JERSEY RESOURCES	48.7	6.9	0.0	44.3
NICOR INC	30.8	17.0	0.4	51.7
NORTHWEST NATURAL GAS CO	40.7	8.4	3.4	47.5
PEOPLES ENERGY CORP	34.8	21.0	0.0	44.2
PIEDMONT NATURAL GAS CO	44.2	2.6	0.0	53.2
WGL HOLDINGS INC	38.7	9.0	1.8	50.6
MEAN	**41.7**	**11.6**	**0.7**	**45.9**
MEDIAN	**42.4**	**9.4**	**0.0**	**45.9**

Source: Standard & Poor's Research Insight, 10-Qs.

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STANDARD & POOR'S DEBT RATINGS, BUSINESS PROFILE SCORES, DEBT AND INTEREST COVERAGE RATIOS FOR U.S. INVESTOR-OWNED LDCs

	Debt Rating	Business Profile Scores	Debt Ratio (1999-2001)	Average Pre-Tax Interest Coverage (1999-2001)
Nicor Gas Co	AA	2	55.0	5.0
Nicor Inc	AA	3	52.9	5.3
North Shore Gas Co	AA-	3	42.6	4.4
Peoples Energy Corp	AA-	4	55.6	3.7
Peoples Gas Light & Coke Co	AA-	3	48.9	4.3
WGL Holdings Inc	AA-	3	48.5	4.2
Average (AA)		**3**	**50.6**	**4.5**
Laclede Gas Co	A+	3	57.1	2.7
Questar Gas Co	A+	2	54.3	2.6
Southern California Gas Co	A+	2	45.0	5.2
Boston Gas Co	A	3	51.0	1.3
Colonial Gas Co	A	3	43.8	1.4
KeySpan Corp	A	3	61.4	2.8
New Jersey Natural Gas Co	A	2	45.9	5.6
Northwest Natural Gas Co	A	3	51.6	3.1
ONEOK Inc	A	5	66.9	2.4
Piedmont Natural Gas Co Inc	A	3	51.6	3.4
Wisconsin Gas Co 1/	A	3	55.6	3.4
AGL Resources Inc 1/	A-	3	50.6	3.1
Alabama Gas Corp	A-	2	48.7	3.9
Atmos Energy Corp	A-	4	62.5	2.2
Indiana Gas Co Inc	A-	2	65.4	2.6
Southern Connecticut Gas Co	A-	3	52.6	2.6
UGI Utilities Inc	A-	4	53.2	4.9
Average (A) Rated		**3**	**54.0**	**3.1**
Cascade Natural Gas Corp	BBB+	3	53.5	3.9
Michigan Consolidated Gas Co	BBB+	3	58.3	2.5
South Jersey Gas Co	BBB+	3	59.4	2.9
Southern Union Co	BBB+	3	57.4	1.8
TXU Gas Co	BBB+	5	41.7	0.8
NUI Corp	BBB	3	63.0	2.7
SEMCO Energy Inc	BBB	3	68.8	1.9
Southwestern Energy Co	BBB	8	66.5	0.9
Southwest Gas Corp	BBB-	4	64.8	1.8
Average (BBB Rated)	**BBB+**	**4**	**59.3**	**2.1**
Average (All LDCs)	**A**	**3**	**53.2**	**3.0**

1/ Debt ratio and interest coverage ratio for 1998-2000.

Source: Standard & Poor's Utilities and Perspectives; Standard & Poor's CreditStats

SELECTED INDICATORS OF ECONOMIC ACTIVITY
(1989 = 100)

Year		Gross Domestic Product a/ Constant Dollars (1)	Gross Domestic Product a/ Current Dollars (2)	Industrial Production (3)	GDP Implicit Price Deflator Index a/ (4)	GDP Implicit Price Deflator Index b/ (5)	Consumer Price Index (6)	Consumer Price Index b/ (7)	Corporate Profit Index (8)	Corporate Profit as a % of GDP (9)
1989		100.0	100.0	100.0	100.0		100.0		100.0	
1990		102.1	105.7	99.8	103.6	3.6	105.4	5.4	110.9	4.5
1991		101.6	109.1	97.9	107.3	3.6	109.8	4.2	120.1	4.7
1992		104.7	115.1	100.9	109.9	2.4	113.2	3.0	131.1	4.9
1993		107.5	121.0	104.3	112.6	2.4	116.5	3.0	146.6	5.2
1994		111.9	128.5	110.1	114.9	2.1	119.5	2.6	164.3	5.5
1995		114.8	134.8	115.4	117.4	2.2	122.9	2.8	194.4	6.2
1996		118.9	142.3	120.7	119.7	1.9	126.5	2.9	213.6	6.4
1997		124.2	151.5	129.1	121.7	1.7	129.5	2.3	236.0	6.7
1998		129.6	160.1	135.7	123.5	1.5	131.5	1.6	205.0	5.5
1999		134.9	169.0	140.7	125.2	1.4	134.4	2.2	218.6	5.5
2000		140.4	179.0	146.3	128.1	2.3	138.9	3.4	222.3	5.3
2001		140.3	183.7	141.7	130.9	2.2	142.8	2.8	200.1	4.7
1999	1Q	133.0	165.7	135.8	124.6	1.3	132.9	1.8	213.0	5.5
	2Q	133.5	167.1	137.3	125.0	1.4	134.0	2.1	215.4	5.5
	3Q	135.1	169.7	139.0	125.4	1.3	134.9	2.4	215.5	5.4
	4Q	137.8	173.4	141.2	125.9	1.5	135.9	2.7	230.3	5.7
2000	1Q	138.6	175.8	143.0	127.1	2.0	137.0	3.1	223.6	5.5
	2Q	140.5	178.9	145.8	127.8	2.3	138.5	3.3	226.6	5.4
	3Q	141.0	179.9	146.9	128.4	2.4	139.6	3.5	222.4	5.3
	4Q	141.6	181.3	149.3	129.0	2.4	140.3	3.3	216.4	5.1
2001	1Q	140.3	182.7	144.7	130.0	2.3	141.7	3.4	208.1	4.9
	2Q	140.0	183.1	142.6	130.7	2.2	143.2	3.4	215.5	5.0
	3Q	139.9	184.0	140.9	131.4	2.3	143.4	2.7	194.7	4.5
	4Q	140.8	185.0	138.4	131.4	1.9	143.0	1.9	182.1	4.2
2002	1Q	142.5	187.9	139.4	131.8	1.4	143.5	1.3	185.7	4.2
	2Q	142.9	188.9	140.8	132.2	1.1	145.0	1.3	188.8	4.3

Source: Economic Indicators, prepared by the Council of Economic Advisors

a/ Data are based on Chain Weighted Indexes.
b/ Inflation rate measured against prior year period.

TREND IN INTEREST RATES AND OUTSTANDING BOND YIELDS
(Percent Per Annum)

Year		Prime Rate	Government Securities: 3-Month Bills a/	Government Securities: 10-Year Bonds	Government Securities: Long-term Bonds b/	Moody's Utility Bonds: AA	Moody's Utility Bonds: A	Moody's Corporate Bonds: AAA
1976		6.84	5.00	7.61	7.86	8.92	9.29	8.43
1977		6.83	5.26	7.42	7.67	8.43	8.61	8.02
1978		9.06	7.22	8.41	8.49	9.10	9.29	8.73
1979		12.67	10.04	9.44	9.29	10.22	10.49	9.63
1980		15.27	11.51	11.46	11.30	13.00	13.34	11.94
1981		18.87	14.08	13.91	13.44	15.30	15.95	14.17
1982		14.86	10.69	13.00	12.76	14.79	15.86	13.79
1983		10.79	8.63	11.10	11.18	12.83	13.86	12.04
1984		12.04	9.58	12.44	12.39	13.66	14.03	12.71
1985		9.93	7.49	10.62	10.79	12.06	12.47	11.37
1986		8.33	5.97	7.68	7.80	9.30	9.58	9.02
1987		8.22	5.82	8.39	8.59	9.77	10.10	9.38
1988		9.32	6.69	8.85	8.96	10.26	10.49	9.71
1989		10.87	8.12	8.49	8.45	9.56	9.77	9.26
1990		10.01	7.51	8.55	8.61	9.65	9.86	9.32
1991		8.46	5.42	7.86	8.14	8.09	8.36	8.77
1992		6.25	3.45	7.01	7.67	8.55	8.69	8.14
1993		6.00	3.02	5.87	6.59	7.44	7.59	7.22
1994		7.23	4.34	7.08	7.37	8.21	8.31	7.96
1995		8.81	5.44	6.58	6.88	7.77	7.89	7.59
1996		8.27	5.04	6.44	6.73	7.57	7.76	7.37
1997		8.44	5.11	6.32	6.58	7.54	7.80	7.26
1998		8.31	4.79	5.26	5.54	6.91	7.04	6.53
1999		8.02	4.70	5.69	5.91	7.50	7.62	7.04
2000		9.27	5.85	5.89	5.91	8.04	8.22	7.62
2000	Jan	8.50	5.39	6.68	6.57	8.17	8.35	7.76
	Feb	8.75	5.67	6.38	6.13	7.99	8.25	7.88
	Mar	9.00	5.70	6.13	5.94	7.89	8.28	7.88
	Apr	9.00	5.62	6.15	5.95	8.00	8.28	7.84
	May	9.50	5.73	6.42	6.14	8.44	8.70	7.98
	June	9.50	5.68	6.08	5.84	8.10	8.36	7.87
	July	9.50	6.01	6.04	5.80	8.10	8.25	7.65
	Aug	9.50	6.14	5.80	5.74	7.95	8.13	7.55
	Sep	9.50	6.03	5.82	5.89	8.14	8.21	7.62
	Oct	9.50	6.18	5.74	5.80	8.05	8.13	7.55
	Nov	9.50	6.21	5.48	5.80	7.88	7.95	7.45
	Dec	9.50	5.88	5.12	5.48	7.71	7.75	7.21
2001	Jan	9.00	4.88	5.19	5.54	7.63	7.73	7.15
	Feb	8.50	4.73	4.90	5.33	7.55	7.68	7.10
	Mar	8.00	4.20	4.97	5.46	7.61	7.82	6.98
	Apr	7.50	3.85	5.34	5.78	7.80	8.01	7.20
	May	7.00	3.71	5.41	5.78	7.75	7.98	7.28
	June	6.75	3.65	5.42	5.75	7.63	7.85	7.18
	July	6.75	3.54	5.07	5.51	7.41	7.68	7.13
	Aug	6.50	3.35	4.84	5.48	7.32	7.47	7.02
	Sep	6.00	2.38	4.59	5.48	7.52	7.76	7.17
	Oct	5.50	2.05	4.25	5.27	7.25	7.36	6.98
	Nov	5.00	1.78	4.79	5.24	7.53	7.71	7.02
	Dec	4.75	1.74	5.07	5.48	7.42	7.77	6.61
2002	Jan	4.75	1.76	5.07	5.44	7.20	7.58	6.54
	Feb	4.75	1.78	4.88	5.42	7.23	7.60	6.52
	Mar	4.75	1.79	5.42	5.98	7.51	7.79	6.90
	Apr	4.75	1.77	5.11	5.73	7.43	7.54	6.71
	May	4.75	1.74	5.08	5.76	7.38	7.48	6.73
	June	4.75	1.70	4.86	5.67	7.31	7.42	6.61
	July	4.75	1.71	4.51	5.45	7.11	7.23	6.53
	Aug	4.75	1.69	4.14	5.08	7.11	7.20	6.29
	Sep	4.75	1.57	3.83	4.80	6.95	7.05	6.09

a/ Rates on new issues.

b/ 20-year constant maturities for 1974-1976; 30-year maturities for 1976-January 2002; Long-term average (25 years and above) after Jan. 2002. Series represents yields on the more actively traded issues adjusted to constant maturities by the U.S. Treasury based on daily closing bids.

Note: Monthly data reflect rate in effect at end of month, except for Moody's data, which reflect monthly average.

Source: Annual Statistical Digest (Federal Reserve System); Federal Reserve Bulletin (various issues).

INDIVIDUAL COMPANY RISK DATA FOR SELECTED LOCAL NATURAL GAS DISTRIBUTION COMPANIES

	Value Line				S & P	
Company	Safety Rank	Earnings Predictability	Financial Strength	Beta	Business Profile	Debt Rating
AGL RESOURCES INC	2	60	B++	0.70	3	A-
ATMOS ENERGY CORP	3	50	B+	0.60	4	A-
NEW JERSEY RESOURCES	2	100	B++	0.65	2 1/	A 1/
NICOR INC	2	95	A	0.80	3	AA
NORTHWEST NATURAL GAS CO	2	65	B++	0.60	3	A
PEOPLES ENERGY CORP	1	70	A	0.75	4	A-
PIEDMONT NATURAL GAS CO	2	85	B++	0.65	3	A
WGL HOLDINGS INC	1	60	A	0.65	3	AA-
MEAN	**2**	**73**	**B++**	**0.68**	**3**	**A**
MEDIAN	**2**	**68**	**B++**	**0.65**	**3**	**A**

Source: Value Line (September 20, 2002);
Standard & Poor's Utilities and Perspectives (September 30, 2002).

1/ For subsidiary, New Jersey Natural Gas

SCHEDULE 5

DCF COSTS OF EQUITY FOR SELECTED
LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(BASED ON ANALYSTS' EARNINGS GROWTH FORECASTS)

Company	Annualized Last Paid Dividend (1)	July-September 2002 Average High/Low Price (2)	Expected Dividend Yield 1/ (3)	Long-Term EPS Forecasts I/B/E/S (September 2002) (4)	Long-Term EPS Forecasts Zacks (September 2002) (5)	Average of Growth Forecasts (6)	DCF Cost of Equity 2/ (7)
AGL RESOURCES INC	1.08	21.61	5.5	8.0	11.4	9.7	15.2
ATMOS ENERGY CORP	1.16	21.17	5.8	6.0	6.6	6.3	12.1
NEW JERSEY RESOURCES	1.20	30.30	4.2	7.0	7.6	7.3	11.5
NICOR INC	1.84	29.53	6.6	6.0	5.7	5.9	12.5
NORTHWEST NATURAL GAS	1.24	27.99	4.7	4.6	6.1	5.3	10.0
PEOPLES ENERGY	2.08	32.78	6.7	5.8	5.5	5.6	12.3
PIEDMONT NATURAL GAS	1.60	34.28	4.9	4.5	4.7	4.6	9.5
WGL HOLDINGS INC	1.27	23.58	5.6	4.0	3.7	3.8	9.4
Mean	**1.43**	**27.65**	**5.5**	**5.7**	**6.4**	**6.1**	**11.6**
Median	**1.26**	**28.76**	**5.5**	**5.9**	**5.9**	**5.7**	**11.8**

1/ Expected Dividend Yield = (col (1) / col (2)) * (1 + Col (6))
2/ Expected Dividend Yield (3) + Average of Growth Forecasts (6)

Source: Standard & Poor's Research Insight, I/B/E/S, Zacks, Yahoo.com

DCFGR2

DCF COSTS OF EQUITY FOR SELECTED
LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(BASED ON SUSTAINABLE GROWTH RATES)

Company	Annualized Last Paid Dividend (1)	July-September 2002 Average High/Low Price (2)	Expected Dividend Yield 1/ (3)	Sustainable Growth (September 2002) (4)	DCF Cost of Equity 2/ (5)	Value Line ROE Forecast (2005-2007) (6)	Value Line Dividend Payout Forecast (2005-2007) (7)
AGL RESOURCES INC	1.08	21.61	5.5	6.1	11.6	12.5	51.4
ATMOS ENERGY CORP	1.16	21.17	5.8	4.8	10.6	13.0	63.4
NEW JERSEY RESOURCES	1.20	30.30	4.2	8.1	12.4	14.0	41.9
NICOR INC	1.84	29.53	6.6	10.6	17.2	22.5	52.7
NORTHWEST NATURAL GAS	1.24	27.99	4.7	5.5	10.2	11.5	51.9
PEOPLES ENERGY	2.08	32.78	6.7	4.7	11.4	11.0	57.4
PIEDMONT NATURAL GAS	1.60	34.28	4.9	4.3	9.2	12.0	63.9
WGL HOLDINGS INC	1.27	23.58	5.6	5.9	11.5	12.5	53.1
Mean	**1.43**	**27.65**	**5.5**	**6.3**	**11.8**	**13.6**	**54.5**
Median	**1.26**	**28.76**	**5.5**	**5.7**	**11.4**	**12.5**	**52.9**

1/ Expected Dividend Yield = (col (1) / col (2)) * (1 + Col (6))
2/ Expected Dividend Yield (3) + Sustainable Growth (4)

Source: Standard & Poor's Research Insight, Value Line (September 2002), Yahoo.com

DCFSU

DCF COSTS OF EQUITY FOR SELECTED LOCAL NATURAL GAS DISTRIBUTION COMPANIES (BASED ON CASH FLOW GROWTH RATES)

Company	Annualized Last Paid Dividend (1)	July-September 2002 Average High/Low Price (2)	Expected Dividend Yield 1/ (3)	Cash Flow Per Share Growth (September 2002) (4)	DCF Cost of Equity 2/ (5)
AGL RESOURCES INC	1.08	21.61	5.3	6.0	11.3
ATMOS ENERGY CORP	1.16	21.17	5.9	8.0	13.9
NEW JERSEY RESOURCES	1.20	30.30	4.3	8.0	12.3
NICOR INC	1.84	29.53	6.5	5.0	11.5
NORTHWEST NATURAL GAS	1.24	27.99	4.6	4.0	8.6
PEOPLES ENERGY	2.08	32.78	6.8	7.5	14.3
PIEDMONT NATURAL GAS	1.60	34.28	4.9	5.5	10.4
WGL HOLDINGS INC	1.27	23.58	5.7	6.5	12.6
Mean	**1.43**	**27.65**	**5.5**	**6.3**	**11.9**
Median	**1.26**	**28.76**	**5.5**	**6.3**	**11.9**

1/ Expected Dividend Yield = (col (1) / col (2)) * (1 + Col (4))
2/ Expected Dividend Yield (3) + Cash Flow Per Share Growth (4)

Source: Standard & Poor's Research Insight, Value Line (Sept 2002), Yahoo.com

DERIVATION OF IMPLICIT RELATIONSHIP AMONG "BARE-BONES" COST OF CAPITAL, RETURN ON BOOK EQUITY AND MARKET/BOOK RATIO

Assume the following:

- k = the equity capitalization rate, i.e., the "bare-bones" cost of equity
- D = dividend per share
- E = earnings per share
- M = current market price
- B = current book value per share
- b = retention rate
- r = return on book equity
- RE = per-share retained earnings
- g = sustainable growth as measured by b(r)

DCF cost of capital:

$$(1)\quad k = \frac{D}{M} + g$$

Price of stock:

$$(2)\quad M = \frac{D}{k - g}$$

From the definition of return on book equity:

$$(3)\quad r = \frac{E}{B} = \frac{D}{B} + \frac{RE}{B}$$

If, from the assumptions,

$$(4)\quad g = br,$$

$$(5)\quad \text{by definition,} \qquad g = \frac{RE}{E} \times \frac{E}{B} = \frac{RE}{B}$$

Substitute Equation (5) into Equation (3):

$$(6)\quad r = \frac{D}{B} + g$$

Solve for Equation (6) for B:

$$(7)\quad B = \frac{D}{r - g}$$

Divide Equation (2) by Equation (7) to obtain an expression of the market/book ratio:

$$(8)\quad M/B = \frac{\dfrac{D}{k - g}}{\dfrac{D}{r - g}} = \frac{r - g}{k - g}$$

From the formulation of g = b(r) in Equation (4):

$$(9)\quad M/B = \frac{r - [b(r)]}{k - (b)(r)} = \frac{(1 - b)r}{k - br}$$

Solve Equation (9) for r:

$$(10)\quad r = \frac{M/B \times k}{1 + b\ (M/B - 1)}$$

Derivation_BB_MB

HISTORIC MARKET EQUITY RISK PREMIUMS
(Percentages)

	Annual Average Returns		Risk Premium in Relation to:
	S & P 500 Common Stock Index	U.S. Treasury Bonds 1/	S & P 500 Common Stock Index
1926-2001	12.7	5.2	7.4
1947-2001	13.7	6.1	7.5

	Annual Average Returns		Risk Premium in Relation to:
	Moody's Gas Distribution Stock Index	U.S. Treasury Bonds 1/	Moody's Gas Distribution Stock Index
1947-2001	12.4	6.1	6.3

1/ Average of annual income returns for 20-year bond.

Source: Stocks, Bonds, Bills and Inflation: 2002 Yearbook, Ibbotson Associates; Moody's Public Utility Manual.

BETAS FOR SELECTED LOCAL NATURAL GAS DISTRIBUTION UTILITIES

Company	Value Line	Bloomberg
AGL RESOURCES INC	0.70	0.65
ATMOS ENERGY CORP	0.60	0.68
NEW JERSEY RESOURCES	0.65	0.61
NICOR INC	0.80	0.85
NORTHWEST NATURAL GAS	0.60	0.56
PEOPLES ENERGY	0.75	0.65
PIEDMONT NATURAL GAS	0.65	0.66
WGL HOLDINGS INC	0.65	0.73
MEAN	**0.68**	**0.67**
MEDIAN	**0.65**	**0.66**

Source: Value Line, September 2002; Bloomberg.com, October 1, 2002

SCHEDULE 11

HISTORIC VALUE LINE BETAS FOR SELECTED LOCAL NATURAL GAS DISTRIBUTION UTILITIES

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
AGL RESOURCES INC	0.60	0.60	0.70	0.75	0.75	0.65	0.65	0.60	0.60	0.70
ATMOS ENERGY CORP	0.50	0.55	0.60	0.65	0.55	0.55	0.55	0.55	0.55	0.60
NEW JERSEY RESOURCES	0.65	0.65	0.65	0.65	0.60	0.55	0.55	0.55	0.55	0.65
NICOR INC	0.60	0.60	0.70	0.70	0.75	0.65	0.60	0.60	0.60	0.80
NORTHWEST NATURAL GAS	0.60	0.55	0.50	0.45	0.60	0.60	0.60	0.60	0.60	0.60
PEOPLES ENERGY	0.75	0.80	0.80	0.80	0.90	0.80	0.75	0.70	0.70	0.75
PIEDMONT NATURAL GAS	0.60	0.60	0.60	0.65	0.60	0.55	0.55	0.60	0.60	0.65
WGL HOLDINGS INC	0.65	0.70	0.65	0.70	0.75	0.60	0.60	0.60	0.60	0.65
MEDIAN	**0.60**	**0.60**	**0.65**	**0.68**	**0.68**	**0.60**	**0.60**	**0.60**	**0.60**	**0.65**

Source: Value Line, 4th Quarter issues for 1993-2001, September 2002

HBETA

SCHEDULE 12

SELECTED LOCAL NATURAL GAS DISTRIBUTION COMPANIES
RISK PREMIUM STUDY
(Quarterly Averages of Monthly Data)

	Dividend Yields 1/	I/B/E/S EPS Growth Forecast	DCF Cost	10-Year Treasury Yield	Risk Premium
1993 1Q	5.5	6.2	11.7	6.3	5.4
2Q	5.3	6.2	11.5	6.0	5.5
3Q	5.0	6.2	11.2	5.6	5.6
4Q	5.4	5.8	11.2	5.6	5.6
1994 1Q	5.6	5.4	11.0	6.1	4.9
2Q	5.9	5.5	11.4	7.1	4.3
3Q	6.1	5.4	11.5	7.3	4.2
4Q	6.4	5.0	11.4	7.8	3.5
1995 1Q	6.1	4.6	10.7	7.5	3.3
2Q	5.9	4.7	10.7	6.6	4.0
3Q	5.9	4.6	10.5	6.3	4.1
4Q	5.5	4.8	10.3	5.9	4.4
1996 1Q	5.5	4.8	10.3	5.9	4.4
2Q	5.5	4.9	10.3	6.7	3.6
3Q	5.4	5.1	10.4	6.8	3.6
4Q	5.1	5.2	10.2	6.3	3.9
1997 1Q	5.2	5.1	10.3	6.6	3.7
2Q	5.2	5.0	10.2	6.6	3.6
3Q	5.0	5.1	10.0	6.2	3.9
4Q	4.7	5.2	9.9	5.8	4.1
1998 1Q	4.7	5.5	10.1	5.6	4.5
2Q	4.7	5.5	10.2	5.6	4.6
3Q	5.1	5.7	10.8	5.1	5.7
4Q	4.7	5.9	10.6	4.7	5.9
1999 1Q	5.3	6.2	11.5	5.0	6.5
2Q	5.2	6.1	11.4	5.6	5.8
3Q	5.1	6.1	11.2	5.9	5.3
4Q	5.3	5.4	10.7	6.3	4.4
2000 1Q	5.9	5.7	11.6	6.4	5.2
2Q	5.8	5.7	11.5	6.2	5.3
3Q	5.4	6.0	11.4	5.9	5.5
4Q	5.1	5.8	10.9	5.4	5.5
2001 1Q	5.1	5.8	10.6	5.0	5.6
2Q	4.9	5.8	10.8	5.4	5.4
3Q	5.0	6.2	11.2	4.8	6.4
4Q	5.1	5.7	10.8	4.7	6.1
2002 1Q	5.3	5.5	10.8	5.1	5.7
2Q	4.7	5.4	10.2	5.0	5.2
3Q	5.3	5.7	11.0	4.1	6.9
Averages					
1993-2002 3Q	**5.3**	**5.5**	**10.8**	**5.9**	**4.9**
1999-2002 3Q	**5.2**	**5.8**	**11.0**	**5.4**	**5.6**
Averages for 10-year Treasury yields:					
Less than 5.0			**10.6**	**4.6**	**6.0**
5.0 - 6.0			**10.7**	**5.6**	**5.1**
Over 6.0			**10.9**	**6.7**	**4.2**

1/ Dividend Yield is adjusted for half of I/B/E/S growth

Source: Standard & Poor's Research Insight, I/B/E/S International, Inc.,
U.S. Federal Reserve Statistical Release

S&P DEBT RATINGS AND VALUE LINE RISK MEASURES FOR 35 LOW RISK INDUSTRIALS

	Value Line Risk Measures				S&P	Common
	Safety Rank	Earnings Predictability	Financial Strength	Beta	Debt Rating	Equity Ratio 1/
Alberto Culver 'B'	2	100	B++	0.75	BBB+	69.6
Albertson's, Inc.	2	90	A	0.65	BBB+	52.6
Avery Dennison	2	85	A	0.95	A	59.7
Baldor Electric	2	60	B++	0.75		72.7
CLARCOR Inc.	2	95	B++	0.75		67.0
Clorox Co.	2	95	A+	0.80	A+	73.5
ConAgra Foods	2	80	A	0.65	BBB+	42.9
Curtiss-Wright	2	85	B++	0.60		94.2
Donaldson Co.	2	100	B++	0.90		76.3
Donnelley (R.R) & Sons	2	70	B++	0.85	A	50.2
Eaton Corp.	2	60	A	0.90	A-	52.4
Ecolab Inc.	2	95	B++	0.90	A	63.2
Engelhard Corp.	2	75	B++	0.90	A-	80.8
Int'l Flavors & Frag.	2	80	B++	0.80		35.8
Jacobs Engineering	2	100	B++	0.95		78.3
Johnson Controls	2	95	A	0.95	A-	66.8
Knight Ridder	2	40	B++	0.85	A	49.8
Lancaster Colony	2	90	A	0.80		83.7
La-Z-Boy Inc.	2	65	B++	0.95		99.8
Lincoln Elec Hldgs.	2	90	A	0.75		95.4
Liz Claiborne	2	95	A+	0.90		73.2
Magna Int'l 'A'	2	90	B++	0.90		86.9
McCormick & Co.	2	90	B++	0.50	A-	50.5
Nordson Corp.	2	60	B++	0.90		57.9
Pall Corp.	2	45	A	0.90		68.2
Sensient Techn.	2	85	B++	0.65		50.4
Sherwin-Williams	2	90	A	0.95	A	74.7
Sigma-Aldrich	2	95	A	0.75		82.0
Smucker (J.M.)	2	85	B++	0.60		67.5
Sonoco Products	2	90	A	0.95	A-	47.6
Sunoco, Inc.	2	15	B++	0.90	BBB	59.0
Superior Inds. Int'l	2	70	B++	0.85		100.0
Universal Corp.	2	75	A	0.60	A-	51.7
Wendy's Int'l	2	95	A	0.65	BBB+	61.3
Wyeth	2	90	A+	0.85		35.6
MEAN	**2**	**81**	**A**	**0.81**	**A-**	**66.6**
MEDIAN	**2**	**90**	**B++**	**0.85**	**A-**	**67.0**

1/ Based on permanent capital.

Source: S&P Research Insight, S&P Bond Guide, Value Line.

RETURNS ON EQUITY
FOR 35 LOW RISK INDUSTRIALS

	Returns on Equity											Value Line
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Average 1992-2001	Forecast 2005-7
Alberto Culver 'B'	14.4	14.1	14.1	15.1	15.8	18.5	16.1	15.6	17.1	16.1	15.7	16.0
Albertson's, Inc.	21.3	24.5	27.1	25.5	23.5	22.2	21.7	10.0	13.4	8.6	19.8	14.0
Avery Dennison	9.8	10.9	15.1	18.6	21.4	24.5	26.7	26.2	34.6	27.7	21.6	21.0
Baldor Electric	10.9	12.7	15.3	16.3	17.1	18.2	17.6	16.5	17.6	8.6	15.1	15.0
CLARCOR Inc.	16.9	16.9	18.6	17.7	18.0	17.0	17.9	17.8	17.8	16.2	17.5	14.0
Clorox Co.	14.7	19.7	23.7	21.7	23.7	25.3	28.1	18.5	23.4	17.6	21.7	22.0
ConAgra Foods	17.1	19.3	20.0	7.6	26.0	23.9	12.6	13.2	19.9	18.9	17.9	19.0
Curtiss-Wright	14.7	-2.0	12.9	11.0	9.1	14.4	13.4	16.0	15.0	19.6	12.4	12.0
Donaldson Co.	17.2	16.9	17.6	18.8	19.3	21.4	22.8	24.1	25.9	25.2	20.9	25.5
Donnelley (R.R) & Sons	13.1	9.7	14.1	14.4	-8.3	8.1	20.4	25.3	22.5	2.4	12.2	25.0
Eaton Corp.	13.3	17.5	23.9	21.8	16.9	21.9	16.9	26.4	18.0	6.9	18.4	15.5
Ecolab Inc.	20.0	21.2	20.2	21.6	23.2	25.0	31.0	24.2	27.5	23.0	23.7	29.5
Engelhard Corp.	14.3	2.8	20.6	20.3	19.2	5.9	22.2	23.7	20.5	24.0	17.4	19.0
Int'l Flavors & Frag.	18.2	21.7	23.8	23.4	17.3	21.0	20.9	18.0	16.5	20.1	20.1	24.0
Jacobs Engineering	21.6	18.3	10.0	14.7	15.5	15.4	15.6	16.0	10.8	16.1	15.4	13.0
Johnson Controls	10.3	11.5	13.9	14.9	16.1	17.7	18.4	19.6	19.4	17.2	15.9	15.5
Knight Ridder	12.5	12.2	13.9	14.3	23.9	30.8	22.8	18.9	18.3	11.4	17.9	17.0
Lancaster Colony	21.7	26.3	27.9	27.4	25.3	25.7	24.7	23.1	23.9	20.6	24.7	17.0
La-Z-Boy Inc.	10.7	12.5	11.8	11.8	12.9	13.4	16.5	16.3	10.1	8.8	12.5	13.0
Lincoln Elec Hldgs.	-19.8	-23.7	28.4	23.5	20.6	20.6	20.2	15.7	17.4	17.7	12.1	15.5
Liz Claiborne	22.9	12.7	8.4	12.9	15.5	19.0	17.8	20.4	21.3	20.3	17.1	15.0
Magna Int'l 'A'	22.6	18.9	21.0	21.9	15.7	21.5	11.9	12.3	15.6	14.3	17.6	12.5
McCormick & Co.	23.0	22.0	12.8	19.3	10.3	23.3	26.6	26.8	37.1	35.7	23.7	26.5
Nordson Corp.	23.9	21.8	22.8	23.7	22.3	21.5	9.6	21.8	23.3	9.6	20.0	16.5
Pall Corp.	17.5	14.4	17.5	19.2	20.0	8.6	11.8	6.9	19.7	15.4	15.1	16.5
Sensient Techn.	14.0	18.6	16.1	19.2	12.4	17.7	18.5	19.1	14.0	17.4	16.7	16.0
Sherwin-Williams	16.3	17.0	17.9	17.7	17.5	17.4	16.5	17.8	1.0	17.8	15.7	19.0
Sigma-Aldrich	20.0	19.4	17.1	17.3	16.7	16.6	14.6	13.9	30.2	16.9	18.3	16.5
Smucker (J.M.)	17.3	13.4	14.7	11.0	10.9	12.2	12.1	8.3	11.3	11.7	12.3	9.5
Sonoco Products	14.5	20.0	19.1	22.3	21.2	-0.1	23.0	21.8	19.5	11.4	17.3	19.0
Sunoco, Inc.	-13.0	14.6	5.0	14.6	-19.5	30.7	23.1	6.4	26.3	23.8	11.2	12.5
Superior Inds. Int'l	23.8	28.8	29.9	24.7	19.5	20.6	17.5	21.3	21.2	13.1	22.0	17.0
Universal Corp.	20.5	22.3	9.7	6.7	17.7	22.7	27.8	23.4	22.0	21.5	19.4	17.0
Wendy's Int'l	12.9	14.0	15.2	14.7	16.6	11.6	11.0	15.6	15.5	18.0	14.5	16.5
Wyeth	33.5	39.5	37.6	34.3	30.1	27.0	27.8	-15.5	-52.5	66.3	22.8	53.0
Median	16.9	17.0	17.5	18.6	17.5	20.6	18.4	18.0	19.4	17.4	17.5	16.5
Average											17.6	18.4
Average of Annual Medians											18.1	

Source: Standard and Poor's Research Insight; Value Line