

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Southern Natural Gas Company) Docket No. RP09-____-000

Financial Exhibit

to Accompany

the Direct Testimony

of

Paul R. Moul, Managing Consultant
P. Moul & Associates

Southern Natural Gas Company
Index of Schedules

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Southern Natural Gas Company
 Summary Cost of Capital
Test Year Ended September 30, 2009

<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-term Debt	37.20%	7.20%	2.68%
Common Equity	<u>62.80%</u>	14.39%	<u>9.04%</u>
Total	<u>100.00%</u>		<u>11.72%</u>

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its overall cost of capital:

Pre-tax coverage of interest expense based upon a 35.00% income tax rate (16.59% ÷ 2.68%)	6.19 x
Post-tax coverage of interest expense (11.72% ÷ 2.68%)	4.37 x

Southern Natural Gas Company
Capitalization and Financial Statistics
2003-2007, Inclusive

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 2,674.0	\$ 2,840.0	\$ 2,655.0	\$ 2,481.0	\$ 2,348.0	
Short-Term Debt	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Capital	<u>\$ 2,674.0</u>	<u>\$ 2,840.0</u>	<u>\$ 2,655.0</u>	<u>\$ 2,481.0</u>	<u>\$ 2,348.0</u>	
Capital Structure Ratios						<u>Average</u>
Based on Permanent Capital:						
Long-Term Debt	42.3%	42.1%	45.0%	48.2%	50.9%	45.7%
Common Equity ⁽¹⁾	<u>57.7%</u>	<u>57.9%</u>	<u>55.0%</u>	<u>51.8%</u>	<u>49.1%</u>	<u>54.3%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	42.3%	42.1%	45.0%	48.2%	50.9%	45.7%
Common Equity ⁽¹⁾	<u>57.7%</u>	<u>57.9%</u>	<u>55.0%</u>	<u>51.8%</u>	<u>49.1%</u>	<u>54.3%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity ⁽¹⁾	12.7%	11.9%	12.7%	13.9%	13.1%	12.9%
Operating Ratio ⁽²⁾	49.8%	52.3%	54.1%	53.3%	52.5%	52.4%
Coverage incl. AFUDC ⁽³⁾						
Pre-tax: All Interest Charges	3.85 x	3.71 x	3.53 x	3.51 x	3.36 x	3.59 x
Post-tax: All Interest Charges	3.13 x	2.90 x	2.78 x	2.74 x	2.60 x	2.83 x
Coverage excl. AFUDC ⁽³⁾						
Pre-tax: All Interest Charges	3.73 x	3.63 x	3.38 x	3.41 x	3.24 x	3.48 x
Post-tax: All Interest Charges	3.00 x	2.81 x	2.62 x	2.65 x	2.49 x	2.71 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	5.9%	4.3%	8.6%	5.3%	6.9%	6.2%
Effective Income Tax Rate	25.5%	30.0%	29.8%	30.5%	32.1%	29.6%
Internal Cash Generation/Construction ⁽⁴⁾	111.9%	91.6%	133.3%	121.6%	-28.7%	85.9%
Gross Cash Flow/ Avg. Total Debt ⁽⁴⁾	23.4%	22.8%	19.7%	20.3%	22.3%	21.7%
Gross Cash Flow Interest Coverage ⁽⁵⁾	3.88 x	3.78 x	3.36 x	3.46 x	3.30 x	3.56 x

See Page 2 for Notes.

Southern Natural Gas Company
Capitalization and Financial Statistics
2003-2007, Inclusive

Notes:

- (1) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (2) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (3) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (4) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less AFUDC) as a percentage of average total debt.
- (5) Gross Cash Flow plus interest charges divided by interest charges.

Source of Information: Utility COMPUSTAT

Pipeline Group
Capitalization and Financial Statistics ⁽¹⁾
2003-2007, Inclusive

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 5,676.0	\$ 4,554.6	\$ 3,753.8	\$ 4,063.3	\$ 3,175.0	
Short-Term Debt	\$ 27.3	\$ 21.6	\$ 54.2	\$ 2.6	\$ 35.9	
Total Capital	<u>\$ 5,703.3</u>	<u>\$ 4,576.2</u>	<u>\$ 3,808.0</u>	<u>\$ 4,065.9</u>	<u>\$ 3,210.9</u>	
Market-Based Financial Ratios						<u>Average</u>
Price-Earnings Multiple	19 x	16 x	25 x	18 x	26 x	21 x
Market/Book Ratio	229.2%	222.8%	222.3%	201.9%	226.0%	220.4%
Cash Yield	5.2%	6.0%	5.0%	6.2%	6.1%	5.7%
Payout Ratio	98.2%	71.6%	116.3%	116.0%	108.4%	102.1%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	49.8%	44.4%	39.0%	48.7%	49.1%	46.2%
Minority Interest	0.8%	0.6%	1.9%	2.5%	1.8%	1.5%
Common Equity ⁽²⁾	<u>49.4%</u>	<u>55.0%</u>	<u>59.1%</u>	<u>48.8%</u>	<u>49.1%</u>	<u>52.3%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	50.2%	46.9%	41.7%	48.7%	49.4%	47.4%
Minority Interest	0.8%	0.6%	1.9%	2.5%	1.8%	1.5%
Common Equity ⁽²⁾	<u>49.0%</u>	<u>52.5%</u>	<u>56.5%</u>	<u>48.8%</u>	<u>48.8%</u>	<u>51.1%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity ⁽²⁾	15.1%	18.0%	11.7%	14.0%	8.2%	13.4%
Operating Ratio ⁽³⁾	76.5%	76.1%	78.1%	81.5%	79.5%	78.3%
Coverage incl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	4.18 x	5.48 x	4.72 x	3.33 x	2.54 x	4.05 x
Post-tax: All Interest Charges	4.67 x	5.23 x	4.42 x	3.05 x	2.23 x	3.92 x
Overall Coverage: All Int. & Pfd. Div.	4.62 x	5.16 x	4.38 x	2.97 x	2.18 x	3.86 x
Coverage excl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	4.12 x	5.45 x	4.71 x	3.32 x	2.53 x	4.03 x
Post-tax: All Interest Charges	4.61 x	5.19 x	4.41 x	3.05 x	2.22 x	3.90 x
Overall Coverage: All Int. & Pfd. Div.	4.57 x	5.12 x	4.37 x	2.96 x	2.17 x	3.84 x
Quality of Earnings & Cash Flow						
AFUDC/Income Avail. for Common Equity	2.0%	0.7%	0.5%	0.4%	0.3%	0.8%
Effective Income Tax Rate	-4.8%	7.2%	15.4%	12.7%	12.7%	8.6%
Internal Cash Generation/Construction ⁽⁵⁾	54.4%	73.9%	82.9%	86.7%	144.7%	88.5%
Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾	22.6%	34.1%	27.5%	17.9%	16.0%	23.6%
Gross Cash Flow Interest Coverage ⁽⁷⁾	5.31 x	6.78 x	6.56 x	4.61 x	4.10 x	5.47 x
Common Dividend Coverage ⁽⁸⁾	2.24 x	3.37 x	1.64 x	1.66 x	2.06 x	2.19 x

See Page 2 for Notes.

Pipeline Group
Capitalization and Financial Statistics
2003-2007, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (3) Total operating expenses, maintenance, depreciation and taxes other than income as a percentage of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income tax and investment tax credits, less total AFUDC) as a percentage of average total debt.
- (7) Gross Cash Flow plus interest charges divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.
- (9) Williams Pipeline Partners historical financial data is not included because its initial public offering took place on January 24, 2008.

Basis of Selection

The group consists of corporations and master limited partnerships (MLPs) that have publicly-traded stock/units, are currently paying dividends/distributions, and have FERC regulated jurisdictional natural gas pipeline operations. Further discussion contained in Prepared Direct Testimony of Barry Sullivan.

Ticker	Company	Credit Ratings		Stock Traded	S&P Stock Ranking	Value Line Beta
		Moody's	S&P			
BWP	Boardwalk Pipeline Partners, L.P.	Baa2	BBB	NYSE	NR	0.95
EPB	El Paso Pipeline Partners, L.P.	Baa3	BB	NYSE	B-	NMF
EEP	Enbridge Energy Partners LP	Baa2	BBB	NYSE	NR	0.80
ETP	Energy Transfer Partners, L.P.	Baa3	BBB-	NYSE	NR	0.85
EPD	Enterprise Products Partners, LP	Baa3	BBB-	NYSE	B+	0.85
KMP	Kinder Morgan Energy Partners LP	Baa2	BBB	NYSE	NR	0.75
OKS	ONEOK Partners, L.P.	Baa2	BBB	NYSE	NR	0.85
SUG	Southern Union Co.	Baa3	BBB-	NYSE	B	1.10
SEP	Spectra Energy Partners	Baa2	BBB+	NYSE	NR	NMF
TCLP	TC PipeLines, LP	-	-	NNM	NR	0.60
WMZ	Williams Pipeline Partners L.P.	Baa2	BBB-	NYSE	NR	NMF
	Average	<u>Baa2</u>	<u>BBB-</u>		<u>B</u>	<u>0.84</u>

Source of Information: Annual Reports
SEC filings
Utility COMPUSTAT

Standard & Poor's Public Utilities
Capitalization and Financial Statistics ⁽¹⁾
2003-2007, Inclusive

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	
	(Millions of Dollars)					
Amount of Capital Employed						
Permanent Capital	\$ 15,126.8	\$ 15,219.8	\$ 14,312.2	\$ 14,207.4	\$ 14,016.5	
Short-Term Debt	<u>\$ 593.1</u>	<u>\$ 491.9</u>	<u>\$ 452.6</u>	<u>\$ 261.7</u>	<u>\$ 274.0</u>	
Total Capital	<u>\$ 15,719.9</u>	<u>\$ 15,711.7</u>	<u>\$ 14,764.8</u>	<u>\$ 14,469.1</u>	<u>\$ 14,290.5</u>	
Market-Based Financial Ratios						<u>Average</u>
Price-Earnings Multiple	16 x	16 x	16 x	15 x	14 x	15 x
Market/Book Ratio	223.3%	205.9%	201.0%	170.4%	149.8%	190.1%
Dividend Yield	3.3%	3.5%	3.6%	3.8%	4.2%	3.7%
Dividend Payout Ratio	53.9%	57.8%	57.0%	58.4%	63.9%	58.2%
Capital Structure Ratios						
Based on Permanent Capital:						
Long-Term Debt	52.1%	53.4%	54.7%	56.5%	59.2%	55.2%
Preferred Stock	1.2%	1.2%	1.3%	1.5%	1.4%	1.3%
Common Equity ⁽²⁾	<u>46.8%</u>	<u>45.5%</u>	<u>44.0%</u>	<u>42.0%</u>	<u>39.4%</u>	<u>43.5%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Based on Total Capital:						
Total Debt incl. Short Term	54.4%	55.3%	56.8%	58.1%	60.6%	57.0%
Preferred Stock	1.1%	1.2%	1.3%	1.5%	1.4%	1.3%
Common Equity ⁽²⁾	<u>44.5%</u>	<u>43.5%</u>	<u>42.0%</u>	<u>40.5%</u>	<u>38.0%</u>	<u>41.7%</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Rate of Return on Book Common Equity ⁽²⁾	13.2%	12.2%	11.4%	11.5%	9.6%	11.6%
Operating Ratio ⁽³⁾	81.9%	84.5%	85.8%	84.6%	85.0%	84.4%
Coverage incl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	3.75 x	3.32 x	3.16 x	3.03 x	2.52 x	3.16 x
Post-tax: All Interest Charges	2.84 x	2.57 x	2.51 x	2.43 x	2.09 x	2.49 x
Overall Coverage: All Int. & Pfd. Div.	2.80 x	2.53 x	2.47 x	2.39 x	2.05 x	2.45 x
Coverage excl. AFUDC ⁽⁴⁾						
Pre-tax: All Interest Charges	3.68 x	3.28 x	3.12 x	3.00 x	2.48 x	3.11 x
Post-tax: All Interest Charges	2.77 x	2.53 x	2.47 x	2.40 x	2.05 x	2.44 x
Overall Coverage: All Int. & Pfd. Div.	2.74 x	2.49 x	2.43 x	2.36 x	2.01 x	2.41 x
Quality of Earnings & Cash Flow						
AFC/Income Avail. for Common Equity	4.0%	2.5%	1.0%	2.3%	1.9%	2.3%
Effective Income Tax Rate	34.1%	32.7%	31.6%	26.1%	40.6%	33.0%
Internal Cash Generation/Construction ⁽⁵⁾	85.8%	92.9%	102.9%	124.2%	126.5%	106.5%
Gross Cash Flow/ Avg. Total Debt ⁽⁶⁾	24.8%	23.1%	20.9%	20.9%	20.8%	22.1%
Gross Cash Flow Interest Coverage ⁽⁷⁾	4.92 x	4.47 x	4.34 x	4.37 x	4.40 x	4.50 x
Common Dividend Coverage ⁽⁸⁾	5.93 x	4.39 x	4.36 x	4.67 x	5.03 x	4.88 x

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
2003-2007, Inclusive

Notes:

- (1) All capitalization and financial statistics for the group are the arithmetic average of the achieved results for each individual company in the group.
- (2) Excluding Accumulated Other Comprehensive Income ("OCI") from the equity account
- (3) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (4) Coverage calculations represent the number of times available earnings, both including and excluding AFUDC (allowance for funds used during construction) as reported in its entirety, cover fixed charges.
- (5) Internal cash generation/gross construction is the percentage of gross construction expenditures provided by internally-generated funds from operations after payment of all cash dividends divided by gross construction expenditures.
- (6) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) as a percentage of average total debt.
- (7) Gross Cash Flow (sum of net income, depreciation, amortization, net deferred income taxes and investment tax credits, less total AFUDC) plus interest charges, divided by interest charges.
- (8) Common dividend coverage is the relationship of internally-generated funds from operations after payment of preferred stock dividends to common dividends paid.

Source of Information: Annual Reports to Shareholders
Utility COMPUSTAT

Standard & Poor's Public Utilities

Company Identities ⁽¹⁾

	Ticker	Credit Rating ⁽²⁾		Common Stock Traded	S&P Stock Ranking	Value Line Beta
		Moody's	S&P			
Allegheny Energy	AYE	Baa3	BBB-	NYSE	B	1.10
Ameren Corporation	AEE	Baa2	BBB-	NYSE	A-	0.80
American Electric Power	AEP	Baa2	BBB	NYSE	B	0.85
CMS Energy	CMS	Baa2	BBB-	NYSE	C	0.95
CenterPoint Energy	CNP	Baa3	BBB	NYSE	B	0.90
Consolidated Edison	ED	A1	A-	NYSE	B+	0.65
Constellation Energy Group	CEG	Baa2	BBB	NYSE	B+	0.75
DTE Energy Co.	DTE	Baa1	BBB	NYSE	B	0.75
Dominion Resources	D	Baa1	A-	NYSE	B+	0.70
Duke Energy	DUK	A3	A-	NYSE	B	0.60
Edison Int'l	EIX	A3	BBB+	NYSE	B	0.85
Entergy Corp.	ETR	Baa2	BBB	NYSE	A-	0.80
Exelon Corp.	EXC	A3	BBB	NYSE	B+	0.90
FPL Group	FPL	A1	A	NYSE	A-	0.80
FirstEnergy Corp.	FE	Baa2	BBB	NYSE	A-	0.85
Integrus Energy Group	TEG	A1	A-	NYSE	A-	0.80
NICOR Inc.	GAS	A2	AA	NYSE	B	0.70
NiSource Inc.	NI	Baa2	BBB-	NYSE	B	0.75
PEPCO Holdings, Inc.	POM	Baa2	BBB	NYSE	B	0.75
PG&E Corp.	PCG	A3	BBB+	NYSE	B	0.85
PPL Corp.	PPL	Baa1	A-	NYSE	B+	0.80
Pinnacle West Capital	PNW	Baa2	BBB-	NYSE	B+	0.75
Progress Energy, Inc.	PGN	A3	BBB+	NYSE	B	0.60
Public Serv. Enterprise Inc.	PEG	Baa1	BBB	NYSE	B+	0.85
Questar Corp.	STR	A3	A-	NYSE	A	1.25
Sempra Energy	SRE	A2	A	NYSE	B+	0.90
Southern Co.	SO	A2	A	NYSE	A-	0.55
TECO Energy	TE	Baa2	BBB-	NYSE	B	0.75
Xcel Energy Inc	XEL	A3	BBB+	NYSE	B	0.75
Average for S&P Utilities		<u>Baa1</u>	<u>BBB+</u>		<u>B+</u>	<u>0.80</u>

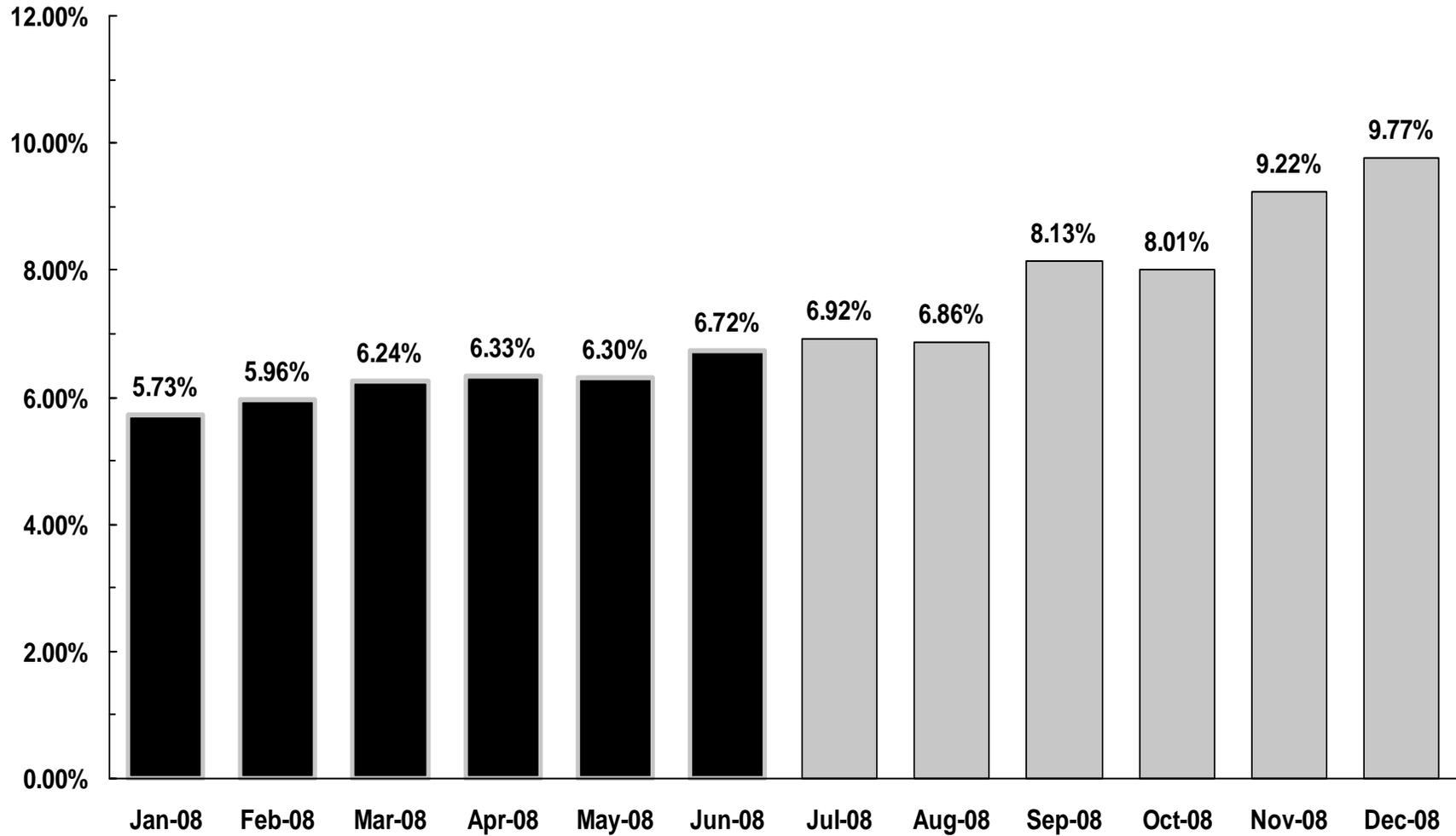
Note: ⁽¹⁾ Includes companies contained in S&P Utility Compustat. AES Corp. and Dynegy, Inc. are not included.

⁽²⁾ Ratings are those of utility subsidiaries

Source of Information: Moody's Investors Service
Standard & Poor's Corporation
Standard & Poor's Stock Guide
Value Line Investment Survey for Windows

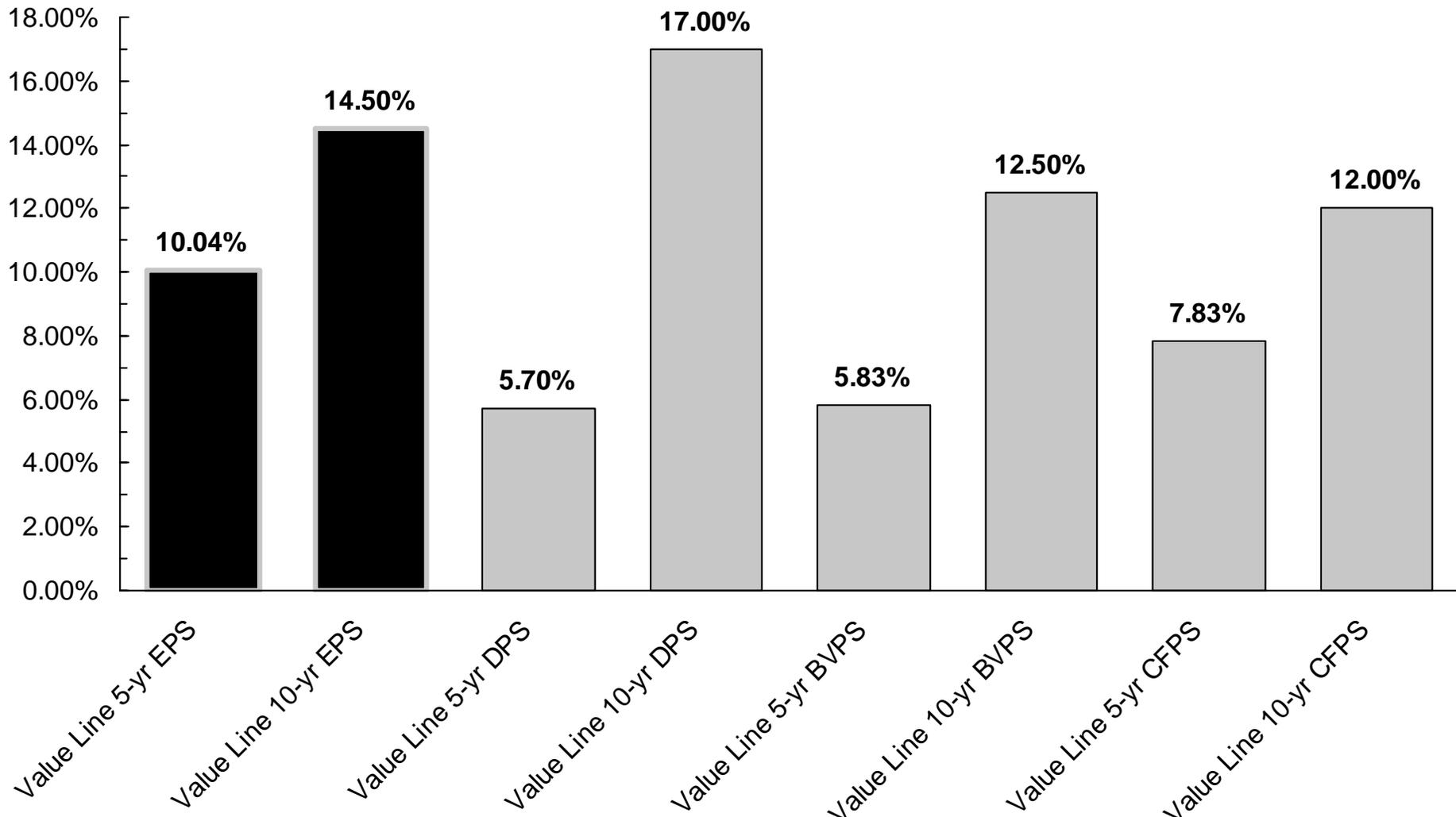
Pipeline Group

Monthly Cash Yields



Pipeline Group

Historical Growth Rates

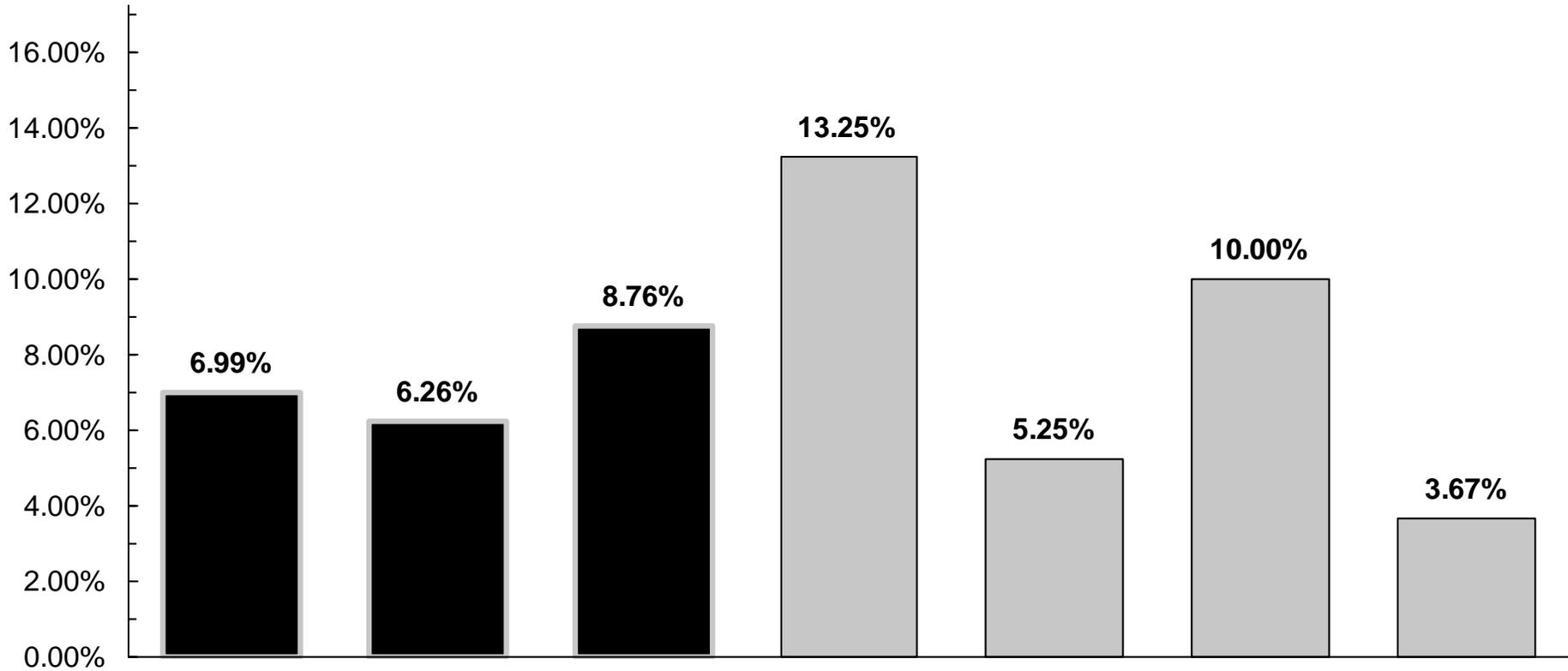


Earnings per Share=EPS
Distribution per Share=DPS

Book Values per Share=BVPS
Cash Flow per Share=CFPS

Pipeline Group

Five-Year Projected Growth Rates



IBES/First Call EPS

Zacks EPS

Value Line EPS

Value Line DPS

Value Line BVPS

Value Line CFPS

Value Line BxR

Earnings per Share=EPS Book Values per Share=BVPS
 Distribution per Share=DPS Cash Flow per Share=CFPS
 Percent Retained to Common Equity=BxR

Pipeline Group
Analysis of Public Offerings of Common Stock/MLP Units
Years 2003-2009

Company/Limited Partnership	Date of Offering	No. of shares (units) offered (000)	Dollar amt. of offering (\$000)	Price to public	Underwriters' discount and commission	Gross Proceeds	Estimated company issuance expenses	Net proceeds to company per share (unit)	Underwriters' discount as a percent of offering price	Issuance expense as a percent of offering price	Total Issuance and selling expense as a percent of offering price
Energy Transfer Partners, L.P.	01/22/09	6,000	\$ 204,300	\$ 34.050	\$ 1.390	\$ 32.660	\$ 0.083	\$ 32.577	4.1%	0.2%	4.3%
Enterprise Products Partners L.P.	01/07/09	9,600	\$ 213,120	\$ 22.200	\$ 0.870	\$ 21.330	\$ 0.031	\$ 21.299	3.9%	0.1%	4.0%
Kinder Morgan Energy Partners, L.P.	12/17/08	3,900	\$ 182,325	\$ 46.750	\$ 1.460	\$ 45.290	\$ 0.051	\$ 45.239	3.1%	0.1%	3.2%
Energy Transfer Partners, L.P.	07/15/08	7,750	\$ 305,738	\$ 39.450	\$ 1.578	\$ 37.872	\$ 0.100	\$ 37.772	4.0%	0.3%	4.3%
Boardwalk Pipeline Partners, LP	06/10/08	10,000	\$ 253,000	\$ 25.300	\$ 0.948	\$ 24.352	\$ 0.045	\$ 24.307	3.7%	0.2%	3.9%
ONEOK Partners, L.P.	03/11/08	2,500	\$ 145,250	\$ 58.100	\$ 1.950	\$ 56.150	\$ 0.240	\$ 55.910	3.4%	0.4%	3.8%
Enbridge Energy Partners, L.P.	02/27/08	4,000	\$ 196,000	\$ 49.000	\$ 1.715	\$ 47.285	\$ 0.063	\$ 47.222	3.5%	0.1%	3.6%
Kinder Morgan Energy Partners, L.P.	02/27/08	5,000	\$ 288,500	\$ 57.700	\$ 1.320	\$ 56.380	\$ 0.050	\$ 56.330	2.3%	0.1%	2.4%
Williams Pipeline Partners L.P.	01/17/08	16,250	\$ 325,000	\$ 20.000	\$ 1.200	\$ 18.800	\$ 0.258	\$ 18.542	6.0%	1.3%	7.3%
Energy Transfer Partners, L.P.	12/12/07	5,000	\$ 244,050	\$ 48.810	\$ 1.952	\$ 46.858	\$ 0.140	\$ 46.718	4.0%	0.3%	4.3%
Kinder Morgan Energy Partners, L.P.	11/30/07	6,200	\$ 305,908	\$ 49.340	\$ 1.250	\$ 48.090	\$ 0.040	\$ 48.050	2.5%	0.1%	2.6%
El Paso Pipeline Partners, L.P.	11/15/07	25,000	\$ 500,000	\$ 20.000	\$ 1.200	\$ 18.800	\$ 0.120	\$ 18.680	6.0%	0.6%	6.6%
Spectra Energy Partners, L.P.	06/27/07	10,000	\$ 220,000	\$ 22.000	\$ 1.375	\$ 20.625	\$ 0.620	\$ 20.005	6.3%	2.8%	9.1%
Enbridge Energy Partners, L.P.	05/16/07	5,300	\$ 307,400	\$ 58.000	\$ 0.960	\$ 57.040	\$ 0.057	\$ 56.983	1.7%	0.1%	1.8%
Enterprise Products Partners L.P.	04/13/07	13,500	\$ 421,875	\$ 31.250	\$ 0.630	\$ 30.620	\$ 0.006	\$ 30.614	2.0%	0.0%	2.0%
Boardwalk Pipeline Partners, LP	03/19/07	8,000	\$ 292,000	\$ 36.500	\$ 0.500	\$ 36.000	\$ 0.025	\$ 35.975	1.4%	0.1%	1.5%
Enterprise Products Partners L.P.	09/07/06	11,000	\$ 283,800	\$ 25.800	\$ 0.961	\$ 24.839	\$ 0.068	\$ 24.771	3.7%	0.3%	4.0%
Kinder Morgan Energy Partners, L.P.	08/10/06	5,000	\$ 224,000	\$ 44.800	\$ 1.669	\$ 43.131	\$ 0.045	\$ 43.086	3.7%	0.1%	3.8%
Enbridge Energy Partners, L.P.	11/16/05	3,000	\$ 138,000	\$ 46.000	\$ 1.840	\$ 44.160	\$ 0.083	\$ 44.077	4.0%	0.2%	4.2%
Southern Union Co.	02/07/05	14,913	\$ 342,999	\$ 23.000	\$ 0.700	\$ 22.300	\$ 0.067	\$ 22.233	3.0%	0.3%	3.3%
Southern Union Co.	07/26/04	11,000	\$ 206,250	\$ 18.750	\$ 0.656	\$ 18.094	\$ 0.091	\$ 18.003	3.5%	0.5%	4.0%
Southern Union Co.	06/05/03	9,500	\$ 152,000	\$ 16.000	\$ 0.560	\$ 15.440	\$ 0.089	\$ 15.351	3.5%	0.6%	4.1%
Average									3.6%	0.4%	4.0%

Source of Information: Public Utility Financial Tracker and SEC filings

Southern Natural Gas Company Return on Equity Calculation

Six-months ended December 2008

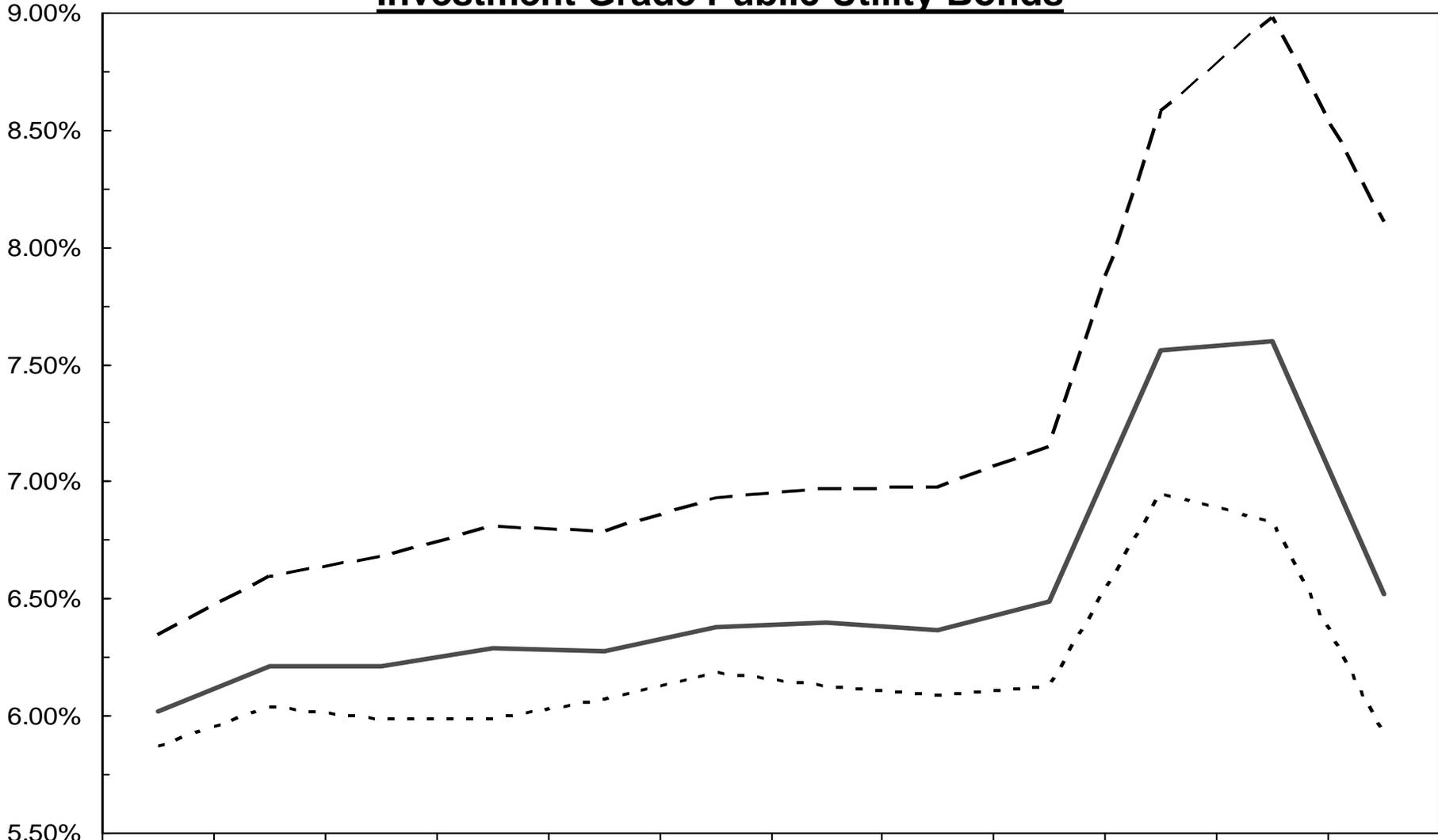
Pipeline Group	Six Month Div. Yield	IBES Growth Rate	GDP Growth Rate	IBES 90% Weighted	GDP 10% Weighted	Combined Growth Rate	Adjusted Dividend Yield	DCF Return
Boardwalk Pipeline Partners, L.P.	8.97%	8.40%	2.21%	7.56%	0.22%	7.78%	9.32%	17.10%
El Paso Pipeline Partners, L.P.	7.05%	10.13%	2.21%	9.12%	0.22%	9.34%	7.38%	16.72%
Enbridge Energy Partners, L.P.	10.88%	3.88%	2.21%	3.49%	0.22%	3.71%	11.08%	14.79%
Energy Transfer Partners, L.P.	9.96%	6.33%	2.21%	5.70%	0.22%	5.92%	10.25%	16.17%
Enterprise Products Partners, L.P.	8.75%	8.18%	2.21%	7.36%	0.22%	7.58%	9.08%	16.66%
Kinder Morgan Energy Partners, L.P.	7.87%	6.25%	2.21%	5.63%	0.22%	5.85%	8.10%	13.95%
ONEOK Partners, L.P.	8.50%	5.75%	2.21%	5.18%	0.22%	5.40%	8.73%	14.13%
Southern Union Co.	3.31%	9.30%	4.42%	8.37%	0.44%	8.81%	3.46%	12.27%
Spectra Energy Partners	6.73%	7.67%	2.21%	6.90%	0.22%	7.12%	6.97%	14.09%
TC Pipelines, L.P.	10.29%	5.00%	2.21%	4.50%	0.22%	4.72%	10.53%	15.25%
Williams Pipeline Partners, L.P.	8.47%	6.00%	2.21%	5.40%	0.22%	5.62%	8.71%	14.33%
						Mean		15.04%
						Median		14.79%
						MidPoint		14.69%

Pipeline Group	Six Month Div. Yield	IBES Growth Rate	GDP Growth Rate	IBES 67% Weighted	GDP 33% Weighted	Combined Growth Rate	Adjusted Dividend Yield	DCF Return
Boardwalk Pipeline Partners, L.P.	8.97%	8.40%	2.21%	5.60%	0.74%	6.34%	9.25%	15.59%
El Paso Pipeline Partners, L.P.	7.05%	10.13%	2.21%	6.75%	0.74%	7.49%	7.31%	14.80%
Enbridge Energy Partners, L.P.	10.88%	3.88%	2.21%	2.59%	0.74%	3.33%	11.06%	14.39%
Energy Transfer Partners, L.P.	9.96%	6.33%	2.21%	4.22%	0.74%	4.96%	10.21%	15.17%
Enterprise Products Partners, L.P.	8.75%	8.18%	2.21%	5.45%	0.74%	6.19%	9.02%	15.21%
Kinder Morgan Energy Partners, L.P.	7.87%	6.25%	2.21%	4.17%	0.74%	4.91%	8.06%	12.97%
ONEOK Partners, L.P.	8.50%	5.75%	2.21%	3.83%	0.74%	4.57%	8.69%	13.26%
Southern Union Co.	3.31%	9.30%	4.42%	6.20%	1.47%	7.67%	3.44%	11.11%
Spectra Energy Partners	6.73%	7.67%	2.21%	5.11%	0.74%	5.85%	6.93%	12.78%
TC Pipelines, L.P.	10.29%	5.00%	2.21%	3.33%	0.74%	4.07%	10.50%	14.57%
Williams Pipeline Partners, L.P.	8.47%	6.00%	2.21%	4.00%	0.74%	4.74%	8.67%	13.41%
						Mean		13.93%
						Median		14.39%
						MidPoint		13.35%

Yield Calculations

Ticker	Company	Mo/Yr	Price			Indicated Dividend Rate	Dividend Yield	Average Dividend Yield
			High	Low	Average			
BWP	Boardwalk Pipeline Partners, L.P.	Jul-08	\$ 24.96	\$ 21.32	\$ 23.140	\$1.88	8.12%	8.97%
		Aug-08	\$ 24.59	\$ 22.62	\$ 23.605	\$1.88	7.96%	
		Sep-08	\$ 24.70	\$ 17.11	\$ 20.905	\$1.88	8.99%	
		Oct-08	\$ 24.00	\$ 14.00	\$ 19.000	\$1.90	10.00%	
		Nov-08	\$ 25.97	\$ 18.02	\$ 21.995	\$1.90	8.64%	
		Dec-08	\$ 20.67	\$ 16.86	\$ 18.765	\$1.90	10.13%	
EPB	El Paso Pipeline Partners, L.P.	Jul-08	\$ 21.95	\$ 18.54	\$ 20.245	\$1.18	5.83%	7.05%
		Aug-08	\$ 19.94	\$ 17.20	\$ 18.570	\$1.18	6.35%	
		Sep-08	\$ 19.05	\$ 11.72	\$ 15.385	\$1.18	7.67%	
		Oct-08	\$ 18.08	\$ 11.95	\$ 15.015	\$1.20	7.99%	
		Nov-08	\$ 21.80	\$ 13.48	\$ 17.640	\$1.20	6.80%	
		Dec-08	\$ 17.60	\$ 13.75	\$ 15.675	\$1.20	7.66%	
EEP	Enbridge Energy Partners, L.P.	Jul-08	\$ 50.49	\$ 45.20	\$ 47.845	\$3.96	8.28%	10.88%
		Aug-08	\$ 50.46	\$ 45.65	\$ 48.055	\$3.96	8.24%	
		Sep-08	\$ 49.38	\$ 36.50	\$ 42.940	\$3.96	9.22%	
		Oct-08	\$ 40.86	\$ 24.35	\$ 32.605	\$3.96	12.15%	
		Nov-08	\$ 39.50	\$ 22.33	\$ 30.915	\$3.96	12.81%	
		Dec-08	\$ 30.40	\$ 23.89	\$ 27.145	\$3.96	14.59%	
ETP	Energy Transfer Partners, L.P.	Jul-08	\$ 45.03	\$ 39.12	\$ 42.075	\$3.58	8.50%	9.96%
		Aug-08	\$ 45.29	\$ 40.00	\$ 42.645	\$3.58	8.39%	
		Sep-08	\$ 44.98	\$ 28.61	\$ 36.795	\$3.58	9.72%	
		Oct-08	\$ 39.74	\$ 22.40	\$ 31.070	\$3.58	11.51%	
		Nov-08	\$ 40.00	\$ 26.11	\$ 33.055	\$3.58	10.82%	
		Dec-08	\$ 36.25	\$ 30.05	\$ 33.150	\$3.58	10.79%	
EPD	Enterprise Products Partners, L.P.	Jul-08	\$ 30.00	\$ 27.23	\$ 28.615	\$2.06	7.20%	8.75%
		Aug-08	\$ 30.07	\$ 27.98	\$ 29.025	\$2.06	7.10%	
		Sep-08	\$ 29.36	\$ 22.58	\$ 25.970	\$2.06	7.93%	
		Oct-08	\$ 26.30	\$ 16.00	\$ 21.150	\$2.09	9.89%	
		Nov-08	\$ 25.50	\$ 16.21	\$ 20.855	\$2.09	10.03%	
		Dec-08	\$ 22.18	\$ 18.19	\$ 20.185	\$2.09	10.36%	
KMP	Kinder Morgan Energy Partners, L.P.	Jul-08	\$ 59.48	\$ 54.25	\$ 56.865	\$3.96	6.96%	7.87%
		Aug-08	\$ 58.34	\$ 54.31	\$ 56.325	\$3.96	7.03%	
		Sep-08	\$ 57.99	\$ 48.67	\$ 53.330	\$3.96	7.43%	
		Oct-08	\$ 55.88	\$ 35.59	\$ 45.735	\$4.08	8.92%	
		Nov-08	\$ 56.00	\$ 43.60	\$ 49.800	\$4.08	8.19%	
		Dec-08	\$ 49.93	\$ 44.07	\$ 47.000	\$4.08	8.68%	
OKS	ONEOK Partners, L.P.	Jul-08	\$ 57.32	\$ 51.31	\$ 54.315	\$4.24	7.81%	8.50%
		Aug-08	\$ 60.46	\$ 52.00	\$ 56.230	\$4.24	7.54%	
		Sep-08	\$ 61.27	\$ 49.20	\$ 55.235	\$4.24	7.68%	
		Oct-08	\$ 55.18	\$ 35.61	\$ 45.395	\$4.32	9.52%	
		Nov-08	\$ 56.75	\$ 40.00	\$ 48.375	\$4.32	8.93%	
		Dec-08	\$ 48.40	\$ 42.69	\$ 45.545	\$4.32	9.49%	
SUG	Southern Union Co.	Jul-08	\$ 27.24	\$ 24.75	\$ 25.995	\$0.60	2.31%	3.31%
		Aug-08	\$ 26.43	\$ 25.07	\$ 25.750	\$0.60	2.33%	
		Sep-08	\$ 26.12	\$ 19.70	\$ 22.910	\$0.60	2.62%	
		Oct-08	\$ 20.69	\$ 12.37	\$ 16.530	\$0.60	3.63%	
		Nov-08	\$ 17.85	\$ 10.60	\$ 14.225	\$0.60	4.22%	
		Dec-08	\$ 13.63	\$ 11.51	\$ 12.570	\$0.60	4.77%	
SEP	Spectra Energy Partners	Jul-08	\$ 25.00	\$ 22.34	\$ 23.670	\$1.36	5.75%	6.73%
		Aug-08	\$ 23.74	\$ 21.50	\$ 22.620	\$1.36	6.01%	
		Sep-08	\$ 23.28	\$ 17.06	\$ 20.170	\$1.36	6.74%	
		Oct-08	\$ 30.00	\$ 12.10	\$ 21.050	\$1.40	6.65%	
		Nov-08	\$ 21.89	\$ 14.67	\$ 18.280	\$1.40	7.66%	
		Dec-08	\$ 20.49	\$ 16.59	\$ 18.540	\$1.40	7.55%	
TCLP	TC Pipelines, L.P.	Jul-08	\$ 35.96	\$ 33.30	\$ 34.630	\$2.82	8.14%	10.29%
		Aug-08	\$ 34.85	\$ 32.09	\$ 33.470	\$2.82	8.43%	
		Sep-08	\$ 34.20	\$ 27.79	\$ 30.995	\$2.82	9.10%	
		Oct-08	\$ 31.98	\$ 19.80	\$ 25.890	\$2.82	10.89%	
		Nov-08	\$ 27.76	\$ 18.11	\$ 22.935	\$2.82	12.30%	
		Dec-08	\$ 23.78	\$ 20.00	\$ 21.890	\$2.82	12.88%	
WMZ	Williams Pipeline Partners, L.P.	Jul-08	\$ 17.50	\$ 15.57	\$ 16.535	\$1.24	7.50%	8.47%
		Aug-08	\$ 17.35	\$ 16.20	\$ 16.775	\$1.24	7.39%	
		Sep-08	\$ 17.88	\$ 12.75	\$ 15.315	\$1.24	8.10%	
		Oct-08	\$ 15.58	\$ 10.55	\$ 13.065	\$1.26	9.64%	
		Nov-08	\$ 16.42	\$ 11.64	\$ 14.030	\$1.26	8.98%	
		Dec-08	\$ 14.71	\$ 12.60	\$ 13.655	\$1.26	9.23%	

Interest Rates for Investment Grade Public Utility Bonds



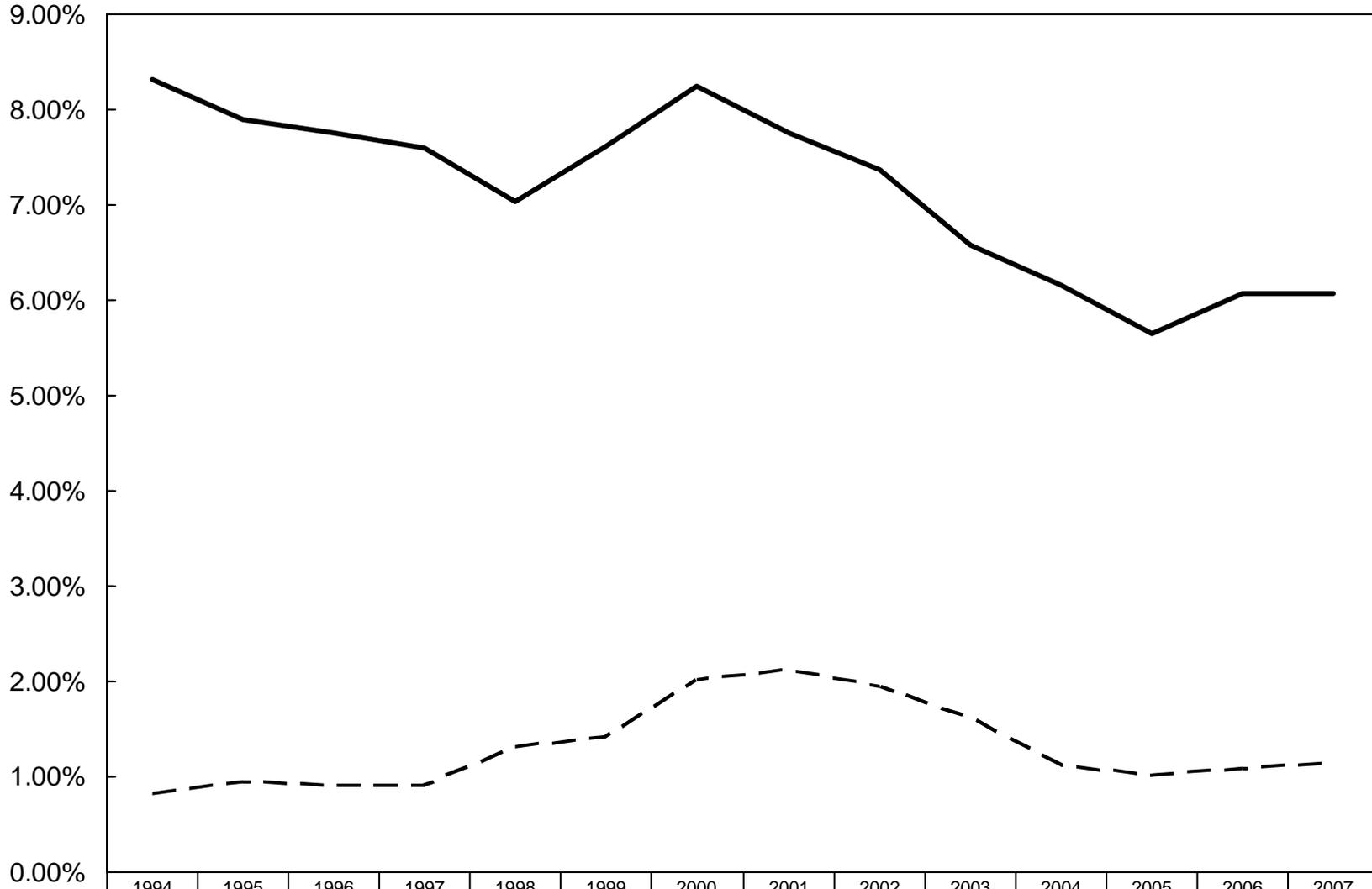
--- Aaa	5.87%	6.04%	5.99%	5.99%	6.07%	6.19%	6.13%	6.09%	6.13%	6.95%	6.83%	5.92%
— A	6.02%	6.21%	6.21%	6.29%	6.28%	6.38%	6.40%	6.37%	6.49%	7.56%	7.60%	6.52%
- . - Baa	6.35%	6.60%	6.68%	6.81%	6.79%	6.93%	6.97%	6.98%	7.15%	8.58%	8.98%	8.11%

**Interest Rates for Investment Grade Public Utility Bonds
 Yearly for 2003-2007
 and the Twelve Months Ended December 2008**

<u>Years</u>	<u>Aa Rated</u>	<u>A Rated</u>	<u>Baa Rated</u>	<u>Average</u>
2003	6.40%	6.58%	6.84%	6.61%
2004	6.04%	6.16%	6.40%	6.20%
2005	5.44%	5.65%	5.93%	5.67%
2006	5.84%	6.07%	6.32%	6.08%
2007	5.94%	6.07%	6.33%	6.11%
Five-Year Average	<u>5.93%</u>	<u>6.11%</u>	<u>6.36%</u>	<u>6.13%</u>
 <u>Months</u>				
Jan-08	5.87%	6.02%	6.35%	6.08%
Feb-08	6.04%	6.21%	6.60%	6.28%
Mar-08	5.99%	6.21%	6.68%	6.29%
Apr-08	5.99%	6.29%	6.81%	6.36%
May-08	6.07%	6.28%	6.79%	6.38%
Jun-08	6.19%	6.38%	6.93%	6.50%
Jul-08	6.13%	6.40%	6.97%	6.50%
Aug-08	6.09%	6.37%	6.98%	6.48%
Sep-08	6.13%	6.49%	7.15%	6.59%
Oct-08	6.95%	7.56%	8.58%	7.70%
Nov-08	6.83%	7.60%	8.98%	7.80%
Dec-08	5.92%	6.52%	8.11%	6.85%
Twelve-Month Average	<u>6.18%</u>	<u>6.53%</u>	<u>7.24%</u>	<u>6.65%</u>
Six-Month Average	<u>6.34%</u>	<u>6.82%</u>	<u>7.80%</u>	<u>6.99%</u>
Three-Month Average	<u>6.57%</u>	<u>7.23%</u>	<u>8.56%</u>	<u>7.45%</u>

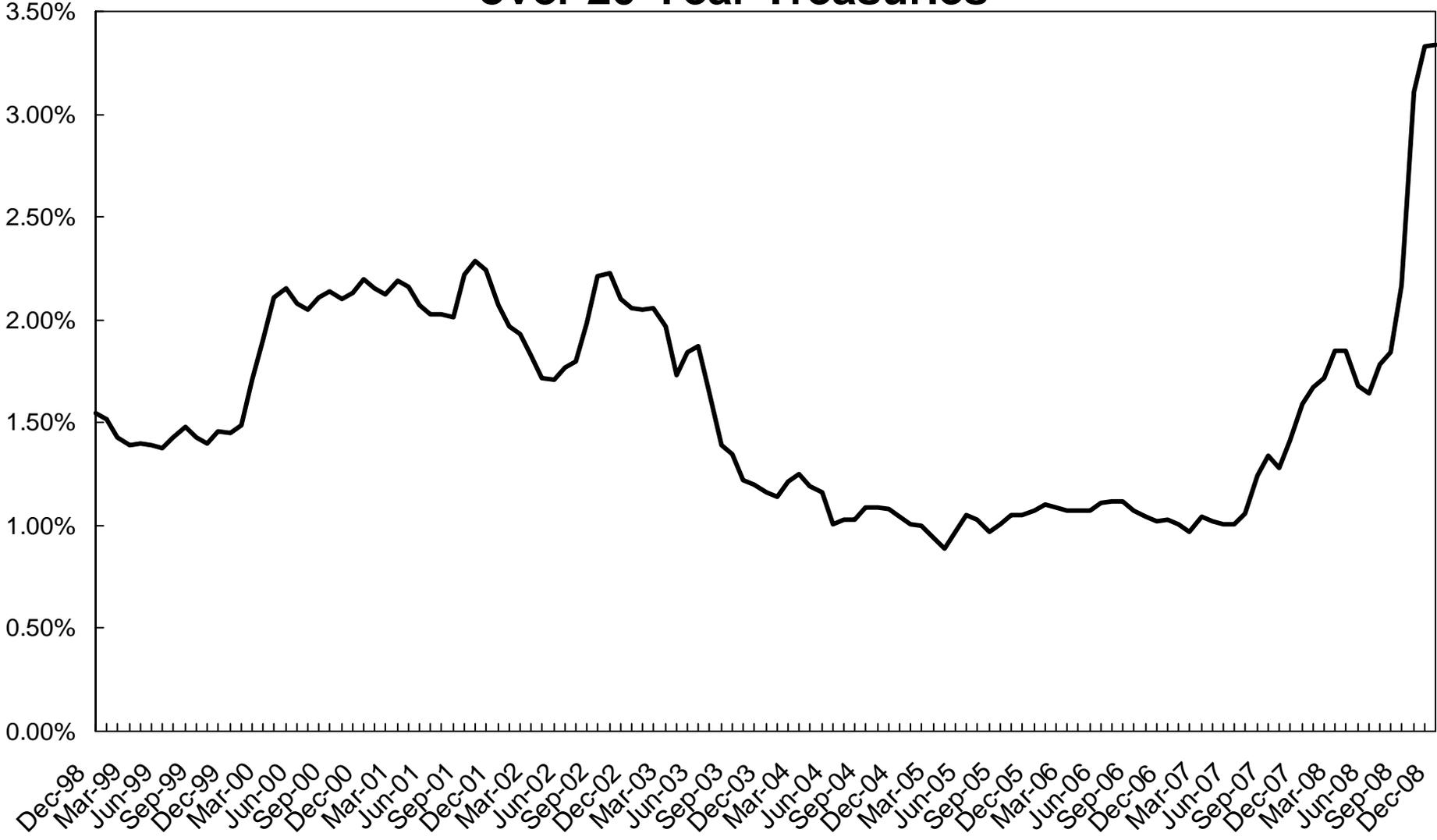
Source: Mergent Bond Record

Yields on A-rated Public Utility Bonds and Spreads over 20-Year Treasuries



— A-rated Public Utility	8.31%	7.89%	7.75%	7.60%	7.04%	7.62%	8.24%	7.76%	7.37%	6.58%	6.16%	5.65%	6.07%	6.07%
- - Spread vs. 20-year	0.82%	0.94%	0.92%	0.91%	1.32%	1.42%	2.01%	2.13%	1.94%	1.62%	1.12%	1.01%	1.08%	1.16%

Interest Rate Spreads A-rated Public Utility Bonds over 20-Year Treasuries



A rated Public Utility Bonds over 20-Year Treasuries

Year	A-rated Public Utility	20-Year Treasuries		Year	A-rated Public Utility	20-Year Treasuries	
		Yield	Spread			Yield	Spread
Dec-98	6.91%	5.36%	1.55%				
Jan-99	6.97%	5.45%	1.52%	Jan-04	6.15%	5.01%	1.14%
Feb-99	7.09%	5.66%	1.43%	Feb-04	6.15%	4.94%	1.21%
Mar-99	7.26%	5.87%	1.39%	Mar-04	5.97%	4.72%	1.25%
Apr-99	7.22%	5.82%	1.40%	Apr-04	6.35%	5.16%	1.19%
May-99	7.47%	6.08%	1.39%	May-04	6.62%	5.46%	1.16%
Jun-99	7.74%	6.36%	1.38%	Jun-04	6.46%	5.45%	1.01%
Jul-99	7.71%	6.28%	1.43%	Jul-04	6.27%	5.24%	1.03%
Aug-99	7.91%	6.43%	1.48%	Aug-04	6.14%	5.07%	1.07%
Sep-99	7.93%	6.50%	1.43%	Sep-04	5.98%	4.89%	1.09%
Oct-99	8.06%	6.66%	1.40%	Oct-04	5.94%	4.85%	1.09%
Nov-99	7.94%	6.48%	1.46%	Nov-04	5.97%	4.89%	1.08%
Dec-99	8.14%	6.69%	1.45%	Dec-04	5.92%	4.88%	1.04%
Jan-00	8.35%	6.86%	1.49%	Jan-05	5.78%	4.77%	1.01%
Feb-00	8.25%	6.54%	1.71%	Feb-05	5.61%	4.61%	1.00%
Mar-00	8.28%	6.38%	1.90%	Mar-05	5.83%	4.89%	0.94%
Apr-00	8.29%	6.18%	2.11%	Apr-05	5.64%	4.75%	0.89%
May-00	8.70%	6.55%	2.15%	May-05	5.53%	4.56%	0.97%
Jun-00	8.36%	6.28%	2.08%	Jun-05	5.40%	4.35%	1.05%
Jul-00	8.25%	6.20%	2.05%	Jul-05	5.51%	4.48%	1.03%
Aug-00	8.13%	6.02%	2.11%	Aug-05	5.50%	4.53%	0.97%
Sep-00	8.23%	6.09%	2.14%	Sep-05	5.52%	4.51%	1.01%
Oct-00	8.14%	6.04%	2.10%	Oct-05	5.79%	4.74%	1.05%
Nov-00	8.11%	5.98%	2.13%	Nov-05	5.88%	4.83%	1.05%
Dec-00	7.84%	5.64%	2.20%	Dec-05	5.80%	4.73%	1.07%
Jan-01	7.80%	5.65%	2.15%	Jan-06	5.75%	4.65%	1.10%
Feb-01	7.74%	5.62%	2.12%	Feb-06	5.82%	4.73%	1.09%
Mar-01	7.68%	5.49%	2.19%	Mar-06	5.98%	4.91%	1.07%
Apr-01	7.94%	5.78%	2.16%	Apr-06	6.29%	5.22%	1.07%
May-01	7.99%	5.92%	2.07%	May-06	6.42%	5.35%	1.07%
Jun-01	7.85%	5.82%	2.03%	Jun-06	6.40%	5.29%	1.11%
Jul-01	7.78%	5.75%	2.03%	Jul-06	6.37%	5.25%	1.12%
Aug-01	7.59%	5.58%	2.01%	Aug-06	6.20%	5.08%	1.12%
Sep-01	7.75%	5.53%	2.22%	Sep-06	6.00%	4.93%	1.07%
Oct-01	7.63%	5.34%	2.29%	Oct-06	5.98%	4.94%	1.04%
Nov-01	7.57%	5.33%	2.24%	Nov-06	5.80%	4.78%	1.02%
Dec-01	7.83%	5.76%	2.07%	Dec-06	5.81%	4.78%	1.03%
Jan-02	7.66%	5.69%	1.97%	Jan-07	5.96%	4.95%	1.01%
Feb-02	7.54%	5.61%	1.93%	Feb-07	5.90%	4.93%	0.97%
Mar-02	7.76%	5.93%	1.83%	Mar-07	5.85%	4.81%	1.04%
Apr-02	7.57%	5.85%	1.72%	Apr-07	5.97%	4.95%	1.02%
May-02	7.52%	5.81%	1.71%	May-07	5.99%	4.98%	1.01%
Jun-02	7.42%	5.65%	1.77%	Jun-07	6.30%	5.29%	1.01%
Jul-02	7.31%	5.51%	1.80%	Jul-07	6.25%	5.19%	1.06%
Aug-02	7.17%	5.19%	1.98%	Aug-07	6.24%	5.00%	1.24%
Sep-02	7.08%	4.87%	2.21%	Sep-07	6.18%	4.84%	1.34%
Oct-02	7.23%	5.00%	2.23%	Oct-07	6.11%	4.83%	1.28%
Nov-02	7.14%	5.04%	2.10%	Nov-07	5.97%	4.56%	1.41%
Dec-02	7.07%	5.01%	2.06%	Dec-07	6.16%	4.57%	1.59%
Jan-03	7.07%	5.02%	2.05%	Jan-08	6.02%	4.35%	1.67%
Feb-03	6.93%	4.87%	2.06%	Feb-08	6.21%	4.49%	1.72%
Mar-03	6.79%	4.82%	1.97%	Mar-08	6.21%	4.36%	1.85%
Apr-03	6.64%	4.91%	1.73%	Apr-08	6.29%	4.44%	1.85%
May-03	6.36%	4.52%	1.84%	May-08	6.28%	4.60%	1.68%
Jun-03	6.21%	4.34%	1.87%	Jun-08	6.38%	4.74%	1.64%
Jul-03	6.57%	4.92%	1.65%	Jul-08	6.40%	4.62%	1.78%
Aug-03	6.78%	5.39%	1.39%	Aug-08	6.37%	4.53%	1.84%
Sep-03	6.56%	5.21%	1.35%	Sep-08	6.49%	4.32%	2.17%
Oct-03	6.43%	5.21%	1.22%	Oct-08	7.56%	4.45%	3.11%
Nov-03	6.37%	5.17%	1.20%	Nov-08	7.60%	4.27%	3.33%
Dec-03	6.27%	5.11%	1.16%	Dec-08	6.52%	3.18%	3.34%

Average:
12-months 2.17%
6-months 2.60%
3-months 3.26%

S&P Composite Index and S&P Public Utility Index
Long-Term Corporate and Public Utility Bonds
 Yearly Total Returns
 1928-2007

Year	S & P Composite Index	S & P Public Utility Index	Long Term Corporate Bonds	Public Utility Bonds
1928	43.61%	57.47%	2.84%	3.08%
1929	-8.42%	11.02%	3.27%	2.34%
1930	-24.90%	-21.96%	7.98%	4.74%
1931	-43.34%	-35.90%	-1.85%	-11.11%
1932	-8.19%	-0.54%	10.82%	7.25%
1933	53.99%	-21.87%	10.38%	-3.82%
1934	-1.44%	-20.41%	13.84%	22.61%
1935	47.67%	76.63%	9.61%	16.03%
1936	33.92%	20.69%	6.74%	8.30%
1937	-35.03%	-37.04%	2.75%	-4.05%
1938	31.12%	22.45%	6.13%	8.11%
1939	-0.41%	11.26%	3.97%	6.76%
1940	-9.78%	-17.15%	3.39%	4.45%
1941	-11.59%	-31.57%	2.73%	2.15%
1942	20.34%	15.39%	2.60%	3.81%
1943	25.90%	46.07%	2.83%	7.04%
1944	19.75%	18.03%	4.73%	3.29%
1945	36.44%	53.33%	4.08%	5.92%
1946	-8.07%	1.26%	1.72%	2.98%
1947	5.71%	-13.16%	-2.34%	-2.19%
1948	5.50%	4.01%	4.14%	2.65%
1949	18.79%	31.39%	3.31%	7.16%
1950	31.71%	3.25%	2.12%	2.01%
1951	24.02%	18.63%	-2.69%	-2.77%
1952	18.37%	19.25%	3.52%	2.99%
1953	-0.99%	7.85%	3.41%	2.08%
1954	52.62%	24.72%	5.39%	7.57%
1955	31.56%	11.26%	0.48%	0.12%
1956	6.56%	5.06%	-6.81%	-6.25%
1957	-10.78%	6.36%	8.71%	3.58%
1958	43.36%	40.70%	-2.22%	0.18%
1959	11.96%	7.49%	-0.97%	-2.29%
1960	0.47%	20.26%	9.07%	9.01%
1961	26.89%	29.33%	4.82%	4.65%
1962	-8.73%	-2.44%	7.95%	6.55%
1963	22.80%	12.36%	2.19%	3.44%
1964	16.48%	15.91%	4.77%	4.94%
1965	12.45%	4.67%	-0.46%	0.50%
1966	-10.06%	-4.48%	0.20%	-3.45%
1967	23.98%	-0.63%	-4.95%	-3.63%
1968	11.06%	10.32%	2.57%	1.87%
1969	-8.50%	-15.42%	-8.09%	-6.66%
1970	4.01%	16.56%	18.37%	15.90%
1971	14.31%	2.41%	11.01%	11.59%
1972	18.98%	8.15%	7.26%	7.19%
1973	-14.66%	-18.07%	1.14%	2.42%
1974	-26.47%	-21.55%	-3.06%	-5.28%
1975	37.20%	44.49%	14.64%	15.50%
1976	23.84%	31.81%	18.65%	19.04%
1977	-7.18%	8.64%	1.71%	5.22%
1978	6.56%	-3.71%	-0.07%	-0.98%
1979	18.44%	13.58%	-4.18%	-2.75%
1980	32.42%	15.08%	-2.76%	-0.23%
1981	-4.91%	11.74%	-1.24%	4.27%
1982	21.41%	26.52%	42.56%	33.52%
1983	22.51%	20.01%	6.26%	10.33%
1984	6.27%	26.04%	16.86%	14.82%
1985	32.16%	33.05%	30.09%	26.48%
1986	18.47%	28.53%	19.85%	18.16%
1987	5.23%	-2.92%	-0.27%	3.02%
1988	16.81%	18.27%	10.70%	10.19%
1989	31.49%	47.80%	16.23%	15.61%
1990	-3.17%	-2.57%	6.78%	8.13%
1991	30.55%	14.61%	19.89%	19.25%
1992	7.67%	8.10%	9.39%	8.65%
1993	9.99%	14.41%	13.19%	10.59%
1994	1.31%	-7.94%	-5.76%	-4.72%
1995	37.43%	42.15%	27.20%	22.81%
1996	23.07%	3.14%	1.40%	3.04%
1997	33.36%	24.69%	12.95%	11.39%
1998	28.58%	14.82%	10.76%	9.44%
1999	21.04%	-8.85%	-7.45%	-1.69%
2000	-9.11%	59.70%	12.87%	9.45%
2001	-11.88%	-30.41%	10.65%	5.85%
2002	-22.10%	-30.04%	16.33%	1.63%
2003	28.70%	26.11%	5.27%	10.01%
2004	10.87%	24.22%	8.72%	6.03%
2005	4.91%	16.79%	5.87%	3.02%
2006	15.80%	20.95%	3.24%	3.94%
2007	5.49%	19.39%	2.60%	5.20%
Geometric Mean	10.04%	8.92%	5.81%	5.45%
Arithmetic Mean	11.95%	11.24%	6.13%	5.72%
Standard Deviation	20.02%	22.43%	8.52%	7.84%
Median	13.38%	12.05%	4.11%	4.55%

**Tabulation of Risk Rate Differentials for
S&P Public Utility Index and Public Utility Bonds
For the Years 1928-2007, 1952-2007, 1974-2007, and 1979-2007**

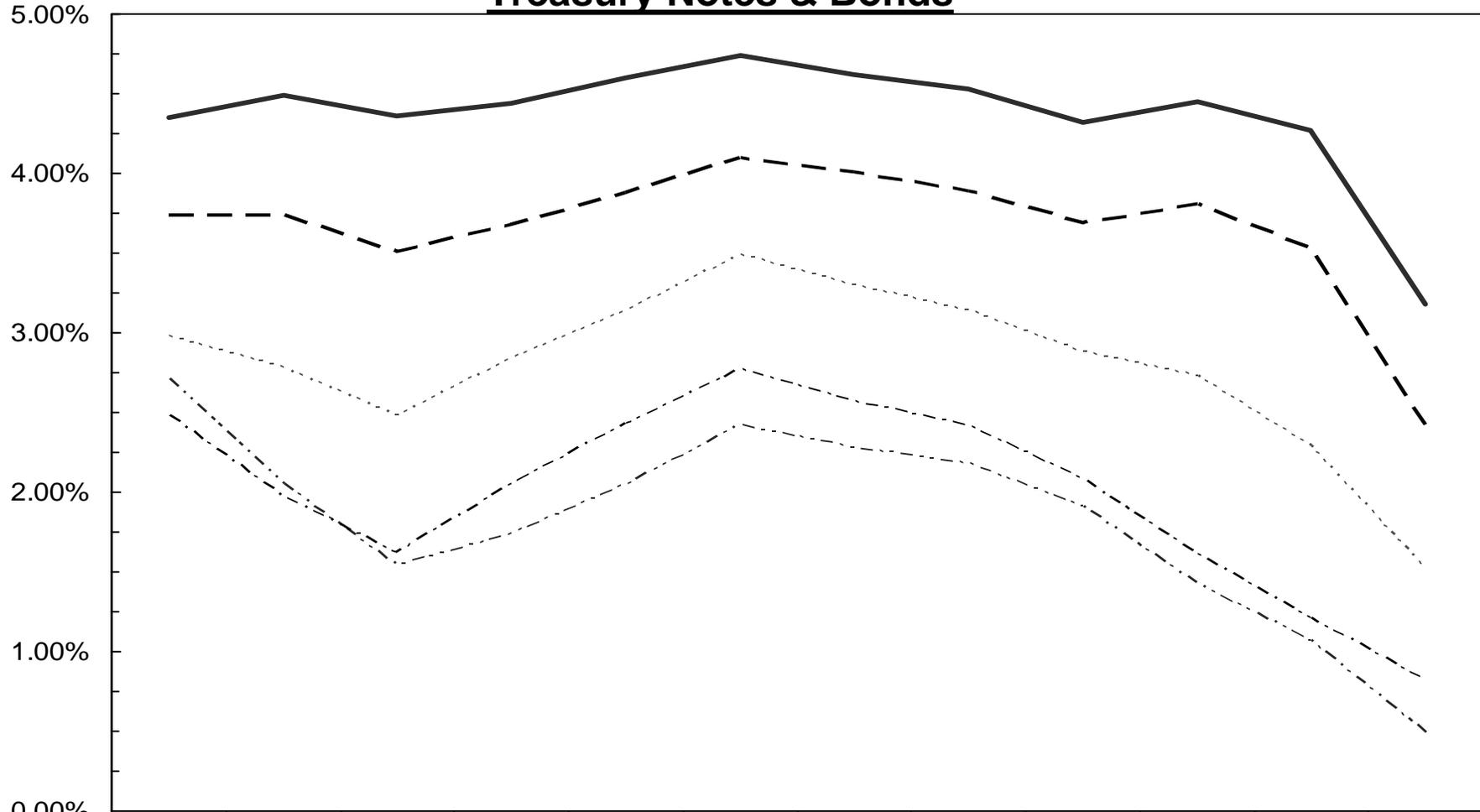
<u>Total Returns</u>	<u>Range</u>		<u>Midpoint</u>	<u>Point Estimate</u>	<u>Average of the Midpoint of Range and Point Estimate</u>
	<u>Geometric Mean</u>	<u>Median</u>		<u>Arithmetic Mean</u>	
<u>1928-2007</u>					
S&P Public Utility Index	8.92%	12.05%		11.24%	
Public Utility Bonds	<u>5.45%</u>	<u>4.55%</u>		<u>5.72%</u>	
Risk Differential	<u>3.47%</u>	<u>7.50%</u>	<u>5.49%</u>	<u>5.52%</u>	<u>5.51%</u>
<u>1952-2007</u>					
S&P Public Utility Index	11.14%	14.00%		12.65%	
Public Utility Bonds	<u>6.15%</u>	<u>5.07%</u>		<u>6.45%</u>	
Risk Differential	<u>4.99%</u>	<u>8.93%</u>	<u>6.96%</u>	<u>6.20%</u>	<u>6.58%</u>
<u>1974-2007</u>					
S&P Public Utility Index	12.98%	15.94%		14.90%	
Public Utility Bonds	<u>8.45%</u>	<u>8.39%</u>		<u>8.79%</u>	
Risk Differential	<u>4.53%</u>	<u>7.55%</u>	<u>6.04%</u>	<u>6.11%</u>	<u>6.08%</u>
<u>1979-2007</u>					
S&P Public Utility Index	13.62%	16.79%		15.41%	
Public Utility Bonds	<u>8.83%</u>	<u>8.65%</u>		<u>9.15%</u>	
Risk Differential	<u>4.79%</u>	<u>8.14%</u>	<u>6.47%</u>	<u>6.26%</u>	<u>6.37%</u>

Value Line Betas

<u>Pipeline Group</u>	<u>Beta</u>
Boardwalk Pipeline Partners, L.P.	0.95
El Paso Pipeline Partners, L.P.	NMF
Enbridge Energy Partners LP	0.80
Energy Transfer Partners, L.P.	0.85
Enterprise Products Partners, LP	0.85
Kinder Morgan Energy Partners LP	0.75
ONEOK Partners, L.P.	0.85
Southern Union Co.	1.10
Spectra Energy Partners	NMF
TC PipeLines, LP	0.60
Williams Partners L.P.	NMF
Average	<u><u>0.84</u></u>

Source of Information:
Value Line Investment Survey
November 14, 2008
December 12, 2008

Yields on Treasury Notes & Bonds



	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08
1-Year	2.71%	2.05%	1.54%	1.74%	2.05%	2.42%	2.28%	2.18%	1.91%	1.42%	1.07%	0.49%
2-Year	2.48%	1.97%	1.62%	2.05%	2.43%	2.77%	2.57%	2.42%	2.08%	1.61%	1.21%	0.82%
5-Year	2.98%	2.78%	2.48%	2.84%	3.14%	3.49%	3.30%	3.14%	2.88%	2.73%	2.29%	1.52%
10-Year	3.74%	3.74%	3.51%	3.68%	3.88%	4.10%	4.01%	3.89%	3.69%	3.81%	3.53%	2.42%
20-Year	4.35%	4.49%	4.36%	4.44%	4.60%	4.74%	4.62%	4.53%	4.32%	4.45%	4.27%	3.18%

**Yields for Treasury Constant Maturities
Yearly for 2003-2007
and the Twelve Months Ended December 2008**

<u>Years</u>	<u>1-Year</u>	<u>2-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year</u>	<u>20-Year</u>
2003	1.24%	1.65%	2.10%	2.97%	3.52%	4.02%	4.96%
2004	1.89%	2.38%	2.78%	3.43%	3.87%	4.27%	5.04%
2005	3.62%	3.85%	3.93%	4.05%	4.15%	4.29%	4.64%
2006	4.93%	4.82%	4.77%	4.75%	4.76%	4.79%	4.99%
2007	4.52%	4.36%	4.34%	4.43%	4.50%	4.63%	4.91%
Five-Year Average	<u>3.24%</u>	<u>3.41%</u>	<u>3.58%</u>	<u>3.93%</u>	<u>4.16%</u>	<u>4.40%</u>	<u>4.91%</u>
<u>Months</u>							
Jan-08	2.71%	2.48%	2.51%	2.98%	3.31%	3.74%	4.35%
Feb-08	2.05%	1.97%	2.19%	2.78%	3.21%	3.74%	4.49%
Mar-08	1.54%	1.62%	1.80%	2.48%	2.93%	3.51%	4.36%
Apr-08	1.74%	2.05%	2.23%	2.84%	3.19%	3.68%	4.44%
May-08	2.05%	2.43%	2.69%	3.14%	3.45%	3.88%	4.60%
Jun-08	2.42%	2.77%	3.08%	3.49%	3.73%	4.10%	4.74%
Jul-08	2.28%	2.57%	2.87%	3.30%	3.60%	4.01%	4.62%
Aug-08	2.18%	2.42%	2.70%	3.14%	3.46%	3.89%	4.53%
Sep-08	1.91%	2.08%	2.32%	2.88%	3.25%	3.69%	4.32%
Oct-08	1.42%	1.61%	1.86%	2.73%	3.19%	3.81%	4.45%
Nov-08	1.07%	1.21%	1.51%	2.29%	2.82%	3.53%	4.27%
Dec-08	0.49%	0.82%	1.07%	1.52%	1.89%	2.42%	3.18%
Twelve-Month Average	<u>1.82%</u>	<u>2.00%</u>	<u>2.24%</u>	<u>2.80%</u>	<u>3.17%</u>	<u>3.67%</u>	<u>4.36%</u>
Six-Month Average	<u>1.56%</u>	<u>1.79%</u>	<u>2.06%</u>	<u>2.64%</u>	<u>3.04%</u>	<u>3.56%</u>	<u>4.23%</u>
Three-Month Average	<u>0.99%</u>	<u>1.21%</u>	<u>1.48%</u>	<u>2.18%</u>	<u>2.63%</u>	<u>3.25%</u>	<u>3.97%</u>

Source: Federal Reserve statistical release H.15

Measures of the Risk-Free Rate

The forecast of Treasury yields
 per the consensus of nearly 50 economists
 reported in the Blue Chip Financial Forecasts dated January 1, 2009

<u>Year</u>	<u>Quarter</u>	<u>1-Year Treasury Bill</u>	<u>2-Year Treasury Note</u>	<u>5-Year Treasury Note</u>	<u>10-Year Treasury Note</u>	<u>30-Year Treasury Bond</u>
2009	First	0.6%	0.8%	1.5%	2.4%	2.9%
2009	Second	0.6%	0.9%	1.7%	2.5%	3.0%
2009	Third	0.7%	1.1%	1.8%	2.7%	3.2%
2009	Fourth	1.0%	1.3%	2.1%	3.0%	3.4%
2010	First	1.3%	1.7%	2.5%	3.3%	3.8%
2010	Second	1.6%	2.0%	2.8%	3.5%	4.0%



THE VALUE LINE

Investment Survey®

Part 1
Summary & Index

File at the front of the
Ratings & Reports
binder. Last week's
Summary & Index
should be removed.

September 12, 2008

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The Median of Estimated
PRICE-EARNINGS RATIOS
of all stocks with earnings

15.6

26 Weeks Ago	Market Low	Market High
15.5	10-9-02 14.1	7-13-07 19.7

The Median of Estimated
DIVIDEND YIELDS
(next 12 months) of all dividend
paying stocks under review

2.2%

26 Weeks Ago	Market Low	Market High
2.1%	10-9-02 2.4%	7-13-07 1.6%

The Estimated Median Price
APPRECIATION POTENTIAL
of all 1700 stocks in the hypothesized
economic environment 3 to 5 years hence

75%

26 Weeks Ago	Market Low	Market High
75%	10-9-02 115%	7-13-07 35%

ANALYSES OF INDUSTRIES IN ALPHABETICAL ORDER WITH PAGE NUMBER

Numeral in parenthesis after the industry is rank for probable performance (next 12 months).

PAGE	PAGE	PAGE	PAGE
Advertising (78) 2370	Electric Util. (Central) (52) 687	Investment Co. (50) 948	Publishing (91) 2351
Aerospace/Defense (19) 543	Electric Utility (East) (53) 150	Investment Co. (Foreign) (49) 355	Railroad (1) 276
Air Transport (94) 245	Electric Utility (West) (62) 1781	Machinery (16) 1323	R.E.I.T. (68) 1172
Apparel (55) 1651	Electronics (67) 1020	Manuf. Housing/RV (99) 1549	Recreation (74) 2301
Auto & Truck (95) 101	Entertainment (60) 2320	Maritime (28) 268	Reinsurance (64) 1606
Auto Parts (75) 774	Entertainment Tech (82) 1589	Medical Services (35) 625	Restaurant (58) 285
Bank (96) 2501	Environmental (2) 342	Medical Supplies (20) 172	Retail Automotive (70) 1668
Bank (Canadian) (85) 1565	Financial Svcs. (Div.) (87) 2527	Metal Fabricating (38) 566	Retail Building Supply (23) 877
Bank (Midwest) (97) 608	Food Processing (43) 1481	Metals & Mining (Div.) (46) 1222	Retail (Special Lines) (77) 1710
Beverage (65) 1532	Food Wholesalers (36) 1525	Natural Gas Utility (56) 445	Retail Store (47) 1680
Biotechnology (27) 660	Foreign Electronics (63) 1557	*Natural Gas (Div.) (13) 427	Securities Brokerage (81) 1421
Building Materials (83) 845	Funeral Services (22) 1455	Newspaper (98) 2360	Semiconductor (42) 1048
Cable TV (10) 809	Furn/Home Furnishings (90) 884	Office Equip/Supplies (84) 1127	Semiconductor Equip (76) 1085
*Canadian Energy (14) 415	Grocery (45) 1516	*Oil/Gas Distribution (57) 521	Shoe (48) 1698
Chemical (Basic) (3) 1232	Healthcare Information (15) 652	Oilfield Svcs/Equip. (5) 2390	Steel (General) (18) 576
Chemical (Diversified) (40) 2414	Heavy Construction (17) 978	Packaging & Container (54) 913	Steel (Integrated) (8) 1410
*Chemical (Specialty) (31) 457	Homebuilding (89) 863	Paper/Forest Products (73) 901	Telecom. Equipment (51) 740
*Coal (4) 510	Hotel/Gaming (92) 2335	*Petroleum (Integrated) (41) 397	Telecom. Services (61) 710
Computers/Peripherals (59) 1101	Household Products (71) 931	Petroleum (Producing) (9) 2380	Thrift (79) 1161
Computer Software/Svcs (32) 2569	Human Resources (33) 1293	Pharmacy Services (7) 765	Tobacco (30) 1572
Diversified Co. (34) 1376	Industrial Services (21) 318	Power (66) 961	Toiletries/Cosmetics (11) 798
Drug (25) 1245	Information Services (29) 369	Precious Metals (39) 1212	Trucking (12) 258
E-Commerce (26) 1438	Insurance (Life) (72) 1197	Precision Instrument (24) 113	Water Utility (86) 1415
Educational Services (6) 1579	Insurance (Prop/Cas.) (88) 585	Property Management (80) 819	*Wireless Networking (69) 489
Electrical Equipment (44) 1001	Internet (37) 2619	Public/Private Equity (93) 2637	

*Reviewed in this week's issue.

In three parts: This is Part 1, the Summary & Index. Part 2 is Selection & Opinion. Part 3 is Ratings & Reports. Volume LXIV, No. 3.
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Comparable Earnings Approach
Using Non-Utility Companies with
Timeliness of 2 & 3; Safety Rank of 1, 2 & 3; Financial Strength of B, B+ & B++;
Price Stability of 60 to 100; Betas of .60 to 1.25; and Technical Rank of 3

Company	Industry	Timeliness Rank	Safety Rank	Financial Strength	Price Stability	Betas	Technical Rank
Advance Auto Parts	RETAUTO	2	3	B+	60	1.20	3
Agilent Technologies	INSTRMNT	2	3	B+	70	1.15	3
Air Products & Chem.	CHEMDEV	3	2	B++	90	1.10	3
Alphas Inc.	CHEMSPEC	2	3	B+	70	1.20	3
Albany Int'l 'A'	MACHINE	3	3	B+	60	1.25	3
Alexander & Baldwin	MARITIME	3	3	B+	75	1.20	3
Amer. Financial Group	INSRPPTY	3	3	B+	85	1.10	3
Amer. Tower 'A'	WIRELESS	2	3	B	60	1.05	3
AmerisourceBergen	MEDSUPPL	2	2	B++	95	0.75	3
Ametek Inc.	MEASUR	2	2	B++	60	1.15	3
Amphenol Corp.	ELECTRNX	3	3	B+	70	1.25	3
Analog Corp.	INSTRMNT	3	3	B+	60	0.95	3
Apco Investment	PPEQ	3	3	B	70	1.15	3
AptarGroup	PACKAGE	2	3	B+	85	1.00	3
Aradion Inc.	INFOSER	3	3	B+	60	0.85	3
Assoc. Banc-Corp	BANKMID	3	3	B++	75	1.00	3
Astoria Financial	THRIFT	3	3	B++	75	1.05	3
Avon Products	COSMETIC	3	3	B++	70	0.75	3
AVX Corp.	ELECTRNX	3	3	B++	75	1.10	3
Bank of Hawaii	BANK	2	2	B++	85	1.00	3
Berkley (W.R.)	INSRPPTY	3	3	B+	85	0.85	3
Block (H&R)	FINSERV	2	3	B+	80	1.00	3
BMC Software	SOFTWARE	3	3	B++	70	1.00	3
Bob Evans Farms	RESTRNT	3	3	B++	75	0.80	3
BOK Financial	BANKMID	3	2	B++	95	0.80	3
Boston Scientific	MEDSUPPL	3	3	B+	60	1.00	3
CA Inc.	SOFTWARE	2	3	B	80	1.05	3
Cabot Corp.	CHEMDEV	3	3	B++	75	1.05	3
CAE Inc.	DEFENSE	3	3	B	60	1.20	3
Cephalo Fed. Fin'l	THRIFT	2	2	B++	90	0.80	3
Carnival Corp.	RECREATE	3	3	B+	65	1.00	3
Charles River	MEDSUPPL	3	2	B++	85	0.80	3
Cincinnati Financial	INSRPPTY	3	2	B++	85	1.05	3
Cintas Corp.	INDUSRV	3	2	B++	85	0.95	3
CLARCOR Inc.	PACKAGE	2	3	B++	75	1.00	3
Coca-Cola Bottling	BEVERAGE	3	3	B	65	0.70	3
Coherent Inc.	INSTRMNT	2	3	B+	70	0.95	3
Columbia Sportswear	APPAREL	3	3	B++	75	0.85	3
Comerica Inc.	BANKMID	3	3	B+	60	1.05	3
Con-way Inc.	TRUCKING	3	3	B+	70	1.05	3
ConAgra Foods	FOODPROC	3	2	B++	95	0.85	3
CSS Systems Int'l	INDUSRV	2	3	B+	60	0.85	3
Cullen/Frost Bankers	BANK	3	2	B++	90	0.95	3
Curtis-Wright	MACHINE	2	3	B+	75	1.15	3
Denbury Int'l	MEDSUPPL	2	2	B++	95	0.85	3
Donnelly (R.R.) & Sons	PUBLISH	3	3	B+	85	1.05	3
DreamWorks Animation	ENTRTNMT	3	3	B+	65	0.80	3
EarthLink Inc.	INTERNET	2	3	B	65	0.80	3
Equifax Inc.	OLGAS	3	3	B	100	0.65	3
Equifax Inc.	INFOSER	3	2	B++	80	0.90	3
Erie Indemnity Co.	INSRPPTY	3	2	B++	100	0.70	3
Fair Isaac	SOFTWARE	3	3	B++	60	1.10	3
FedEx Corp.	AIRTRANS	3	2	B++	85	0.95	3
First Commonwealth	BANK	2	3	B	65	1.00	3
FirstMerit Corp.	BANKMID	3	3	B+	70	1.00	3
Fiserv Inc.	SOFTWARE	2	2	B++	90	0.95	3
Gannett Inc.	INFOSER	2	3	B	60	1.25	3
GATX Corp.	DIVERSIF	3	3	B	65	1.25	3
Gen-Probe	BIOTECH	2	3	B++	60	1.05	3
Glassco Capital	PPEQ	3	3	B	65	1.15	3
Graeco Inc.	MACHINE	3	2	B++	80	1.15	3
Grifon Corp.	DEFENSE	3	3	B+	60	1.10	3
Harco Insurance	INSRPPTY	3	3	B+	60	1.05	3
Harley Davidson	RECREATE	3	3	B++	70	1.20	3
Harsco Inc.	RECREATE	2	3	B++	85	0.85	3
HCC Insurance Hldgs.	INSRPPTY	3	3	B+	85	0.95	3
Heartland Express	TRUCKING	3	3	B++	70	0.90	3
Henry (Jack) & Assoc.	SPRINT	3	3	B+	60	0.95	3
Hewitt Associates 'A'	HUMAN	2	3	B+	85	0.90	3
Hospira Inc.	DRUG	2	3	B+	80	0.70	3
Hunt (U.S.)	TRUCKING	2	3	B++	80	1.20	3
IDEX Corp.	MACHINE	3	3	B+	80	1.20	3
Ingram Micro 'A'	COMPUTER	3	3	B+	65	0.95	3
Int'l Paper	PAPER	3	3	B+	80	1.05	3
Int'l Speedway 'A'	RECREATE	3	3	B+	90	0.85	3
Interactive Data	INFOSER	2	2	B++	85	0.90	3
InvoGroup Corp.	MEDSUPPL	3	3	B++	65	0.95	3
Iron Mountain	INDUSRV	3	3	B	80	0.90	3
Jack in the Box	RESTRNT	3	3	B+	60	0.95	3
JPMorgan Chase	BANK	3	3	B++	70	1.15	3
K-Ton Int'l	INSTRMNT	2	3	B++	60	0.95	3
L-3 Communic.	DEFENSE	2	3	B+	95	0.90	3
Lennox Int'l	MACHINE	3	3	B++	65	1.10	3
LifePoint Hospitals	MEDSERV	2	3	B	60	0.95	3
Lubrizol Corp.	CHEMSPEC	3	3	B+	80	1.10	3
Marquette Assoc.	SOFTWARE	3	3	B+	65	0.95	3
Marshall & Isley	BANKMID	3	3	B	60	1.00	3
Mattel Inc.	RECREATE	3	3	B++	80	0.85	3
Mathews Int'l	RECREATE	2	3	B+	80	1.00	3
Microchip Technology	SEMICON	3	3	B+	65	0.95	3
Mobon Coors Brewing	BEVERAGE	2	3	B+	80	0.85	3
Moog Inc. 'A'	DEFENSE	2	3	B++	70	1.15	3
MSC Industrial Direct	MACHINE	2	3	B+	70	1.15	3
National Presto Ind.	DIVERSIF	2	3	B+	75	1.05	3
New York Community	THRIFT	3	3	B	80	0.95	3
Newmont Mining	GOLDSLV	3	3	B	60	1.00	3
Old Nat'l Bancorp	BANKMID	3	3	B++	60	0.95	3
Old Republic	INSRPPTY	3	3	B	75	1.15	3
Olin Corp.	CHEMICAL	2	3	B+	60	1.25	3
Omnicom Group	ADVERT	2	2	B++	95	0.90	3
Orbital Sciences	DEFENSE	3	3	B+	65	1.00	3
Packaging Corp.	PACKAGE	3	3	B+	65	1.00	3
Pactiv Corp.	PACKAGE	2	3	B+	75	0.95	3
Papa John's Int'l	RESTRNT	3	3	B++	80	0.95	3
Park Electrochemical	CHEMSPEC	3	3	B+	60	1.15	3
Pediatric Medical	MEDSERV	3	3	B++	75	1.00	3
Pensair Inc.	DIVERSIF	2	3	B	70	1.10	3
PepsiAmericas Inc.	BEVERAGE	3	3	B	60	0.85	3
PerkinElmer Inc.	INSTRMNT	2	3	B	75	1.00	3
PetSmart Inc.	RETAILSP	2	3	B+	60	0.90	3
Pharmas. Product	DRUG	2	3	B++	65	0.85	3
Pitney Bowes	OFFICE	3	2	B++	95	0.85	3
PNC Financial Svcs.	BANK	3	3	B++	80	0.95	3
Polaris Inds.	RECREATE	2	3	B	60	1.20	3
Pool Corp.	RECREATE	3	3	B++	60	1.05	3
Progressive (Ohio)	INSRPPTY	2	2	B+	80	1.00	3
Provident Fin'l Svcs.	THRIFT	3	3	B	70	1.05	3
Quaker Chemical	CHEMSPEC	3	3	B++	65	1.20	3
Quest Diagnostics	MEDSERV	2	3	B+	95	0.70	3
Renaissance Hldgs.	REINSUR	3	3	B+	80	0.85	3
Republic Services	ENVIROM	3	2	B+	90	1.05	3
Reynolds American	TOBACCO	2	3	B+	95	0.70	3
Roper Inds.	MACHINE	2	3	B+	75	1.20	3
Ruddick Corp.	GROCERY	2	3	B+	85	0.70	3
Safeway Inc.	GROCERY	3	3	B++	90	0.75	3
Sara Lee Corp.	FOODPROC	3	3	B++	100	0.70	3
Schein (Henry)	MEDSUPPL	2	3	B+	95	0.75	3
Schulman (A)	CHEMSPEC	3	3	B	75	0.85	3
Selectus Ins. Group	INSRPPTY	3	3	B+	60	0.85	3
Sensient Techn.	FOODPROC	2	3	B+	90	0.90	3
Sigam Holdings	PACKAGE	2	3	B+	60	1.00	3
Southern Union	OLGAS	3	3	B+	85	1.10	3
St. Joe Corp.	HOMEBLD	3	3	B+	65	1.05	3
Stanley Inc.	HYCONST	2	3	B++	80	1.10	3
STMicroelectronics	SEMICON	3	3	B+	75	1.05	3
Suburban Propane	OLGAS	3	3	B+	80	0.80	3
Superior Inds. Int'l	AUTO-OEM	3	3	B++	60	1.05	3
Sybase Inc.	SOFTWARE	2	3	B+	80	0.90	3
Synopsys Inc.	SOFTWARE	3	3	B++	65	1.00	3
Teledyne Technologies	DEFENSE	2	3	B++	65	1.05	3
Thomson Reuters Corp.	INFDSER	2	2	B+	95	0.75	3
TideWater Inc.	OILFIELD	2	3	B+	65	1.15	3
Tim Hortons Inc.	RESTRNT	2	2	B++	85	0.90	3
Time Warner	ENTRTNMT	3	2	B++	90	1.00	3
Total System Svcs.	FINSERV	3	3	B++	70	1.00	3
Transatlantic Hldgs.	REINSUR	3	2	B++	90	0.90	3
Travelers Cos.	INSRPPTY	3	2	B++	85	1.05	3
U.S. Bancorp	BANKMID	3	2	B++	85	0.95	3
Unifirst Corp.	INDUSRV	2	3	B+	70	0.80	3
United Stations	OFFICE	2	3	B++	70	1.00	3
Universal Corp.	TOBACCO	3	3	B++	80	0.85	3
Universal Health Sv. 'B'	MEDSERV	2	3	B+	65	0.80	3
Unum Group	INSLIFE	2	3	B+	75	1.20	3
Valpar Corp.	CHEMSPEC	3	3	B+	85	1.00	3
Viac Corp.	DIVERSIF	3	3	B+	65	1.15	3
Watsons Inc.	BUILDSP	3	3	B++	60	1.10	3
Watson Pharmas.	DRUG	2	3	B++	80	0.80	3
Weight Watchers	RETAILSP	3	3	B	80	0.90	3
Werner Enterprises	TRUCKING	2	3	B++	75	0.95	3
West Pharmas. Svcs.	MEDSUPPL	2	3	B+	70	0.90	3
Weyerhaeuser Co.	PAPER	3	3	B+	75	1.20	3
Whitney Holding	BANK	3	3	B+	65	1.15	3
Wiley (John) & Sons	PUBLISH	2	3	B+	60	0.95	3
Williams Cos.	OLGAS	3	3	B+	60	1.25	3
World Wrestling Ent.	ENTRTNMT	3	3	B+	65	0.75	3
Xilinx Inc.	SEMICON	2	3	B++	65	0.90	3
Yum! Brands	RESTRNT	3	2	B++	90	0.90	3
Zebra Techn. 'A'	WIRELESS	3	3	B++	70	1.10	3
Average		3	3	B+	78	0.98	3
Pipeline Group	Average	3	2	B+	84	0.89	3

Source of Information: Value Line Investment Survey for Windows, December 2008

Comparable Earnings Approach
 Five-Year Average Historical Earnings Returns
 for Years 2003-2007 and
 Projected 3-5 Year Returns

Company	2003	2004	2005	2006	2007	Average	Projected 2009-12
Advance Auto Parts	25.4%	28.3%	25.5%	22.4%	23.6%	24.6%	20.0%
Agilent Technologies	NMF	9.8%	12.1%	14.4%	18.8%	13.3%	20.5%
Air Products & Chem.	13.1%	13.6%	15.6%	16.1%	17.9%	15.3%	24.0%
Airgas Inc.	11.6%	11.3%	13.7%	13.7%	15.8%	13.2%	16.0%
Albany Int'l A'	11.6%	9.8%	NMF	12.9%	9.3%	11.1%	11.0%
Alexander & Baldwin	10.0%	11.2%	11.7%	11.9%	12.6%	11.5%	12.5%
Amer. Financial Group	7.9%	8.9%	6.0%	13.0%	14.0%	10.4%	13.6%
Amer. Tower A'	NMF	NMF	NMF	2.9%	4.1%	2.5%	17.2%
AmerisourceBergen	11.2%	10.8%	8.3%	11.3%	14.9%	11.3%	14.6%
Anelex Inc.	16.6%	17.1%	17.5%	18.8%	18.4%	17.7%	15.5%
Amphenol Corp.	34.2%	33.9%	30.2%	29.8%	27.9%	31.2%	20.0%
Analogic Corp.	13.9%	2.3%	1.3%	1.1%	3.9%	4.5%	7.6%
Apco Investment	8.7%	2.9%	NMF	6.7%	7.2%	6.9%	13.8%
ApstarGroup	10.2%	10.7%	12.3%	10.9%	12.5%	11.3%	12.5%
Arator Inc.	8.7%	NMF	67.8%	58.6%	63.4%	62.3%	33.0%
Assoc. Banc-Corp	17.0%	12.8%	13.8%	14.1%	12.3%	14.0%	12.5%
Astoria Financial	14.1%	16.7%	17.3%	14.4%	11.4%	14.6%	15.0%
Avon Products	NMF	85.0%	NMF	69.4%	74.6%	74.7%	79.0%
AVX Corp.	NMF	3.7%	5.6%	9.4%	8.2%	6.7%	8.5%
Bank of Hawaii	17.0%	21.3%	26.2%	26.3%	24.5%	23.1%	19.0%
Berkley (W.R.)	17.0%	19.5%	20.7%	20.8%	20.6%	19.7%	17.0%
Block (H&R)	37.1%	32.2%	24.6%	26.5%	46.0%	33.3%	32.5%
BMC Software	5.0%	6.5%	16.5%	20.8%	31.5%	16.0%	19.5%
Bob Evans Farms	11.4%	5.7%	6.8%	8.2%	10.0%	8.4%	12.0%
BOK Financial	12.9%	12.8%	13.1%	12.4%	11.6%	12.6%	12.0%
Boston Scientific	18.2%	34.6%	NMF	35.0%	7.0%	19.8%	7.0%
CA Inc.	1.6%	4.1%	3.3%	3.2%	13.5%	5.1%	12.0%
Cabot Corp.	11.8%	10.2%	11.8%	15.8%	8.8%	10.7%	12.5%
CAE Inc.	8.1%	7.2%	12.6%	16.6%	17.4%	12.2%	22.0%
Capitol Fed. Fin'l	5.3%	4.8%	7.5%	5.6%	3.7%	5.4%	8.0%
Carnival Corp.	8.7%	11.8%	13.3%	12.5%	12.1%	11.7%	8.6%
Charles River	17.3%	6.5%	6.4%	7.8%	8.5%	9.3%	8.5%
Cincinnati Financial	6.2%	8.4%	14.2%	7.3%	10.3%	8.3%	8.5%
Cintas Corp.	15.1%	14.4%	14.3%	15.7%	14.5%	15.0%	13.0%
CLARCOR Inc.	14.7%	14.9%	15.8%	15.4%	16.3%	15.4%	13.0%
Coca-Cola Bottling	58.5%	33.9%	30.5%	24.7%	16.5%	32.8%	18.0%
Coherent Inc.	NMF	3.0%	5.8%	6.9%	2.1%	4.5%	7.0%
Columbia Sportswear	18.7%	17.8%	17.8%	14.8%	14.9%	16.8%	13.0%
Comerica Inc.	12.4%	14.8%	17.0%	15.2%	13.4%	14.7%	11.0%
Con-way Inc.	10.5%	19.4%	24.4%	29.3%	18.7%	20.5%	16.5%
ConAgra Foods	18.2%	16.4%	14.5%	12.8%	14.9%	15.4%	15.5%
CPS Systems Intl	14.4%	16.7%	16.9%	18.9%	17.7%	17.2%	NMF
Cullen/Frost Bankers	16.9%	17.2%	16.8%	14.1%	14.4%	15.9%	11.5%
Curtis Wright	10.1%	11.3%	11.8%	10.8%	11.5%	12.5%	12.5%
Denbury Int'l	15.4%	13.6%	17.4%	17.7%	16.9%	16.2%	17.5%
Donnelly (R.R.) & Sons	15.1%	8.5%	13.3%	13.5%	16.4%	13.4%	16.6%
DreamWorks Animation	40.3%	11.1%	1.9%	21.7%	18.7%	18.7%	11.0%
EarthLink Inc.	10.8%	20.3%	27.4%	1.1%	NMF	14.9%	15.5%
Enbridge Inc.	13.1%	16.4%	13.2%	13.5%	13.2%	13.8%	15.0%
Equifax Inc.	54.3%	41.2%	29.1%	31.1%	22.0%	35.5%	15.0%
Erie Indemnity Co.	17.2%	17.9%	18.1%	17.6%	20.6%	18.3%	21.5%
Fair Isaac	12.6%	11.9%	12.7%	15.4%	18.5%	14.6%	12.0%
FedEx Corp.	11.4%	13.3%	15.4%	16.1%	16.4%	14.5%	13.5%
First Commonwealth	11.8%	7.5%	9.4%	9.3%	8.1%	9.2%	12.0%
FirstMerit Corp.	12.3%	10.2%	12.3%	12.4%	11.2%	13.1%	12.3%
Fiserv Inc.	14.3%	15.4%	17.8%	18.3%	18.2%	16.8%	15.0%
Genieer Inc.	10.1%	34.8%	26.7%	256.4%	448.1%	155.0%	22.0%
GATX Corp.	7.3%	7.1%	1.2%	12.9%	16.2%	10.9%	10.0%
Gen-Probe	13.1%	15.1%	13.4%	10.4%	10.2%	12.4%	13.0%
Glassco Capital	8.6%	8.7%	11.4%	11.2%	10.1%	10.0%	12.0%
Graeco Inc.	51.1%	47.1%	43.7%	45.2%	62.5%	49.9%	42.5%
Grifon Corp.	15.1%	16.9%	13.5%	12.6%	4.7%	12.6%	6.5%
Harcover Insurance	4.0%	6.0%	3.6%	3.7%	10.2%	6.8%	9.0%
Harley Davidson	25.7%	27.6%	31.1%	37.8%	39.3%	32.3%	31.0%
Healdco Inc.	15.5%	13.3%	15.8%	15.0%	25.0%	16.5%	20.0%
HCC Insurance Hldgs.	13.7%	11.8%	11.4%	16.8%	15.6%	13.9%	12.0%
Heartland Express	15.6%	16.0%	16.8%	17.6%	22.2%	17.6%	15.5%
Henry (Jack) & Assoc.	13.3%	14.1%	14.8%	17.6%	17.5%	17.5%	20.0%
Hewitt Associates A'	17.1%	15.4%	11.1%	NMF	NMF	14.5%	25.0%
Hospira Inc.	17.0%	26.5%	25.0%	22.8%	20.1%	21.7%	21.0%
Hunt (U.S.)	14.7%	20.9%	21.5%	29.0%	61.0%	30.6%	23.5%
IDEX Corp.	10.5%	12.1%	13.3%	13.7%	13.4%	12.6%	11.5%
Ingram Micro A'	7.2%	6.0%	12.1%	9.1%	8.1%	8.2%	9.0%
Int'l Paper	4.6%	7.7%	6.1%	8.0%	11.1%	7.5%	12.5%
Int'l Speedway A'	15.0%	14.7%	15.3%	15.0%	13.1%	14.6%	9.5%
Interactive Data	9.0%	9.4%	11.0%	10.2%	13.1%	10.6%	14.0%
Innovogen Corp.	3.4%	4.6%	6.5%	4.9%	7.4%	5.4%	11.5%
Iron Mountain	7.9%	7.7%	8.3%	8.3%	8.3%	8.1%	9.5%
Jack in the Box	16.0%	14.6%	16.2%	15.3%	30.5%	18.5%	20.0%
JPMorgan Chase	14.6%	7.8%	9.8%	11.8%	12.5%	11.3%	10.0%
K-Tron Int'l	10.6%	14.5%	14.7%	19.7%	12.3%	16.4%	14.0%
L-3 Communic.	10.8%	10.1%	11.3%	11.9%	12.6%	11.3%	13.0%
Lennox Int'l	14.7%	8.8%	19.1%	20.6%	20.9%	16.8%	16.5%
LifePoint Hospitals	17.4%	17.0%	17.0%	8.6%	9.8%	12.3%	9.0%
Lubrizol Corp.	9.5%	9.1%	11.0%	10.6%	14.6%	11.4%	15.0%
Marathon Assoc.	10.8%	9.0%	12.5%	10.5%	16.6%	11.9%	12.5%
Marshall & Isley	16.3%	16.1%	15.6%	13.3%	7.1%	13.7%	10.0%
Maste Inc.	24.9%	21.3%	23.1%	22.6%	26.0%	23.6%	24.0%
Mathews Int'l	17.0%	16.0%	17.9%	16.8%	16.1%	17.2%	16.5%
Microchip Technology	11.9%	15.3%	15.8%	16.2%	29.3%	17.5%	42.5%
Molson-Coors Brewing	-	-	5.9%	6.4%	7.1%	6.5%	9.5%
Moores Inc. A'	10.1%	12.1%	12.4%	10.7%	11.5%	11.4%	11.0%
MSC Industrial Direct	10.2%	13.1%	21.2%	21.5%	24.1%	18.0%	19.0%
National Presto Ind.	6.3%	6.0%	7.2%	10.0%	13.1%	8.5%	15.0%
New York Community	11.3%	11.1%	8.8%	6.3%	6.7%	8.8%	12.0%
Newmont Mining	5.6%	6.5%	4.8%	6.8%	1.5%	5.0%	5.0%
Old Nat'l Bancorp	9.8%	9.6%	12.1%	12.4%	11.0%	11.1%	13.0%
Old Republic	10.5%	10.5%	11.5%	10.4%	5.0%	10.0%	9.0%
Olin Corp.	11.1%	14.3%	23.0%	22.3%	15.2%	17.3%	15.5%
Omnicom Group	19.5%	17.7%	20.0%	22.3%	23.8%	20.7%	25.5%
Orbital Sciences	13.4%	50.7%	7.0%	8.8%	13.1%	18.6%	16.5%
Packaging Corp.	5.3%	8.4%	5.7%	15.1%	22.4%	12.4%	12.0%
Pacifi Corp.	21.7%	19.7%	17.7%	26.8%	19.9%	21.2%	15.5%
Papa John's Int'l	23.0%	28.0%	25.7%	32.0%	39.3%	29.6%	20.0%
Park Electrochemical	NMF	6.8%	10.8%	10.8%	15.1%	12.3%	12.5%
Pediatric Medical	14.7%	17.1%	16.1%	14.4%	15.4%	15.5%	14.5%
Pentair Inc.	11.1%	8.5%	11.9%	11.0%	10.8%	10.8%	13.0%
PepsiAmericas Inc.	9.8%	10.8%	12.0%	10.7%	11.5%	11.0%	13.5%
PerkinElmer Inc.	4.1%	6.7%	8.4%	8.1%	9.8%	7.6%	10.0%
PerSmart Inc.	16.6%	17.6%	18.1%	18.9%	19.1%	18.1%	18.1%
Pharmas. Product	9.0%	15.6%	17.7%	16.4%	14.2%	14.6%	17.0%
Piney Bowles	52.3%	46.0%	48.1%	88.8%	95.5%	65.3%	30.5%
PNC Financial Svcs.	15.0%	15.0%	15.0%	14.0%	9.9%	14.2%	12.0%
Polaris Ind.	34.7%	37.8%	39.0%	67.4%	145.1%	48.8%	47.0%
Post Corp.	26.0%	30.4%	30.6%	34.2%	33.3%	30.3%	26.0%
Progressive (Ohio)	24.8%	31.0%	22.8%	24.1%	24.0%	25.3%	20.0%
Provident Fin'l Svcs.	2.3%	4.0%	5.4%	5.3%	3.7%	4.2%	6.5%
Quaker Chemical	13.2%	7.6%	6.4%	6.4%	13.2%	9.8%	17.0%
Quest Diagnostics	18.2%	22.2%	19.8%	21.2%	16.7%	18.6%	14.0%
Renaissance Hldgs.	28.7%	6.2%	NMF	24.3%	17.6%	18.7%	10.5%
Republic Services	11.3%	12.7%	15.8%	19.7%	24.2%	16.7%	25.0%
Reynolds American	4.3%	10.2%	15.0%	16.1%	18.1%	12.7%	17.5%
Roper Inds.	9.8%	8.4%	12.9%	13.1%	14.0%	11.5%	12.0%
Ruddick Corp.	12.1%	11.8%	11.3%	10.8%	11.0%	11.4%	11.5%
Safeway Inc.	22.0%	13.0%	12.8%	13.7%	13.3%	15.0%	14.5%
Sara Lee Corp.	59.1%	43.1%	36.9%	29.2%	20.5%	37.7%	25.0%
Schein (Henry)	13.9%	12.3%	13.2%	12.4%	13.2%	13.0%	14.5%
Schulman (A)	4.2%	6.4%	6.9%	8.1%	5.3%	6.2%	7.5%
Selective Ins. Group	7.7%	12.8%	14.0%	13.0%	11.6%	11.6%	11.5%
Sensient Techn.	13.4%	11.5%	9.1%	9.4%	9.6%	10.6%	11.0%
Sigam Holdings	48.5%	40.1%	34.8%	29.8%	25.3%	35.7%	17.0%
Southern Union	4.7%	9.0%	10.6%	10.6%	11.6%	9.3%	10.5%
St. Joe Corp.	15.6%	17.2%	24.6%	10.5%	1.2%	13.8%	12.5%
Stantec Inc.	15.6%	16.0%	11.7%	14.6%	15.6%	14.7%	16.0%
STMicroelectronics	5.2%	6.6%	4.3%	6.2%	7.0%	6.3%	14.0%
Suburban Propane	54.9%	17.2%	NMF	60.1%	74.2%	59.1%	46.5%
Superior Inds. Int'l	12.4%	7.4%	3.5%	NMF	1.7%	6.3%	11.5%
Sybase Inc.	10.5%	8.7%	12.2%	11.3%	13.1%	11.2%	11.5%
Synopsys Inc.	17.6%	12.8%	4.7%	6.7%	10.8%	10.5%	13.5%
Teledyne Technologies	13.4%	15.9%	19.7%	18.6%	18.6%	17.2%	14.0%
Thomson Reuters Corp.	8.5%	8.1%	9.3%	8.4%	7.7%	8.4%	9.5%
TideWater Inc.	4.3%	4.8%	11.8%	17.8%	18.4%	11.4%	13.5%
Tim Hortons Inc.	-	5.6%	5.3%	4.8%	25.5%	26.2%	16.5%
Total System Svcs.	19.2%	17.4%	19.2%	20.5%	30.7%	21.4%	17.5%
Transcendent Hldgs.	10.1%	9.3%	0.5%	14.2%	14.4%	9.7%	10.0%
Travelers Cos.	10.0%	5.6%	6.2%	16.7%	16.6%	11.7%	9.5%
U.S. Bancorp	19.3%	21.3%	22.3%	22.4%	20.5%	21.2%	18.5%
Unifirst Corp.	8.7%	9.1%	10.5%	8.7%	9.4%	9.0%	9.5%
United Stationers	12.3%	13.4%	12.7%	12.9%	18.9%	14.0%	15.0%
Universal Corp.	18.3%	13.5%	5.8%	10.6%	11.5%	11.9%	12.5%
Universal Health Sv. B'	17.7%	13.2%	13.2%	10.9%	10.8%	13.2%	11.5%
Unum Group	4.4%	7.5%	7.0%	7.8%	9.7%	7.3%	10.5%
Valpar Corp.	12.9%	14.3%	13.9%	14.1%	11.1%	13.3%	12.0%
Vaid Corp.	13.2%	6.7%	7.3%	8.9%	7.9%	9.2%	8.5%
Watsco Inc.	9.7%	11.9%	15.5%	16.0%	12.3%	13.1%	13.0%
Watson Pharmas.	10.10%	9.1%	7.3%	6.7%	8.2%	8.3%	10.5%
Weight Watchers	96.4%	92.7%	NMF	NMF	NMF	84.6%	NMF
Werner Enterprises	10.4%	11.3%	11.4%	11.3%	9.5%	10.8%	12.5%
West Pharmas. Svcs.	10.6%	13.6%	13.8%	13.8%	17.0%	14.1%	15.5%
Weyerhaeuser Co.	5.4%	12.8%	10.8%	9.8%	4.6%	8.6%	9.0%
Wiley-Hobling	11.7%	10.7%	10.6%	10.5%	10.7%	11.3%	9.0%
Wiley (John) & Sons	20.7%	23.0%	23.9%	17.8%	17.8%	16.1%	20.3%