

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKET NO. R-2008-2028394

PECO Energy Company

Exhibit to Accompany
Direct Testimony of Paul R. Moul

PECO ENERGY COMPANY

Schedules to Accompany
the Direct Testimony

of

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

Concerning
Cost of Capital
and
Fair Rate of Return

PECO ENERGY COMPANY
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PECO Energy Company
Proposed Rate of Return
Estimated at December 31, 2008

| Type of Capital | Ratios | Cost Rate | Weighted Cost Rate |
|-----------------|----------------|-----------|--------------------|
| Debt | 43.95% | 5.79% | 2.54% |
| Preferred Stock | 1.71% | 4.76% | 0.08% |
| Common Equity | <u>54.34%</u> | 11.50% | 6.25% |
| Total | <u>100.00%</u> | | 8.87% |

Indicated levels of fixed charge coverage assuming that the Company could actually achieve its proposed rate of return:

| | |
|--|--------|
| Pre-tax coverage of interest expense based upon a 41.4935% composite federal and state income tax rate (13.36% + 2.54%) | 5.26 x |
| Post-tax coverage of interest expense (8.87% ÷ 2.54%) | 3.49 x |
| Post-tax coverage of interest expense and preferred stock dividends (8.87% ÷ 2.62%) | 3.39 x |

PECO Energy Company
Capitalization and Financial Statistics (1)
20q2-2006, Inclusive

| | 2006 | 2005 | 2004 | 2003 | 2002 | |
|---|-----------------------|-------------------|-------------------|-------------------|-------------------|---------------|
| | (Millions of Dollars) | | | | | |
| Amount of Capital Employed | | | | | | |
| Permanent Capital | \$ 4,552.0 | \$ 4,303.0 | \$ 4,263.0 | \$ 4,182.0 | \$ 4,032.0 | |
| Short-Term Debt | \$ 343.0 | \$ 398.0 | \$ 146.0 | \$ 196.0 | \$ 370.0 | |
| Total Capital | <u>\$ 4,895.0</u> | <u>\$ 4,701.0</u> | <u>\$ 4,409.0</u> | <u>\$ 4,378.0</u> | <u>\$ 4,402.0</u> | |
| Capital Structure Ratios | | | | | | |
| Based on Permanent Capital: | | | | | | |
| Long-Term Debt (2) | 36.3% | 31.8% | 32.4% | 36.9% | 37.5% | 35.0% |
| Preferred Stock | 1.9% | 2.0% | 2.0% | 2.1% | 3.4% | 2.3% |
| Common Equity (3) | 61.8% | 66.2% | 65.5% | 61.0% | 59.1% | 62.7% |
| | <u>100.0%</u> | <u>100.0%</u> | <u>99.9%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| Based on Total Capital: | | | | | | |
| Total Debt incl. Short Term (2) | 40.8% | 37.5% | 34.7% | 39.7% | 42.8% | 39.1% |
| Preferred Stock | 1.8% | 1.9% | 2.0% | 2.0% | 3.1% | 2.2% |
| Common Equity (3) | 57.4% | 60.6% | 63.3% | 58.3% | 54.1% | 58.7% |
| | <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) | 11.7% | 13.7% | 12.5% | 13.3% | 14.3% | 13.1% |
| Operating Ratio (4) | 87.5% | 84.4% | 84.2% | 83.5% | 82.9% | 84.5% |
| Coverage incl. AFUDC (s) | | | | | | |
| Pre-tax: All Interest Charges | 6.31 x | 9.39 x | 8.50 x | 8.49 x | 6.02 x | 7.74 x |
| Post-tax: All Interest Charges | 4.77 x | 6.69 x | 5.85 x | 5.86 x | 4.27 x | 5.49 x |
| Overall Coverage: All Int. & Pfd. Div. | 4.57 x | 6.32 x | 5.61 x | 5.46 x | 3.96 x | 5.18 x |
| Coverage excl. AFUDC (s) | | | | | | |
| Pre-tax: All Interest Charges | 6.28 x | 9.34 x | 8.48 x | 8.48 x | 6.01 x | 7.72 x |
| Post-tax: All Interest Charges | 4.74 x | 6.65 x | 5.82 x | 5.85 x | 4.26 x | 5.46 x |
| Overall Coverage: All Int. & Pfd. Div. | 4.54 x | 6.28 x | 5.58 x | 5.45 x | 3.95 x | 5.16 x |
| Quality of Earnings & Cash Flow | | | | | | |
| AFC/Income Avail. for Common Equity | 0.9% | 0.8% | 0.6% | 0.3% | 0.3% | 0.6% |
| Effective Income Tax Rate | 29.0% | 32.1% | 35.4% | 35.1% | 34.8% | 33.3% |
| Internal Cash Generation/Construction (6) | 5.8% | 99.7% | 85.7% | 120.4% | 82.7% | 78.9% |
| Gross Cash Flow/Avg. Total Debt (7) | 28.0% | 46.8% | 35.9% | 34.7% | 29.9% | 35.1% |
| Gross Cash Flow Interest Coverage (a) | 6.84 x | 12.22 x | 9.37 x | 10.41 | 6.48 x | 9.06 x |
| Common Dividend Coverage (9) | 1.04 x | 1.63 x | 1.49 x | 1.94 | 1.63 x | 1.55 x |

See Page 2 for Notes.

PECO Energy Company
Capitalization and Financial Statistics
2002-2006, Inclusive

Notes:

- (1) Excluding income and cash flow affect of CTC collections and expenditures.
- (2) Excluding the Transitional Funding Obligations that were issue for stranded generating assets, and whose debt service is covered through dedicated revenue collections.
- (3) Excluding Parent Company Receivable and Accumulated Other Comprehensive Income ("OCI") from the equity account.
- (4) Total operating expenses, maintenance, depreciation and taxes other than income taxes as a percent of operating revenues.
- (5) 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.
- (6) 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.
- (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) Gross Cash Flow plus interest charges divided by interest charges.
- (9) 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: Utility COMPUSTAT

Gas Group
Capitalization and Financial Statistics (1)
2002-2006, Inclusive

| | 2006 | 2005 | 2004 | 2003 | 2002 | |
|---|---------------|---------------|---------------------|---------------|---------------|---------------|
| | | | (Millions - Dollar) | | | |
| Amount of Capital Employed | | | | | | |
| Permanent Capital | \$ 1,720.3 | \$ 1,652.2 | \$ 1,414.6 | \$ 1,166.5 | \$ 1,085.0 | |
| Short-Term Debt | \$ 266.8 | \$ 219.0 | \$ 172.8 | \$ 258.2 | \$ 160.5 | |
| Total Capital | \$ 1,987.1 | \$ 1,871.2 | \$ 1,587.4 | \$ 1,424.7 | \$ 1,245.5 | |
| Market-Based Financial Ratios | | | | | | |
| Price-Earnings Multiple | 16x | 16 x | 16 x | 14x | 16 x | 16 x |
| Market/Book Ratio | 196.6% | 198.8% | 189.0% | 180.2% | 171.3% | 187.2% |
| Dividend Yield | 3.8% | 3.9% | 4.2% | 4.7% | 5.1% | 4.3% |
| Dividend Payout Ratio | 60.2% | 61.1% | 68.3% | 64.3% | 83.7% | 67.5% |
| Capital Structure Ratios | | | | | | |
| Based on Permanent Capital: | | | | | | |
| Long-Term Debt | 45.6% | 45.8% | 45.8% | 46.3% | 49.7% | 46.7% |
| Preferred Stock | 0.4% | 0.4% | 0.4% | 0.3% | 0.4% | 0.4% |
| Common Equity (2) | 54.1% | 53.8% | 53.8% | 53.4% | 49.9% | 53.0% |
| | <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 | 53.9% | 52.8% | 52.2% | 56.5% | 56.2% | 54.3% |
| Preferred Stock | 0.3% | 0.3% | 0.3% | 0.2% | 0.4% | 0.3% |
| Common Equity (2) | 45.8% | 46.8% | 47.4% | 43.3% | 43.4% | 45.3% |
| | <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⁾ | 12.7% | 12.6% | 11.7% | 13.1% | 11.4% | 12.3% |
| Operating Ratio (3) | 90.1% | 90.3% | 89.3% | 88.0% | 86.0% | 88.7% |
| Coverage incl. AFUDC (4) | | | | | | |
| Pre-tax: All Interest Charges | 4.06 x | 4.29 x | 4.30 x | 4.39 x | 3.60 x | 4.13 x |
| Post-tax: All Interest Charges | 2.93 x | 3.11 x | 3.07 x | 3.11 x | 2.64 x | 2.97 x |
| Overall Coverage: All Int. & Pfd. Div. | 2.92 x | 3.10 x | 3.06 x | 3.10 x | 2.61 x | 2.96 x |
| Coverage excl. AFUDC (4) | | | | | | |
| Pre-tax: All Interest Charges | 4.03 x | 4.27 x | 4.28 x | 4.38 x | 3.58 x | 4.11 x |
| Post-tax: All Interest Charges | 2.91 x | 3.09 x | 3.05 x | 3.09 x | 2.62 x | 2.95 x |
| Overall Coverage: All Int. & Pfd. Div. | 2.90 x | 3.08 x | 3.04 x | 3.08 x | 2.60 x | 2.94 x |
| Quality of Earnings & Cash Flow | | | | | | |
| AFC/Income Avail. for Common Equity | 1.5% | 0.8% | 0.9% | 0.9% | 1.0% | 1.0% |
| Effective Income Tax Rate | 36.5% | 35.7% | 36.6% | 37.4% | 37.5% | 36.7% |
| Internal Cash Generation/Construction | 85.2% | 80.2% | 95.6% | 123.7% | 86.8% | 94.3% |
| Gross Cash Flow/Avg. Total Debt | 19.9% | 19.7% | 21.8% | 23.9% | 20.8% | 21.2% |
| Gross Cash Flow Interest Coverage | 4.33 x | 4.46 x | 5.33 x | 5.84 x | 4.63 x | 4.92 x |
| Common Dividend Coverage (8) | 3.17 x | 2.93 x | 3.42 x | 3.75 x | 3.19 x | 3.29 x |

See Page 2 for Notes.

Gas Group
Capitalization and Financial Statistics
2002-2006, 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) plus interest charges, divided by interest charges.
- (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.

Basis of Selection:

The Gas Group includes companies that (i) are engaged in the natural gas distribution business, (ii) have publicly-traded common stock, (iii) are contained in The Value Line Investment Survey, (iv) they have a history of increased dividends over the period, (v) they are not currently the target of a merger or acquisition, and (vi) they have at least two-thirds ("2/3") of their assets subject to utility regulation.

| Ticker | Company | Corporate Credit Ratings | | Stock Traded | S&P Stock Ranking | Value Line Beta |
|--------|-------------------------------|--------------------------|------|--------------|-------------------|-----------------|
| | | Moody's | S&P | | | |
| ATG | AGL Resources, Inc. | A3 | A- | NYSE | A- | 0.85 |
| ATO | Atmos Energy Corp. | Baa3 | BBB | NYSE | B+ | 0.85 |
| LG | Laclede Group, Inc. | Baal | A | NYSE | B+ | 0.95 |
| NJR | New Jersey Resources Corp | Aa3 | A+ | NYSE | A | 0.85 |
| GAS | NICOR, Inc. | A1 | AA | NYSE | B | 1.00 |
| PNY | Piedmont Natural Gas Co. | A3 | A | NYSE | A- | 0.85 |
| SJI | South Jersey Industries, Inc. | Baa2 | BBB+ | NYSE | B+ | 0.85 |
| WGL | WGL Holdings, Inc. | A2 | AA- | NYSE | B+ | 0.85 |
| | Average | A3 | A | | B+ | 0.88 |

Note: Ratings are those of utility subsidiaries

Source of Information: Utility COMPUSTAT
Moody's Investors Service
Standard & Poor's Corporation
S&P Stock Guide

Standard & Poor's Public Utilities
Capitalization and Financial Statistics (1)

2002-2006, Inclusive

| | 2006 | 2005 | 2004 | 2003 | 2002 | |
|--|---------------------|--------------------|-------------------|-------------------|-------------------|---------------|
| | (Millions - Dollar) | | | | | |
| Amount of Capital Employed | | | | | | |
| Permanent Capital | \$ 15,146.0 | \$ 14,261.2 | \$14,164.3 | \$ 14,259.5 | \$13,850.0 | |
| Short-Term Debt | \$ 516.4 | \$ 480.8 | \$ 279.5 | \$ 266.9 | \$ 913.6 | |
| Total Capital | <u>\$ 15,662.4</u> | <u>\$ 14,742.0</u> | <u>\$14,443.8</u> | <u>\$14,526.4</u> | <u>\$14,763.6</u> | |
| Market-Based Financial Ratios | | | | | | |
| Price-Earnings Multiple | 16x | 16 x | 15 x | 13x | 14 x | 15 x |
| Market/Book Ratio | 206.6% | 201.8% | 182.4% | 150.6% | 152.2% | 178.7% |
| Dividend Yield | 3.5% | 3.5% | 3.8% | 4.2% | 5.0% | 4.0% |
| Dividend Payout Ratio | 56.3% | 57.2% | 70.3% | 58.8% | 72.8% | 63.1% |
| Capital Structure Ratios | | | | | | |
| Based on Permanent Capital: | | | | | | |
| Long-Term Debt | 54.1% | 55.6% | 57.4% | 59.3% | 60.4% | 57.4% |
| Preferred Stock | 1.1% | 1.3% | 1.5% | 1.6% | 1.8% | 1.5% |
| Common Equity (2) | 44.7% | 43.2% | 41.0% | 39.1% | 37.8% | 41.2% |
| | 100.0% | 100.0% | <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 | 56.1% | 57.7% | 59.0% | 60.7% | 63.1% | 59.3% |
| Preferred Stock | 1.1% | 1.2% | 1.5% | 1.6% | 1.7% | 1.4% |
| Common Equity ~2) | 42.8% | 41.1% | 39.5% | 37.7% | 35.2% | 39.3% |
| | 100.0% | 100.0% | <u>100.0%</u> | 100.0% | 100.0% | 100.0% |
| Rate of Return on Book Common Equity (2) | 12.3% | 11.4% | 11.5% | 10.0% | 8.1% | 10.7% |
| Operating Ratio (~) | 81.2% | 85.2% | 84.4% | 84.8% | 84.5% | 84.0% |
| Coverage incl. AFUDC (4) | | | | | | |
| Pre-tax: All Interest Charges | 3.42 x | 3.20 x | 3.02 x | 2.57 x | 2.41 x | 2.92 x |
| Post-tax: All Interest Charges | 2.64 x | 2.54 x | 2.42 x | 2.12 x | 1.99 x | 2.34 x |
| Overall Coverage: All Int. & Pfd. Div. | 2.61 x | 2.50 x | 2.38 x | 2.07 x | 1.95 x | 2.30 x |
| Coverage excl. AFUDC (~) | | | | | | |
| Pre-tax: All Interest Charges | 3.38 x | 3.17 x | 2.99 x | 2.53 x | 2.37 x | 2.89 x |
| Post-tax: All Interest Charges | 2.60 x | 2.51 x | 2.39 x | 2.08 x | 1.95 x | 2.31 x |
| Overall Coverage: All Int. & Pfd. Div. | 2.56 x | 2.47 x | 2.35 x | 2.03 x | 1.90 x | 2.26 x |
| Quality of Earnings & Cash Flow | | | | | | |
| AFC/Income Avail. for Common Equity | 2.4% | 0.9% | 3.0% | 1.7% | 2.6% | 2.1% |
| Effective Income Tax Rate | 32.4% | 31.3% | 26.2% | 40.3% | 29.0% | 31.8% |
| Internal Cash Generation/Construction (5) | 95.6% | 108.3% | 127.0% | 127.8% | 91.8% | 110.1% |
| Gross Cash Flow/Avg. Total Debt ⁽⁶⁾ | 23.8% | 21.3% | 21.1% | 20.8% | 19.0% | 21.2% |
| Gross Cash Flow Interest Coverage ⁽⁷⁾ | 4.57 x | 4.42 x | 4.42 x | 4.42 | 4.07 x | 4.38 x |
| Common Dividend Coverage (8) | 4.41 x | 4.41 x | 5.00 | 5.27 | 4.23 x | 4.66 x |

See Page 2 for Notes.

Standard & Poor's Public Utilities
Capitalization and Financial Statistics
2002-2006, 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 | BB+ | NYSE | B- | 1.85 |
| Ameren Corporation | AEE | A2 | BBB+ | NYSE | A- | 0.75 |
| American Electric Power | AEP | Baa2 | BBB | NYSE | B | 1.20 |
| CMS Energy | CMS | Bal | BB | NYSE | C | 1.45 |
| CenterPoint Energy | CNP | Baa3 | BBB | NYSE | B | 0.65 |
| Consolidated Edison | ED | A1 | A | NYSE | B+ | 0.65 |
| Constellation Energy Group | CEG | A3 | BBB+ | NYSE | B | 0.95 |
| DTE Energy Co. | DTE | Baal | BBB | NYSE | B+ | 0.70 |
| Dominion Resources | D | Baal | BBB | NYSE | B+ | 0.95 |
| Duke Energy | DUK | Baa2 | BBB | NYSE | B+ | 1.20 |
| Edison Int'l | EIX | Baal | BBB+ | NYSE | B | 1.05 |
| Entergy Corp. | ETR | Baa2 | BBB | NYSE | B+ | 0.85 |
| Exelon Corp. | EXC | A3 | BBB+ | NYSE | B+ | 0.80 |
| FPL Group | FPL | A1 | A | NYSE | A- | 0.80 |
| FirstEnergy Corp. | FE | Baa2 | BBB | NYSE | B+ | 0.75 |
| Integrus Energy Group | TEG | A1 | A- | NYSE | B | 0.85 |
| Keyspan Energy | KSE | A3 | A | NYSE | B | 0.85 |
| NICOR Inc. | GAS | A1 | AA | NYSE | B | 1.15 |
| NiSource Inc. | NI | Baa2 | BBB | NYSE | B | 0.80 |
| PG&E Corp. | PCG | Baal | BBB | NYSE | B | 1.10 |
| PPL Corp. | PPL | Baal | A- | NYSE | B | 1.00 |
| Pinnacle West Capital | PNW | Baa2 | BBB- | NYSE | A- | 0.90 |
| Progress Energy, Inc. | PGN | Baal | BBB | NYSE | B+ | 0.80 |
| Public Serv. Enterprise Inc. | PEG | Baal | BBB | NYSE | B+ | 0.90 |
| Questar Corp. | STR | A2 | A- | NYSE | A- | 0.90 |
| Sempra Energy | SRE | A2 | A | NYSE | B | 1.00 |
| Southern Co. | SO | A2 | A | NYSE | A- | 0.65 |
| TECO Energy | TE | Baa2 | BBB- | NYSE | B- | 1.00 |
| TXU CORP | TXU | Baa3 | BBB- | NYSE | B | 1.05 |
| Xcel Energy Inc | XEL | A3 | BBB+ | NYSE | B | 0.80 |
| Average for S&P Utilities | | <u>Baal</u> | <u>BBB+</u> | | <u>B</u> | 0.95 |

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

PECO Energy Company
Capitalization and Related Capital Structure Ratios
Actual at December 31, 2007 and Estimated at December 31, 2008

| | Actual at December 31, 2007 | | | Estimated at December 31, 2008 | | |
|-------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|-------------------|-------------------|
| | Amount Outstanding (\$000) | Incl. S-T Debt | Excl. S-T Debt | Amount Outstanding (\$000) | Incl. S-T Debt | Excl. S-T Debt |
| Long-Term Debt ^(t) | \$ 1,779,752 | 36.15% | 38.13% | \$ 2,128,905 ~4) | 42.74% | 43.26% |
| Preferred Stock | 85,005 | 1.73% | 1.82% | 85,359 | 1.71% | 1.74% |
| Common Equity | | | | | | |
| Common Stock | 1,423,004 | | | 1,423,004 | | |
| Other Paid-in Capital (2) | 832,425 | | | 832,425 | | |
| Retained Earnings (3) | 547,743 | | | 451,047 (s) | | |
| Total Common Equity | <u>2,803,172</u> | <u>56.94%</u> | <u>60.05%</u> | <u>2,706,476</u> | <u>54.34%</u> | <u>55.00%</u> |
| Total Permanent Capital | 4,667,929 | 94.82% | <u>100.00%</u> | 4,920,740 | 98.80% | <u>100.00%</u> |
| Short-Term Debt | <u>255,211</u> | <u>5.18%</u> | | <u>59,952 (6)</u> | <u>1.20%</u> | |
| Total Capital Employed | \$ <u>4,923,140</u> | <u>100.00%</u> | | \$ <u>4,980,692</u> | <u>100.00%</u> | |

Notes:

(1) Includes current portion of long-term debt.

~2) Excludes Receivable from Exelon Corporation of \$784.122 million at 12/31/07 and \$498.622 million at 12/31/08.

(3) Excludes Accumulated Other Comprehensive Income of \$3.649 million.

(4) Reflects 2008 financing plan of:

| | |
|------------------------|--------------|
| Debt maturity | \$ (450,000) |
| Refinancing debt issue | \$ 500,000 |
| Additional debt issue | \$ 300,000 |
| Retire Salem Cty bonds | \$ (4,200) |

(5) Reflects change in retained earnings consisting of:

| | |
|---------------------|--------------|
| Net income | \$ 387,000 |
| Pfd. Stk. Dividends | \$ (3,696) |
| Common Dividends | \$ (480,000) |

(6) Reflects twelve-month average of short-term debt adjusted for CWIP:

| | |
|-------------------------|-------------|
| Average short-term debt | \$ 142,046 |
| Average CWIP | \$ (82,094) |

Source of Information: Company provided data

PECO Energy Company
Calculation of the Embedded Cost of Long-Term Debt
Actual at December 31, 2007

| Series | Date of Maturity | Principal Amount Outstanding ₀ (1) (\$000) | Percent to Total | Effective Cost Rate | Weighted Cost Rate (2) |
|--|------------------|--|------------------|---------------------|------------------------|
| First and Refunding Mort,qa,qe Bonds-Fixed Rate | | | | | |
| 5.90% | 05/01/34 | \$ 75,000 | 4.14% | 5.97% | 0.25% |
| 4.75% | 10/01/12 | 225,000 | 12.41% | 4.94% | 0.61% |
| 5.95% | 11/01/11 | 250,000 | 13.79% | 6.06% | 0.84% |
| 3.50% | 05/01/08 | 450,000 | 24.81% | 3.63% | 0.90% |
| 5.95% | 10/01/36 | 300,000 | 16.54% | 6.04% | 1.00% |
| 5.70% | 03/15/37 | 175,000 | 9.65% | 5.81% | 0.56% |
| | | <u>1,475,000</u> | | | |
| First and Refunding Mort,qa,qe Bonds-Floating Rates | | | | | |
| Salem County Series A | | | | | |
| 4.45% | 12/01/12 | 4,200 | 0.23% | 4.65% | 0.01% |
| Delaware County Series A | | | | | |
| 4.25% | 12/01/12 | 50,000 | 2.76% | 4.44% | 0.12% |
| Delaware County Series B | | | | | |
| 4.19% | 12/01/12 | 50,000 | 2.76% | 4.38% | 0.12% |
| Delaware County Series C | | | | | |
| 4.10% | 12/01/12 | 50,000 | 2.76% | 4.29% | 0.12% |
| | | <u>154,200</u> | | | |
| Trust Preferred Capital Securities | | | | | |
| 7.38% | 04/06/28 | 80,521 | 4.44% | 7.46% | 0.33% |
| 9.75% | 04/06/28 | 805 | 0.04% | 9.75% | 0.00% |
| 5.75% | 06/15/33 | 103,093 | <u>5.68%</u> | 5.84% | <u>0.33%</u> |
| | | <u>184,419</u> | | | |
| | | 1,813,619 | <u>100.00%</u> | | <u>5.19%</u> |
| Adjustment for Tenders and Calls | | (33,867) | | | |
| Long-Term Debt | | <u>\$ 1,779,752</u> | | | |
| Annualized Cost | | 94,127 | | | |
| Adjustment for Tenders and Calls on Reacquired Debt | | 3,582 | | | |
| Total Cost | | <u>\$ 97,709</u> | | | 5.49% |

Notes: (1) As calculated on page 2 of this schedule.

Source of Information: Company provided data

PECO Energy Company
Calculation of the Effective Cost of Long-Term Debt by Series
Actual at December 31, 2007

| <u>Series</u> | <u>Date of Issue</u> | <u>Date of Maturity/</u> | <u>Average Term in Years</u> (1) | <u>Principal Amount Issued</u> | <u>Premium/Discount & Expense</u> | <u>Net Proceeds</u> | <u>Net Proceeds Ratio</u> | <u>Effective Cost Rate</u> (2) |
|---|----------------------|--------------------------|----------------------------------|--------------------------------|---------------------------------------|---------------------|---------------------------|--------------------------------|
| <u>First and Refunding Mort.g.a.qe Bonds*Fixed Rate</u> | | | | | | | | |
| 5.90% | 04/23/04 | 05/01/34 | 30.0 | \$ 75,000,000 | \$ 773,250 | \$ 74,226,750 | 98.97% | 5.97% |
| 4.75% | 09/23/02 | 10/01/12 | 10.0 | 225,000,000 | 3,294,505 | 221,705,495 | 98.54% | 4.94% |
| 5.95% | 11/01/01 | 11/01/11 | 10.0 | 250,000,000 | 2,017,500 | 247,982,500 | 99.19% | 6.06% |
| 3.50% | 04/28/03 | 05/01/08 | 5.0 | 450,000,000 | 2,700,000 | 447,300,000 | 99.40% | 3.63% |
| 5.95% | 09/25/06 | 10/01/36 | 30.0 | 300,000,000 | 3,862,236 | 296,137,764 | 98.71% | 6.04% |
| 5.70% | 03/19/07 | 03/15/37 | 30.0 | 175,000,000 | 2,672,126 | 172,327,874 | 98.47% | 5.81% |
| <u>First and Refunding Mort.g.a.qe Bonds-Floating Rates</u> | | | | | | | | |
| <u>Salem County Series A</u> | | | | | | | | |
| 4.45% | 04/01/93 | 12/01/12 | 20.0 | 4,200,000 | 106,400 | 4,093,600 | 97.47% | 4.65% |
| <u>Delaware County Series A</u> | | | | | | | | |
| 4.25% | 04/01/93 | 12/01/12 | 20.0 | 50,000,000 | 1,231,200 | 48,768,800 | 97.54% | 4.44% |
| <u>Delaware County Series B</u> | | | | | | | | |
| 4.19% | 04/01/93 | 12/01/12 | 20.0 | 50,000,000 | 1,231,200 | 48,768,800 | 97.54% | 4.38% |
| <u>Delaware County Series C</u> | | | | | | | | |
| 4.10% | 04/01/93 | 12/01/12 | 20.0 | 50,000,000 | 1,231,200 | 48,768,800 | 97.54% | 4.29% |
| <u>Trust Preferred Capital Securities</u> | | | | | | | | |
| 7.38% | 04/06/98 | 04/06/28 | 30.0 | 80,520,619 | 760,181 | 79,760,438 | 99.06% | 7.46% |
| 9.75% | (3) 04/06/98 | 04/06/28 | 30.0 | 805,206 | | 805,206 | 100.00% | 9.75% |
| 5.75% | 06/24/03 | 06/15/33 | 30.0 | 103,092,784 | 1,328,015 | 101,764,769 | 98.71% | 5.84% |

Notes: (1) Determined by taking into account the effect of the annual sinking fund requirements which are met by the retirement of bonds which reduce the term of each issue.

(2) The effective cost for each issue is the yield to maturity using as inputs the average term of issue, coupon rate, and net proceeds ratio.

(~) Prime rate, as of October 1, 2007 plus two-percentage points.

Source of Information: Company provided data

PECO Energy Company
Calculation of the Embedded Cost of Long-Term Debt
Estimated at December 31, 2008

| Series | Date of Maturity | Principal Amount Outstanding (1) (\$000) | Percent to Total | Effective Cost Rate | Weighted Cost Rate (2) |
|---|------------------|---|------------------|---------------------|------------------------|
| First and Refunding Mortgages Bonds-Fixed Rate | | | | | |
| 5.900% | 05/01/34 | \$ 75,000 | 3.47% | 5.97% | 0.21% |
| 4.750% | 10/01/12 | 225,000 | 10.42% | 4.94% | 0.51% |
| 5.950% | 11/01/11 | 250,000 | 11.58% | 6.06% | 0.70% |
| 3.500% | 05/01/08 | | 0.00% | 3.63% | 0.00% |
| 5.950% | 10/01/36 | 300,000 | 13.89% | 6.04% | 0.84% |
| 5.700% | 03/15/37 | 175,000 | 8.10% | 5.81% | 0.47% |
| 5.350% | 03/01/18 | 500,000 | 23.15% | 5.47% | 1.27% |
| 5.500% | 09/01/18 | 300,000 | 13.89% | 5.59% | 0.78% |
| | | 1,825,000 | | | |
| First and Refunding Mortgages Bonds-Floating Rates | | | | | |
| Salem County Series A | | | | | |
| 4.450% | 12/01/12 | | 0.00% | 4.65% | 0.00% |
| Delaware County Series A | | | | | |
| 4.000% | 12/01/12 | 50,000 | 2.32% | 4.23% | 0.10% |
| Delaware County Series B | | | | | |
| 4.000% | 12/01/12 | 50,000 | 2.32% | 4.23% | 0.10% |
| Delaware County Series C | | | | | |
| 4.000% | 12/01/12 | 50,000 | 2.32% | 4.23% | 0.10% |
| | | 150,000 | | | |
| Trust Preferred Capital Securities | | | | | |
| 7.380% | 04/10/28 | 80,521 | 3.73% | 7.46% | 0.28% |
| 7.700% | 04/06/28 | 805 | 0.04% | 7.70% | 0.00% |
| 5.750% | 06/15/33 | 103,093 | 4.77% | 5.84% | 0.28% |
| | | 184,419 | | | |
| | | 2,159,419 | <u>100.00%</u> | | <u>5.64%</u> |
| Adjustment for Tenders and Calls | | (30,514) | | | |
| Long-Term Debt | | <u>\$ 2,128,905</u> | | | |
| Annualized Cost | | \$ 121,791 | | | |
| Adjustment for Tenders and Calls on Reacquired Debt | | <u>3,028</u> | | | |
| Total Cost | | <u>\$ 124,819</u> | | | <u>5.86%</u> |
| Long-Term Debt | | \$ 2,128,905 | 97.26% | 5.86% | 5.70% |
| Short Term- Debt | | <u>59,952</u> | 2.74% | 3.45% | <u>0.09%</u> |
| Total Debt | | <u>\$ 2,188,857</u> | <u>100.00%</u> | | <u>5.79%</u> |

Notes: (1) As calculated on page 4 of this schedule.

Source of Information: Company provided data

PECO Energy Company
Calculation of the Effective Cost of Long-Term Debt by Series
Estimated at December 31, 2008

| Series | Date of Issue | Date of Maturity | Average Term in Years (1) | Principal Amount Issued | Premium/Discount & Expense | Net Proceeds | Net Proceeds Ratio | Effective Cost Rate (2) |
|--|---------------|------------------|---------------------------|-------------------------|----------------------------|---------------|--------------------|-------------------------|
| First and Refunding Mortgage Bonds-Fixed Rate | | | | | | | | |
| 5.90% | 04/23/04 | 05/01/34 | 30.0 | \$ 75,000,000 | \$ 773,250 | \$ 74,226,750 | 98.97% | 5.97% |
| 4.75% | 09/23/02 | 10/01/12 | 10.0 | 225,000,000 | 3,294,505 | 221,705,495 | 98.54% | 4.94% |
| 5.95% | 11/01/01 | 11/01/11 | 10.0 | 250,000,000 | 2,017,500 | 247,982,500 | 99.19% | 6.06% |
| 3.50% | 04/28/03 | 05/01/08 | 5.0 | 450,000,000 | 2,700,000 | 447,300,000 | 99.40% | 3.63% |
| 5.95% | 09/25/06 | 10/01/36 | 30.0 | 300,000,000 | 3,862,236 | 296,137,764 | 98.71% | 6.04% |
| 5.70% | 03/19/07 | 03/15/37 | 30.0 | 175,000,000 | 2,672,126 | 172,327,874 | 98.47% | 5.81% |
| 5.35% | 03/03/08 | 03/01/18 | 10.0 | 500,000,000 | 4,440,000 | 495,560,000 | 99.11% | 5.47% |
| 5.50% | 09/01/08 | 09/01/18 | 10.0 | 300,000,000 | 2,160,000 | 297,840,000 | 99.28% | 5.59% |
| First and Refunding Mortgage Bonds-Floating Rates | | | | | | | | |
| Delaware County Series A | | | | | | | | |
| 4.00% | 04/01/93 | 12/01/12 | 20.0 | 50,000,000 | 1,497,867 (4) | 48,502,133 | 97.00% | 4.23% |
| Delaware County Series B | | | | | | | | |
| 4.00% | 04/01/93 | 12/01/12 | 20.0 | 50,000,000 | 1,497,867 (4) | 48,502,133 | 97.00% | 4.23% |
| Delaware County Series C | | | | | | | | |
| 4.00% | 04/01/93 | 12/01/12 | 20.0 | 50,000,000 | 1,497,867 (4) | 48,502,133 | 97.00% | 4.23% |
| Trust Preferred Capital Securities | | | | | | | | |
| 7.38% | 04/06/98 | 04/06/28 | 30.0 | 80,520,619 | 760,181 | 79,760,438 | 99.06% | 7.46% |
| 7.70% | (3) 04/06/98 | 04/06/28 | 30.0 | 805,206 | | 805,206 | 100.00% | 7.70% |
| 5.75% | 06/24/03 | 06/15/33 | 30.0 | 103,092,784 | 1,328,015 | 101,764,769 | 98.71% | 5.84% |

Notes: (1) Determined by taking into account the effect of the annual sinking fund requirements which are met by the retirement of bonds which reduce the term of each issue.

(2) The effective cost for each issue is the yield to maturity using as inputs the average term of issue, coupon rate, and net proceeds ratio.

(~) Prime rate forecast by ~ in the fourth quarter of 2008 plus two-percentage points.

(4) Includes \$800,000 of expenses to fix the interest rate for the remaining term of the issue.

Source of Information: Company provided data

PI=CO Energy Company
Calculation of the Embedded Cost of Preferred Stock
Actual at December 31, 2007

| Series | Principal Amount <u>Outstanding</u> (\$000) | Percent to <u>Total</u> | Effective Cost <u>Rate</u> | Weighted Cost <u>Rate</u> ⁽¹⁾ |
|---|--|-------------------------------|----------------------------------|--|
| 4.40% | \$ 22,650 | 25.89% | 4.40% | 1.14% |
| 4.40% | 4,822 | 5.51% | 4.03% | 0.22% |
| 3.80% | 30,000 | 34.30% | 3.80% | 1.30% |
| 4.30% | 15,000 | 17.15% | 4.44% | 0.76% |
| 4.68% | 15,000 | <u>17.15%</u> | 4.76% | <u>0.82%</u> |
| | 87,472 | <u>100.00%</u> | | <u>4.24%</u> |
| Adjustment for Tenders and Calls | <u>(2,467)</u> | | | |
| Total Preferred Stock | <u>\$ 85,005</u> | | | |
| Annualized Cost | \$ 3,709 | | | |
| Adjustment for Tenders and Calls on Redeemed Stock | <u>355</u> | | | |
| Total Cost | <u>\$ 4,064</u> | | | <u>4.78%</u> |

Notes: (1) As calculated on page 2 of this schedule.

Source of Information: Company provided data

PECO Energy Company
Calculation of the Effective Cost of Preferred Stock by Series
Actual at December 31, 2007

| <u>Series</u> | <u>Date of Issue</u> | <u>Principal Amount Outstanding</u> | <u>Discount and Expense</u> | <u>Net Proceeds</u> | <u>Net Proceeds Ratio</u> | <u>Effective Cost Rate (1)</u> |
|---------------|----------------------|-------------------------------------|-----------------------------|---------------------|---------------------------|--------------------------------|
| 4.40% | 12/01/41 | \$ 22,650,000 | \$ | \$ 22,650,000 | 100.00% | 4.40% |
| 4.40% | 03/01/42 | 4,822,000 | (448,876) | 5,270,876 | 109.31% | 4.03% |
| 3.80% | 12/05/46 | 30,000,000 | 30,218 | 29,969,782 | 99.90% | 3.80% |
| 4.30% | 02/05/48 | 15,000,000 | 468,342 | 14,531,658 | 96.88% | 4.44% |
| 4.68% | 05/14/53 | 15,000,000 | 243,769 | 14,756,231 | 98.37% | 4.76% |

Notes: (1) Series without sinking fund requirements are outstanding in perpetuity. For those series, the effective cost rate is the nominal dividend rate divided by the net proceeds ratio.

Source of Information: Company provided data

PECO Energy Company
Calculation of the Embedded Cost of Preferred Stock
Estimated at December 31, 2008

| Series | Principal Amount Outstanding (\$000) | Percent to Total | Effective Cost Rate | Weighted Cost Rate ⁽¹⁾ |
|---|---|------------------------|---------------------------|---|
| 4.40% | \$ 22,650 | 25.89% | 4.40% | 1.14% |
| 4.40% | 4,822 | 5.51% | 4.03% | 0.22% |
| 3.80% | 30,000 | 34.30% | 3.80% | 1.30% |
| 4.30% | 15,000 | 17.15% | 4.44% | 0.76% |
| 4.68% | 15,000 | <u>17.15%</u> | 4.76% | <u>0.82%</u> |
| | 87,472 | <u>100.00%</u> | | <u>4.24%</u> |
| Adjustment for Tenders and Calls | <u>(2,113)</u> | | | |
| Total Preferred Stock | <u>\$ 85,359</u> | | | |
| Annualized Cost | \$ 3,709 | | | |
| Adjustment for Tenders and Calls on Redeemed Stock | <u>355</u> | | | |
| Total Cost | <u>\$ 4,064</u> | | | <u>4.76%</u> |

Notes: (1) As calculated on page 4 of this schedule.

Source of Information: Company provided data

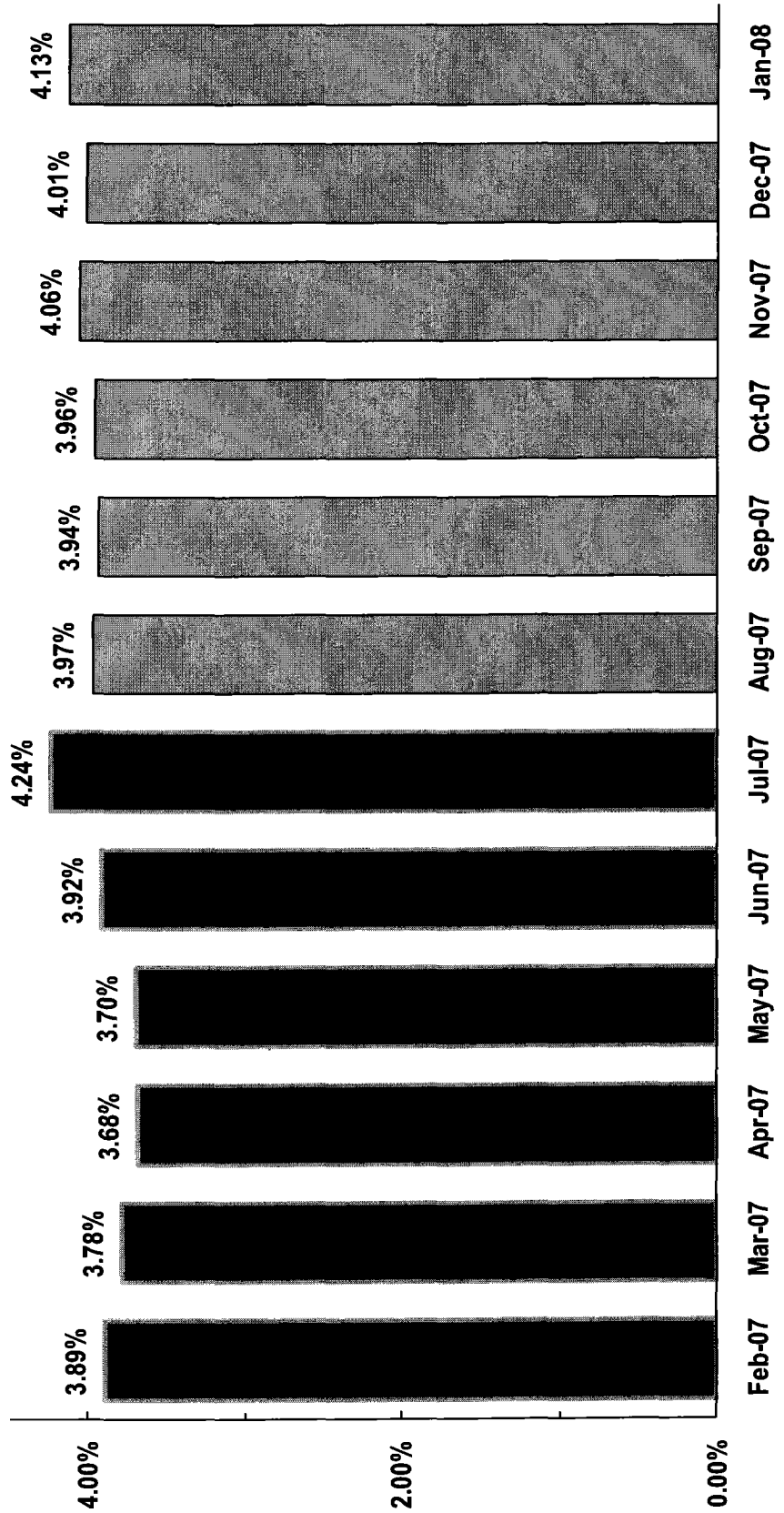
PECO Energy Company
Calculation of the Effective Cost of Preferred Stock by Series
Estimated at December 31, 2008

| <u>Series</u> | <u>Date of Issue</u> | <u>Principal Amount Outstanding</u> | <u>Discount and Expense</u> | <u>Net Proceeds</u> | <u>Net Proceeds Ratio</u> | <u>Effective Cost Rate (1)</u> |
|---------------|----------------------|-------------------------------------|-----------------------------|---------------------|---------------------------|--------------------------------|
| 4.40% | 12/01/41 | \$ 22,650,000 | \$ | \$ 22,650,000 | 100.00% | 4.40% |
| 4.40% | 03/01/42 | 4,822,000 | (448,876) | 5,270,876 | 109.31% | 4.03% |
| 3.80% | 12/05/46 | 30,000,000 | 30,218 | 29,969,782 | 99.90% | 3.80% |
| 4.30% | 02/05/48 | 15,000,000 | 468,342 | 14,531,658 | 96.88% | 4.44% |
| 4.68% | 05/14/53 | 15,000,000 | 243,769 | 14,756,231 | 98.37% | 4.76% |

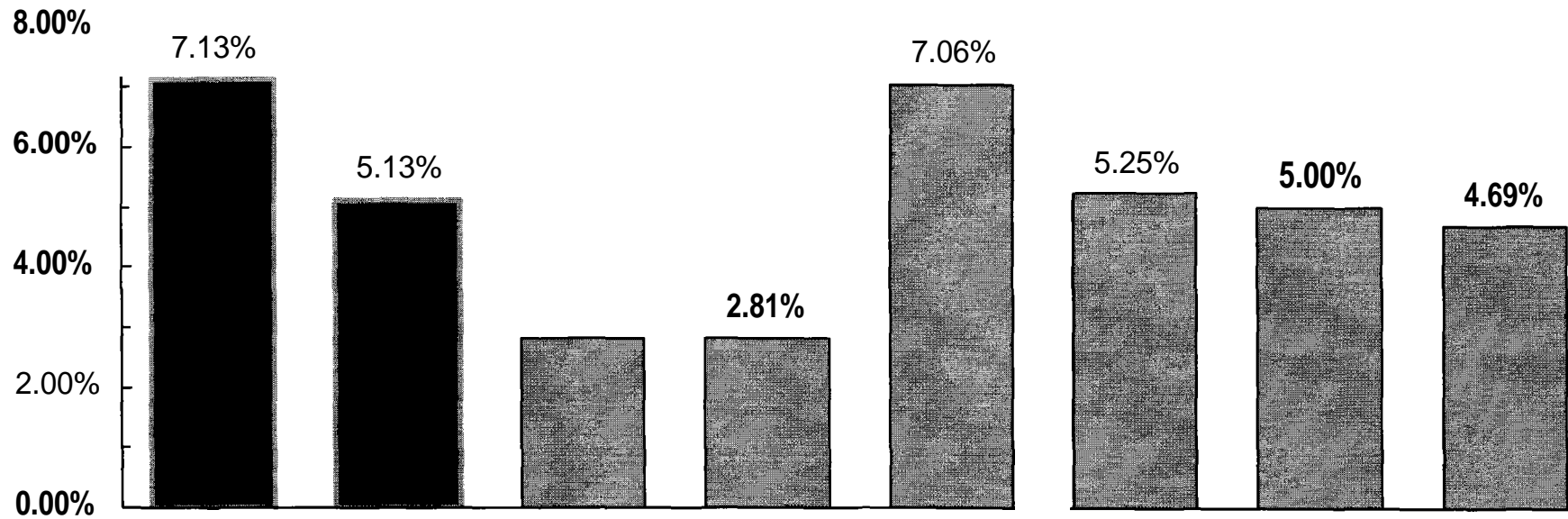
Notes: (1) Series without sinking fund requirements are outstanding in perpetuity. For those series, the effective cost rate is the nominal dividend rate divided by the net proceeds ratio.

Source of Information: Company provided data

Gas Group Monthly Dividend Yield



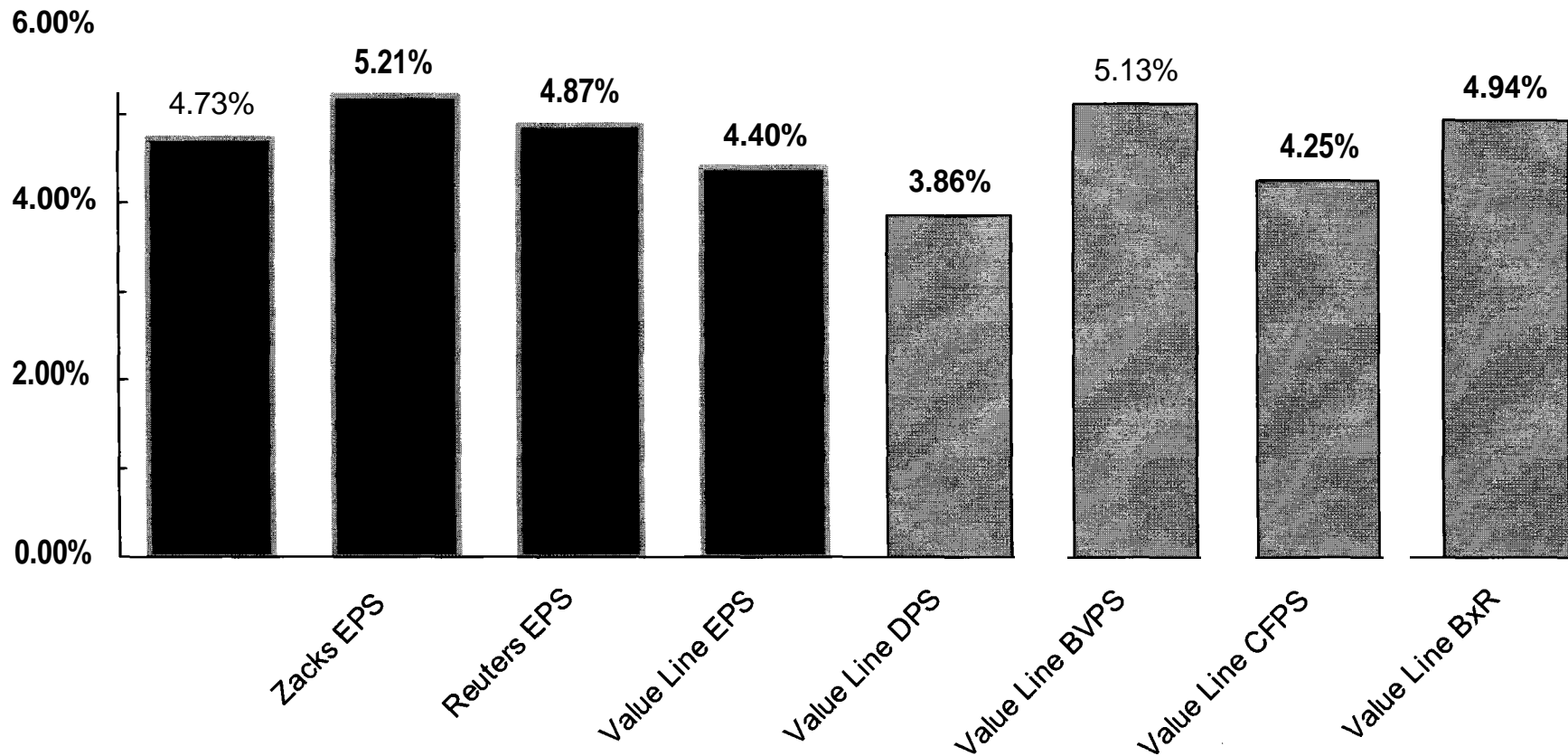
Gas Group Historical Growth Rates



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

Gas Group

Five-Year Projected Growth Rates



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

Interest Rates for Investment Grade Public Utility Bonds

7.00%

6.50%

6.00%

5.50%

5.00%

| | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | Jan-08 |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 5.73% | 5.66% | 5.83% | 5.86% | 6.18% | 6.11% | 6.11% | 6.10% | 6.04% | 5.87% | 6.03% | 5.87% |
| ~A | 5.90% | 5.85% | 5.97% | 5.99% | 6.30% | 6.25% | 6.24% | 6.18% | 6.11% | 5.97% | 6.16% | 6.02% |
| -- Baa | 6.10% | 6.10% | 6.24% | 6.23% | 6.54% | 6.49% | 6.51% | 6.45% | 6.36% | 6.27% | 6.51% | 6.35% |

**Interest Rates for Investment Grade Public Utility Bonds
Yearly for 2001-2006
and the Twelve Months Ended January 2008**

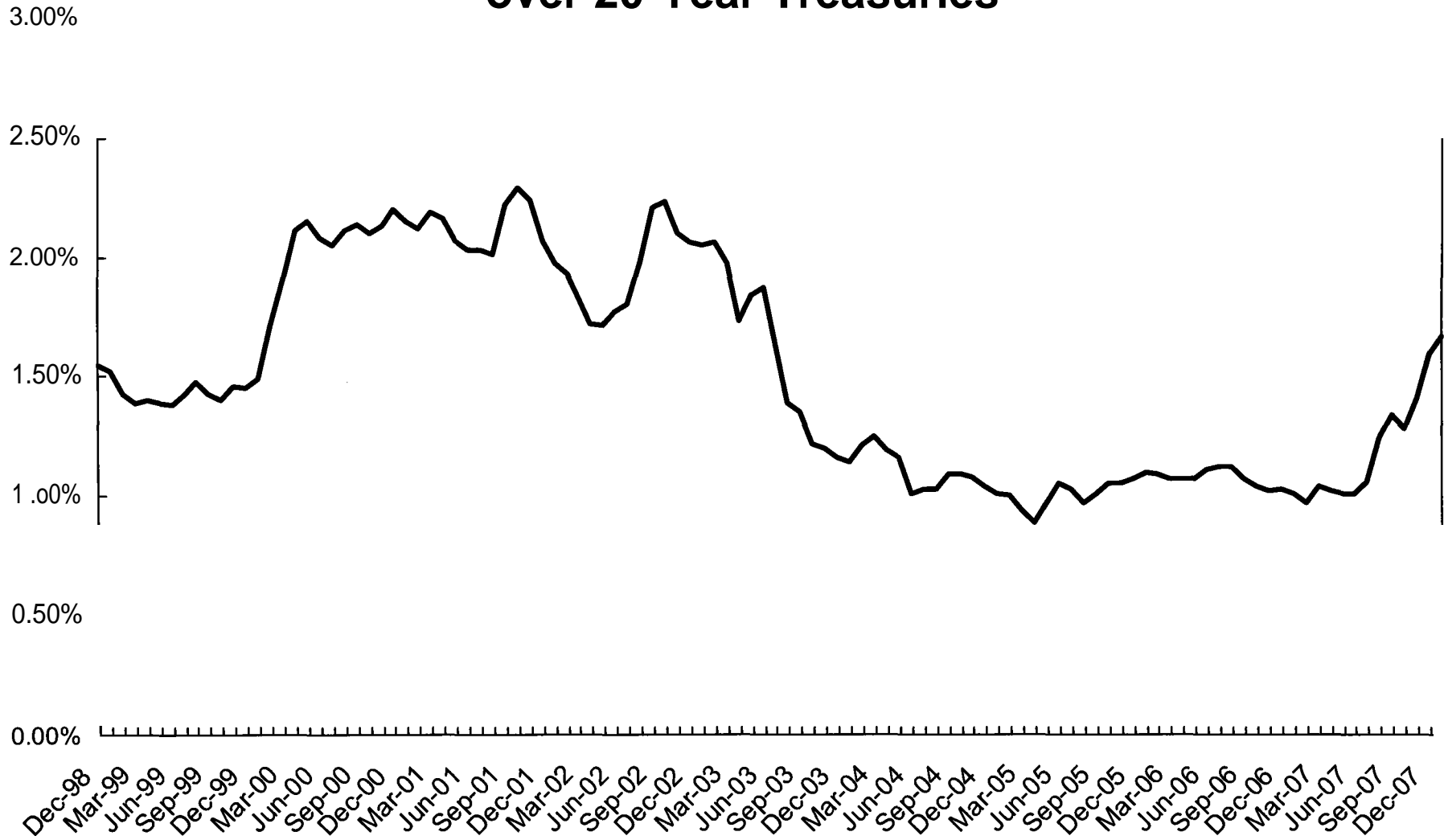
| <u>Years</u> | Aa Rated | A Rated | Baa Rated | <u>Average</u> |
|---------------------------------|---------------------|--------------------|----------------------|----------------|
| 2002 | 7.19% | 7.37% | 8.02% | 7.53% |
| 2003 | 6.40% | 6.58% | 6.84% | 6.61% |
| 2004 | 6.04% | 6.16% | 6.40% | 6.20% |
| 2005 | 5.44% | 5.65% | 5.93% | 5.67% |
| 2006 | 5.84% | 6.07% | 6.32% | 6.08% |
| Five-Year Average | <u>6.18%</u> | <u>6.37%</u> | <u>6.70%</u> | <u>6.42%</u> |
| 2007 | 5.94% | 6.07% | 6.33% | 6.11% |
| <u>Months</u> | | | | |
| Feb-07 | 5.73% | 5.90% | 6.10% | 5.91% |
| Mar-07 | 5.66% | 5.85% | 6.10% | 5.87% |
| Apr-07 | 5.83% | 5.97% | 6.24% | 6.01% |
| May-07 | 5.86% | 5.99% | 6.23% | 6.03% |
| Jun-07 | 6.18% | 6.30% | 6.54% | 6.34% |
| Jul-07 | 6.11% | 6.25% | 6.49% | 6.28% |
| Aug-07 | 6.11% | 6.24% | 6.51% | 6.28% |
| Sep-07 | 6.10% | 6.18% | 6.45% | 6.24% |
| Oct-07 | 6.04% | 6.11% | 6.36% | 6.17% |
| Nov-07 | 5.87% | 5.97% | 6.27% | 6.04% |
| Dec-07 | 6.03% | 6.16% | 6.51% | 6.23% |
| Jan-08 | 5.87% | 6.02% | 6.35% | 6.08% |
| Twelve-Month Average | <u>5.95%</u> | <u>6.08%</u> | <u>6.35%</u> | <u>6.12%</u> |
| Six-Month Average | <u>6.00%</u> | <u>6.11%</u> | <u>6.41%</u> | <u>6.17%</u> |
| Three-Month Average | <u>5.92%</u> | <u>6.05%</u> | <u>6.38%</u> | <u>6.12%</u> |

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



A-rated Public Utility
Spread vs. 20-year

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



A rated Public Utility Bonds
over 20-Year Treasuries

Exhibit PRM-1
Page 25 of 35
Schedule 11 [5 of 5]

| Year | A-rated Public Utili- | 20-Year Treasuries | |
|--------|--------------------------|--------------------|--------|
| | | Yield | Spread |
| De--98 | 6.91% | 5.36% | 1.55% |
| Jan-99 | 6.97% | 5.45% | 1.52% |
| Feb-99 | 7.09% | 5.66% | 1.43% |
| Mar-99 | 7.26% | 5.87% | 1.39% |
| Apr-99 | 7.22% | 5.82% | 1.40% |
| May-99 | 7.47% | 6.08% | 1.39% |
| Jun-99 | 7.74% | 6.36% | 1.38% |
| Jul-99 | 7.71% | 6.28% | 1.43% |
| Aug-99 | 7.91% | 6.43% | 1.48% |
| Sep-99 | 7.93% | 6.50% | 1.43% |
| Oct-99 | 8.06% | 6.66% | 1.40% |
| Nov-99 | 7.94% | 6.48% | 1.46% |
| Dec-99 | 8.14% | 6.69% | 1.45% |
| Jan-00 | 8.35% | 6.86% | 1.49% |
| Feb-00 | 8.25% | 6.54% | 1.71% |
| Mar-00 | 8.28% | 6.38% | 1.90% |
| Apr-00 | 8.29% | 6.18% | 2.11% |
| May-00 | 8.70% | 6.55% | 2.15% |
| Jun-00 | 8.36% | 6.28% | 2.08% |
| Jul-00 | 8.25% | 6.20% | 2.05% |
| Aug-00 | 8.13% | 6.02% | 2.11% |
| Sep-00 | 8.23% | 6.09% | 2.14% |
| Oct-00 | 8.14% | 6.04% | 2.10% |
| Nov-00 | 8.11% | 5.98% | 2.13% |
| Dec-00 | 7.84% | 5.64% | 2.20% |
| Jan-01 | 7.80% | 5.65% | 2.15% |
| Feb-01 | 7.74% | 5.62% | 2.12% |
| Mar-01 | 7.68% | 5.49% | 2.19% |
| Apr-01 | 7.94% | 5.78% | 2.16% |
| May-01 | 7.99% | 5.92% | 2.07% |
| Jun-01 | 7.85% | 5.82% | 2.03% |
| Juk01 | 7.78% | 5.75% | 2.03% |
| Aug-01 | 7.59% | 5.58% | 2.01% |
| Sep-01 | 7.75% | 5.53% | 2.22% |
| Oct-01 | 7.63% | 5.34% | 2.29% |
| Nov-Of | 7.57% | 5.33% | 2.24% |
| Dec-01 | 7.83% | 5.76% | 2.07% |
| Jan-02 | 7.66% | 5.69% | 1.97% |
| Feb-02 | 7.54% | 5.61% | 1.93% |
| Mar-02 | 7.76% | 5.93% | 1.83% |
| Apr-02 | 7.57% | 5.85% | 1.72% |
| May-02 | 7.52% | 5.81% | 1.71% |
| Jun-02 | 7.42% | 5.65% | 1.77% |
| Jul-02 | 7.31% | 5.51% | 1.80% |
| Aug-02 | 7.17% | 5.19% | 1.98% |
| Sep-02 | 7.08% | 4.87% | 2.21% |
| 0--02 | 7.23% | 5.00% | 2.23% |
| Nov-02 | 7.14% | 5.04% | 2.10% |
| Dec-02 | 7.07% | 5.01% | 2.06% |
| Jan-03 | 7.07% | 5.02% | 2.05% |
| Feb-03 | 6.93% | 4.87% | 2.06% |
| Mar-03 | 6.79% | 4.82% | 1.97% |
| Apr-03 | 6.64% | 4.91% | 1.73% |
| May-03 | 6.36% | 4.52% | 1.84% |
| Jun-03 | 6.21% | 4.34% | 1.87% |
| Jul-03 | 6.57% | 4.92% | 1.65% |
| Aug-03 | 6.78% | 5.39% | 1.39% |
| Sep-03 | 6.56% | 5.21% | 1.35% |
| Oct-03 | 6.43% | 5.21% | 1.22% |
| Nov-03 | 6.37% | 5.17% | 1.20% |
| Dec-03 | 6.27% | 5.11% | 1.16% |
| Jan-04 | 6.15% | 5.01% | 1.14% |
| Feb-04 | 6.15% | 4.94% | 1.21% |
| Mar-04 | 5.97% | 4.72% | 1.25% |
| Apr-04 | 6.35% | 5.16% | 1.19% |
| May-04 | 6.62% | 5.46% | 1.16% |
| Jun-04 | 6.46% | 5.45% | 1.01% |
| Jul-04 | 6.27% | 5.24% | 1.03% |
| Aug-04 | 6.14% | 5.07% | 1.07% |
| Sep-04 | 5.98% | 4.89% | 1.09% |
| Oct-04 | 5.94% | 4.85% | 1.09% |
| Nov-04 | 5.97% | 4.89% | 1.08% |
| Dec-04 | 5.92% | 4.88% | 1.04% |
| Jan-05 | 5.78% | 4.77% | 1.01% |
| Feb-05 | 5.61% | 4.61% | 1.00% |
| Mar-05 | 5.83% | 4.89% | 0.94% |
| Apr-05 | 5.64% | 4.75% | 0.89% |
| May-05 | 5.53% | 4.56% | 0.97% |
| Jun-05 | 5.40% | 4.35% | 1.05% |
| Juk05 | 5.51% | 4.48% | 1.03% |
| Aug-05 | 5.50% | 4.53% | 0.97% |
| Sep-05 | 5.52% | 4.51% | 1.01% |
| Oct-05 | 5.79% | 4.74% | 1.05% |
| Nov-05 | 5.88% | 4.83% | 1.05% |
| Dec-05 | 5.80% | 4.73% | 1.07% |
| Jan-06 | 5.75% | 4.65% | 1.10% |
| Feb-06 | 5.82% | 4.73% | 1.09% |
| Mar-06 | 5.98% | 4.91% | 1.07% |
| Apr-06 | 6.29% | 5.22% | 1.07% |
| May-06 | 6.42% | 5.35% | 1.07% |
| Jun-06 | 6.40% | 5.29% | 1.11% |
| Jul-06 | 6.37% | 5.25% | 1.12% |
| Aug-06 | 6.20% | 5.08% | 1.12% |
| Sep-06 | 6.00% | 4.93% | 1.07% |
| Oct-06 | 5.98% | 4.94% | 1.04% |
| Nov-06 | 5.80% | 4.78% | 1.02% |
| Dec-06 | 5.81% | 4.78% | 1.03% |
| Jan-07 | 5.96% | 4.95% | 1.01% |
| Feb-07 | 5.90% | 4.93% | 0.97% |
| Mar-07 | 5.85% | 4.81% | 1.04% |
| Apr-07 | 5.97% | 4.95% | 1.02% |
| May-07 | 5.99% | 4.98% | 1.01% |
| Jun-07 | 6.30% | 5.29% | 1.01% |
| July07 | 6.25% | 5.19% | 1.06% |
| Aug-07 | 6.24% | 5.00% | 1.24% |
| Sep-07 | 6.18% | 4.84% | 1.34% |
| Oct-07 | 6.11% | 4.83% | 1.28% |

S&P Composite Index and S&P Public Utility Index
Lone-Term Corporate and Public Utility Bonds
Yearly Total Returns
1928-2006

| 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% |
| Geometric Mean | 10.10% | 8.80% | 5.85% | 5.45% |
| Arithmetic Mean | 12.03% | 11.14% | 6.17% | 5.73% |
| Standard Deviation | 20.13% | 22.55% | 8.57% | 7.89% |
| Median | 14.31% | 11.74% | 4.14% | 4.45% |

**Tabulation of Risk Rate Differentials for
S&P Public Utility Index and Public Utility Bonds
For the Years 1928-2006, 1952-2006, 1974-2006, and 1979-2006**

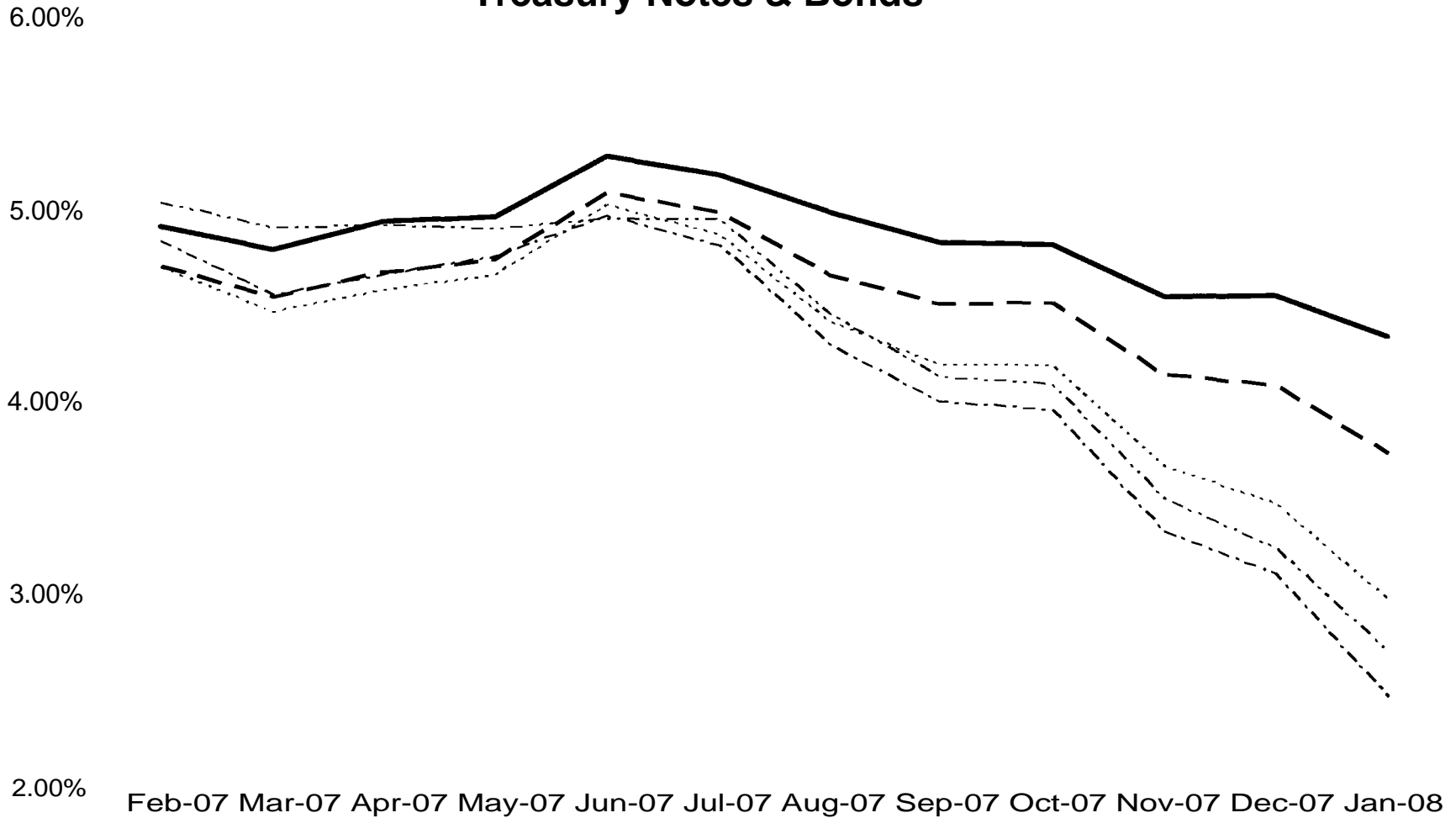
| <u>Total Returns</u> | Range | | <u>Midpoint</u> | Point Estimate Arithmetic Mean | Average of the Midpoint of Range and Point Estimate |
|--------------------------|-------------------|---------------|-----------------|---|--|
| | Geometric Mean | <u>Median</u> | | | |
| 1928-2006 | | | | | |
| S&P Public Utility Index | 8.80% | 11.74% | | 11.14% | |
| Public Utility Bonds | 5.45% | <u>4.45%</u> | | 5.73% | |
| Risk Differential | 3.35% | <u>7.29%</u> | 5.32% | 5.41% | 5.37% |
| 1952-2006 | | | | | |
| S&P Public Utility Index | 10.99% | 13.58% | | 12.53% | |
| Public Utility Bonds | 6.17% | <u>4.94%</u> | | 6.47% | |
| Risk Differential | 4.82% | <u>8.64%</u> | 6.73% | 6.06% | 6.40% |
| 1974-2006 | | | | | |
| S&P Public Utility Index | 12.79% | 15.08% | | 14.77% | |
| Public Utility Bonds | 8.55% | <u>8.65%</u> | | 8.90% | |
| Risk Differential | 4.24% | <u>6.43%</u> | 5.34% | 5.87% | 5.61% |
| 1979-2006 | | | | | |
| S&P Public Utility Index | 13.42% | 15.94% | | 15.27% | |
| Public Utility Bonds | 8.96% | <u>9.05%</u> | | 9.29% | |
| Risk Differential | <u>4.46%</u> | <u>6.89%</u> | <u>5.68%</u> | <u>5.98%</u> | <u>5.83%</u> |

Value Line Betas

Gas Group

| | |
|-------------------------------|-------------|
| AGL Resources, Inc. | 0.85 |
| Atmos Energy Corp. | 0.85 |
| Laclede Group, Inc. | 0.95 |
| New Jersey Resources Corp. | 0.85 |
| NICOR, Inc. | 1.00 |
| Piedmont Natural Gas Co. | 0.85 |
| South Jersey Industries, Inc. | 0.85 |
| WGL Holdings, Inc. | <u>0.85</u> |
| Average | <u>0.88</u> |

Yields on Treasury Notes & Bonds



| | Feb-07 | Mar-07 | Apr-07 | May-07 | Jun-07 | Jul-07 | Aug-07 | Sep-07 | Oct-07 | Nov-07 | Dec-07 | Jan-08 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 1-Year | <u>5.05%</u> | <u>4.92%</u> | <u>4.93%</u> | <u>4.91%</u> | <u>4.96%</u> | <u>4.96%</u> | <u>4.47%</u> | <u>4.14%</u> | <u>4.10%</u> | <u>3.50%</u> | <u>3.26%</u> | <u>2.71%</u> |
| 2-Year | <u>4.85%</u> | <u>4.57%</u> | <u>4.67%</u> | <u>4.77%</u> | <u>4.98%</u> | <u>4.82%</u> | <u>4.31%</u> | <u>4.01%</u> | <u>3.97%</u> | <u>3.34%</u> | <u>3.12%</u> | <u>2.48%</u> |
| 5-Year | <u>4.71%</u> | <u>4.48%</u> | <u>4.59%</u> | <u>4.67%</u> | <u>5.03%</u> | <u>4.88%</u> | <u>4.43%</u> | <u>4.20%</u> | <u>4.20%</u> | <u>3.67%</u> | <u>3.49%</u> | <u>2.98%</u> |
| m ~ IO-Year | <u>4.72%</u> | <u>4.56%</u> | <u>4.69%</u> | <u>4.75%</u> | <u>5.10%</u> | <u>5.00%</u> | <u>4.67%</u> | <u>4.52%</u> | <u>4.53%</u> | <u>4.15%</u> | <u>4.10%</u> | <u>3.74%</u> |
| -- 2 O-Year | <u>4.93%</u> | <u>4.81%</u> | <u>4.95%</u> | <u>4.98%</u> | <u>5.29%</u> | <u>5.19%</u> | <u>5.00%</u> | <u>4.84%</u> | <u>4.83%</u> | <u>4.56%</u> | <u>4.57%</u> | <u>4.35%</u> |

**Yields for Treasury Constant Maturities
Yearly for 2002-2006 and 2007
and the Twelve Months Ended January 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> |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| 2002 | 2.00% | 2.64% | 3.10% | 3.82% | 4.30% | 4.61% | 5.43% |
| 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% |
| Five-Year Average | <u>2.74%</u> | <u>3.07%</u> | <u>3.34%</u> | <u>3.80%</u> | <u>4.12%</u> | <u>4.40%</u> | <u>5.01%</u> |
| 2007 | 4.52% | 4.36% | 4.34% | 4.43% | 4.50% | 4.63% | 4.91% |
| <u>Months</u> | | | | | | | |
| Feb-07 | 5.05% | 4.85% | 4.75% | 4.71% | 4.71% | 4.72% | 4.93% |
| Mar-07 | 4.92% | 4.57% | 4.51% | 4.48% | 4.50% | 4.56% | 4.81% |
| Apr-07 | 4.93% | 4.67% | 4.60% | 4.59% | 4.62% | 4.69% | 4.95% |
| May-07 | 4.91% | 4.77% | 4.69% | 4.67% | 4.69% | 4.75% | 4.98% |
| Jun-07 | 4.96% | 4.98% | 5.00% | 5.03% | 5.05% | 5.10% | 5.29% |
| Jul-07 | 4.96% | 4.82% | 4.82% | 4.88% | 4.93% | 5.00% | 5.19% |
| Aug-07 | 4.47% | 4.31% | 4.34% | 4.43% | 4.53% | 4.67% | 5.00% |
| Sep-07 | 4.14% | 4.01% | 4.06% | 4.20% | 4.33% | 4.52% | 4.84% |
| Oct-07 | 4.10% | 3.97% | 4.01% | 4.20% | 4.33% | 4.53% | 4.83% |
| Nov-07 | 3.50% | 3.34% | 3.35% | 3.67% | 3.87% | 4.15% | 4.56% |
| Dec-07 | 3.26% | 3.12% | 3.13% | 3.49% | 3.74% | 4.10% | 4.57% |
| Jan-08 | 2.71% | 2.48% | 2.51% | 2.98% | 3.31% | 3.74% | 4.35% |
| Twelve-Month Average | <u>4.33%</u> | <u>4.16%</u> | <u>4.15%</u> | <u>4.28%</u> | <u>4.38%</u> | <u>4.54%</u> | <u>4.86%</u> |
| Six-Month Average | <u>3.70%</u> | <u>3.54%</u> | <u>3.57%</u> | <u>3.83%</u> | <u>4.02%</u> | <u>4.29%</u> | <u>4.69%</u> |
| Three-Month Average | <u>3.16%</u> | <u>2.98%</u> | <u>3.00%</u> | <u>3.38%</u> | <u>3.64%</u> | <u>4.00%</u> | <u>4.49%</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 February 1, 2008

| Year | <u>Quarter</u> | 1 -Year Treasury Bill | 2-Yea r Treasury <u>Note</u> | 5-Year Treasury <u>Note</u> | 10-Year Treasury <u>Note</u> | 30-Year Treasury Bond |
|------|----------------|-----------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------|
| 2008 | First | 2.5% | 2.4% | 2.9% | 3.6% | 4.2% |
| 2008 | Second | 2.3% | 2.3% | 2.8% | 3.5% | 4.1% |
| 2008 | Third | 2.4% | 2.4% | 2.9% | 3.6% | 4.2% |
| 2008 | Fourth | 2.5% | 2.6% | 3.1% | 3.8% | 4.3% |
| 2009 | First | 2.8% | 2.9% | 3.3% | 4.0% | 4.5% |
| 2009 | Second | 3.2% | 3.2% | 3.6% | 4.1% | 4.6% |



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.

February 8, 2008

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

16.0

| | |
|----------------------------|-------------------------------|
| 26 Weeks Market Low | Market High |
| Ago | 10-9-02 7-13-07 |
| 18.5 | 14.1 19.7 |

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

2.1%

| | |
|----------------------------|-------------------------------|
| 26 Weeks Market Low | Market High |
| Ago | 10-9-02 7-13-07 |
| 1.7% | 2.4% 1.6% |

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

65%

| | |
|----------------------------|-------------------------------|
| 26 Weeks Market Low | Market High |
| Ago | 10-9-02 7-13-07 |
| 45% | 115% 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 |
|--|--|---|--|
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| Bank (Midwest) (87) 606 | Food Processing (57) 1481 | Metals & Mining (Div.) (41) 1222 | *Retail Store (94) 1678 |
| Beverage (17) 1531 | Food Wholesalers (10) 1525 | Natural Gas Utility (74) 445 | Securities Brokerage (23) 1429 |
| Biotechnology (29) 658 | Foreign Electronics (36) 1556 | Natural Gas (Div.) (51) 429 | Semiconductor (19) 1047 |
| Building Materials (90) 845 | Furn/Home Furnishings (81) 883 | Newspaper (92) 1901 | Semiconductor Equip (54) 1084 |
| Cable TV (70) 812 | Grocer/(37) 1516 | Office Equip/Supplies (60) 1127 | *Shoe (83) 1696 |
| Canadian Energy (20) 416 | Healthcare Information (22) 650 | Oil/Gas Distribution (66) 520 | Steel (General) (72) 574 |
| Chemical (Basic) (2) 1232 | Heavy Construction (6) 979 | Oilfield Svcs/Equip. (4) 1934 | Steel (Integrated) (96) 1419 |
| Chemical (Diversified) (35) 1959 | Home Appliance (-) 114 | Packaging & Container (48) 912 | Telecom. Equipment (16) 747 |
| Chemical (Specialty) (42) 458 | Homebuilding (97) 861 | Paper/Forest Products (65) 900 | Telecom. Services (55) 717 |
| Coal (8) 510 | Hotel/Gaming (69) 1875 | Petroleum (Integrated) (47) 397 | Thrift (95) 1161 |
| Computers/Peripherals (7) 1100 | Household Products (50) 930 | Petroleum (Producing) (21) 1924 | Tobacco (49) 1571 |
| Computer Software/Svcs (11) 2176 | Human Resources (58) 1292 | Pharmacy Services (39) 773 | Toiletries/Cosmetics (52) 802 |
| Diversified Co. (33) 1381 | Industrial Services (43) 322 | Power (46) 960 | Trucking (93) 266 |
| Drug (12) 1243 | Information Services (38) 373 | Precious Metals (28) 1212 | Water Utility (88) 1424 |
| E-Commerce (32) 1445 | Insurance (Life)(45) 1197 | Precision Instrument (31) 120 | Wireless Networking (34) 490 |
| Educational Services (1) 1577 | Insurance (Prop/Cas.) (56) 593 | Property Management (68) 820 | |
| Electrical Equipment (15) 1001 | Internet (8) 2228 | Publishing (27) 1889 | |

*Reviewed in this week's issue.

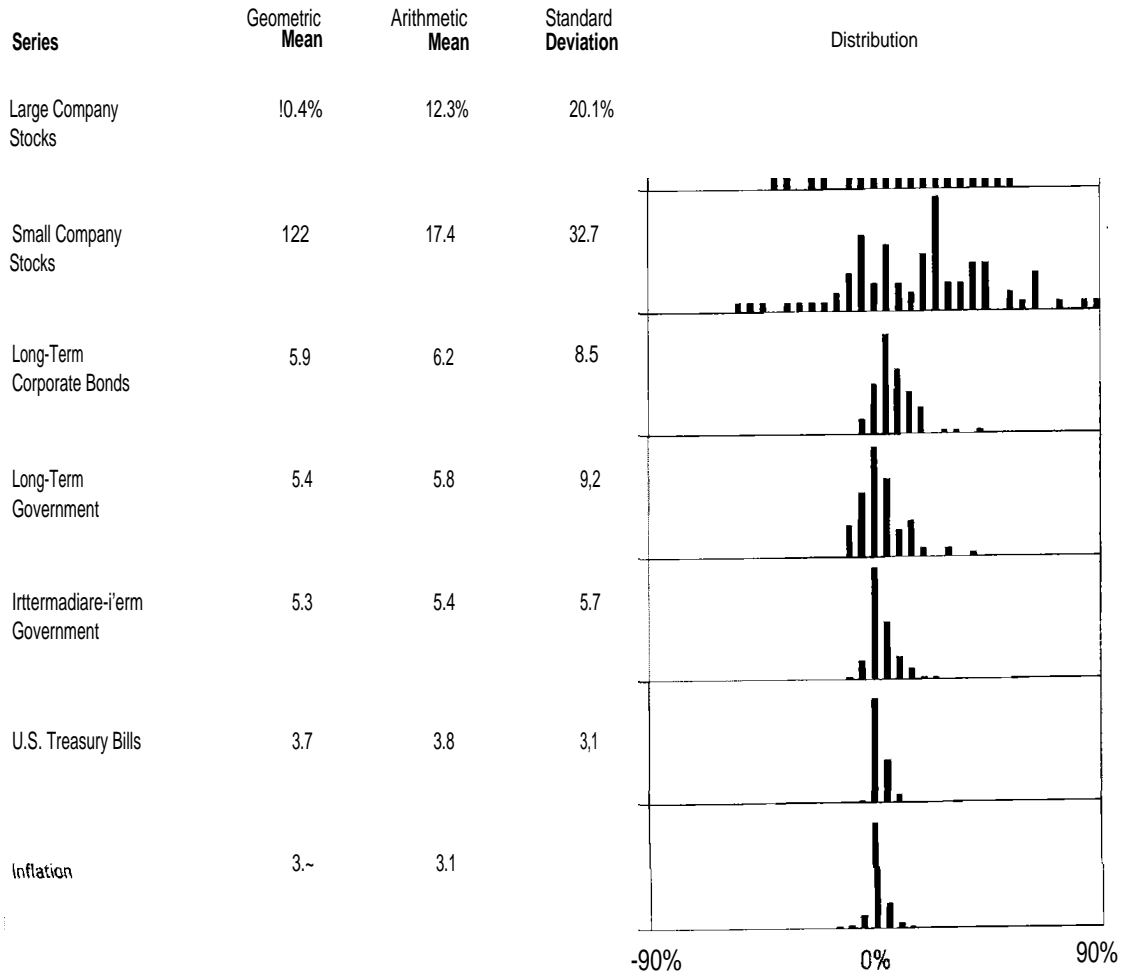
In three parts: This is Part 1, the Summary & Index. Part 2 is Selection & Opinion. Part 3 is Ratings & Reports. Volume LXI, No. 24.

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Table 2q
Basic Series: Summary Statistics of Annual Total Returns

from 1926 to 2006



*The 1933 Small Company Stocks Total Return was 142.9 percent.

Comparable Earnings Approach
Using Non-Utility Companies with
Timeliness of 3 & 4; Safety Rank of 1 & 2; Financial Strength of B+, B++ & A;
Price Stability of 90 to 100; Betas of .85 to .90; and Technical Rank of 3 & 4

| Company | Industry | <u>Timeliness Rank</u> | <u>Safety Rank</u> | <u>Financial Strength</u> | <u>Price Stabilit~</u> | <u>Beta</u> | <u>Technical Rank</u> |
|-----------------------|----------|------------------------|--------------------|---------------------------|------------------------|--------------------|-----------------------|
| Avery Dennison | CHEMSPEC | 4 | 2 | A | 90 | 0.90 | 3 |
| Bank of Hawaii | BANK | 3 | 2 | B++ | 100 | 0.85 | 3 |
| Campbell Soup | FOODPROC | 3 | 2 | B++ | 100 | 0.85 | 3 |
| Cincinnati Financial | INSPRPTY | 3 | 2 | B++ | 100 | 0.85 | 3 |
| City National Corp. | BANK | 4 | 2 | B++ | 95 | 0.85 | 3 |
| Commerce Bancshs. | BANKMID | 3 | 1 | A | 100 | 0.85 | 3 |
| Int'l Flavors & Frag. | CHEMSPEC | 3 | 2 | B++ | 95 | 0.85 | 3 |
| Mercury General | INSPRPTY | 3 | 2 | B++ | 95 | 0.85 | 3 |
| Northrop Grumman | DEFENSE | 3 | 1 | A | 95 | 0.85 | 3 |
| Old Nat'l Bancorp | BANKMID | 3 | 2 | B++ | 90 | 0.90 | 3 |
| Pitney Bowes | OFFICE | 3 | 1 | A | 100 | 0.85 | 3 |
| PNC Financial Serv. | BANK | 3 | 2 | B++ | 95 | 0.90 | 3 |
| Regions Financial | BANK | 4 | 1 | A | 95 | 0.90 | 3 |
| Reinsurance Group | INSLIFE | 3 | 1 | A | 95 | 0.85 | 4 |
| Scripps (E.W.) 'A' | NWSPAPER | 3 | 2 | B+ | 95 | 0.85 | 3 |
| Weis Markets | GROCERY | 3 | 1 | A | 90 | 0.85 | 3 |
| Whitney Holding | BANK | 4 | 2 | B+ | 90 | 0.90 | 3 |
| | | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Average | | 3 | <u>2</u> | <u>B++</u> | 95 | 0.86 | 3 |
| Gas Group | Average | | | <u>B++</u> | <u>98</u> | <u>0.88</u> | 3 |

Source of Information: Value Line Investment Survey for Windows, December 2007

**Comparable Earninas Alol)roach
Five -Year Average Historical Earned Returns
for Years 2002-2006 and
Projected 3-5 Year Returns**

| Company | 2002 | <u>2003</u> | <u>2004</u> | <u>2005</u> | 2006 | <u>Average</u> | <u>Projected 2009-12</u> |
|-----------------------|-------|-------------|-------------|-------------|-------|----------------|------------------------------|
| Avery Dennison | 26.5% | 20.1% | 19.8% | 22.3% | 22.6% | 22.3% | 20.5% |
| Bank of Hawaii | 11.9% | 17.0% | 21.3% | 26.2% | 26.3% | 20.5% | 19.5% |
| Campbell Soup | | 161.8% | 74.7% | 55.7% | 38.5% | 82.7% | 31.0% |
| Cincinnati Financial | 5.4% | 6.2% | 8.4% | 9.2% | 7.3% | 7.3% | 7.5% |
| City National Corp. | 16.3% | 15.3% | 15.3% | 16.1% | 15.7% | 15.7% | 15.0% |
| Commerce Bancshs. | 14.1% | 14.2% | 15.4% | 16.7% | 15.2% | 15.1% | 13.0% |
| Int'l Flavors & Frag, | 32.0% | 26.9% | 21.5% | 20.1% | 23.6% | 24.8% | 26.5% |
| Mercury General | 10.2% | 14.1% | 18.4% | 15.1% | 11.8% | 13.9% | 13.5% |
| Northrop Grumman | 4.8% | 4.8% | 6.4% | 7.4% | 9.2% | 6.5% | 12.0% |
| Old Nat'l Bancorp | 14.8% | 9.8% | 9.6% | 12.1% | 12.4% | 11.7% | 13.5% |
| Pitney Bowes | 67.0% | 52.3% | 46.0% | 48.1% | 87.0% | 60.1% | 44.0% |
| PNC Financial Serv. | 17.5% | 15.5% | 16.0% | 15.5% | 14.0% | 15.7% | 14.0% |
| Regions Financial | 14.8% | 14.6% | 8.1% | 9.4% | 6.5% | 10.7% | 10.5% |
| Reinsurance Group | 10.5% | 8.5% | 9.9% | 8.9% | 10.4% | 9.6% | 11.5% |
| Scripps (E.W.)'A' | 15.2% | 13.6% | 13.8% | 13.6% | 15.4% | 14.3% | 12.5% |
| Weis Markets | 10.4% | 9.5% | 10.0% | 10.5% | 8.9% | 9.9% | 10.0% |
| Whitney Holding | 11.9% | 11.7% | 10.7% | 10.6% | 13.0% | 11.6% | 10.0% |
| Average | | | | | | 20.7% | <u>16.7%</u> |
| Median | | | | | | 14.3% | <u>13.5%</u> |