

Exhibit No.:
Issues: Return on Equity
Witness: Robert B. Hevert
Sponsoring Party: Union Electric Company
Type of Exhibit: Direct Testimony
Case No.: GR-2010-_____
Date Testimony Prepared: June 11, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. GR-2010-_____

DIRECT TESTIMONY

OF

ROBERT B. HEVERT

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

**St. Louis, Missouri
June, 2010**

TABLE OF CONTENTS

I.	INTRODUCTION	1
II.	PURPOSE AND OVERVIEW OF TESTIMONY.....	2
III.	REGULATORY GUIDELINES AND FINANCIAL CONSIDERATIONS.....	4
IV.	CAPITAL MARKET ENVIRONMENT	6
V.	PROXY GROUP SELECTION.....	9
VI.	COST OF EQUITY ESTIMATION.....	14
	A. <i>Constant Growth DCF Model</i>	17
	B. <i>Dividend Yield for the Constant Growth DCF Model</i>	19
	C. <i>Growth Rates for the DCF Model</i>	20
	D. <i>Multi-Stage DCF Model</i>	22
	E. <i>Discounted Cash Flow Model Results</i>	27
	F. <i>CAPM Analysis</i>	29
	G. <i>Bond Yield Plus Risk Premium Analysis</i>	35
	H. <i>Zone of Reasonableness</i>	37
VII.	REGULATORY AND BUSINESS RISKS	38
	A. <i>Regulatory Risks</i>	38
	B. <i>Credit Rating</i>	42
	C. <i>Small Size Premium</i>	44
VIII.	CONCLUSIONS AND RECOMMENDATION	47

1 **DIRECT TESTIMONY**

2 **OF**

3 **ROBERT B. HEVERT**

4 **CASE NO. GR-2010-_____**

5
6 **I. INTRODUCTION**

7 **Q. Please state your name, affiliation and business address.**

8 A. My name is Robert B. Hevert. I am President of Concentric Energy Advisors,
9 Inc. (“Concentric”), located at 293 Boston Post Road West, Suite 500, Marlborough,
10 Massachusetts 01752.

11 **Q. On whose behalf are you submitting this testimony?**

12 A. I am submitting this testimony on behalf of Union Electric Company D/B/A
13 AmerenUE (“AmerenUE” or the “Company”).

14 **Q. Please describe your educational background and professional experience in
15 the energy and utility industries.**

16 A. I received my Bachelor of Science degree in Finance from the University of
17 Delaware, and my Master of Business Administration degree from the University of
18 Massachusetts. I also hold the Chartered Financial Analyst designation. I have served as a
19 financial officer of Bay State Gas Company, as well as an executive and manager with other
20 consulting firms (REED Consulting Group and Navigant Consulting, Inc.). I have provided
21 testimony regarding strategic and financial matters, including the cost of capital, before several
22 state utility regulatory agencies as well as the Federal Energy Regulatory Commission on
approximately 60 occasions, and have advised numerous energy and utility clients on a wide

1 range of financial and economic issues including both asset and corporate-based transactions.
2 Many of those assignments have included the determination of the cost of capital for valuation
3 purposes. I have provided a summary of my professional and educational background, including
4 a listing of my testimony in prior proceedings in Attachment A to my Direct Testimony.

5 **Q. Please describe Concentric’s activities in energy and utility engagements.**

6 A. Concentric provides financial and economic advisory services to many and
7 various energy and utility clients across North America. Our regulatory economic and market
8 analysis services include utility ratemaking and regulatory advisory services; energy market
9 assessments; market entry and exit analysis; corporate and business unit strategy development;
10 demand forecasting; resource planning; and energy contract negotiations. Our financial advisory
11 activities include both buy and sell side merger, acquisition and divestiture assignments, due
12 diligence and valuation assignments, project and corporate finance services, and transaction
13 support services. In addition, we provide litigation support services on a wide range of financial
14 and economic issues on behalf of clients throughout North America.

II. PURPOSE AND OVERVIEW OF TESTIMONY

15 **Q. What is the purpose of your testimony?**

16 A. The purpose of my Direct Testimony is to present evidence and provide a
17 recommendation regarding the Company’s Return on Equity (“ROE”).¹ My analyses and
18 recommendations are supported by the data presented in Schedules RBH-G1 through RBH-G8,
19 which I or others under my supervision have prepared.

¹ Throughout my testimony, I interchangeably use the terms “ROE” and “Cost of Equity.”

1 **Q. What are your conclusions regarding the appropriate cost of equity for the**
2 **Company?**

3 A. My analyses indicate that the Company’s Cost of Equity is currently within the
4 range of 10.00 percent to 11.00 percent. Based on the quantitative and qualitative analyses
5 discussed throughout my Direct Testimony, and in light of the Missouri Public Service
6 Commission’s (“Commission”) traditional reliance on the Discounted Cash Flow Model, I
7 recommend that the Commission authorize AmerenUE the opportunity to earn an ROE of 10.50
8 percent.

9 **Q. Please provide a brief overview of the analysis that led to your ROE**
10 **recommendation.**

11 A. As discussed in more detail in Section VI, in light of recent and expected capital
12 market conditions, and given the fact that equity analysts and investors tend to use multiple
13 methodologies in developing their return requirements, it is extremely important to consider the
14 results of several analytical approaches in determining the Company’s ROE. Therefore, in
15 developing my ROE recommendation, I applied the Constant Growth and Multi-Stage forms of
16 the Discounted Cash Flow (“DCF”) model, the Capital Asset Pricing Model (“CAPM”), and the
17 Risk Premium approach.

18 In addition to the analyses discussed above, my recommendation also takes into
19 consideration: (1) the regulatory environment in which the Company operates; (2) the
20 Company’s credit rating relative to the group of comparison or “proxy” companies;² and (3) the
21 Company’s relatively small size compared to the proxy group. While I did not make any explicit
22 adjustments to my ROE estimates for those factors, I did take them into consideration when
23 determining where the Company’s ROE falls within the range of analytical results.

² Section V of my Direct Testimony discusses the process by which the proxy companies were selected.

1 **Q. How is the remainder of your Direct Testimony organized?**

2 A. The remainder of my Direct Testimony is organized in six sections. In
3 Section III, I discuss the regulatory guidelines and financial considerations pertinent to the
4 development of the cost of capital. Section IV discusses the current capital market conditions
5 and the effect of those conditions on the Company's Cost of Equity. Section V explains my
6 selection of a proxy group of gas distribution utilities. Section VI describes my analyses and the
7 analytical basis for the recommendation of the appropriate ROE for AmerenUE. Section VII
8 provides a discussion of specific regulatory and business risks that have a direct bearing on the
9 ROE to be authorized for the Company in this case. Section VIII summarizes my conclusions
10 and recommendations.

III. REGULATORY GUIDELINES AND FINANCIAL CONSIDERATIONS

11 **Q. Please describe the guiding principles to be considered in establishing the**
12 **cost of capital for a regulated utility.**

13 A. The United States Supreme Court's precedent-setting *Hope* and *Bluefield* cases
14 established the standards for determining the fairness or reasonableness of a utility's allowed
15 ROE. Among the standards established by the Court in those cases are: (1) consistency with
16 other businesses having similar or comparable risks; (2) adequacy of the return to support credit
17 quality and access to capital; and (3) the principle that the specific means of arriving at a fair
18 return are not important, only that the end result leads to just and reasonable rates.³

³ *Bluefield Waterworks & Improvement Co., v. Public Service Commission of West Virginia*, 262 U.S. 679 (1923); *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591 (1944).

1 **Q. Has the Commission provided similar guidance in establishing the**
2 **appropriate return on common equity?**

3 A. Yes. In a recent order, the Commission cited the *Hope* and *Bluefield* decisions at
4 some length and acknowledged its authority and responsibility to set “just and reasonable” rates
5 for public utility service, stating that:

6 A “just and reasonable” rate is one that is fair to both the utility and its
7 customers; it is no more than is sufficient to “keep public utility plants in
8 proper repair for effective public service, [and] ...to insure to the investors
9 a reasonable return upon funds invested.”⁴

10 **Q. Why is it important for a utility to be allowed the opportunity to earn a**
11 **return that is adequate to attract equity capital at reasonable terms?**

12 A. There is a long history of precedent regarding the allowed return on equity, the
13 role of capital structure, and the resulting cost of capital in establishing just and reasonable rates
14 for utility services. Among the themes common to many such decisions is the principle that a
15 utility’s cost of capital (including its capital structure and allowed return on common equity)
16 must reflect other enterprises having comparable risks, and acting independently in the financial
17 markets. As noted elsewhere in my Direct Testimony, a return that is adequate to attract capital
18 at reasonable terms enables the Company to provide safe, reliable natural gas service while
19 maintaining its financial integrity. That return should be commensurate with the returns
20 expected elsewhere in the market for investments of equivalent risk. If it is not, debt and equity
21 investors will seek alternative investment opportunities for which the expected return reflects the
22 perceived risks, thereby impairing the Company’s ability to attract capital at reasonable cost
23 rates.

⁴ *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, File Number GR-2009-0355. February 10, 2010, at 7.

1 The consequence of the Commission’s order in this case, therefore, should be rates that
2 provide the Company with the opportunity to earn a return on equity that is: (1) adequate to
3 attract capital at reasonable terms, thereby enabling it to continue to provide safe and reliable
4 natural gas service; (2) sufficient to ensure its financial integrity; and (3) commensurate with
5 returns on investments in enterprises having corresponding risks. To the extent AmerenUE is
6 provided the opportunity to earn its market-based cost of capital, neither customers nor
7 shareholders are disadvantaged.

IV. CAPITAL MARKET ENVIRONMENT

8 **Q. How do economic conditions influence the required cost of capital and**
9 **required return on common equity?**

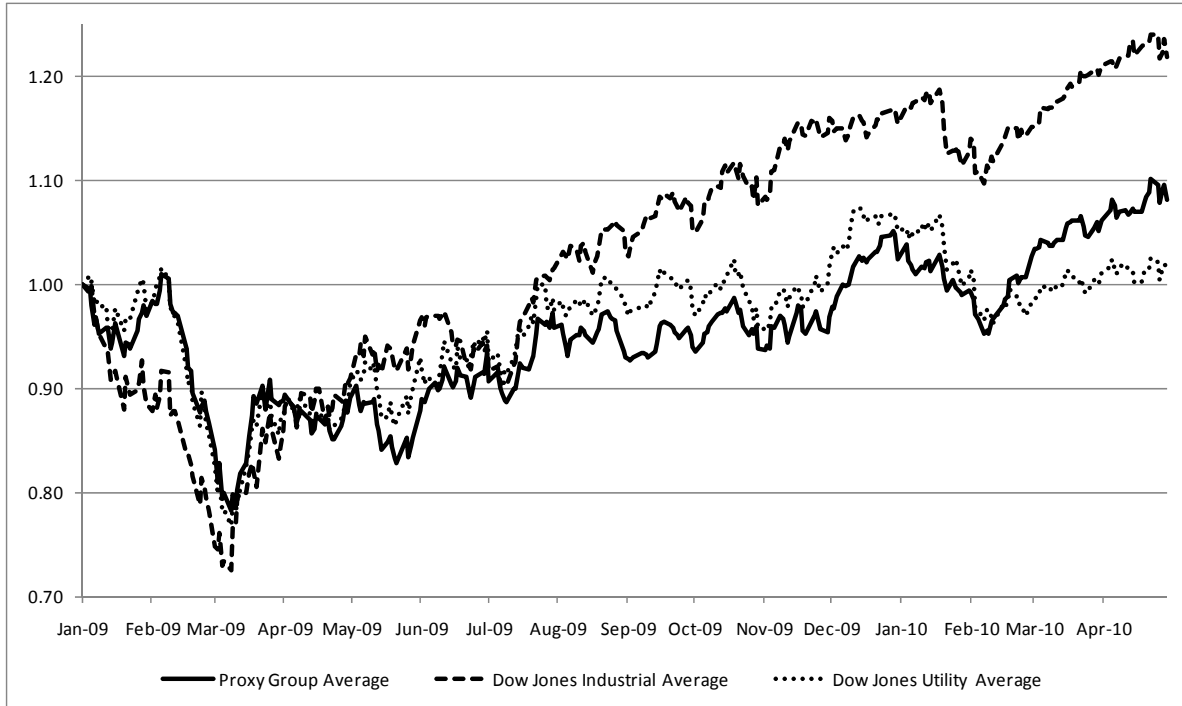
10 A. The required cost of capital, including the ROE, is a function of prevailing and
11 expected financial market conditions. Consistent with the *Hope* and *Bluefield* decisions, the
12 authorized ROE for a public utility should allow the company to attract investor capital at
13 reasonable cost under a variety of economic and financial market conditions. The ability to
14 attract capital on reasonable terms is especially important for capital-intensive businesses such as
15 utilities. As such, the Commission’s order regarding both the Return on Equity and the capital
16 structure will have a direct bearing on the Company’s financial profile and, therefore, its ability
17 to attract capital at reasonable terms.

18 **Q. How have the recent capital market conditions affected the availability and**
19 **cost of equity capital?**

20 A. The widely discussed financial market crisis and the following recession led to a
21 general decrease in the availability of, and an increase in, the cost of equity capital for all market
22 sectors, including utilities. From the perspective of equity investors, both the Dow Jones Utility

1 Average and the proxy group used in my analyses have considerably under-performed the
2 general market since the beginning of 2009 (*see* Chart 1, below).

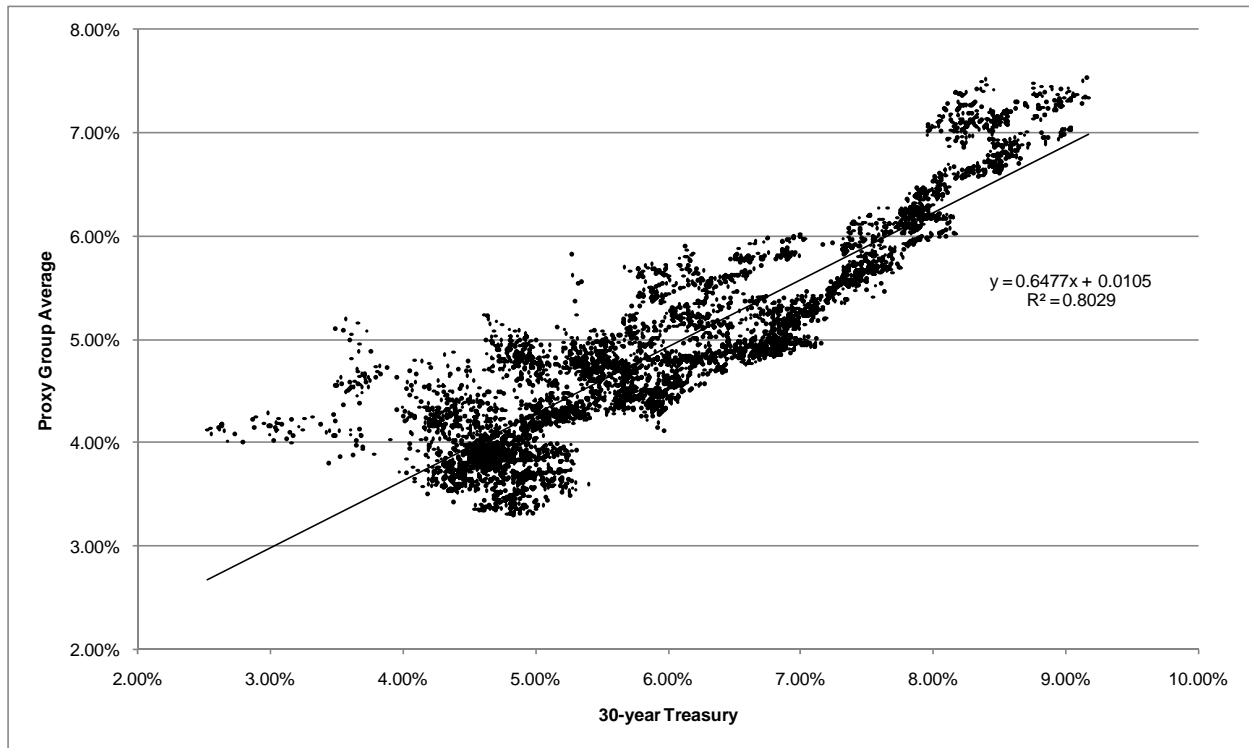
3 **Chart 1: Relative Price Performance 1/1/2009 – 4/30/2010**



4
5 **Q. Does the potential for increasing interest rates represent a source of risk to**
6 **utilities?**

7 A. Yes, the potential for rising interest rates represents a significant source of risk for
8 utilities. Equity analysts such as Barclays have pointed out the potentially dilutive effects of
9 accessing the capital markets during periods of rising construction costs and increased interest
10 rates. The fact that capital intensive companies trade inversely to interest rates has long been
11 recognized by the financial community. Value Line, for example, establishes “price targets”
12 based on the ratio of dividends to interest rates; as interest rates increase, the price target
13 declines, resulting in an increased dividend yield. Consistent with Value Line’s methodology, as
14 shown in Chart 2 (below), there is a strong statistical relationship between the proxy group
15 companies’ average dividend yield and the 30-year Treasury yield.

1 **Chart 2: Proxy Group Average Dividend Yield vs. 30-Year Treasury Yield**



3 Given the historically low level of long-term Treasury rates, it is reasonable to assume
4 that on balance, long-term rates are more likely to increase than decrease in the intermediate to
5 long term. In fact, the Blue Chip Financial Forecast consensus projected 30-year Treasury yield
6 for the years 2013 and 2014 are 5.80 percent and 5.90 percent,⁵ respectively, while the 30-day
7 average long-term Treasury yield (*i.e.*, the yield on 30-year Treasury securities) was
8 approximately 4.70 percent as of April 30, 2010. The projected increase of approximately 110 to
9 120 basis points represents a significant element of market risk for equity valuations of utility
10 companies.

11 **Q. What conclusions do you draw from these analyses?**

12 A. My principal conclusion is that while certain capital market indices have
13 moderated since the height of the financial crisis, both debt and equity investors are concerned

⁵ Blue Chip Financial Forecasts, Vol. 28, No. 12, December 1, 2009, at 14.

1 with the potential that rising interest rates could result in a diminished financial profile for utility
2 companies. This concern is especially relevant because interest rates are projected to increase,
3 thereby placing additional pressure on cash flow metrics and credit quality for utility companies
4 such as AmerenUE. Under such conditions, regulatory policies that are perceived as
5 unsupportive of credit quality may well add to investors' views of relative risk. To the extent
6 that is the case, the Commission's decision in this proceeding would have a direct bearing on the
7 Company's overall cost of capital.

V. PROXY GROUP SELECTION

8 **Q. Please explain why you have used a group of proxy companies to determine**
9 **the cost of equity for AmerenUE.**

10 A. First, it is important to bear in mind that the cost of equity for a given enterprise
11 depends on the risks attendant to the business in which the company is engaged. According to
12 financial theory, the aggregate value of a given company is equal to the market value weighted
13 average of the constituent business units. The value of the individual business units reflects the
14 risks and opportunities inherent in the business sectors in which those units operate. In this
15 proceeding, we are focused upon estimating the cost of equity for the gas distribution operations
16 of AmerenUE, a rate-regulated, wholly-owned subsidiary of Ameren Corporation. Since the
17 ROE is a market-based concept, and given the fact that AmerenUE is not publicly traded, it is
18 necessary to establish a group of companies that are both publicly traded and comparable to
19 AmerenUE in certain fundamental business and financial respects to serve as its "proxy" for
20 purposes of the ROE estimation process.

21 Even if AmerenUE were a publicly traded entity, it is possible that transitory events
22 could bias its market value in one way or another over a given period of time. A significant
23 benefit of using a proxy group, therefore, is its ability to mitigate the effects of anomalous events

1 that may be associated with any one company. As discussed later in my Direct Testimony, the
2 proxy companies used in my analyses all possess a set of operating and risk characteristics that
3 are substantially comparable to AmerenUE’s gas distribution operations, and thus provide a
4 reasonable basis for the derivation and assessment of ROE estimates.

5 The importance of selecting a proxy group that is similar in overall financial and business
6 risk to the subject company was endorsed by the United States Court of Appeals for the District
7 of Columbia (“Court of Appeals”) in the *Petal Gas Storage* decision. The Court of Appeals
8 acknowledged that the goal of a proxy group is to rely on companies that possess similar risk to
9 the subject company for the determination of the Cost of Equity:

10 That proxy group arrangements must be risk-appropriate is the common
11 theme in each argument. The principle is well-established. *See Hope*
12 *Natural Gas Co.*, 320 U.S. at 603 (“[T]he return to the equity owner
13 should be commensurate with returns on investments in other enterprises
14 having corresponding risks.”); *CAPP I*, 254 F.3d at 293 (“[A] utility must
15 offer a risk-adjusted expected rate of return sufficient to attract
16 investors.”). The principle captures what proxy groups do, namely,
17 provide market-determined stock and dividend figures from public
18 companies comparable to a target company for which those figures are
19 unavailable. *CAPP I*, 254 F.3d at 293–94. Market determined stock
20 figures reflect a company’s risk level and, when combined with dividend
21 values, permit calculation of the “risk-adjusted expected rate of return
22 sufficient to attract investors.”⁶

23 ***

24 What matters is that the overall proxy group arrangement makes sense in
25 terms of relative risk and, even more importantly, in terms of the statutory
26 command to set “just and reasonable” rates, 15 U.S.C. § 717c, that are
27 “commensurate with returns on investments in other enterprises having
28 corresponding risks” and “sufficient to assure confidence in the financial
29 integrity of the enterprise . . . [and] maintain its credit and . . . attract
30 capital,” *Hope Natural Gas Co.*, 320 U.S. at 603.⁷

31 Thus, regulatory commissions and analysts alike recognize the importance of developing
32 a proxy group that adequately represents the ongoing risks and prospects of the subject company.

⁶ *Petal Gas Storage v. FERC*, 496 F.3d 695, 699 (D.C. Cir. 2007).

⁷ *Ibid.*, at 7.

1 **Q. Does the rigorous selection of a proxy group suggest that analytical results**
2 **will be tightly clustered around average (*i.e.*, mean) results?**

3 A. Not necessarily. As discussed in greater detail in Section VI, the DCF approach is
4 based on the theory that a stock's current price represents the present value of its expected future
5 cash flows. For example, the Constant Growth form of the DCF model is defined as the sum of
6 the expected dividend yield and projected long-term growth. Notwithstanding the care taken to
7 ensure risk comparability, market expectations with respect to future risks and growth
8 opportunities will vary from company to company. Therefore, even within a group of similarly
9 situated companies, it is common for analytical results to reflect a seemingly wide range. At
10 issue, then, is how to select an ROE estimate in the context of that range. As discussed
11 throughout my Direct Testimony, that determination must necessarily be based on an assessment
12 of the company-specific risks relative to the proxy group, as well as the informed judgment and
13 experience of the analyst.

14 **Q. Please provide a brief profile of AmerenUE.**

15 A. AmerenUE, which is a direct subsidiary of Ameren Corporation, provides natural
16 gas distribution service to approximately 127,000 retail customers and electric service to
17 approximately 1.2 million retail customers in Missouri. Operating income from gas distribution
18 operations accounted for approximately 2.74 percent of AmerenUE's total operating income in
19 2009.⁸ AmerenUE accounted for approximately 29.09 percent of Ameren Corporation's
20 consolidated operating income in 2009.⁹ Ameren Corporation currently has Long Term Issuer
21 credit ratings from S&P of BBB- (Outlook: Stable), from Moody's of Baa3 (Outlook: Stable)

⁸ Source: Union Electric Company, 2009 FERC Form No. 2, Annual Report of Major Natural Gas Companies, at 114-115.

⁹ Ameren Corporation 2009 SEC Form 10-K, at 81 and 85.

1 and from Fitch Ratings of BBB+ (Outlook: Stable). AmerenUE is separately rated by S&P at
2 BBB-, by Moody's at Baa2, and by Fitch at BBB+.

3 **Q. How did you select the companies included in your proxy group?**

4 A. The proxy group was selected based on the following criteria:

- 5 • I began with the group of 12 companies that currently are classified as Natural
6 Gas Utilities by Value Line. Those companies include: AGL Resources Inc.,
7 Atmos Energy Corp., Laclede Group, Inc., New Jersey Resources Corp., Nicor,
8 Inc., NiSource Inc., Northwest Natural Gas Co., Piedmont Natural Gas Co., South
9 Jersey Industries, Inc., Southwest Gas Corp., UGI Corp., and WGL Holdings,
10 Inc.;
- 11 • I eliminated companies that did not have long-term growth forecasts from at least
12 two utility industry equity analysts; and
- 13 • To incorporate companies that are primarily regulated gas distribution utilities, I
14 have only included companies with at least 60.00 percent of net operating income
15 from regulated natural gas utility operations.

16 While I did not include specific criteria regarding credit rating and merger activities, I
17 note that all of the companies included in the Value Line segment have investment grade credit
18 ratings, and none are currently involved in a transformational merger or transaction.
19 Consequently, none of the potential proxy companies would have been eliminated on those
20 bases.

21 **Q. Did you include Ameren Corporation in your analysis?**

22 A. No. Ameren Corporation is classified as an Electric Utility by Value Line, and
23 therefore did not fulfill my first screening criterion. Further, in order to avoid the circular logic

1 that otherwise would occur, it is my practice to exclude the subject company, or its parent
2 holding company, from the proxy group.

3 **Q. Based on those criteria, what was the composition of your final proxy group?**

4 A. The criteria discussed above resulted in a proxy group consisting of the nine
5 companies provided in Table 1 (below).

6 **Table 1: Proxy Group**

Company	Ticker
AGL Resources Inc.	AGL
Atmos Energy Corp.	ATO
Laclede Group, Inc.	LG
Nicor, Inc.	GAS
New Jersey Resources Corp.	NJR
Northwest Natural Gas Co.	NWN
Piedmont Natural Gas Co. Inc.	PNY
South Jersey Industries, Inc.	SJI
Southwest Gas Corp.	SWX

7

8 **Q. Are you aware that the Commission has expressed a preference for proxy**
9 **groups consisting of a larger number of companies?**

10 A. Yes, I am. In the recent Missouri Gas Energy Order, the Commission indicated
11 its preference for a proxy group consisting of all twelve gas utilities that are covered by Value
12 Line, stating that a larger proxy group should render estimates that more closely approximate the
13 proxy group average.¹⁰ While I respect the Commission's previous decision on this issue, I
14 believe that the purpose of developing a proxy group is to select companies with similar
15 operating characteristics and commensurate risk profiles. For that reason, it is important to

¹⁰ *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, File Number GR-2009-0355. February 10, 2010, at 28.

1 screen the potential universe of gas distribution utilities to ensure each utility's comparability to
2 the subject company.

3 **Q. Do you believe that a total of nine companies constitutes a sufficiently large**
4 **proxy group?**

5 A. Yes, I do. The analyses performed in estimating the ROE are more likely to be
6 representative of the subject utility's Cost of Equity to the extent that the chosen proxy
7 companies are fundamentally comparable to the subject utility. Because all analysts use some
8 form of screening process to arrive at a proxy group, the group, by definition, is not randomly
9 drawn from a larger population. Consequently, there is no reason to place more reliance on the
10 quantitative results of a larger proxy group simply by virtue of the resulting larger number of
11 observations.

12 Moreover, because I am using market-based data, my analytical results will not
13 necessarily be tightly clustered around a central point. Results that may be somewhat dispersed,
14 however, do not suggest that the screening approach is inappropriate or the results less
15 meaningful. In my view, including companies whose fundamental comparability is tenuous at
16 best simply for the purpose of expanding the number of observations does not add relevant
17 information to the analysis.

VI. COST OF EQUITY ESTIMATION

18 **Q. Please briefly discuss the ROE in the context of the regulated rate of return.**

19 A. Regulated utilities primarily use common stock and long-term debt to finance
20 their permanent property, plant, and equipment. The overall rate of return ("ROR") for a
21 regulated utility is based on its weighted average cost of capital, in which the cost rates of the
22 individual sources of capital are weighted by their respective book values. While the costs of

1 debt and preferred stock can be directly observed, the Cost of Equity is market-based and,
2 therefore, must be estimated based on observable market information.

3 **Q. How is the required ROE determined?**

4 A. The required ROE is estimated by using one or more analytical techniques that
5 rely on market-based data to quantify investor expectations regarding required equity returns,
6 adjusted for certain incremental costs and risks. By their very nature, quantitative models
7 produce a range of reasonable results from which the market required ROE is selected. As
8 discussed throughout my Direct Testimony, that selection must be based on a comprehensive
9 review of relevant data and information, and does not necessarily lend itself to a strict
10 mathematical solution. As a general proposition, the key consideration in determining the cost of
11 equity is to ensure that the methodologies employed reasonably reflect investors' view of the
12 financial markets in general, and the subject company (in the context of the proxy group) in
13 particular.

14 **Q. Are you aware that the Commission has looked to the average authorized**
15 **return for natural gas distribution utilities to establish its "Zone of Reasonableness"?**

16 A. Yes, I am. As the Commission recognized in prior proceedings, the results of
17 quantitative models, when viewed in the context of capital market requirements, produce a range
18 of reasonable results (sometimes referred to as the "Zone of Reasonableness") from which the
19 market required ROE is selected. In its Order in Missouri Gas Energy's recent rate case, the
20 Commission stated that it "has wide latitude in setting an ROE within the zone of
21 reasonableness."¹¹

¹¹ *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, File Number GR-2009-0355. February 10, 2010, at 36

1 **Q. Why do you believe it is important to use more than one analytical**
2 **approach?**

3 A. When faced with the task of estimating the cost of equity, analysts are inclined to
4 gather and evaluate as much relevant data (both quantitative and qualitative) as can be
5 reasonably analyzed. For that reason, Concentric employs multiple approaches to estimate the
6 cost of equity used in performing valuation analyses in the context of our financial advisory and
7 transaction practices. In addition, as a practical matter all of the models available to estimate the
8 cost of equity are subject to limiting assumptions or other methodological constraints, many of
9 which are inconsistent with the actual conditions prevailing in the marketplace. Consequently,
10 many finance texts recommend using multiple approaches when estimating the cost of equity.
11 Copeland, Koller and Murrin,¹² for example, suggest using the CAPM and Arbitrage Pricing
12 Theory model, while Brigham and Gapenski¹³ recommend the CAPM, DCF and “Bond Yield
13 plus Risk Premium” approaches.

14 Although we cannot directly observe the cost of equity, we can observe the methods
15 frequently used by analysts to arrive at their return requirements and expectations. While
16 investors and analysts tend to use multiple approaches in developing their estimate of return
17 requirements, each methodology requires certain judgment with respect to the reasonableness of
18 assumptions and the validity of proxies in its application. In essence, analysts and academics
19 understand that ROE models are tools to be used in the ROE estimation process and that strict
20 adherence to any single approach, or the specific results of any single approach, can lead to
21 flawed and irrelevant conclusions. That position is consistent with the *Hope* and *Bluefield*

¹² Tom Copeland, Tim Koller and Jack Murrin, Valuation: Measuring and Managing the Value of Companies, 3rd ed. (New York: McKinsey & Company, Inc., 2000), at 214.

¹³ Eugene Brigham, Louis Gapenski, Financial Management: Theory and Practice, 7th Ed. (Orlando: Dryden Press, 1994), at 341.

1 finding that it is the analytical result, as opposed to the methodology, that is controlling in
2 arriving at ROE determinations. A reasonable ROE estimate therefore considers alternative
3 methodologies, observable market data, and the reasonableness of their individual and collective
4 results.

5 In my view, therefore, it is both prudent and appropriate to use multiple methodologies in
6 order to mitigate the effects of assumptions and inputs associated with relying exclusively on any
7 single approach. Such use, however, must be tempered with due caution as to the results
8 generated by each individual approach. Therefore, in light of the capital market practices
9 discussed above, I have relied on the results of both the Constant Growth and Multi-Stage forms
10 of the DCF model.

11 **A. *Constant Growth DCF Model***

12 **Q. Are DCF models widely used to determine the ROE for regulated utilities?**

13 A. Yes. DCF models are widely used in regulatory proceedings and have sound
14 theoretical bases, although neither the DCF model nor any other model can be applied without
15 considerable judgment in the selection of data and the interpretation of results. AmerenUE noted
16 in its post hearing brief in the recent electric rate case that the DCF method is most commonly
17 used by the Missouri Commission and other commissions when estimating ROEs for regulated
18 utilities.¹⁴ In its simplest form, the DCF model expresses the cost of equity as the sum of the
19 expected dividend yield and long-term growth rate.

¹⁴ *In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area*, Missouri Public Service Commission, Case No. ER-2010-0036, filed April 23, 2010, at 18.

1 **Q. Please describe the DCF approach.**

2 A. The DCF approach is based on the theory that a stock's current price represents
3 the present value of all expected future cash flows. In its most general form, the DCF model is
4 expressed as follows:

$$5 \quad P_0 = \frac{D_1}{(1+k)} + \frac{D_2}{(1+k)^2} + \dots + \frac{D_\infty}{(1+k)^\infty} \quad [1]$$

6 where:

7 P_0 = the current stock price;

8 $D_1 \dots D_\infty$ = all expected future dividends; and

9 k = the discount rate or required ROE.

10 Equation [1] is a standard present value calculation that can be simplified and rearranged
11 into the familiar form:

$$12 \quad k = \frac{D(1+g)}{P_0} + g \quad [2]$$

13 Equation [2] is often referred to as the "Constant Growth DCF" model in which the first
14 term is the expected dividend yield and the second term is the expected long-term growth rate.

15 **Q. What assumptions are required for the Constant Growth DCF model?**

16 A. The Constant Growth DCF model is predicated on the following assumptions:
17 (1) a constant growth rate for earnings and dividends; (2) a stable dividend payout ratio; (3) a
18 constant price-to-earnings multiple; and (4) a discount rate greater than the expected growth rate.
19 To the extent that any of these assumptions is violated, the need to apply considered judgment
20 and/or specific adjustments to the model's results is increased.

1 **B. Dividend Yield for the Constant Growth DCF Model**

2 **Q. What market data did you use to calculate the dividend yield in your**
3 **Constant Growth DCF model?**

4 A. The dividend yield in my Constant Growth DCF model is based on the proxy
5 companies' current annual dividend and average closing stock prices over the 30-, 90- and
6 180-trading days ended April 30, 2010.

7 **Q. Why did you use three averaging periods?**

8 A. I believe it is important to use an average of trading days to calculate the term P_0
9 in the DCF model to ensure that the calculated ROE is not skewed by anomalous events that may
10 affect stock prices on any given trading day. In that regard, the averaging period should be
11 reasonably representative of expected capital market conditions over the long term. At the same
12 time, it is important to reflect the volatile conditions definitive of the financial markets over the
13 recent past. In my view, the use of the 30-, 90- and 180-day averaging periods reasonably
14 balances those concerns.

15 **Q. Putting aside the issue of the averaging period, did you make any**
16 **adjustments to the dividend yield to account for periodic growth in dividends?**

17 A. Yes. Since utility companies tend to increase their quarterly dividends at different
18 times throughout the year, it is reasonable to assume that dividend increases will be evenly
19 distributed over calendar quarters. Given that assumption, it is reasonable to apply one-half of
20 the expected annual dividend growth for purposes of calculating the expected dividend yield
21 component of the DCF model. This adjustment ensures that the expected dividend yield is, on
22 average, representative of the coming twelve-month period, and does not overstate the
23 aggregated dividends to be paid during that time. Accordingly, the DCF estimates provided in

1 Schedule RBH-G1 reflect one-half of the expected growth in the dividend yield component of
2 the model. The Commission endorsed this approach in its recent Missouri Gas Energy Order.¹⁵

3 **C. Growth Rates for the DCF Model**

4 **Q. Why is it important to select appropriate measures of long-term growth in**
5 **applying the DCF model?**

6 A. In its Constant Growth form, the DCF model (*i.e.*, Equation [2]) assumes a single
7 growth estimate in perpetuity. In order to reduce the long-term growth rate to a single measure,
8 one must assume a constant payout ratio, and that earnings per share, dividends per share and
9 book value per share all grow at the same constant rate. Over the long term, however, dividend
10 growth can only be sustained by earnings growth. Consequently, it is important to incorporate a
11 variety of measures of long-term earnings growth into the Constant Growth DCF model. This
12 can be accomplished by averaging those measures of long-term growth that tend to be least
13 influenced by capital allocation decisions that companies may make in response to near-term
14 changes in the business environment. Since such decisions may directly affect near-term
15 dividend payout ratios, estimates of earnings growth are more indicative of long-term investor
16 expectations than are dividend growth estimates. Therefore, for the purposes of the Constant
17 Growth form of the DCF model, growth in earnings per share represents the appropriate measure
18 of long-term growth.

19 **Q. Please describe the retention growth estimate as applied in your Constant**
20 **Growth DCF.**

21 A. The Retention Growth model, which is a generally recognized and widely taught
22 method of estimating long-term growth, is an alternative approach to the use of analysts'

¹⁵ *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, File Number GR-2009-0355. February 10, 2010, at 32.

1 earnings growth estimates. In essence, the model is premised on the proposition that a firm's
2 growth is a function of its expected earnings, and the extent to which it retains earnings to invest
3 in the enterprise. In its simplest form, the model represents long-term growth as the product of
4 the retention ratio (*i.e.*, the percentage of earnings not paid out as dividends, referred to below as
5 ("b")) and the expected return on book equity, referred to below as ("r"). Thus, the simple "b x
6 r" form of the model projects growth as a function of internally generated funds. That form of
7 the model is limiting, however, in that it does not provide for growth funded from external
8 equity.

9 The "br + sv" form of the Retention Growth estimate used in my DCF analysis is meant
10 to reflect growth from both internally generated funds (*i.e.*, the "br" term) and from issuances of
11 equity (*i.e.*, the "sv" term). The first term, which is the product of the retention ratio (*i.e.*, "b", or
12 the portion of net income not paid in dividends) and the expected return on equity (*i.e.*, "r")
13 represents the portion of net income that is "plowed back" into the Company as a means of
14 funding growth. The "sv" term can be represented as:

15
$$\left(\frac{m}{b} - 1\right) \times \text{Common Shares growth rate [3]}$$

16 where:

17
$$\frac{m}{b} = \text{the Market to Book ratio.}$$

18 In this form, the "sv" term reflects an element of growth as the product of (a) the growth
19 in shares outstanding, and (b) that portion of the market-to-book ratio that exceeds unity. As
20 shown in Schedule RBH-G2, all of the components of the Retention Growth Model can be
21 derived from data provided by Value Line.

1 **Q. Has the Office of the Public Counsel previously accepted this methodology?**

2 A. Yes. In the Missouri Gas Energy proceeding, the Office of the Public Counsel
3 ROE witness used an approach that combined EPS growth and retention growth methods to
4 produce a growth forecast for the proxy group companies.¹⁶

5 **Q. Please summarize your inputs to the Constant Growth DCF model.**

6 A. I applied the Constant Growth DCF model to the proxy group of nine gas
7 distribution companies using the following inputs for the price and dividend terms:

- 8 1. The average daily closing prices for the 30-, 90-, and 180-trading days ended
9 April 30, 2010 for the term P_0 ; and
10 2. The annualized dividend per share as of April 30, 2010 for the term D_0 .

11 I then calculated the DCF results using each of the following growth terms:

- 12 1. The Zacks consensus long-term earnings growth estimates;
13 2. The First Call consensus long-term earnings growth estimates;
14 3. The Value Line long-term earnings growth estimates; and
15 4. The projected Retention Growth rates.

16 **D. *Multi-Stage DCF Model***

17 **Q. What other forms of the DCF model have you considered?**

18 A. In order to address some of the limiting assumptions underlying the Constant
19 Growth form of the DCF model, I also considered the results of a multi-period (three-stage)
20 Discounted Cash Flow Model. The multi-stage model, which is an extension of the Constant
21 Growth form, enables the analyst to specify growth rates over three distinct stages. As with the
22 Constant Growth form of the DCF model, the multi-period form defines the cost of equity as the
23 discount rate that sets the current price equal to the discounted value of future cash flows.

¹⁶ Direct Testimony of Mr. Daniel J. Lawton (Office of Public Counsel ROE witness), File No. GR-2009-0355, pages 33-34, and Schedule DJL-7.

1 Unlike the Constant Growth form, however, the multi-period model must be solved in an
2 iterative fashion.

3 **Q. Please generally describe the structure of your multi-stage model.**

4 A. As noted above, the model sets the subject company's stock price equal to the
5 present value of future cash flows received over three "stages". In the first two stages, cash
6 flows are defined as projected dividends. In the third stage, cash flows equal both dividends and
7 the expected price at which the stock will be sold at the end of the period. I employed two
8 different methods to estimate the expected terminal stock price. The first approach is based on
9 the Gordon model, which defines the price as the expected dividend divided by the difference
10 between the cost of equity (*i.e.*, the discount rate) and the long-term expected growth rate. The
11 second approach estimates the terminal stock price based on the projected average annual price-
12 to-earnings ("P/E") ratio provided by Value Line. The expected price is the product of the
13 earnings per share estimate for the final year and the projected P/E ratio. In each of the three
14 stages, the dividend is the product of the projected earnings per share and the expected dividend
15 payout ratio. A summary description of the model is provided in Table 2 (below).

16

Table 2: Multi-Stage DCF Structure

Stage	0	1	2	3
Cash Flow Component	Initial Stock Price	Expected Dividend	Expected Dividend	Expected Dividend + Terminal Value
Inputs	Stock Price Earnings Per Share (EPS) Dividends Per Share (DPS)	Expected EPS Expected DPS	Expected EPS Expected DPS	Expected EPS Expected DPS Terminal Value
Assumptions	30, 90, and 180-day average stock price	EPS growth rate Payout ratio		Long-term growth rate

17

1 **Q. What are the specific benefits of a three-stage model?**

2 A. Because the second stage allows for a transition from the first stage growth rate to
3 the long-term growth rate, the three-stage model avoids the often unrealistic assumption that
4 growth will change immediately between the first and final stages. Additionally, because the
5 model projects dividends as the product of earnings per share and the payout ratio, it provides the
6 important ability to recognize that payout ratios may change over time.

7 It also is very important to note that while the model calculates the cost of equity based
8 on expected dividends, it does not rely solely on Value Line for dividend growth rate projections.
9 A common and legitimate criticism of DCF models that rely on projected dividend growth rates
10 (especially in the Constant Growth form of the model) is that Value Line is the sole source of
11 such projections.¹⁷ While the form of the three-stage model I have used relies on Value Line for
12 projected payout and P/E ratios, the potential bias resulting from reliance on a single analyst is
13 mitigated by the use of consensus earnings forecasts. The model also enables the analyst to
14 assess the reasonableness of the inputs and results by reference to certain market-based metrics.
15 For example, when using the Gordon model approach to estimate the terminal price, the stock
16 price estimate can be divided by the expected earnings per share in the final year to calculate an
17 average P/E ratio. To the extent that the projected P/E ratio is inconsistent with either historical
18 or expected levels, it may indicate incorrect or inconsistent assumptions within the balance of the
19 model.

¹⁷ *Ibid.* See, for example, Harris and Marston, *Estimating Shareholder Risk Premia Using Analysts' Growth Forecasts*, Financial Management, 21 (Summer 1992).

1 **Q. How did you calculate the long-term GDP growth rate?**

2 A. The long-term growth rate of 5.78 percent is based on the real GDP growth rate of
3 3.29 percent from 1929 through 2009,¹⁸ and an inflation rate of 2.41 percent. The GDP growth
4 rate is calculated as the compound growth rate in the chain-weighted GDP for the period from
5 1929 through 2009.¹⁹ The rate of inflation of 2.41 percent is based on the average of the long-
6 term projected growth rate in the Consumer Price Index (“CPI”) for all urban consumers, as
7 reported by Blue Chip Economic Indicators of 2.40 percent²⁰ and the compound annual CPI
8 growth rate of 2.42 percent projected by the Energy Information Administration (“EIA”) in the
9 2010 Annual Energy Outlook.²¹

10 **Q. What were your specific assumptions with respect to the payout ratio?**

11 A. As noted in Table 3, for the first two periods I relied on the first year and long-
12 term projected payout ratios reported by Value Line²² for each of the proxy group companies. I
13 then assumed that the long-term payout ratios for the proxy group will converge to the long-term
14 industry average payout ratio of 65.00 percent, as reported by Value Line.

15 **Q. Did you also consider the alternative analysis in which the terminal value**
16 **was calculated based on the expected price/earnings ratio?**

17 A. Yes, I also considered the results of estimating the terminal stock price based on
18 the expected earnings per share in the final year and the projected P/E ratio as provided by Value

¹⁸ Source: Bureau of Economic Analysis

¹⁹ Source: The average of the growth rate in CPI as reported by the Energy Information Administration in the 2009 Annual Energy Outlook, Table A20. Macroeconomic Indicators, Update AEO 2009 Reference Case April 2009, and the GDP growth rate reported by Morningstar in the Ibbotson 2009 Valuation Yearbook page 53.

²⁰ Blue Chip Economic Indicators, Vol. 35, No. 3, March 10, 2010, at 14. The long-term average growth rate in CPI is for the period from 2017 through 2021.

²¹ EIA 2010 Annual Energy Outlook, Table A20. Macroeconomic Indicators, Update AEO2010 Reference March 2010. Please note that $5.78\% = [(1+3.29\%) \times (1+2.41\%)]-1$.

²² As reported in the December 11, 2009 Value Line Investment Survey for Gas Distribution Utilities as “All Div’ds to Net Prof.”

1 Line. The summary of the Multi-Stage model's results that appear in Table 4 (below) presents
2 the ROE estimates using both terminal stock price estimation techniques.

3 **E. Discounted Cash Flow Model Results**

4 **Q. Please summarize the results of your DCF analyses.**

5 A. Table 4 (below), (see also Schedules RBH-G1 and RBH-G3), presents the results
6 of the Constant Growth and Multi-Stage DCF analyses. Setting aside the low results, the
7 Constant Growth DCF model produces a range of results from 9.28 percent to 10.94 percent.
8 Using the Gordon model to calculate the terminal stock price, the Multi-Stage DCF analysis
9 produces a range of results from 10.20 percent to 10.52 percent, while using the long-term P/E
10 model to calculate the terminal stock price, the Multi-Stage analysis produces a range of results
11 from 10.08 percent to 10.78 percent.

12 **Table 4: Discounted Cash Flow Analyses Results**

	Mean Low	Mean	Mean High
Constant Growth DCF			
30-Day Average	7.90%	9.28%	10.65%
90-Day Average	8.04%	9.43%	10.80%
180-Day Average	8.18%	9.57%	10.94%
Multi-Stage DCF	Gordon Model	Mean	Long-Term P/E Model
30-Day Average	10.20%	10.14%	10.08%
90-Day Average	10.36%	10.40%	10.44%
180-Day Average	10.52%	10.65%	10.78%

13
14 **Q. Referring to your Constant Growth DCF model, how did you calculate the**
15 **mean high and mean low results?**

16 A. I calculated the mean high result for my Constant Growth DCF model using the
17 maximum growth rate (*i.e.*, the maximum of the Zacks, First Call, and Value Line EPS growth

1 rates together with the Retention Growth rate) in combination with the dividend yield for each of
2 the proxy group companies. Thus, the mean high result reflects the maximum DCF result for the
3 proxy group. I used a similar approach to calculate the mean low results, using the minimum
4 growth rate for each proxy group company.

5 **Q. Did you incorporate the mean low DCF results into your ROE**
6 **recommendation?**

7 A. No, I did not. The mean low DCF results (7.90 percent to 8.18 percent) are so
8 low as to have no relevance to the determination of the Company's cost of equity for several
9 reasons. First, as discussed in greater detail in Section H below, the mean low DCF results fall
10 well below the bottom end of the Zone of Reasonableness for natural gas distribution utilities, as
11 that concept has been established by the Commission. Second, the mean low DCF results
12 produce an implied equity risk premium of between 163 and 191 basis points, which is not
13 sufficient to compensate equity investors for the additional risks associated with ownership. This
14 risk premium was calculated by subtracting the average embedded cost of long-term debt of 6.27
15 percent for the proxy group from the mean low DCF results. For these reasons, I have not
16 considered the mean low DCF results in my ROE recommendation.

17 **Q. Referring now to your Multi-Stage DCF model, are those results consistent**
18 **with other market indices?**

19 A. Yes, they are. Based on the assumptions described earlier, when using the
20 Gordon model method to estimate the terminal price, the Multi-Stage model produces average
21 P/E multiples of 14.58 to 15.63 (depending upon the stock price averaging period). This range is
22 consistent with the projected proxy group average P/E ratio of 15.56 for 2012 through 2014.²³

²³ Projected P/E ratios provided by Value Line.

1 **Q. Did you undertake any additional analyses to support your DCF model**
2 **results?**

3 A. Yes. As noted earlier, I also used the CAPM and the Risk Premium approach as a
4 means of assessing the reasonableness of my DCF results.

5 ***F. CAPM Analysis***

6 **Q. Please briefly describe the general form of the Capital Asset Pricing Model.**

7 A. The CAPM is a risk premium approach that estimates the cost of equity for a
8 given security as a function of a risk-free return plus a risk premium (to compensate investors for
9 the non-diversifiable or “systematic” risk of that security). As shown in Equation [4], the CAPM
10 is defined by four components, each of which must theoretically be a forward-looking estimate:

11
$$K_e = r_f + \beta(r_m - r_f) \quad [4]$$

12 where:

13 K_e = the required market ROE;

14 β = Beta of an individual security;

15 r_f = the risk-free rate of return; and

16 r_m = the required return on the market as a whole.

17 In this specification, the term $(r_m - r_f)$ represents the market risk premium. According to
18 the theory underlying the CAPM, since unsystematic risk can be diversified away, investors
19 should be concerned only with systematic or non-diversifiable risk. Non-diversifiable risk is
20 measured by Beta, which is defined as:

21
$$\beta = \frac{\text{Covariance}(r_e, r_m)}{\text{Variance}(r_m)} \quad [5]$$

22 The variance of the market return, noted in Equation [5], is a measure of the uncertainty
23 of the general market, and the covariance between the return on a specific security and the

1 market reflects the extent to which the return on that security will respond to a given change in
2 the market return. Thus, Beta represents the risk of the security relative to the market.

3 **Q. What risk-free rate did you use in your CAPM model?**

4 A. Since both the DCF and CAPM models assume long-term investment horizons, I
5 used the current 30-day average yield on 30-year Treasury bonds (i.e., 4.70 percent) and the
6 near-term projected 30-year Treasury yield (i.e., 4.97 percent) as my estimate of the risk-free
7 rate.

8 **Q. What market risk premium did you use in your CAPM model?**

9 A. I used two expected (*ex-ante*) measures of the Market Risk Premium. My first
10 *ex-ante* estimate is based on the expected return on the S&P 500 Index, less the current 30-year
11 Treasury bond yield. The expected return on the S&P 500 is calculated using the Constant
12 Growth DCF model discussed earlier in my testimony for the companies in the S&P 500 index
13 for which long-term earnings projections are available (the companies with such projections
14 represent 96.93 percent of the index market capitalization). Based on an estimated weighted-
15 index dividend yield of 1.99 percent and a weighted-index long-term growth rate of 10.90
16 percent, the estimated required market return for the S&P 500 index is 13.00 percent. The
17 implied Market Risk Premium over the current 30-day average of the 30-year Treasury yield of
18 4.70 percent is 8.30 percent.

19 The second *ex-ante* approach assumes a constant Sharpe Ratio, which is the ratio of the
20 Risk Premium relative to the risk, or standard deviation of a given security or index of securities.
21 As shown in Schedule RBH-G5, the constant Sharpe Ratio is the ratio of the historical risk
22 premium of 6.70 percent and the historical market volatility of 20.40 percent ($0.067/0.2040 =$

1 0.3285 or 32.85 percent).²⁴ The expected Risk Premium is then calculated as the product of the
2 Sharpe Ratio and the expected market volatility. For the purpose of that calculation, I relied on
3 the average of the settlement price of futures on the Chicago Board Options Exchange Volatility
4 Index (the “VIX”), which is a widely recognized measure of market volatility, for August
5 through October 2010 and the thirty day average of the three-month volatility index (*i.e.*, the
6 “VXV”), which resulted in expected market volatility of 22.67 percent. The expected Risk
7 Premium using this approach is 7.45 percent ($0.2267 \times 0.3285 = 0.0745$).

8 **Q. What beta did you use in your CAPM model?**

9 A. With respect to Beta, I considered two methods of calculation. My first approach
10 simply employs the average reported Beta from Bloomberg and Value Line for the proxy group
11 companies. While both of those services adjust their calculated (or “raw”) Betas to reflect the
12 tendency of Beta to regress to the market mean of 1.00, Value Line calculates Beta over a five
13 year period, while Bloomberg’s calculation is based on two years of data. As discussed below,
14 however, current market conditions are such that the volatility of the proxy group stock prices
15 has been increasing relative to the broad market. Consequently, Betas calculated over a more
16 recent time period provide a more current view as to investors’ perspectives with respect to
17 “systematic” risk.

18 **Q. Please describe how you calculated the mean adjusted beta for your proxy**
19 **group.**

20 A. As noted in Equation 5, Beta is calculated as the ratio of the covariance between
21 the individual security returns and the market returns, to the variance of the market returns. To
22 arrive at a single estimate of Beta for the proxy group, I first calculated the covariance between

²⁴ The standard deviation is easily calculated from the Morningstar data. *See* also Morningstar Inc., 2010 Ibbotson Stocks, Bonds, Bills and Inflation, Valuation Yearbook, Large Company Stocks: Total Returns Table B-1, at 166-167.

1 the weekly returns for each of the nine companies in the proxy group and the weekly returns for
2 the S&P 500 for the most recent six-month period. The average of those nine covariances for a
3 given date produces the numerator of the Beta calculation for the proxy group. As noted above,
4 the denominator in the calculation is the variance of weekly returns for the S&P 500.²⁵ As
5 shown in Schedule RBH-G4, this methodology results in a proxy group mean raw Beta of 0.638.
6 Adjusting the raw Beta for the tendency to regress toward the market Beta of 1.0 results in an
7 adjusted Beta of 0.758.

8 **Q. How and why did you adjust the raw beta?**

9 A. I adjusted my raw Beta consistent with the methodology used by Bloomberg.
10 This approach multiplies the raw Beta by 0.67, and adds 0.33 to that product. The purpose of
11 such adjustments is to reflect the results of substantial academic research indicating that over
12 time raw Betas tend to regress to the market mean of 1.00.²⁶

13 **Q. Please explain why you relied on a six-month estimate of the proxy group**
14 **mean adjusted Beta.**

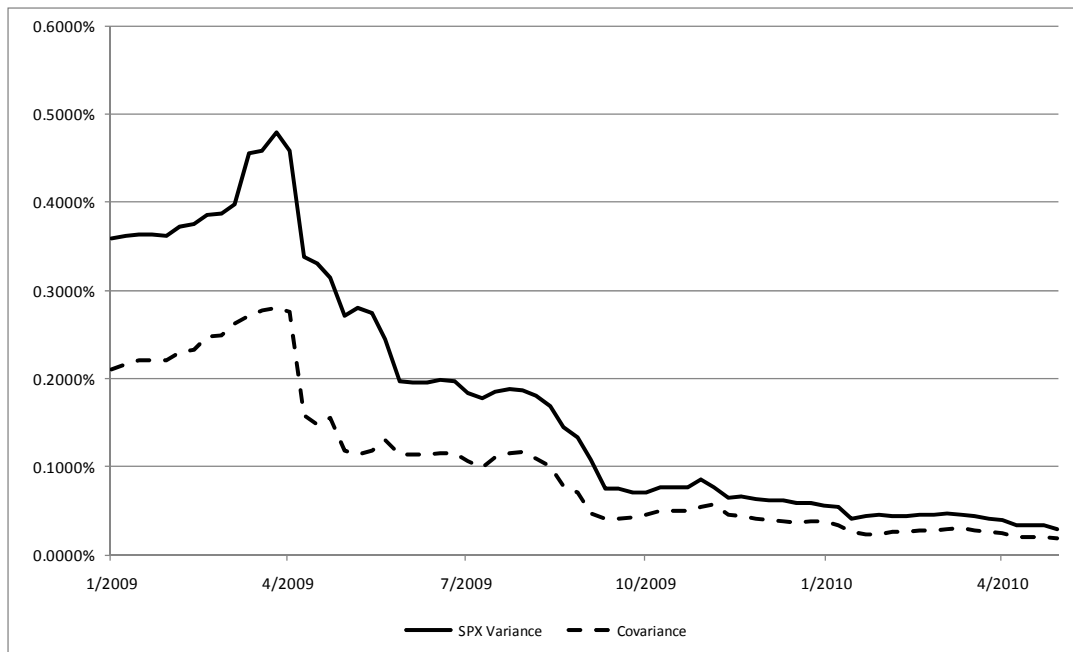
15 A. As noted earlier, Beta estimates reported by Value Line and Bloomberg calculate
16 the Beta for each company over historical periods of 60 and 24 months, respectively. During the
17 recent financial market dislocation, the relationship between the returns of the proxy group
18 companies and the S&P 500 was considerably different than has been experienced in the current
19 market environment. In order to develop a cost of equity estimate that does not reflect an
20 anomalous historical period, it is reasonable to rely on a near-term calculation of Beta to reflect

²⁵ It is worthwhile noting that averaging nine individual betas for each of the proxy group companies would produce the same result as first averaging the nine covariances and then dividing by the variance of the S&P 500's weekly returns.

²⁶ The regression tendency of betas to converge to 1.0 over time is well known and widely discussed in financial literature. See Blume, Marshall E., *On the Assessment of Risk*, The Journal of Finance, Vol. 26, No. 1, March 1971, at 1-10.

1 the current relationship between the proxy group companies and the S&P 500. Given that
2 Bloomberg uses a two-year calculation period, I based my analysis on a six-month calculation
3 period. Chart 3 (below) illustrates the relationship between the covariance of average weekly
4 returns for the proxy group and the variance in the returns of the S&P 500, the two components
5 of the Beta calculation.

6 **Chart 3: Proxy Group Average Covariance and S&P 500 Variance**
7 **(Rolling six month calculation)**



8
9 Chart 3 demonstrates that since January 2009, the difference between the average
10 covariance for the proxy group weekly returns and the variance in the S&P 500 weekly returns,
11 calculated on a rolling six-month basis, has narrowed significantly. Since Beta is the ratio of the
12 covariance to the variance, that increasingly small difference indicates that the proxy company
13 stock prices have become increasingly volatile relative to the broad market. Consequently, over
14 the past several months, the proxy group average Beta has been steadily increasing.

1 **Q. Is your calculated Beta of 0.758 consistent with levels that were observed**
2 **prior to the financial market crisis?**

3 A. Yes. In September 2007, one year prior to the Lehman Brothers bankruptcy
4 filing, the average Beta for my proxy group companies, as reported by Value Line, was 0.980. In
5 March 2008, the Beta for this same group was 0.796. Based on those historical measures, it is
6 my view that the six-month average calculated Beta of 0.758 is somewhat conservative
7 compared to levels before the financial market crisis.

8 **Q. How did you apply your modified CAPM?**

9 A. I relied on the *ex-ante* risk premium and near-term Beta to calculate the CAPM
10 model using both the current 30-day average yield on the 30-year Treasury bond and near-term
11 projections of the 30-year Treasury bond yield as the risk-free rate. As noted in Schedule
12 RBH-G5, the use of a projected market risk premium and risk-free rates produces a range of
13 results that is generally consistent with the range of results produced by the other calculation
14 methodologies.

15 **Q. What are the results of your CAPM analyses?**

16 A. As shown in Table 5 (below), (*see* also Schedule RBH-G5), the results of my
17 modified CAPM analysis, using the current Beta estimate suggest a mean ROE of 10.81 percent
18 based on a range of returns from 10.34 percent to 11.27 percent. My CAPM analysis using the
19 average historical Beta produces a range of returns from 9.82 percent to 10.68 percent.

1

Table 5: Forward-Looking CAPM Results

	Current 30-Year Treasury (4.70%)	Near Term Projected 30- Year Treasury (4.97%)
Current Calculated Beta		
Sharpe Ratio Derived Market Risk Premium	10.34%	10.61%
Ex-Ante Approach Derived Market Risk Premium	11.00%	11.27%
Average Historical Beta		
Sharpe Ratio Derived Market Risk Premium	9.82%	10.09%
Ex-Ante Approach Derived Market Risk Premium	10.41%	10.68%

2

3 **Q. Does your ROE recommendation substantially rely on any of the CAPM**
4 **models you presented in Schedule RBH-G5?**

5 A. No, it does not. While I have calculated the CAPM results using the approaches
6 and assumptions discussed above, I did not give any specific weight to those results. Rather, I
7 used the CAPM results to assess the reasonableness of the DCF results discussed earlier.

8 **G. *Bond Yield Plus Risk Premium Analysis***

9 **Q. Please describe the bond yield plus risk premium approach you employed.**

10 A. In general terms, this approach is based on the fundamental principle that equity
11 investors bear the residual risk associated with ownership and therefore require a premium over
12 the return they would have earned as a bondholder. That is, since returns to equity holders are
13 more risky than returns to bondholders, equity investors must be compensated for bearing that
14 risk. Risk premium approaches, therefore, estimate the cost of equity as the sum of the equity
15 risk premium and the yield on a particular class of bonds. As noted in my discussion of the
16 CAPM, since the equity risk premium is not directly observable, it typically is estimated using a

1 variety of approaches, some of which incorporate *ex-ante*, or forward-looking estimates of the
2 cost of equity, and others that consider historical, or *ex-post*, estimates. In the case of the
3 CAPM, those estimates are with respect to the return on the broad market. An alternative
4 approach is to use actual authorized returns for natural gas utilities as the measure of the cost of
5 equity to determine the Equity Risk Premium.

6 **Q. What did your bond yield plus risk premium analysis reveal?**

7 A. As shown on Schedule RBH-G6, from 1992 through April 2010, there was, in
8 fact, a significant statistical relationship between risk premia and interest rates. To estimate that
9 relationship, I examined the logarithmic relationship between risk premia and interest rates using
10 the following equation:

11
$$RP = a + b(\ln)(M) \quad [6]$$

12 where:

13 RP = Risk Premium (difference between allowed ROEs and the 30-Year Treasury
14 Yield);

15 a = Intercept term;

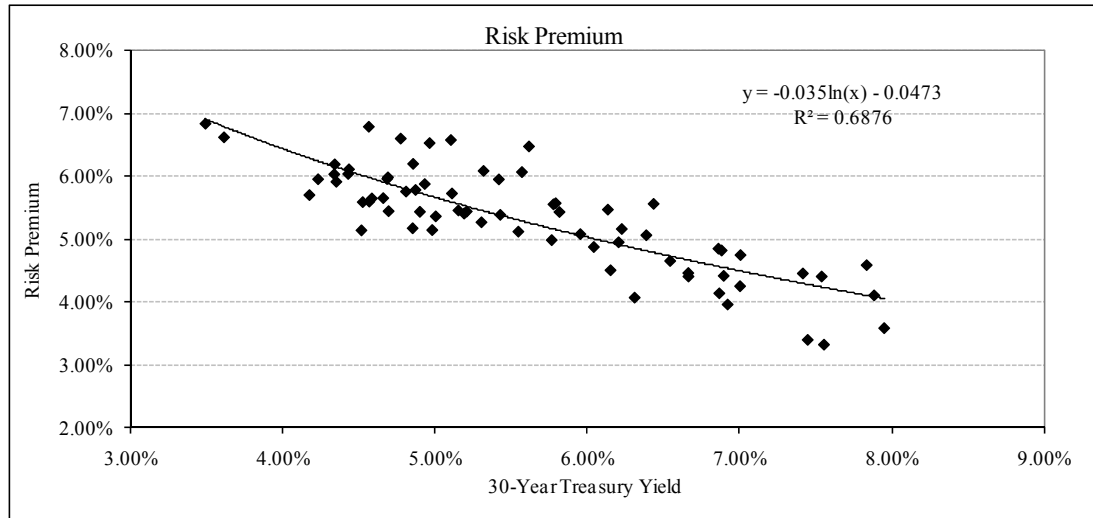
16 b = Slope term; and

17 M = 30-Year Treasury Yield.

18 Data regarding allowed ROEs was derived from 448 natural gas distribution rate cases
19 from 1992 through April 2010 as reported by Regulatory Research Associates. As shown in
20 Chart 4 (below), the R-squared of the equation assuming the logarithmic relationship is
21 approximately 0.69. This value means that the equation explains approximately 69.00 percent of
22 the deviation from the regression line. Based upon the logarithmic equation shown in Chart 4

1 (below), and current and near-term projected yields on 30-year U.S. Treasury bonds, the ROE
2 ranges between 10.67 percent and 10.75 percent.²⁷

3 **Chart 4: Risk Premium Results**
4



5
6

7 **H. Zone of Reasonableness**

8 **Q. Has the Commission offered any guidance in past proceedings regarding the**
9 **basis upon which it would establish a “Zone of Reasonableness” for ROE estimates?**

10 A. Yes, it has. Most recently in the Missouri Gas Energy Order, the Commission
11 established the Zone of Reasonableness as 100 basis points above and below the average
12 authorized ROE for natural gas utilities as reported by Regulatory Research Associates
13 (“RRA”).²⁸ In the recent AmerenUE Order, the Commission determined that it was appropriate

²⁷ It is appropriate to assume a logarithmic relationship between risk premia and interest rates because strictly positive variables often have conditional distributions that are heteroskedastic or skewed; taking the log can mitigate, if not eliminate, both problems. However, a logarithmic approach to estimating the risk premium does not allow for the correction of serial correlation. As a reasonableness check, I also performed a linear regression analysis, which produced very similar ROE estimates.

²⁸ *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, File Number GR-2009-0355, February 10, 2009, at 34.

1 to utilize an averaging period for authorized ROEs in other jurisdictions that spanned the twelve
2 months of 2009.²⁹

3 For the twelve months ending April 30, 2010, RRA reports an average authorized ROE
4 for natural gas distribution utilities of 10.12 percent. Based on the Commission's approach, the
5 Zone of Reasonableness would extend from 9.12 percent to 11.12 percent. As noted previously,
6 certain methodologies produce results that fall outside of that zone and therefore have been
7 excluded from my analysis.

VII. REGULATORY AND BUSINESS RISKS

8 **Q. Do the mean DCF, CAPM, and Risk Premium results for the proxy group**
9 **provide an appropriate estimate of the cost of equity for AmerenUE?**

10 A. No, the mean results do not necessarily provide an appropriate estimate of the
11 Company's cost of equity. In my view, there are several additional factors that must be taken
12 into consideration when determining where the Company's cost of equity falls within the range
13 of results. These factors include: (1) the Company's regulatory risks relative to the proxy group;
14 (2) the Company's credit rating relative to the proxy group; and (3) the Company's relatively
15 small size compared to the proxy group. These risk factors, which are discussed below, should be
16 considered with respect to their overall effect on the Company's risk profile.

17 **A. *Regulatory Risks***

18 **Q. How does the regulatory environment in which a utility operates affect its**
19 **access to and cost of capital?**

20 A. The regulatory environment can significantly affect both the access to, and cost of
21 capital in several ways. First, the proportion and cost of debt capital available to utility

²⁹ *In the Matter of Union Electric Company, d/b/a AmerenUE's Tariffs to Increase Its Annual Revenues for Electric Service*, Report and Order, Missouri Public Service Commission, File Number ER-2010-0036, May 28, 2010, at 17.

1 companies are influenced by the rating agencies' assessment of the regulatory environment. As
2 noted by Moody's, "the predictability and supportiveness of the regulatory framework in which a
3 regulated utility operates is a key credit consideration and the one that differentiates the industry
4 from most other corporate sectors."³⁰ Moody's further noted that:

5 For a regulated utility company, we consider the characteristics of the
6 regulatory environment in which it operates. These include how
7 developed the regulatory framework is; its track record for predictability
8 and stability in terms of decision making; and the strength of the
9 regulator's authority over utility regulatory issues. A utility operating in a
10 stable, reliable, and highly predictable regulatory environment will be
11 scored higher on this factor than a utility operating in a regulatory
12 environment that exhibits a high degree of uncertainty or unpredictability.
13 Those utilities operating in a less developed regulatory framework or one
14 that is characterized by a high degree of political intervention in the
15 regulatory process will receive the lowest scores on this factor.³¹

16 S&P notes that regulatory commissions should eliminate, or at least greatly reduce, the
17 issue of rate-case lag.³² Moody's agrees that timely cost recovery is an important determinant of
18 credit quality, stating that "[t]he ability to recover prudently incurred costs in a timely manner is
19 perhaps the single most important credit consideration for regulated utilities, as the lack of timely
20 recovery of such costs has caused financial stress for utilities on several occasions"³³ Similarly,
21 FitchRatings ("Fitch") notes that in the current environment of rising costs, utilities will require
22 more frequent rate increases to maintain financial results, resulting in further exposure to
23 regulatory risks.³⁴

24 It also is important to recognize that regulatory decisions regarding the authorized ROE
25 and capital structure have direct consequences for the subject utility's internal cash flow
26 generation (sometimes referred to as "Funds Flow from Operations", or "FFO"). Since credit

³⁰ Moody's Global Infrastructure Finance, *Regulated Electric and Gas Utilities*, August 2009, at 6.

³¹ *Ibid.*

³² Standard and Poor's, *Assessing Vertically Integrated Utilities' Business Risk Drivers*, U.S. Utilities and Power Commentary, November 2006, at 10.

³³ Moody's, Global Infrastructure Finance, *Regulated Electric and Gas Utilities*, August 2009, at 7.

³⁴ FitchRatings, *U.S. Utilities, Power, and Gas 2010 Outlook*, December 4, 2009, at 1.

1 ratings are intended to reflect a company's ability to fund financial obligations, the ability to
2 internally generate the cash flows required to meet those obligations (and to provide an
3 additional amount for unexpected events) is of critical importance to debt investors. Two of the
4 most important metrics used to assess that ability are the ratios of FFO to debt, and FFO to
5 interest expense, both of which are directly affected by regulatory decisions regarding the
6 appropriate rate of return and capital structure.

7 Just as regulatory policy and decisions have a direct bearing on the subject utility's
8 financial profile and, therefore, its cost of debt, equity investors also consider regulatory risks in
9 determining their required return (*i.e.*, the cost of equity). To this point, in a recent report,
10 Barclays Capital ("Barclays") ranked 49 regulatory jurisdictions (including FERC) according to
11 five categories which stratify those jurisdictions from the lowest to highest cost of capital.
12 Among the factors considered in assigning jurisdictions to the various categories are the level of
13 authorized ROEs, as well as "Subjective Investor Friendliness Rating." Barclays considers
14 "Tier 1" to be the "Lowest Cost of Capital" states, while "Tier 5" represents the "Highest Cost of
15 Capital" states. Barclays' ranks Missouri as a "Tier 4" state.³⁵

16 **Q. Please explain how credit rating agencies consider regulatory risk in**
17 **establishing a company's credit rating.**

18 A. While both S&P and Moody's consider regulatory risk in establishing credit
19 ratings, Moody's has published a report quantifying the importance of this metric. Moody's
20 establishes credit ratings based on four key factors: (1) regulatory framework; (2) the ability to
21 recover costs and earn returns; (3) diversification; and (4) financial strength, liquidity, and key
22 financial metrics. Of these criteria, regulatory framework and the ability to recover costs and
23 earn returns are each given a broad rating factor of 25.00 percent. Therefore, Moody's assigns

³⁵ Barclays Capital Equity Research, *Utilities Capital Management*, July 16, 2009, at 25.

1 regulatory risk a 50.00 percent weighting in the overall assessment of business and financial risk
2 for regulated utilities.³⁶ In fact, Moody's notes that the ability to recover prudently incurred
3 costs in a timely manner is perhaps the single most important credit consideration for regulated
4 utilities as the lack of timely recovery of such costs has caused financial stress for utilities on
5 several occasions.³⁷

6 **Q. What are your conclusions regarding regulatory guidelines and capital**
7 **market expectations?**

8 A. The regulatory environment is one of the most important issues considered by
9 both debt and equity investors in assessing the risks and prospects of utility companies. From
10 the perspective of debt investors, the authorized return should enable the Company to generate
11 the cash flow needed to meet its near-term financial obligations, make the capital investments
12 needed to maintain and expand its system, and maintain sufficient levels of liquidity to fund
13 unexpected events. This financial liquidity must be derived not only from internally generated
14 funds, but also by efficient access to capital markets. Moreover, because fixed income investors
15 have many investment alternatives, even within a given market sector, the Company's financial
16 profile must be adequate on a relative basis to ensure its ability to attract capital under a variety
17 of economic and financial market conditions. From the perspective of equity investors, the
18 authorized return must be adequate to provide a risk-comparable return on the equity portion of
19 the Company's capital investments. Because equity investors are the residual claimants on the
20 Company's cash flows (which is to say that the equity return is subordinate to interest payments),
21 they are particularly concerned with regulatory uncertainty and its effect on future cash flows.

³⁶ Moody's Investors Service, "Rating Methodology: Regulated Electric and Gas Utilities," August 2009, at 4.

³⁷ Ibid, at 7.

1 **Q. Have you compared AmerenUE’s regulatory risks to the proxy group**
2 **companies?**

3 A. Yes, I have compared the regulatory risk of operating in Missouri, which is the
4 risk faced by AmerenUE, to the regulatory risk of each of the proxy group companies using the
5 scale developed by Barclay’s Capital. I used a numerical ranking system and applied that
6 ranking system to the rankings that have been established for each of the jurisdictions where the
7 proxy group companies have regulated operations. For each proxy group company that operates
8 in multiple jurisdictions, I considered the ranking for each regulatory jurisdiction in which they
9 operate.

10 **Q. How do AmerenUE’s regulatory risks compare to the proxy group**
11 **companies?**

12 A. As shown in Schedule RBH-G7, the simple average of the Barclay’s ranking for
13 each of the proxy group companies, in all jurisdictions, is 2.88. As noted previously,
14 AmerenUE’s Missouri operations have a ranking of 4.

15 **Q. What is your conclusion regarding the effect of AmerenUE’s regulatory risk**
16 **on its ROE?**

17 A. Based on my analysis, the financial community appears to attribute somewhat
18 higher regulatory risk to AmerenUE than to the proxy group (on average). This would support
19 an ROE for the Company toward the upper end of the range of results.

20 **B. Credit Rating**

21 **Q. Why are credit ratings an important indicator as to the appropriate cost of**
22 **capital?**

23 A. Credit ratings represent an independent assessment of a utility company’s ability
24 to meet its financial obligations. Credit ratings also are an important determining factor in the

1 interest rate that a utility company will pay for debt financing. Likewise, credit ratings are also
2 considered by equity investors as they determine their required rate of return.

3 **Q. What do bond ratings tell us about the relative equity risk of AmerenUE?**

4 A. As the Commission noted in its Missouri Gas Energy Order, “bond ratings are an
5 excellent way to estimate equity risk between companies, because they are the result of
6 comprehensive analysis of all diversifiable investment risks.”³⁸ In that proceeding, the
7 Commission determined that Southern Union Gas’ (the parent of MGE) bond rating of Baa3
8 from Moody’s made it “riskier than investing in the proxy group, and investors in SUG require a
9 higher rate of return to compensate them for that increased risk.”³⁹

10 **Q. How does AmerenUE’s credit rating compare to the proxy group companies?**

11 A. As previously noted, AmerenUE’s Long Term issuer rating from S&P is BBB-
12 and from Moody’s is Baa2. These ratings are lower than the average credit rating for the proxy
13 group companies. Six of the nine proxy companies have an S&P rating of A- or higher, while
14 the other three proxy companies have ratings of BBB+ or BBB.

15 **Q. Have you quantified the impact of differences in credit ratings on the interest
16 rate paid by regulated utility companies?**

17 A. Yes. I have examined the credit spread between the average yield for the 30-year
18 U.S. Treasury and the yield on the Moody’s A-rated Utility Bond Index and the Baa-rated Utility
19 Bond Index for the past six months. As shown in Table 6 (below), this analysis demonstrates
20 that the average credit spread for Baa-rated utility bonds has been 42 basis points higher than the
21 average credit spread rate for A-rated utility bonds during this period.

³⁸ *In the Matter of Missouri Gas Energy and its Tariff Filing to Implement a General Rate Increase for Natural Gas Service*, Report and Order, Missouri Public Service Commission, File Number GR-2009-0355. February 10, 2010, at 31.

³⁹ Ibid.

Table 6: Credit Spreads on A and Baa-rated Utility Bond Indices⁴⁰

	A-rated utility bond	Baa-rated utility bond
April 2010	1.12%	1.50%
March 2010	1.20%	1.58%
February 2010	1.25%	1.63%
January 2010	1.17%	1.55%
December 2009	1.28%	1.75%
November 2009	1.32%	1.86%
<i>Average Spread</i>	<i>1.22%</i>	<i>1.64%</i>

Q. Based on the Commission’s Order, what is your conclusion regarding the effect of AmerenUE’s credit rating on its ROE?

A. Because AmerenUE’s credit rating is lower than the average for the proxy group companies, the Commission’s Order would suggest a higher Return on Equity for the Company. In that regard, the Commission’s Order would provide support for an ROE toward the upper end of the range of results.

C. *Small Size Premium*

Q. Please explain the risks associated with small size.

A. Both the financial and academic communities have long accepted the proposition that the cost of equity for small firms is subject to a “size effect.” While empirical evidence of the size effect is often based on studies of industries beyond regulated utilities, utility analysts also have observed the risks associated with small market capitalizations. Specifically, a senior analyst for Ibbotson Associates (Morningstar, Inc.) noted:

For small utilities, investors face additional obstacles, such as smaller customer base, limited financial resources, and a lack of diversification across customers, energy sources, and geography. These obstacles imply a higher investor return.⁴¹

⁴⁰ Credit spreads measured against 30-year Treasury Bond yields

⁴¹ Michael Annin, *Equity and the Small-Stock Effect*, Public Utilities Fortnightly, October 15, 1995.

1 Small size, therefore, leads to two categories of increased risk for investors: (1) liquidity
2 risk (*i.e.*, the risk of not being able to sell one's shares in a timely manner due to the relatively
3 thin market for the securities); and (2) fundamental business risks.

4 **Q. How does AmerenUE compare in size to the proxy companies?**

5 A. AmerenUE is substantially smaller than the average for the proxy group
6 companies both in terms of numbers of customers and market capitalization. Schedule RBH-G8
7 provides the actual market capitalization (based on a 30-day average stock price and the current
8 number of common shares outstanding) for Ameren Corporation, and estimates the implied
9 market capitalization for AmerenUE (*i.e.*, the implied market capitalization if the Company were
10 a stand-alone, publicly traded entity). That is, since AmerenUE is a subsidiary of Ameren
11 Corporation, an estimated stand-alone market capitalization for AmerenUE must be calculated.
12 To do so, I first derived the common equity used to finance AmerenUE's gas operations in
13 Missouri by multiplying the distribution rate base of \$244.86 million by the common equity ratio
14 of 51.26 percent, which resulted in an implied common equity amount of \$125.51 million. I then
15 applied the median market-to-book ratio for the proxy group to the Company's implied common
16 equity balance, and arrived at an estimated market capitalization of \$240.98 million. That
17 estimated market capitalization is approximately 15.45 percent of the median market
18 capitalization for the proxy group and 13.34 percent of the mean market capitalization for the
19 proxy group.

20 **Q. How does the smaller size of AmerenUE affect its business risks relative to**
21 **the proxy group?**

22 A. In general, smaller companies are less able to withstand adverse events that affect
23 their revenues and expenses. The impact of weather variability, the loss of large customers to

1 bypass opportunities, or the destruction of demand as a result of general macroeconomic
2 conditions or fuel price volatility will have a proportionately greater impact on the earnings and
3 cash flow volatility of smaller utilities. Similarly, capital expenditures for non-revenue
4 producing investments, such as system maintenance and replacements will put proportionately
5 greater pressure on customer costs, potentially leading to customer attrition or demand reduction.
6 Taken together, these risks affect the return required by investors for smaller companies.

7 **Q. Have you considered the smaller size of AmerenUE in your recommended**
8 **return on equity?**

9 A. While I have quantified the small size effect, rather than proposing a specific
10 premium, I have considered the small size of AmerenUE in my assessment of business risks in
11 order to determine where within a reasonable range of returns, AmerenUE's required ROE
12 rightly falls.

13 **Q. How did you estimate the size premium for AmerenUE?**

14 A. In its Risk Premia Over Time Report: 2010, Morningstar presents its calculation
15 of the size premium for deciles of market capitalizations relative to the S&P 500 Index. An
16 estimate of the size premium for the Company is the difference in the Ibbotson size risk premia
17 for the proxy group median market capitalization relative to the implied market capitalization for
18 AmerenUE.

19 As shown in Schedule RBH-G8, according to recent market data, the median market
20 capitalization of the proxy group was approximately \$1.56 billion, which corresponds to the 6th
21 decile of Ibbotson market capitalization data. Based on the Morningstar analysis, that decile
22 corresponds to a size premium of 1.73 percent (or 173 basis points). The implied market
23 capitalization for AmerenUE is \$240.98 million, which falls within the 9th decile and

1 corresponds to a size premium of 2.85 percent (or 285 basis points). The difference between
2 those size premia is 112 basis points (2.85 percent - 1.73 percent).

VIII. CONCLUSIONS AND RECOMMENDATION

3 **Q. What is your conclusion regarding a fair ROE for AmerenUE?**

4 A. As discussed earlier in my testimony, I understand that the Commission has
5 established a methodology by which it would set a Zone of Reasonableness. Based on market
6 data for the past twelve months, my understanding is that this range would extend from 9.12
7 percent to 11.12 percent. It is apparent from Table 7 (below) that none of the mean low results
8 produced by the Constant Growth DCF falls within that range. Based on the various quantitative
9 and qualitative analyses presented in my Direct Testimony, I believe that a reasonable range of
10 results for AmerenUE is from approximately 10.00 percent to 11.00 percent. The upper end of
11 that range is supported by the mean high Constant Growth DCF results, while the lower end of
12 the range is supported by the lowest results produced by the Multi-Stage DCF analyses. Given
13 the Commission's preference for DCF-based approaches, I have not used the CAPM analyses to
14 establish my recommended range. I do note, however, that the CAPM results are consistent with
15 and support that range.

16 In light of the regulatory and business risks of AmerenUE compared to the proxy group,
17 it is my view that an ROE of 10.50 percent is reasonable, if not somewhat conservative. This
18 10.50 percent ROE represents the mid-point of my range of results and is supported by the mean
19 results of the Multi-Stage DCF analysis. In my view, that ROE should reasonably balance the
20 interests of customers and shareholders by enabling the Company to maintain its financial
21 integrity and therefore its ability to attract capital at reasonable rates under a variety of different
22 economic and financial market conditions.

1

Table 7: Summary of Analytical Results

	Mean Low	Mean	Mean High
Constant Growth DCF			
30-Day Average	7.90%	9.28%	10.65%
90-Day Average	8.04%	9.43%	10.80%
180-Day Average	8.18%	9.57%	10.94%
	Gordon Model	Mean	Long-term P/E Model
Multi-Stage DCF			
30-Day Average	10.20%	10.14%	10.08%
90-Day Average	10.36%	10.40%	10.44%
180-Day Average	10.52%	10.65%	10.78%
Supporting Methodologies			
		Current 30-Year Treasury (4.70%)	Near-Term Projected 30- Year Treasury (4.97%)
<i>CAPM- Current Calculated Beta</i>			
Sharpe Ratio Derived Market Risk Premium		10.34%	10.61%
Market DCF Derived Market Risk Premium		11.00%	11.27%
<i>CAPM – Average Historical Beta</i>			
Sharpe Ratio Derived Market Risk Premium		9.82%	10.09%
Market DCF Derived Market Risk Premium		10.41%	10.68%
<i>Treasury Yield Plus Risk Premium</i>			
	Mean Low	Mean	Mean High
Risk Premium	10.67%	10.71%	10.75%
Other Factors			
Small Size Premium		1.12%	

2

3 **Q. Does this conclude your Direct Testimony?**

4 A. Yes, it does.

Robert B. Hevert, CFA
President

Mr. Hevert is an economic and financial consultant with broad experience in the energy industry. He has an extensive background in the areas of corporate strategic planning, energy market assessment, corporate finance, mergers, and acquisitions, asset-based transactions, asset and business unit valuation, market entry strategies, strategic alliances, project development, feasibility and due diligence analyses. Mr. Hevert has significant management experience with both operating and professional services companies.

REPRESENTATIVE PROJECT EXPERIENCE

Financial and Economic Advisory Services

Retained by numerous leading energy companies and financial institutions throughout North America to provide services relating to the strategic evaluation, acquisition, sale or development of a variety of regulated and non-regulated enterprises. Specific services have included: developing strategic and financial analyses and managing multi-faceted due diligence reviews of proposed corporate M&A counter-parties; developing, screening and recommending potential M&A transactions and facilitating discussions between senior utility executives regarding transaction strategy and structure; performing valuation analyses and financial due diligence reviews of electric generation projects, retail marketing companies, and wholesale trading entities in support of significant M&A transactions.

Specific divestiture-related services have included advising both buy and sell-side clients in transactions for physical and contractual electric generation resources. Sell-side services have included: development and implementation of key aspects of asset divestiture programs such as marketing, offering memorandum development, development of transaction terms and conditions, bid process management, bid evaluation, negotiations, and regulatory approval process. Buy-side services have included comprehensive asset screening, selection, valuation and due diligence reviews. Both buy and sell-side services have included the use of sophisticated asset valuation techniques, and the development and delivery of fairness opinions.

Specific corporate finance experience while a Vice President with Bay State Gas included: negotiation, placement and closing of both private and public long-term debt, preferred and common equity; structured and project financing; corporate cash management; financial analysis, planning and forecasting; and various aspects of investor relations.

Representative non-confidential clients have included:

- Conectiv generation asset divestiture
- Eastern Utilities Associates (prior to acquisition by National Grid, PLC) generation asset divestiture
- Niagara Mohawk – sale of Niagara Mohawk Energy
- Potomac Electric Company generation asset divestiture

Representative confidential engagements have included:

- Buy-side valuation and assessment of merchant generation assets in Midwestern U.S.
- Buy-side due diligence and valuation of wholesale energy marketing companies in Eastern and Midwestern U.S.
- Buy-side due diligence of natural gas distribution assets in Northeastern U.S.
- Financial feasibility study of natural gas pipeline in upper Midwestern U.S.

- Financial valuation of natural gas pipeline in Southwestern U.S.

Regulatory Analysis and Ratemaking

On behalf of electric, natural gas and combination utilities throughout North America, provided services relating to energy industry restructuring including merchant function exit, residual energy supply obligations, and stranded cost assessment and recovery. Also performed rate of return and cost of service analyses for municipally owned gas and electric utilities. Specific services provided include: performing strategic review and development of merchant function exit strategies including analysis of provider of last resort obligations in both electric and gas markets; and developing value optimizing strategies for physical generation assets.

Representative engagements have included:

- Performing rate of return analyses for use in cost of service analyses on behalf of municipally owned gas and electric utilities in the Southeastern and Midwestern U.S.
- Developing merchant function exit strategies for Northeastern U.S. natural gas distribution companies
- Developing regulatory and ratemaking strategy for mergers including several Northeastern natural gas distribution companies

Litigation Support and Expert Testimony

Provided expert testimony and support of litigation in various regulatory proceedings on a variety of energy and economic issues including the proposed transfer of power purchase agreements, procurement of residual service electric supply, the legal separation of generation assets, and specific financing transactions. Services provided also included collaborating with counsel, business and technical staff to develop litigation strategies, preparing and reviewing discovery and briefing materials, preparing presentation materials and participating in technical sessions with regulators and intervenors.

Energy Market Assessment

Retained by numerous leading energy companies and financial institutions nationwide to manage or provide assessments of regional energy markets throughout the U.S. and Canada. Such assessments have included development of electric and natural gas price forecasts, analysis of generation project entry and exit scenarios, assessment of natural gas and electric transmission infrastructure, market structure and regulatory situation analysis, and assessment of competitive position. Market assessment engagements typically have been used as integral elements of business unit or asset-specific strategic plans or valuation analyses.

Representative engagements have included:

- Managing assessments of the NYPOOL, NEPOOL and PJM markets for major North American energy companies considering entering or expanding their presence in those markets
- Assessment of ECAR, MAPP, MAIN and SPP markets for a large U.S. integrated utility considering acquisition of additional electric generation assets
- Assessment of natural gas pipeline and storage capacity in the SERC and FRCC markets for a major international energy company

Resource Procurement, Contracting and Analysis

Assisted various clients in evaluating alternatives for acquiring fuel and power supplies, including the development and negotiation of energy contracts and tolling agreements. Assignments also have included developing generation resource optimization strategies. Provided advice and analyses of transition service power supply contracts in the context of both physical and contractual generation resource divestiture transactions.

Business Strategy and Operations

Retained by numerous leading North American energy companies and financial institutions nationwide to provide services relating to the development of strategic plans and planning processes for both regulated and non-regulated enterprises. Specific services provided include: developing and implementing electric generation strategies and business process redesign initiatives; developing market entry strategies for retail and wholesale businesses including assessment of asset-based marketing and trading strategies; and facilitating executive level strategic planning retreats. As Vice President, Energy Ventures, of Bay State was responsible for the company's strategic planning and business development processes, played an integral role in developing the company's non-regulated marketing affiliate, EnergyUSA, and managed the company's non-regulated investments, partnerships and strategic alliances.

Representative engagements have included:

- Developing and facilitating executive level strategic planning retreats for Northeastern natural gas distribution companies
- Developing organization and business process redesign plans for municipally owned gas/electric/water utility in the Southeastern U.S.
- Reviewing and revising corporate merchant generation business plans for Canadian and U.S. integrated utilities
- Advising client personnel in development of business unit level strategic plans for various natural gas distribution companies

PROFESSIONAL HISTORY

Concentric Energy Advisors, Inc. (2002 – Present)

President

Navigant Consulting, Inc. (1997 – 2001)

Managing Director (2000 – 2001)

Director (1998 – 2000)

Vice President, REED Consulting Group (1997 – 1998)

REED Consulting Group (1997)

Vice President

Bay State Gas Company (1987 – 1997)

Vice President, Energy Ventures and Assistant Treasurer

Boston College (1986 – 1987)

Financial Analyst

General Telephone Company of the South (1984 – 1986)

Revenue Requirements Analyst

EDUCATION

M.B.A., University of Massachusetts at Amherst, 1984

B.S., University of Delaware, 1982

DESIGNATIONS AND PROFESSIONAL AFFILIATIONS

Chartered Financial Analyst, 1991
Association for Investment Management and Research
Boston Security Analyst Society

PUBLICATIONS/PRESENTATIONS

Has made numerous presentations throughout the United States and Canada on several topics, including:

- Generation Asset Valuation and the Use of Real Options
 - Retail and Wholesale Market Entry Strategies
 - The Use Strategic Alliances in Restructured Energy Markets
 - Gas Supply and Pipeline Infrastructure in the Northeast Energy Markets
 - Nuclear Asset Valuation and the Divestiture Process
-

AVAILABLE UPON REQUEST

Extensive client and project listings, and specific references.

ATTACHMENT A
TESTIMONY LISTING OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Arkansas Public Service Commission				
CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Arkansas Gas	01/07	CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Arkansas Gas	Docket No. 06-161-U	Return on Equity
Colorado Public Utilities Commission				
Atmos Energy Corporation	07/09	Atmos Energy Colorado-Kansas Division	Docket No. 09AL-507G	Return on Equity (gas)
Xcel Energy	12/06	Public Service Company of Colorado	Docket No. 06S-656G	Return on Equity (gas)
Xcel Energy	04/06	Public Service Company of Colorado	Docket No. 06S-234EG	Return on Equity (electric)
Xcel Energy	08/05	Public Service Company of Colorado	Docket No. 05S-369ST	Return on Equity (steam)
Xcel Energy	05/05	Public Service Company of Colorado	Docket No. 05S-264G	Return on Equity (gas)
Connecticut Department of Public Utility Control				
Southern Connecticut Gas Company	09/08	Southern Connecticut Gas Company	Docket No. 08-08-17	Return on Equity
Southern Connecticut Gas Company	12/07	Southern Connecticut Gas Company	Docket No. 05-03-17PH02	Return on Equity
Connecticut Natural Gas Corporation	12/07	Connecticut Natural Gas Corporation	Docket No. 06-03-04PH02	Return on Equity
Federal Energy Regulatory Commission				
Portland Natural Gas Transmission System	05/10	Portland Natural Gas Transmission System	Docket No. RP10-729-000	Return on Equity
Florida Gas Transmission Company, LLC	10/09	Florida Gas Transmission Company, LLC	Docket No. RP10-21-000	Return on Equity
Maritimes and Northeast Pipeline, LLC	07/09	Maritimes and Northeast Pipeline, LLC	Docket No. RP09-809-000	Return on Equity
Spectra Energy	02/08	Saltville Gas Storage	Docket No. RP08-257-000	Return on Equity
Panhandle Energy Pipelines	08/07	Panhandle Energy Pipelines	Docket No. PL07-2-000	Response to draft policy statement regarding inclusion of MLPs in proxy groups for determination of gas pipeline ROEs
Southwest Gas Storage Company	08/07	Southwest Gas Storage Company	Docket No. RP07-541-000	Return on Equity
Southwest Gas Storage Company	06/07	Southwest Gas Storage Company	Docket No. RP07-34-000	Return on Equity

ATTACHMENT A
TESTIMONY LISTING OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Sea Robin Pipeline LLC	06/07	Sea Robin Pipeline LLC	Docket No. RP07-513-000	Return on Equity
Transwestern Pipeline Company	09/06	Transwestern Pipeline Company	Docket No. RP06-614-000	Return on Equity
GPU International and Aquila	11/00	GPU International	Docket No. EC01-24-000	Market Power Study
Georgia Public Service Commission				
Atlanta Gas Light Company	05/10	Atlanta Gas Light Company	Docket No. 31647-U	Return on Equity
Maine Public Utilities Commission				
Northern Utilities, Inc.	07/95	Northern Utilities	Maine PUC	Gas Distribution System Expansion
Massachusetts Department of Public Utilities				
National Grid	08/09	Massachusetts Electric Company d/b/a National Grid	DPU 09-39	Revenue Decoupling and Return on Equity
National Grid	08/09	Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid	DPU 09-38	Return on Equity – Solar Generation
Bay State Gas Company	04/09	Bay State Gas Company	DTE 09-30	Return on Equity
NSTAR Electric	09/04	NSTAR Electric	DTE 04-85	Divestiture of Power Purchase Agreement
NSTAR Electric	08/04	NSTAR Electric	DTE 04-78	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	DTE 04-68	Divestiture of Power Purchase Agreement
NSTAR Electric	07/04	NSTAR Electric	DTE 04-61	Divestiture of Power Purchase Agreement
NSTAR Electric	06/04	NSTAR Electric	DTE 04-60	Divestiture of Power Purchase Agreement
Unitil Corporation	01/04	Fitchburg Gas and Electric	DTE 03-52	Integrated Resource Plan; Gas Demand Forecast
Bay State Gas Company	01/93	Bay State Gas Company	DPU 93-14	Long Term Debt Financing
Bay State Gas Company	01/91	Bay State Gas Company	DPU 91-25	Long Term Debt Financing
Minnesota Public Utilities Commission				

ATTACHMENT A
TESTIMONY LISTING OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Otter Tail Power Corporation	04/10	Otter Tail Power Company	Docket No. E-017/GR-10-239	Return on Equity
Minnesota Power a division of ALLETE, Inc.	11/09	Minnesota Power	Docket No. E015/GR-09-1151	Return on Equity
CenterPoint Energy Resources Corp. d/b/a CenterPoint Energy Minnesota Gas	11/08	CenterPoint Energy Minnesota Gas	Docket No. G-008/GR-08-1075	Return on Equity
Otter Tail Power Corporation	10/07	Otter Tail Power Company	Docket No. E017/GR-07-1178	Return on Equity
Xcel Energy	11/05	NSP-Minnesota	Docket No. E002/GR-05-1428	Return on Equity (electric)
Xcel Energy	09/04	NSP Minnesota	Docket No. G002/GR-04-1511	Cost of Capital (gas)
Mississippi Public Service Commission				
CenterPoint Energy Resources, Corp. d/b/a CenterPoint Energy Entex and CenterPoint Energy Mississippi Gas	07/09	CenterPoint Energy Mississippi Gas	Docket No. 09-UN-334	Return on Equity
New Hampshire Public Utilities Commission				
EnergyNorth Natural Gas d/b/a National Grid NH	02/10	EnergyNorth Natural Gas d/b/a National Grid NH	Docket No. DG 10-017	Return on Equity
Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	08/08	Unitil Energy Systems, Inc. ("Unitil"), EnergyNorth Natural Gas, Inc. d/b/a National Grid NH, Granite State Electric Company d/b/a National Grid, and Northern Utilities, Inc. – New Hampshire Division	Docket No. DG 07-072	Carrying Charge Rate on Cash Working Capital
New Jersey Board of Public Utilities				
Pepco Holdings, Inc.	09/06	Atlantic City Electric Company	Docket No. EMO6090638	Divestiture and Valuation of Electric Generating Assets
Pepco Holdings, Inc.	12/05	Atlantic City Electric Company	BPU Docket No. EM05121058	Market Value of Electric Generation Assets; Auction
Conectiv	06/03	Atlantic City Electric Company	BPU Docket No. EO03020091	Market Value of Electric Generation Assets; Auction Process
New Mexico Public Regulation Commission				

ATTACHMENT A
TESTIMONY LISTING OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Public Service Company of New Mexico	06/10	Public Service Company of New Mexico	Case No. 10-00086-UT	Return on Equity (electric)
Public Service Company of New Mexico	09/08	Public Service Company of New Mexico	Case No. 08-00273-UT	Return on Equity (electric)
Xcel Energy	07/07	Southwestern Public Service Company	Case No. 07-00319-UT	Return on Equity (electric)
New York State Public Service Commission				
Consolidated Edison Company of New York, Inc.	11/09	Consolidated Edison Company of New York, Inc.	Case No. 09-G-0795	Return on Equity (gas)
Consolidated Edison Company of New York, Inc.	11/09	Consolidated Edison Company of New York, Inc.	Case No. 09-S-0794	Return on Equity (steam)
Niagara Mohawk Power Corporation	07/01	Niagara Mohawk Power Corporation	Case No. 01-E-1046	Power Purchase and Sale Agreement; Standard Offer Service Agreement
North Dakota Public Service Commission				
Otter Tail Power Company	11/08	Otter Tail Power Company	Docket No. 08-862	Return on Equity (electric)
Oklahoma Corporation Commission				
CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Oklahoma Gas	03/09	CenterPoint Energy Oklahoma Gas	Docket No. PUD200900055	Return on Equity
Rhode Island Public Utilities Commission				
National Grid RI – Gas	08/08	National Grid RI – Gas	Docket No. 3943	Revenue Decoupling and Return on Equity
South Carolina Public Service Commission				
South Carolina Electric & Gas	03/10	South Carolina Electric & Gas	Docket No. 2009-489-E	Return on Equity
South Dakota Public Utilities Commission				
Northern States Power Company	06/09	South Dakota Division of Northern States Power	Docket No. EL09-009	Return on Equity (electric)
Otter Tail Power Company	10/08	Otter Tail Power Company	Docket No. EL08-030	Return on Equity (electric)
Texas Public Utility Commission				
Xcel Energy	05/10	Southwestern Public Service Company	Docket No. 38147	Return on Equity (electric)

ATTACHMENT A
TESTIMONY LISTING OF ROBERT B. HEVERT

SPONSOR	DATE	CASE/APPLICANT	DOCKET NO.	SUBJECT
Texas-New Mexico Power Company	08/08	Texas-New Mexico Power Company	Docket No. 36025	Return on Equity (electric)
Xcel Energy	05/06	Southwestern Public Service Company	SOAH Docket No. 473-06-2536 Docket No. 32766	Return on Equity (electric)
Texas Railroad Commission				
CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Entex and CenterPoint Energy Texas Gas	07/09	CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Entex and CenterPoint Energy Texas Gas	GUD 9902	Return on Equity
CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Texas Gas	03/08	CenterPoint Energy Resources Corp. D/B/A CenterPoint Energy Texas Gas	GUD 9791	Return on Equity
Utah Public Service Commission				
Questar Gas Company	12/07	Questar Gas Company	Docket No. 07-057-13	Return on Equity
Vermont Public Service Board				
Green Mountain Power	04/06	Green Mountain Power	Docket Nos. 7175 and 7176	Return on Equity (electric)
Vermont Gas Systems, Inc.	12/05	Vermont Gas Systems	Docket Nos. 7109 and 7160	Return on Equity (gas)
Virginia State Corporation Commission				
Columbia Gas Of Virginia, Inc.	06/06	Columbia Gas Of Virginia, Inc.	Case No. PUE-2005-00098	Merger Synergies
Dominion Resources	10/01	Virginia Electric and Power Company	Case No. PUE000584	Corporate Structure and Electric Generation Strategy

30-DAY CONSTANT GROWTH DCF

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]		
Company	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Zacks EPS Growth	Value Line EPS Growth	First Call	BR + SV	Average Growth Rate	Low DCF ROE	Mean DCF ROE	High DCF ROE		
PROXY GROUP GAS UTILITIES														
AGL Resources	AGL	\$1.76	\$38.57	4.56%	4.67%	4.00%	3.50%	5.07%	5.21%	4.44%	8.14%	9.11%	9.89%	
Atmos Energy	ATO	\$1.34	\$29.20	4.59%	4.70%	4.80%	5.50%	4.20%	4.44%	4.73%	8.88%	9.43%	10.21%	
Laclede Group	LG	\$1.58	\$34.42	4.59%	4.67%	3.00%	2.50%	3.50%	4.96%	3.49%	7.15%	8.16%	9.67%	
New Jersey Resources	NJR	\$1.36	\$37.85	3.59%	3.71%	7.00%	6.50%	5.10%	7.30%	6.47%	8.78%	10.18%	11.02%	
Nicor Inc.	GAS	\$1.86	\$43.12	4.31%	4.39%	3.70%	2.50%	4.30%	4.62%	3.78%	6.87%	8.17%	9.03%	
Northwest Nat. Gas	NWN	\$1.66	\$47.50	3.49%	3.58%	5.70%	5.00%	5.17%	4.67%	5.14%	8.25%	8.72%	9.29%	
Piedmont Natural Gas	PNY	\$1.12	\$27.68	4.05%	4.14%	6.30%	4.00%	3.70%	3.67%	4.42%	7.79%	8.55%	10.47%	
South Jersey Industries	SJI	\$1.32	\$43.00	3.07%	3.21%	11.60%	5.50%	11.67%	8.66%	9.36%	8.65%	12.57%	14.92%	
Southwest Gas	SWX	\$1.00	\$31.13	3.21%	3.30%	5.50%	8.00%	3.30%	4.63%	5.36%	6.57%	8.66%	11.34%	
				PROXY GROUP MEAN	3.94%	4.04%	5.73%	4.78%	5.11%	5.35%	5.24%	7.90%	9.28%	10.65%

Notes

[1] Source: Bloomberg

[2] Source: Bloomberg. Based on indicated number of days historical average

[3] Equals Col. [1]/Col. [2]

[4] Equals Col. [3] x (1 + (0.5 x Col. [9]))

[5] Source: Zacks

[6] Source: Value Line

[7] Source: Yahoo! Finance

[8] Source: Exhibit RBH-2

[9] Equals average of Cols. [5], [6], [7], [8]

[10] Equals Col. [3] x (1 + (0.5 x Min (Cols. [5], [6], [7], [8]))) + Min (Cols. [5], [6], [7], [8])

[11] Equals Col. [4] + Col. [9]

[12] Equals Col. [3] x (1 + (0.5 x Max (Cols. [5], [6], [7], [8]))) + Max (Cols. [5], [6], [7], [8])

90-DAY CONSTANT GROWTH DCF

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	
Company	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Zacks EPS Growth	Value Line EPS Growth	First Call	BR + SV	Average Growth Rate	Low DCF ROE	Mean DCF ROE	High DCF ROE	
PROXY GROUP GAS UTILITIES													
AGL Resources	AGL	\$1.76	\$37.10	4.74%	4.85%	4.00%	3.50%	5.07%	5.21%	4.44%	8.33%	9.29%	10.08%
Atmos Energy	ATO	\$1.34	\$28.64	4.68%	4.79%	4.80%	5.50%	4.20%	4.44%	4.73%	8.98%	9.52%	10.31%
Laclede Group	LG	\$1.58	\$33.50	4.72%	4.80%	3.00%	2.50%	3.50%	4.96%	3.49%	7.28%	8.29%	9.80%
New Jersey Resources	NJR	\$1.36	\$37.13	3.66%	3.78%	7.00%	6.50%	5.10%	7.30%	6.47%	8.86%	10.26%	11.09%
Nicor Inc.	GAS	\$1.86	\$42.02	4.43%	4.51%	3.70%	2.50%	4.30%	4.62%	3.78%	6.98%	8.29%	9.14%
Northwest Nat. Gas	NWN	\$1.66	\$45.57	3.64%	3.74%	5.70%	5.00%	5.17%	4.67%	5.14%	8.40%	8.87%	9.45%
Piedmont Natural Gas	PNY	\$1.12	\$26.65	4.20%	4.30%	6.30%	4.00%	3.70%	3.67%	4.42%	7.95%	8.71%	10.64%
South Jersey Industries	SJI	\$1.32	\$40.42	3.27%	3.42%	11.60%	5.50%	11.67%	8.66%	9.36%	8.86%	12.78%	15.13%
Southwest Gas	SWX	\$1.00	\$29.43	3.40%	3.49%	5.50%	8.00%	3.30%	4.63%	5.36%	6.75%	8.85%	11.53%
	PROXY GROUP MEAN			4.08%	4.19%	5.73%	4.78%	5.11%	5.35%	5.24%	8.04%	9.43%	10.80%

Notes

[1] Source: Bloomberg

[2] Source: Bloomberg. Based on indicated number of days historical average

[3] Equals Col. [1]/Col. [2]

[4] Equals Col. [3] x (1 + (0.5 x Col. [9]))

[5] Source: Zacks

[6] Source: Value Line

[7] Source: Yahoo! Finance

[8] Source: Exhibit RBH-2

[9] Equals average of Cols. [5], [6], [7], [8]

[10] Equals Col. [3] x (1 + (0.5 x Min (Cols. [5], [6], [7], [8]))) + Min (Cols. [5], [6], [7], [8])

[11] Equals Col. [4] + Col. [9]

[12] Equals Col. [3] x (1 + (0.5 x Max (Cols. [5], [6], [7], [8]))) + Max (Cols. [5], [6], [7], [8])

180-DAY CONSTANT GROWTH DCF

	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	
Company	Annualized Dividend	Stock Price	Dividend Yield	Expected Dividend Yield	Zacks EPS Growth	Value Line EPS Growth	First Call	BR + SV	Average Growth Rate	Low DCF ROE	Mean DCF ROE	High DCF ROE	
PROXY GROUP GAS UTILITIES													
AGL Resources	AGL	\$1.76	\$36.16	4.87%	4.98%	4.00%	3.50%	5.07%	5.21%	4.44%	8.45%	9.42%	10.20%
Atmos Energy	ATO	\$1.34	\$28.49	4.70%	4.82%	4.80%	5.50%	4.20%	4.44%	4.73%	9.00%	9.55%	10.33%
Laclede Group	LG	\$1.58	\$33.00	4.79%	4.87%	3.00%	2.50%	3.50%	4.96%	3.49%	7.35%	8.36%	9.87%
New Jersey Resources	NJR	\$1.36	\$36.72	3.70%	3.82%	7.00%	6.50%	5.10%	7.30%	6.47%	8.90%	10.30%	11.14%
Nicor Inc.	GAS	\$1.86	\$40.05	4.64%	4.73%	3.70%	2.50%	4.30%	4.62%	3.78%	7.20%	8.51%	9.37%
Northwest Nat. Gas	NWN	\$1.66	\$44.24	3.75%	3.85%	5.70%	5.00%	5.17%	4.67%	5.14%	8.51%	8.98%	9.56%
Piedmont Natural Gas	PNY	\$1.12	\$25.36	4.42%	4.51%	6.30%	4.00%	3.70%	3.67%	4.42%	8.17%	8.93%	10.86%
South Jersey Industries	SJI	\$1.32	\$38.06	3.47%	3.63%	11.60%	5.50%	11.67%	8.66%	9.36%	9.06%	12.99%	15.34%
Southwest Gas	SWX	\$1.00	\$27.69	3.61%	3.71%	5.50%	8.00%	3.30%	4.63%	5.36%	6.97%	9.07%	11.76%
	PROXY GROUP MEAN			4.22%	4.32%	5.73%	4.78%	5.11%	5.35%	5.24%	8.18%	9.57%	10.94%

Notes

- [1] Source: Bloomberg
- [2] Source: Bloomberg. Based on indicated number of days historical average
- [3] Equals Col. [1]/Col. [2]
- [4] Equals Col. [3] x (1 + (0.5 x Col. [9]))
- [5] Source: Zacks
- [6] Source: Value Line
- [7] Source: Yahoo! Finance
- [8] Source: Exhibit RBH-2
- [9] Equals average of Cols. [5], [6], [7], [8]
- [10] Equals Col. [3] x (1 + (0.5 x Min (Cols. [5], [6], [7], [8]))) + Min (Cols. [5], [6], [7], [8])
- [11] Equals Col. [4] + Col. [9]
- [12] Equals Col. [3] x (1 + (0.5 x Max (Cols. [5], [6], [7], [8]))) + Max (Cols. [5], [6], [7], [8])

RETENTION GROWTH

		[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]
Company	Ticker	Payout Ratio 1 ("All Div'ds to Net Prof" 2010)	Payout Ratio 2 ("All Div'ds to Net Prof" 2011)	Payout Ratio 3 ("All Div'ds to Net Prof" 13-15)	Average Retention Ratio	Value Line Return on Book Value 1 ("Return on Com Eq" 2010)	Value Line Return on Book Value 2 ("Return on Com Eq" 2011)	Value Line Return on Book Value 3 ("Return on Com Eq" 13-15)	Average Return on Book Value	B*R	Common Shares O/S 2011	Common Shares O/S 13-15	Common Shares Growth Rate	Est. 2010 High	Est. 2010 Low	Est. 2010 Mid	2011 Book Value per sh	Market/Book Ratio	"S"	"V"	S x V	BR + SV
AGL Resources	AGL	58.00%	57.00%	55.00%	43.33%	12.00%	12.00%	11.00%	11.67%	5.06%	79.00	80.50	0.38%	37.20	34.30	35.75	25.45	1.40	0.53%	28.81%	0.15%	5.21%
Atmos Energy	ATO	60.00%	58.00%	53.00%	43.00%	9.00%	9.50%	10.00%	9.50%	4.09%	96.00	110.00	2.76%	30.00	26.30	28.15	24.95	1.13	3.11%	11.37%	0.35%	4.44%
Laclede Group	LG	64.00%	62.00%	57.00%	39.00%	10.00%	10.50%	11.00%	10.50%	4.10%	23.00	26.00	2.48%	34.80	30.80	32.80	24.30	1.35	3.35%	25.91%	0.87%	4.96%
New Jersey Resources	NJR	52.00%	52.00%	48.00%	49.33%	15.00%	16.00%	16.50%	15.83%	7.81%	41.00	40.00	-0.49%	38.60	33.50	36.05	17.65	2.04	-1.01%	51.04%	-0.51%	7.30%
Nicor Inc.	GAS	67.00%	60.00%	56.00%	39.00%	11.50%	12.50%	11.50%	11.83%	4.62%	45.50	45.50	0.00%	43.20	38.00	40.60	24.95	1.63	0.00%	38.55%	0.00%	4.62%
Northwest Nat. Gas	NWN	60.00%	60.00%	62.00%	39.33%	11.00%	11.00%	9.00%	10.33%	4.06%	26.60	28.00	1.03%	46.10	41.10	43.60	27.45	1.59	1.64%	37.04%	0.61%	4.67%
Piedmont Natural Gas	PNY	67.00%	67.00%	65.00%	33.67%	13.00%	12.50%	13.00%	12.83%	4.32%	71.50	69.00	-0.71%	27.40	23.90	25.65	13.40	1.91	-1.36%	47.76%	-0.65%	3.67%
South Jersey Industries	SJI	52.00%	50.00%	49.00%	49.67%	13.50%	14.00%	14.50%	14.00%	6.95%	32.00	35.00	1.81%	40.60	37.20	38.90	20.00	1.95	3.52%	48.59%	1.71%	8.66%
Southwest Gas	SWX	48.00%	45.00%	44.00%	54.33%	8.00%	8.50%	9.00%	8.50%	4.62%	47.00	50.00	1.25%	29.60	26.30	27.95	27.65	1.01	1.26%	1.07%	0.01%	4.63%

Notes:

- [1] Source: Value Line
- [2] Source: Value Line
- [3] Source: Value Line
- [4] Equals 1 - Mean (Cols. [1], [2] & [3])
- [5] Source: Value Line
- [6] Source: Value Line
- [7] Source: Value Line
- [8] Mean (Cols. [5], [6] & [7])
- [9] Equals Col. [4] x Col. [8]
- [10] Source: Value Line
- [11] Source: Value Line
- [12] Equals ((Col. [11] / Col. [10]) ^ 0.2) - 1
- [13] Source: Value Line
- [14] Source: Value Line
- [15] Equals Mean (Cols. [13] & [14])
- [16] Source: Value Line
- [17] Equals Col. [15] / Col. [16]
- [18] Equals Col. [12] x Col. [17]
- [19] Equals 1 - (1 / Col. [17])
- [20] Equals Col. [18] x Col. [19]
- [21] Equals Col. [9] + Col. [20]

MULTI-STAGE DCF MODEL - 30-DAY AVERAGE PRICE
 TERMINAL VALUE - LONG-TERM PROJECTED PRICE-TO-EARNINGS RATIO

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Company	Stock Price	EPS Growth	GDP Growth	2010	Payout Ratio 2014	2024	Solver Cells Delta	k(e)	Solution	Near Term Growth	intermediat Growth	Long Term Growth
AGL Resources	\$ 38.57	4.19%	5.78%	58.00%	55.00%	65.00%	#NAME?	10.67%	10.67%	4.19%	4.98%	5.78%
Atmos Energy	\$ 29.20	4.83%	5.78%	60.00%	53.00%	65.00%	#NAME?	9.23%	9.23%	4.83%	5.30%	5.78%
Laclede Group	\$ 34.42	3.00%	5.78%	64.00%	57.00%	65.00%	#NAME?	11.71%	11.71%	3.00%	4.39%	5.78%
New Jersey Resources	\$ 37.85	6.20%	5.78%	52.00%	48.00%	65.00%	#NAME?	9.62%	9.62%	6.20%	5.99%	5.78%
Nicor Inc.	\$ 43.12	3.50%	5.78%	67.00%	56.00%	65.00%	#NAME?	9.91%	9.91%	3.50%	4.64%	5.78%
Northwest Nat. Gas	\$ 47.50	5.29%	5.78%	60.00%	62.00%	65.00%	#NAME?	9.75%	9.75%	5.29%	5.53%	5.78%
Piedmont Natural Gas	\$ 27.68	4.67%	5.78%	67.00%	65.00%	65.00%	#NAME?	10.18%	10.18%	4.67%	5.22%	5.78%
South Jersey Industries	\$ 43.00	9.59%	5.78%	52.00%	49.00%	65.00%	#NAME?	10.37%	10.37%	9.59%	7.68%	5.78%
Southwest Gas	\$ 31.13	5.60%	5.78%	48.00%	44.00%	65.00%	#NAME?	9.31%	9.31%	5.60%	5.69%	5.78%
MEAN:	\$ 36.94	5.21%	5.78%	58.67%	54.33%	65.00%			10.08%	5.21%	5.49%	5.78%

Projected Annual Data

Earnings per Share	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	Terminal Growth
Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
AGL Resources	AGL	\$ 2.89	\$ 3.01	\$ 3.14	\$ 3.27	\$ 3.41	\$ 3.55	\$ 3.71	\$ 3.88	\$ 4.07	\$ 4.29	\$ 4.52	\$ 4.79	\$ 5.06	\$ 5.36	\$ 5.66	\$ 5.99	5.78%
Atmos Energy	ATO	\$ 1.97	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.38	\$ 2.49	\$ 2.62	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.42	\$ 3.61	\$ 3.82	\$ 4.04	\$ 4.28	5.78%
Laclede Group	LG	\$ 2.92	\$ 3.01	\$ 3.10	\$ 3.19	\$ 3.29	\$ 3.39	\$ 3.50	\$ 3.64	\$ 3.80	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.97	\$ 5.25	\$ 5.56	5.78%
New Jersey Resources	NJR	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.05	\$ 3.24	\$ 3.44	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.59	\$ 4.85	\$ 5.13	\$ 5.43	\$ 5.74	5.78%
Nicor Inc.	GAS	\$ 2.97	\$ 3.07	\$ 3.18	\$ 3.29	\$ 3.41	\$ 3.53	\$ 3.66	\$ 3.82	\$ 4.00	\$ 4.20	\$ 4.42	\$ 4.68	\$ 4.95	\$ 5.24	\$ 5.54	\$ 5.86	5.78%
Northwest Nat. Gas	NWN	\$ 2.77	\$ 2.92	\$ 3.07	\$ 3.23	\$ 3.40	\$ 3.58	\$ 3.78	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.96	\$ 5.25	\$ 5.55	\$ 5.87	\$ 6.21	5.78%
Piedmont Natural Gas	PNY	\$ 1.67	\$ 1.75	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.31	\$ 2.43	\$ 2.56	\$ 2.71	\$ 2.86	\$ 3.03	\$ 3.20	\$ 3.39	\$ 3.58	5.78%
South Jersey Industries	SJI	\$ 2.38	\$ 2.61	\$ 2.86	\$ 3.13	\$ 3.43	\$ 3.76	\$ 4.10	\$ 4.44	\$ 4.78	\$ 5.12	\$ 5.45	\$ 5.76	\$ 6.09	\$ 6.45	\$ 6.82	\$ 7.21	5.78%
Southwest Gas	SWX	\$ 1.94	\$ 2.05	\$ 2.16	\$ 2.28	\$ 2.41	\$ 2.55	\$ 2.69	\$ 2.84	\$ 3.00	\$ 3.18	\$ 3.36	\$ 3.55	\$ 3.76	\$ 3.98	\$ 4.21	\$ 4.45	5.78%

Projected Annual Data

Dividend Payout Ratio	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AGL Resources	AGL	58.00%	57.25%	56.50%	55.75%	55.00%	57.00%	59.00%	61.00%	63.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Atmos Energy	ATO	60.00%	58.25%	56.50%	54.75%	53.00%	55.40%	57.80%	60.20%	62.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Laclede Group	LG	64.00%	62.25%	60.50%	58.75%	57.00%	58.60%	60.20%	61.80%	63.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
New Jersey Resources	NJR	52.00%	51.00%	50.00%	49.00%	48.00%	51.40%	54.80%	58.20%	61.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Nicor Inc.	GAS	67.00%	64.25%	61.50%	58.75%	56.00%	57.80%	59.60%	61.40%	63.20%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Northwest Nat. Gas	NWN	60.00%	60.50%	61.00%	61.50%	62.00%	62.60%	63.20%	63.80%	64.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Piedmont Natural Gas	PNY	67.00%	66.50%	66.00%	65.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
South Jersey Industries	SJI	52.00%	51.25%	50.50%	49.75%	49.00%	52.20%	55.40%	58.60%	61.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Southwest Gas	SWX	48.00%	47.00%	46.00%	45.00%	44.00%	48.20%	52.40%	56.60%	60.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

Projected Annual Data

Dividends per Share & Terminal Market Value	[45]	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Terminal Price	Terminal P/E Ratio
AGL Resources	AGL	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 89.88	15.00
Atmos Energy	ATO	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 55.60	13.00
Laclede Group	LG	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 88.89	16.00
New Jersey Resources	NJR	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 3.73	\$ 90.39	14.00
Nicor Inc.	GAS	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81	\$ 93.74	16.00
Northwest Nat. Gas	NWN	\$ 1.75	\$ 1.86	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 4.04	\$ 105.62	17.00
Piedmont Natural Gas	PNY	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 64.49	18.00
South Jersey Industries	SJI	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69	\$ 100.96	14.00
Southwest Gas	SWX	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 2.89	\$ 66.72	15.00
																		15.33

Projected Annual Data

Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	
Company	Ticker	Initial Outflow	4/30/10	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15	10/31/16	10/31/17	10/31/18	10/31/19	10/31/20	10/31/21	10/31/22	10/31/23	10/31/24
AGL Resources	AGL	#NAME?	\$ 0.00	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89
Atmos Energy	ATO	#NAME?	\$ 0.00	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78
Laclede Group	LG	#NAME?	\$ 0.00	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61
New Jersey Resources	NJR	#NAME?	\$ 0.00	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53
Nicor Inc.	GAS	#NAME?	\$ 0.00	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81
Northwest Nat. Gas	NWN	#NAME?	\$ 0.00	\$ 1.75	\$ 1.86	\$ 1.97	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82
Piedmont Natural Gas	PNY	#NAME?	\$ 0.00	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33
South Jersey Industries	SJI	#NAME?	\$ 0.00	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69
Southwest Gas	SWX	#NAME?	\$ 0.00	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73

MULTI-STAGE DCF MODEL - 30-DAY AVERAGE PRICE
 TERMINAL VALUE - GORDON MODEL

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Company	Ticker	Stock Price	EPS Growth	GDP Growth	2010	2014	2024	Solver Cells Delta k(e)	Solution	Near Term Growth	intermediat Growth	Long Term Growth
AGL Resources	AGL	\$ 38.57	4.19%	5.78%	58.00%	55.00%	65.00%	#NAME?	10.50%	10.50%	4.19%	4.98%
Atmos Energy	ATO	\$ 29.20	4.83%	5.78%	60.00%	53.00%	65.00%	#NAME?	10.20%	10.20%	4.83%	5.30%
Laclede Group	LG	\$ 34.42	3.00%	5.78%	64.00%	57.00%	65.00%	#NAME?	10.83%	10.83%	3.00%	4.39%
New Jersey Resources	NJR	\$ 37.85	6.20%	5.78%	52.00%	48.00%	65.00%	#NAME?	10.19%	10.19%	6.20%	5.99%
Nicor Inc.	GAS	\$ 43.12	3.50%	5.78%	67.00%	56.00%	65.00%	#NAME?	10.00%	10.00%	3.50%	4.64%
Northwest Nat. Gas	NWN	\$ 47.50	5.29%	5.78%	60.00%	62.00%	65.00%	#NAME?	9.79%	9.79%	5.29%	5.53%
Piedmont Natural Gas	PNY	\$ 27.68	4.67%	5.78%	67.00%	65.00%	65.00%	#NAME?	9.84%	9.84%	4.67%	5.22%
South Jersey Industries	SJI	\$ 43.00	9.59%	5.78%	52.00%	49.00%	65.00%	#NAME?	10.54%	10.54%	9.59%	7.68%
Southwest Gas	SWX	\$ 31.13	5.60%	5.78%	48.00%	44.00%	65.00%	#NAME?	9.90%	9.90%	5.60%	5.69%
MEAN:		\$ 36.94	5.21%	5.78%	58.67%	54.33%	65.00%		10.20%		5.21%	5.49%

Projected Annual Data

Earnings per Share	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	Terminal Growth
Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
AGL Resources	AGL	\$ 2.89	\$ 3.01	\$ 3.14	\$ 3.27	\$ 3.41	\$ 3.55	\$ 3.71	\$ 3.88	\$ 4.07	\$ 4.29	\$ 4.52	\$ 4.79	\$ 5.06	\$ 5.36	\$ 5.66	\$ 5.99	5.78%
Atmos Energy	ATO	\$ 1.97	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.38	\$ 2.49	\$ 2.62	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.42	\$ 3.61	\$ 3.82	\$ 4.04	\$ 4.28	5.78%
Laclede Group	LG	\$ 2.92	\$ 3.01	\$ 3.10	\$ 3.19	\$ 3.29	\$ 3.39	\$ 3.50	\$ 3.64	\$ 3.80	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.97	\$ 5.25	\$ 5.56	5.78%
New Jersey Resources	NJR	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.05	\$ 3.24	\$ 3.44	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.59	\$ 4.85	\$ 5.13	\$ 5.43	\$ 5.74	5.78%
Nicor Inc.	GAS	\$ 2.97	\$ 3.07	\$ 3.18	\$ 3.29	\$ 3.41	\$ 3.53	\$ 3.66	\$ 3.82	\$ 4.00	\$ 4.20	\$ 4.42	\$ 4.68	\$ 4.95	\$ 5.24	\$ 5.54	\$ 5.86	5.78%
Northwest Nat. Gas	NWN	\$ 2.77	\$ 2.92	\$ 3.07	\$ 3.23	\$ 3.40	\$ 3.58	\$ 3.78	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.96	\$ 5.25	\$ 5.55	\$ 5.87	\$ 6.21	5.78%
Piedmont Natural Gas	PNY	\$ 1.67	\$ 1.75	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.31	\$ 2.43	\$ 2.56	\$ 2.71	\$ 2.86	\$ 3.03	\$ 3.20	\$ 3.39	\$ 3.58	5.78%
South Jersey Industries	SJI	\$ 2.38	\$ 2.61	\$ 2.86	\$ 3.13	\$ 3.43	\$ 3.76	\$ 4.10	\$ 4.44	\$ 4.78	\$ 5.12	\$ 5.45	\$ 5.76	\$ 6.09	\$ 6.45	\$ 6.82	\$ 7.21	5.78%
Southwest Gas	SWX	\$ 1.94	\$ 2.05	\$ 2.16	\$ 2.28	\$ 2.41	\$ 2.55	\$ 2.69	\$ 2.84	\$ 3.00	\$ 3.18	\$ 3.36	\$ 3.55	\$ 3.76	\$ 3.98	\$ 4.21	\$ 4.45	5.78%

Projected Annual Data

Dividend Payout Ratio	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AGL Resources	AGL	58.00%	57.25%	56.50%	55.75%	55.00%	57.00%	59.00%	61.00%	63.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Atmos Energy	ATO	60.00%	58.25%	56.50%	54.75%	53.00%	55.40%	57.80%	60.20%	62.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Laclede Group	LG	64.00%	62.25%	60.50%	58.75%	57.00%	58.60%	60.20%	61.80%	63.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
New Jersey Resources	NJR	52.00%	51.00%	50.00%	49.00%	48.00%	51.40%	54.80%	58.20%	61.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Nicor Inc.	GAS	67.00%	64.25%	61.50%	58.75%	56.00%	57.80%	59.60%	61.40%	63.20%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Northwest Nat. Gas	NWN	60.00%	60.50%	61.00%	61.50%	62.00%	62.60%	63.20%	63.80%	64.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Piedmont Natural Gas	PNY	67.00%	66.50%	66.00%	65.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
South Jersey Industries	SJI	52.00%	51.25%	50.50%	49.75%	49.00%	52.20%	55.40%	58.60%	61.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Southwest Gas	SWX	48.00%	47.00%	46.00%	45.00%	44.00%	48.20%	52.40%	56.60%	60.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

Projected Annual Data

Dividends per Share & Terminal Market Value	[45]	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Price	Terminal P/E Ratio
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
AGL Resources	AGL	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 87.18	14.55	
Atmos Energy	ATO	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 66.51	15.55	
Laclede Group	LG	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 75.53	13.69	
New Jersey Resources	NJR	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 3.73	\$ 89.35	15.56	
Nicor Inc.	GAS	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81	\$ 95.31	16.27	
Northwest Nat. Gas	NWN	\$ 1.75	\$ 1.86	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 4.04	\$ 106.37	17.12	
Piedmont Natural Gas	PNY	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 60.64	16.92	
South Jersey Industries	SJI	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69	\$ 104.09	14.43	
Southwest Gas	SWX	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 2.89	\$ 74.13	16.67	
																			15.63

Projected Annual Data

Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]		
Company	Ticker	Initial Outflow	4/30/10	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15	10/31/16	10/31/17	10/31/18	10/31/19	10/31/20	10/31/21	10/31/22	10/31/23	10/31/24	
AGL Resources	AGL	#NAME?	\$0.00	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 91.07
Atmos Energy	ATO	#NAME?	\$0.00	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 69.29
Laclede Group	LG	#NAME?	\$0.00	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 79.14
New Jersey Resources	NJR	#NAME?	\$0.00	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 93.08
Nicor Inc.	GAS	#NAME?	\$0.00	\$ 2.06	\$ 2.04	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 99.12
Northwest Nat. Gas	NWN	#NAME?	\$0.00	\$ 1.75	\$ 1.86	\$ 1.97	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 110.41
Piedmont Natural Gas	PNY	#NAME?	\$0.00	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 62.97
South Jersey Industries	SJI	#NAME?	\$0.00	\$ 1.36	\$ 1.46	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 108.78
Southwest Gas	SWX	#NAME?	\$0.00	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 77.02

MULTI-STAGE DCF MODEL - 90-DAY AVERAGE PRICE
 TERMINAL VALUE - LONG-TERM PROJECTED PRICE-TO-EARNINGS RATIO

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	
Company	Ticker	Stock Price	EPS Growth	GDP Growth	2010	2014	2024	Solver Cells Delta	k(e)	Solution	Near Term Growth	Intermediate Growth	Long Term Growth
AGL Resources	AGL	\$ 37.10	4.19%	5.78%	58.00%	55.00%	65.00%	#NAME?	11.06%	11.06%	4.19%	4.98%	5.78%
Atmos Energy	ATO	\$ 28.64	4.83%	5.78%	60.00%	53.00%	65.00%	#NAME?	9.43%	9.43%	4.83%	5.30%	5.78%
Laclede Group	LG	\$ 33.50	3.00%	5.78%	64.00%	57.00%	65.00%	#NAME?	11.99%	11.99%	3.00%	4.39%	5.78%
New Jersey Resources	NJR	\$ 37.13	6.20%	5.78%	52.00%	48.00%	65.00%	#NAME?	9.80%	9.80%	6.20%	5.99%	5.78%
Nicor Inc.	GAS	\$ 42.02	3.50%	5.78%	67.00%	56.00%	65.00%	#NAME?	10.17%	10.17%	3.50%	4.64%	5.78%
Northwest Nat. Gas	NWN	\$ 45.57	5.29%	5.78%	60.00%	62.00%	65.00%	#NAME?	10.16%	10.16%	5.29%	5.53%	5.78%
Piedmont Natural Gas	PNY	\$ 26.65	4.67%	5.78%	67.00%	65.00%	65.00%	#NAME?	10.56%	10.56%	4.67%	5.22%	5.78%
South Jersey Industries	SJI	\$ 40.42	9.59%	5.78%	52.00%	49.00%	65.00%	#NAME?	10.98%	10.98%	9.59%	7.68%	5.78%
Southwest Gas	SWX	\$ 29.43	5.60%	5.78%	48.00%	44.00%	65.00%	#NAME?	9.84%	9.84%	5.60%	5.69%	5.78%
MEAN:		\$ 35.61	5.21%	5.78%	58.67%	54.33%	65.00%			10.44%	5.21%	5.49%	5.78%

Projected Annual Data

Earnings per Share	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	Terminal Growth
Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
AGL Resources	AGL	\$ 2.89	\$ 3.01	\$ 3.14	\$ 3.27	\$ 3.41	\$ 3.55	\$ 3.71	\$ 3.88	\$ 4.07	\$ 4.29	\$ 4.52	\$ 4.79	\$ 5.06	\$ 5.36	\$ 5.66	\$ 5.99	5.78%
Atmos Energy	ATO	\$ 1.97	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.38	\$ 2.49	\$ 2.62	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.42	\$ 3.61	\$ 3.82	\$ 4.04	\$ 4.28	5.78%
Laclede Group	LG	\$ 2.92	\$ 3.01	\$ 3.10	\$ 3.19	\$ 3.29	\$ 3.39	\$ 3.50	\$ 3.64	\$ 3.80	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.97	\$ 5.25	\$ 5.56	5.78%
New Jersey Resources	NJR	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.05	\$ 3.24	\$ 3.44	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.59	\$ 4.85	\$ 5.13	\$ 5.43	\$ 5.74	5.78%
Nicor Inc.	GAS	\$ 2.97	\$ 3.07	\$ 3.18	\$ 3.29	\$ 3.41	\$ 3.53	\$ 3.66	\$ 3.82	\$ 4.00	\$ 4.20	\$ 4.42	\$ 4.68	\$ 4.95	\$ 5.24	\$ 5.54	\$ 5.86	5.78%
Northwest Nat. Gas	NWN	\$ 2.77	\$ 2.92	\$ 3.07	\$ 3.23	\$ 3.40	\$ 3.58	\$ 3.78	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.96	\$ 5.25	\$ 5.55	\$ 5.87	\$ 6.21	5.78%
Piedmont Natural Gas	PNY	\$ 1.67	\$ 1.75	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.31	\$ 2.43	\$ 2.56	\$ 2.71	\$ 2.86	\$ 3.03	\$ 3.20	\$ 3.39	\$ 3.58	5.78%
South Jersey Industries	SJI	\$ 2.38	\$ 2.61	\$ 2.86	\$ 3.13	\$ 3.43	\$ 3.76	\$ 4.10	\$ 4.44	\$ 4.78	\$ 5.12	\$ 5.45	\$ 5.76	\$ 6.09	\$ 6.45	\$ 6.82	\$ 7.21	5.78%
Southwest Gas	SWX	\$ 1.94	\$ 2.05	\$ 2.16	\$ 2.28	\$ 2.41	\$ 2.55	\$ 2.69	\$ 2.84	\$ 3.00	\$ 3.18	\$ 3.36	\$ 3.55	\$ 3.76	\$ 3.98	\$ 4.21	\$ 4.45	5.78%

Projected Annual Data

Dividend Payout Ratio	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AGL Resources	AGL	58.00%	57.25%	56.50%	55.75%	55.00%	57.00%	59.00%	61.00%	63.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Atmos Energy	ATO	60.00%	58.25%	56.50%	54.75%	53.00%	55.40%	57.80%	60.20%	62.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Laclede Group	LG	64.00%	62.25%	60.50%	58.75%	57.00%	58.60%	60.20%	61.80%	63.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
New Jersey Resources	NJR	52.00%	51.00%	50.00%	49.00%	48.00%	51.40%	54.80%	58.20%	61.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Nicor Inc.	GAS	67.00%	64.25%	61.50%	58.75%	56.00%	57.80%	59.60%	61.40%	63.20%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Northwest Nat. Gas	NWN	60.00%	60.50%	61.00%	61.50%	62.00%	62.60%	63.20%	63.80%	64.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Piedmont Natural Gas	PNY	67.00%	66.50%	66.00%	65.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
South Jersey Industries	SJI	52.00%	51.25%	50.50%	49.75%	49.00%	52.20%	55.40%	58.60%	61.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Southwest Gas	SWX	48.00%	47.00%	46.00%	45.00%	44.00%	48.20%	52.40%	56.60%	60.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

Projected Annual Data

Dividends per Share & Terminal Market Value	[45]	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Terminal Price	Terminal P/E Ratio
AGL Resources	AGL	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 89.88	15.00
Atmos Energy	ATO	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 55.60	13.00
Laclede Group	LG	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 88.89	16.00
New Jersey Resources	NJR	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 3.73	\$ 90.39	14.00
Nicor Inc.	GAS	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81	\$ 93.74	16.00
Northwest Nat. Gas	NWN	\$ 1.75	\$ 1.86	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 4.04	\$ 105.62	17.00
Piedmont Natural Gas	PNY	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 64.49	18.00
South Jersey Industries	SJI	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69	\$ 100.96	14.00
Southwest Gas	SWX	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 2.89	\$ 66.72	15.00
																	15.33	

Projected Annual Data

Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	
Company	Ticker	Initial	4/30/10	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15	10/31/16	10/31/17	10/31/18	10/31/19	10/31/20	10/31/21	10/31/22	10/31/23	10/31/24
AGL Resources	AGL	#NAME?	\$0.00	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89
Atmos Energy	ATO	#NAME?	\$0.00	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78
Laclede Group	LG	#NAME?	\$0.00	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61
New Jersey Resources	NJR	#NAME?	\$0.00	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53
Nicor Inc.	GAS	#NAME?	\$0.00	\$ 2.06	\$ 2.04	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60
Northwest Nat. Gas	NWN	#NAME?	\$0.00	\$ 1.75	\$ 1.86	\$ 1.97	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82
Piedmont Natural Gas	PNY	#NAME?	\$0.00	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33
South Jersey Industries	SJI	#NAME?	\$0.00	\$ 1.36	\$ 1.46	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43
Southwest Gas	SWX	#NAME?	\$0.00	\$ 0.98	\$ 1.02	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73

MULTI-STAGE DCF MODEL - 90-DAY AVERAGE PRICE
 TERMINAL VALUE - GORDON MODEL

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Company	Ticker	Stock Price	EPS Growth	GDP Growth	2010	2014	2024	Solver Cells Delta k(e)	Solution	Near Term Growth	intermediat Growth	Long Term Growth
AGL Resources	AGL	\$ 37.10	4.19%	5.78%	58.00%	55.00%	65.00%	#NAME?	10.69%	10.69%	4.19%	4.98%
Atmos Energy	ATO	\$ 28.64	4.83%	5.78%	60.00%	53.00%	65.00%	#NAME?	10.28%	10.28%	4.83%	5.30%
Laclede Group	LG	\$ 33.50	3.00%	5.78%	64.00%	57.00%	65.00%	#NAME?	10.98%	10.98%	3.00%	4.39%
New Jersey Resources	NJR	\$ 37.13	6.20%	5.78%	52.00%	48.00%	65.00%	#NAME?	10.28%	10.28%	6.20%	5.99%
Nicor Inc.	GAS	\$ 42.02	3.50%	5.78%	67.00%	56.00%	65.00%	#NAME?	10.12%	10.12%	3.50%	4.64%
Northwest Nat. Gas	NWN	\$ 45.57	5.29%	5.78%	60.00%	62.00%	65.00%	#NAME?	9.96%	9.96%	5.29%	5.53%
Piedmont Natural Gas	PNY	\$ 26.65	4.67%	5.78%	67.00%	65.00%	65.00%	#NAME?	10.00%	10.00%	4.67%	5.22%
South Jersey Industries	SJI	\$ 40.42	9.59%	5.78%	52.00%	49.00%	65.00%	#NAME?	10.83%	10.83%	9.59%	7.68%
Southwest Gas	SWX	\$ 29.43	5.60%	5.78%	48.00%	44.00%	65.00%	#NAME?	10.13%	10.13%	5.60%	5.69%
MEAN:		\$ 35.61	5.21%	5.78%	58.67%	54.33%	65.00%		10.36%		5.21%	5.49%

Projected Annual Data

Earnings per Share	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	Terminal Growth
Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
AGL Resources	AGL	\$ 2.89	\$ 3.01	\$ 3.14	\$ 3.27	\$ 3.41	\$ 3.55	\$ 3.71	\$ 3.88	\$ 4.07	\$ 4.29	\$ 4.52	\$ 4.79	\$ 5.06	\$ 5.36	\$ 5.66	\$ 5.99	5.78%
Atmos Energy	ATO	\$ 1.97	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.38	\$ 2.49	\$ 2.62	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.42	\$ 3.61	\$ 3.82	\$ 4.04	\$ 4.28	5.78%
Laclede Group	LG	\$ 2.92	\$ 3.01	\$ 3.10	\$ 3.19	\$ 3.29	\$ 3.39	\$ 3.50	\$ 3.64	\$ 3.80	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.97	\$ 5.25	\$ 5.56	5.78%
New Jersey Resources	NJR	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.05	\$ 3.24	\$ 3.44	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.59	\$ 4.85	\$ 5.13	\$ 5.43	\$ 5.74	5.78%
Nicor Inc.	GAS	\$ 2.97	\$ 3.07	\$ 3.18	\$ 3.29	\$ 3.41	\$ 3.53	\$ 3.66	\$ 3.82	\$ 4.00	\$ 4.20	\$ 4.42	\$ 4.68	\$ 4.95	\$ 5.24	\$ 5.54	\$ 5.86	5.78%
Northwest Nat. Gas	NWN	\$ 2.77	\$ 2.92	\$ 3.07	\$ 3.23	\$ 3.40	\$ 3.58	\$ 3.78	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.96	\$ 5.25	\$ 5.55	\$ 5.87	\$ 6.21	5.78%
Piedmont Natural Gas	PNY	\$ 1.67	\$ 1.75	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.31	\$ 2.43	\$ 2.56	\$ 2.71	\$ 2.86	\$ 3.03	\$ 3.20	\$ 3.39	\$ 3.58	5.78%
South Jersey Industries	SJI	\$ 2.38	\$ 2.61	\$ 2.86	\$ 3.13	\$ 3.43	\$ 3.76	\$ 4.10	\$ 4.44	\$ 4.78	\$ 5.12	\$ 5.45	\$ 5.76	\$ 6.09	\$ 6.45	\$ 6.82	\$ 7.21	5.78%
Southwest Gas	SWX	\$ 1.94	\$ 2.05	\$ 2.16	\$ 2.28	\$ 2.41	\$ 2.55	\$ 2.69	\$ 2.84	\$ 3.00	\$ 3.18	\$ 3.36	\$ 3.55	\$ 3.76	\$ 3.98	\$ 4.21	\$ 4.45	5.78%

Projected Annual Data

Dividend Payout Ratio	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AGL Resources	AGL	58.00%	57.25%	56.50%	55.75%	55.00%	57.00%	59.00%	61.00%	63.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Atmos Energy	ATO	60.00%	58.25%	56.50%	54.75%	53.00%	55.40%	57.80%	60.20%	62.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Laclede Group	LG	64.00%	62.25%	60.50%	58.75%	57.00%	58.60%	60.20%	61.80%	63.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
New Jersey Resources	NJR	52.00%	51.00%	50.00%	49.00%	48.00%	51.40%	54.80%	58.20%	61.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Nicor Inc.	GAS	67.00%	64.25%	61.50%	58.75%	56.00%	57.80%	59.60%	61.40%	63.20%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Northwest Nat. Gas	NWN	60.00%	60.50%	61.00%	61.50%	62.00%	62.60%	63.20%	63.80%	64.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Piedmont Natural Gas	PNY	67.00%	66.50%	66.00%	65.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
South Jersey Industries	SJI	52.00%	51.25%	50.50%	49.75%	49.00%	52.20%	55.40%	58.60%	61.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Southwest Gas	SWX	48.00%	47.00%	46.00%	45.00%	44.00%	48.20%	52.40%	56.60%	60.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

Projected Annual Data

Dividends per Share & Terminal Market Value	[45]	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	Terminal Price	Terminal P/E Ratio
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024			
AGL Resources	AGL	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 83.88	14.00	
Atmos Energy	ATO	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 65.23	15.25	
Laclede Group	LG	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 73.45	13.22	
New Jersey Resources	NJR	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 3.73	\$ 87.71	15.27	
Nicor Inc.	GAS	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81	\$ 92.82	15.84	
Northwest Nat. Gas	NWN	\$ 1.75	\$ 1.86	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 4.04	\$ 102.00	16.42	
Piedmont Natural Gas	PNY	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 58.31	16.27	
South Jersey Industries	SJI	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69	\$ 98.19	13.62	
Southwest Gas	SWX	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 2.89	\$ 70.25	15.79	
																		15.08	

Projected Annual Data

Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	
Company	Ticker	Initial Outflow	4/30/10	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15	10/31/16	10/31/17	10/31/18	10/31/19	10/31/20	10/31/21	10/31/22	10/31/23	10/31/24
AGL Resources	AGL	#NAME?	\$0.00	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89
Atmos Energy	ATO	#NAME?	\$0.00	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78
Laclede Group	LG	#NAME?	\$0.00	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61
New Jersey Resources	NJR	#NAME?	\$0.00	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53
Nicor Inc.	GAS	#NAME?	\$0.00	\$ 2.06	\$ 2.04	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60
Northwest Nat. Gas	NWN	#NAME?	\$0.00	\$ 1.75	\$ 1.86	\$ 1.97	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82
Piedmont Natural Gas	PNY	#NAME?	\$0.00	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33
South Jersey Industries	SJI	#NAME?	\$0.00	\$ 1.36	\$ 1.46	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43
Southwest Gas	SWX	#NAME?	\$0.00	\$ 0.98	\$ 1.02	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73

MULTI-STAGE DCF MODEL - 180-DAY AVERAGE PRICE
 TERMINAL VALUE - LONG-TERM PROJECTED PRICE-TO-EARNINGS RATIO

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Company	Stock Price	EPS Growth	GDP Growth	2010	Payout Ratio 2014	2024	Solver Cells Delta	k(e)	Solution	Near Term Growth	intermediat Growth	Long Term Growth
AGL Resources	\$ 36.16	4.19%	5.78%	58.00%	55.00%	65.00%	#NAME?	11.33%	11.33%	4.19%	4.98%	5.78%
Atmos Energy	\$ 28.49	4.83%	5.78%	60.00%	53.00%	65.00%	#NAME?	9.48%	9.48%	4.83%	5.30%	5.78%
Laclede Group	\$ 33.00	3.00%	5.78%	64.00%	57.00%	65.00%	#NAME?	12.15%	12.15%	3.00%	4.39%	5.78%
New Jersey Resources	\$ 36.72	6.20%	5.78%	52.00%	48.00%	65.00%	#NAME?	9.91%	9.91%	6.20%	5.99%	5.78%
Nicor Inc.	\$ 40.05	3.50%	5.78%	67.00%	56.00%	65.00%	#NAME?	10.66%	10.66%	3.50%	4.64%	5.78%
Northwest Nat. Gas	\$ 44.24	5.29%	5.78%	60.00%	62.00%	65.00%	#NAME?	10.45%	10.45%	5.29%	5.53%	5.78%
Piedmont Natural Gas	\$ 25.36	4.67%	5.78%	67.00%	65.00%	65.00%	#NAME?	11.06%	11.06%	4.67%	5.22%	5.78%
South Jersey Industries	\$ 38.06	9.59%	5.78%	52.00%	49.00%	65.00%	#NAME?	11.57%	11.57%	9.59%	7.68%	5.78%
Southwest Gas	\$ 27.69	5.60%	5.78%	48.00%	44.00%	65.00%	#NAME?	10.43%	10.43%	5.60%	5.69%	5.78%
MEAN:	\$ 34.42	5.21%	5.78%	58.67%	54.33%	65.00%			10.78%	5.21%	5.49%	5.78%

Projected Annual Data

Earnings per Share	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	Terminal Growth
Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
AGL Resources	AGL	\$ 2.89	\$ 3.01	\$ 3.14	\$ 3.27	\$ 3.41	\$ 3.55	\$ 3.71	\$ 3.88	\$ 4.07	\$ 4.29	\$ 4.52	\$ 4.79	\$ 5.06	\$ 5.36	\$ 5.66	\$ 5.99	5.78%
Atmos Energy	ATO	\$ 1.97	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.38	\$ 2.49	\$ 2.62	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.42	\$ 3.61	\$ 3.82	\$ 4.04	\$ 4.28	5.78%
Laclede Group	LG	\$ 2.92	\$ 3.01	\$ 3.10	\$ 3.19	\$ 3.29	\$ 3.39	\$ 3.50	\$ 3.64	\$ 3.80	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.97	\$ 5.25	\$ 5.56	5.78%
New Jersey Resources	NJR	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.05	\$ 3.24	\$ 3.44	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.59	\$ 4.85	\$ 5.13	\$ 5.43	\$ 5.74	5.78%
Nicor Inc.	GAS	\$ 2.97	\$ 3.07	\$ 3.18	\$ 3.29	\$ 3.41	\$ 3.53	\$ 3.66	\$ 3.82	\$ 4.00	\$ 4.20	\$ 4.42	\$ 4.68	\$ 4.95	\$ 5.24	\$ 5.54	\$ 5.86	5.78%
Northwest Nat. Gas	NWN	\$ 2.77	\$ 2.92	\$ 3.07	\$ 3.23	\$ 3.40	\$ 3.58	\$ 3.78	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.96	\$ 5.25	\$ 5.55	\$ 5.87	\$ 6.21	5.78%
Piedmont Natural Gas	PNY	\$ 1.67	\$ 1.75	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.31	\$ 2.43	\$ 2.56	\$ 2.71	\$ 2.86	\$ 3.03	\$ 3.20	\$ 3.39	\$ 3.58	5.78%
South Jersey Industries	SJI	\$ 2.38	\$ 2.61	\$ 2.86	\$ 3.13	\$ 3.43	\$ 3.76	\$ 4.10	\$ 4.44	\$ 4.78	\$ 5.12	\$ 5.45	\$ 5.76	\$ 6.09	\$ 6.45	\$ 6.82	\$ 7.21	5.78%
Southwest Gas	SWX	\$ 1.94	\$ 2.05	\$ 2.16	\$ 2.28	\$ 2.41	\$ 2.55	\$ 2.69	\$ 2.84	\$ 3.00	\$ 3.18	\$ 3.36	\$ 3.55	\$ 3.76	\$ 3.98	\$ 4.21	\$ 4.45	5.78%

Projected Annual Data

Dividend Payout Ratio	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AGL Resources	AGL	58.00%	57.25%	56.50%	55.75%	55.00%	57.00%	59.00%	61.00%	63.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Atmos Energy	ATO	60.00%	58.25%	56.50%	54.75%	53.00%	55.40%	57.80%	60.20%	62.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Laclede Group	LG	64.00%	62.25%	60.50%	58.75%	57.00%	58.60%	60.20%	61.80%	63.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
New Jersey Resources	NJR	52.00%	51.00%	50.00%	49.00%	48.00%	51.40%	54.80%	58.20%	61.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Nicor Inc.	GAS	67.00%	64.25%	61.50%	58.75%	56.00%	57.80%	59.60%	61.40%	63.20%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Northwest Nat. Gas	NWN	60.00%	60.50%	61.00%	61.50%	62.00%	62.60%	63.20%	63.80%	64.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Piedmont Natural Gas	PNY	67.00%	66.50%	66.00%	65.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
South Jersey Industries	SJI	52.00%	51.25%	50.50%	49.75%	49.00%	52.20%	55.40%	58.60%	61.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Southwest Gas	SWX	48.00%	47.00%	46.00%	45.00%	44.00%	48.20%	52.40%	56.60%	60.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

Projected Annual Data

Dividends per Share & Terminal Market Value	[45]	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Terminal Price	Terminal P/E Ratio
AGL Resources	AGL	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 89.88	15.00
Atmos Energy	ATO	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 55.60	13.00
Laclede Group	LG	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 88.89	16.00
New Jersey Resources	NJR	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 3.73	\$ 90.39	14.00
Nicor Inc.	GAS	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81	\$ 93.74	16.00
Northwest Nat. Gas	NWN	\$ 1.75	\$ 1.86	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 4.04	\$ 105.62	17.00
Piedmont Natural Gas	PNY	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 64.49	18.00
South Jersey Industries	SJI	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69	\$ 100.96	14.00
Southwest Gas	SWX	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 2.89	\$ 66.72	15.00

Projected Annual Data

Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	
Company	Ticker	Initial Outflow	4/30/10	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15	10/31/16	10/31/17	10/31/18	10/31/19	10/31/20	10/31/21	10/31/22	10/31/23	10/31/24
AGL Resources	AGL	#NAME?	\$0.00	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89
Atmos Energy	ATO	#NAME?	\$0.00	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78
Laclede Group	LG	#NAME?	\$0.00	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61
New Jersey Resources	NJR	#NAME?	\$0.00	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53
Nicor Inc.	GAS	#NAME?	\$0.00	\$ 2.06	\$ 2.04	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60
Northwest Nat. Gas	NWN	#NAME?	\$0.00	\$ 1.75	\$ 1.86	\$ 1.97	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82
Piedmont Natural Gas	PNY	#NAME?	\$0.00	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33
South Jersey Industries	SJI	#NAME?	\$0.00	\$ 1.36	\$ 1.46	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43
Southwest Gas	SWX	#NAME?	\$0.00	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73

MULTI-STAGE DCF MODEL - 180-DAY AVERAGE PRICE
 TERMINAL VALUE - GORDON MODEL

Inputs	[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]
Company	Stock Price	EPS Growth	GDP Growth	2010	Payout Ratio 2014	2024	Solver Cells Delta	k(e)	Solution	Near Term Growth	intermediat Growth	Long Term Growth
AGL Resources	\$ 36.16	4.19%	5.78%	58.00%	55.00%	65.00%	#NAME?	10.82%	10.82%	4.19%	4.98%	5.78%
Atmos Energy	\$ 28.49	4.83%	5.78%	60.00%	53.00%	65.00%	#NAME?	10.31%	10.31%	4.83%	5.30%	5.78%
Laclede Group	\$ 33.00	3.00%	5.78%	64.00%	57.00%	65.00%	#NAME?	11.06%	11.06%	3.00%	4.39%	5.78%
New Jersey Resources	\$ 36.72	6.20%	5.78%	52.00%	48.00%	65.00%	#NAME?	10.33%	10.33%	6.20%	5.99%	5.78%
Nicor Inc.	\$ 40.05	3.50%	5.78%	67.00%	56.00%	65.00%	#NAME?	10.34%	10.34%	3.50%	4.64%	5.78%
Northwest Nat. Gas	\$ 44.24	5.29%	5.78%	60.00%	62.00%	65.00%	#NAME?	10.09%	10.09%	5.29%	5.53%	5.78%
Piedmont Natural Gas	\$ 25.36	4.67%	5.78%	67.00%	65.00%	65.00%	#NAME?	10.22%	10.22%	4.67%	5.22%	5.78%
South Jersey Industries	\$ 38.06	9.59%	5.78%	52.00%	49.00%	65.00%	#NAME?	11.12%	11.12%	9.59%	7.68%	5.78%
Southwest Gas	\$ 27.69	5.60%	5.78%	48.00%	44.00%	65.00%	#NAME?	10.39%	10.39%	5.60%	5.69%	5.78%
MEAN:	\$ 34.42	5.21%	5.78%	58.67%	54.33%	65.00%			10.52%	5.21%	5.49%	5.78%

Projected Annual Data

Earnings per Share	[13]	[14]	[15]	[16]	[17]	[18]	[19]	[20]	[21]	[22]	[23]	[24]	[25]	[26]	[27]	[28]	[29]	Terminal Growth
Company	Ticker	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
AGL Resources	AGL	\$ 2.89	\$ 3.01	\$ 3.14	\$ 3.27	\$ 3.41	\$ 3.55	\$ 3.71	\$ 3.88	\$ 4.07	\$ 4.29	\$ 4.52	\$ 4.79	\$ 5.06	\$ 5.36	\$ 5.66	\$ 5.99	5.78%
Atmos Energy	ATO	\$ 1.97	\$ 2.07	\$ 2.17	\$ 2.27	\$ 2.38	\$ 2.49	\$ 2.62	\$ 2.75	\$ 2.90	\$ 3.06	\$ 3.23	\$ 3.42	\$ 3.61	\$ 3.82	\$ 4.04	\$ 4.28	5.78%
Laclede Group	LG	\$ 2.92	\$ 3.01	\$ 3.10	\$ 3.19	\$ 3.29	\$ 3.39	\$ 3.50	\$ 3.64	\$ 3.80	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.97	\$ 5.25	\$ 5.56	5.78%
New Jersey Resources	NJR	\$ 2.40	\$ 2.55	\$ 2.71	\$ 2.87	\$ 3.05	\$ 3.24	\$ 3.44	\$ 3.65	\$ 3.87	\$ 4.10	\$ 4.34	\$ 4.59	\$ 4.85	\$ 5.13	\$ 5.43	\$ 5.74	5.78%
Nicor Inc.	GAS	\$ 2.97	\$ 3.07	\$ 3.18	\$ 3.29	\$ 3.41	\$ 3.53	\$ 3.66	\$ 3.82	\$ 4.00	\$ 4.20	\$ 4.42	\$ 4.68	\$ 4.95	\$ 5.24	\$ 5.54	\$ 5.86	5.78%
Northwest Nat. Gas	NWN	\$ 2.77	\$ 2.92	\$ 3.07	\$ 3.23	\$ 3.40	\$ 3.58	\$ 3.78	\$ 3.98	\$ 4.20	\$ 4.44	\$ 4.69	\$ 4.96	\$ 5.25	\$ 5.55	\$ 5.87	\$ 6.21	5.78%
Piedmont Natural Gas	PNY	\$ 1.67	\$ 1.75	\$ 1.83	\$ 1.91	\$ 2.00	\$ 2.10	\$ 2.20	\$ 2.31	\$ 2.43	\$ 2.56	\$ 2.71	\$ 2.86	\$ 3.03	\$ 3.20	\$ 3.39	\$ 3.58	5.78%
South Jersey Industries	SJI	\$ 2.38	\$ 2.61	\$ 2.86	\$ 3.13	\$ 3.43	\$ 3.76	\$ 4.10	\$ 4.44	\$ 4.78	\$ 5.12	\$ 5.45	\$ 5.76	\$ 6.09	\$ 6.45	\$ 6.82	\$ 7.21	5.78%
Southwest Gas	SWX	\$ 1.94	\$ 2.05	\$ 2.16	\$ 2.28	\$ 2.41	\$ 2.55	\$ 2.69	\$ 2.84	\$ 3.00	\$ 3.18	\$ 3.36	\$ 3.55	\$ 3.76	\$ 3.98	\$ 4.21	\$ 4.45	5.78%

Projected Annual Data

Dividend Payout Ratio	[30]	[31]	[32]	[33]	[34]	[35]	[36]	[37]	[38]	[39]	[40]	[41]	[42]	[43]	[44]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
AGL Resources	AGL	58.00%	57.25%	56.50%	55.75%	55.00%	57.00%	59.00%	61.00%	63.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Atmos Energy	ATO	60.00%	58.25%	56.50%	54.75%	53.00%	55.40%	57.80%	60.20%	62.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Laclede Group	LG	64.00%	62.25%	60.50%	58.75%	57.00%	58.60%	60.20%	61.80%	63.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
New Jersey Resources	NJR	52.00%	51.00%	50.00%	49.00%	48.00%	51.40%	54.80%	58.20%	61.60%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Nicor Inc.	GAS	67.00%	64.25%	61.50%	58.75%	56.00%	57.80%	59.60%	61.40%	63.20%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Northwest Nat. Gas	NWN	60.00%	60.50%	61.00%	61.50%	62.00%	62.60%	63.20%	63.80%	64.40%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Piedmont Natural Gas	PNY	67.00%	66.50%	66.00%	65.50%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
South Jersey Industries	SJI	52.00%	51.25%	50.50%	49.75%	49.00%	52.20%	55.40%	58.60%	61.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%
Southwest Gas	SWX	48.00%	47.00%	46.00%	45.00%	44.00%	48.20%	52.40%	56.60%	60.80%	65.00%	65.00%	65.00%	65.00%	65.00%	65.00%

Projected Annual Data

Dividends per Share & Terminal Market Value	[45]	[46]	[47]	[48]	[49]	[50]	[51]	[52]	[53]	[54]	[55]	[56]	[57]	[58]	[59]	[60]	[61]	
Company	Ticker	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Terminal Price	Terminal P/E Ratio
AGL Resources	AGL	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89	\$ 81.71	13.64
Atmos Energy	ATO	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78	\$ 64.88	15.17
Laclede Group	LG	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 72.32	13.02
New Jersey Resources	NJR	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53	\$ 3.73	\$ 86.76	15.11
Nicor Inc.	GAS	\$ 2.06	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60	\$ 3.81	\$ 88.35	15.08
Northwest Nat. Gas	NWN	\$ 1.75	\$ 1.86	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82	\$ 4.04	\$ 99.00	15.94
Piedmont Natural Gas	PNY	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33	\$ 55.41	15.46
South Jersey Industries	SJI	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43	\$ 4.69	\$ 92.78	12.87
Southwest Gas	SWX	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73	\$ 2.89	\$ 66.29	14.90
																		14.58

Projected Annual Data

Investor Cash Flows	[62]	[63]	[64]	[65]	[66]	[67]	[68]	[69]	[70]	[71]	[72]	[73]	[74]	[75]	[76]	[77]	[78]	
Company	Ticker	Initial Outflow	4/30/10	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15	10/31/16	10/31/17	10/31/18	10/31/19	10/31/20	10/31/21	10/31/22	10/31/23	10/31/24
AGL Resources	AGL	#NAME?	\$0.00	\$ 1.75	\$ 1.80	\$ 1.85	\$ 1.90	\$ 1.95	\$ 2.11	\$ 2.29	\$ 2.49	\$ 2.70	\$ 2.94	\$ 3.11	\$ 3.29	\$ 3.48	\$ 3.68	\$ 3.89
Atmos Energy	ATO	#NAME?	\$0.00	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.30	\$ 1.32	\$ 1.45	\$ 1.59	\$ 1.75	\$ 1.91	\$ 2.10	\$ 2.22	\$ 2.35	\$ 2.48	\$ 2.63	\$ 2.78
Laclede Group	LG	#NAME?	\$0.00	\$ 1.92	\$ 1.93	\$ 1.93	\$ 1.93	\$ 1.93	\$ 2.05	\$ 2.19	\$ 2.35	\$ 2.53	\$ 2.73	\$ 2.88	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61
New Jersey Resources	NJR	#NAME?	\$0.00	\$ 1.33	\$ 1.38	\$ 1.44	\$ 1.44	\$ 1.50	\$ 1.56	\$ 1.77	\$ 2.00	\$ 2.25	\$ 2.52	\$ 2.82	\$ 2.98	\$ 3.15	\$ 3.34	\$ 3.53
Nicor Inc.	GAS	#NAME?	\$0.00	\$ 2.06	\$ 2.04	\$ 2.04	\$ 2.03	\$ 2.00	\$ 1.98	\$ 2.12	\$ 2.28	\$ 2.45	\$ 2.65	\$ 2.88	\$ 3.04	\$ 3.22	\$ 3.40	\$ 3.60
Northwest Nat. Gas	NWN	#NAME?	\$0.00	\$ 1.75	\$ 1.86	\$ 1.97	\$ 1.97	\$ 2.09	\$ 2.22	\$ 2.36	\$ 2.52	\$ 2.68	\$ 2.86	\$ 3.05	\$ 3.23	\$ 3.41	\$ 3.61	\$ 3.82
Piedmont Natural Gas	PNY	#NAME?	\$0.00	\$ 1.17	\$ 1.22	\$ 1.26	\$ 1.31	\$ 1.36	\$ 1.43	\$ 1.50	\$ 1.58	\$ 1.67	\$ 1.76	\$ 1.86	\$ 1.97	\$ 2.08	\$ 2.20	\$ 2.33
South Jersey Industries	SJI	#NAME?	\$0.00	\$ 1.36	\$ 1.46	\$ 1.58	\$ 1.58	\$ 1.71	\$ 1.84	\$ 2.14	\$ 2.46	\$ 2.80	\$ 3.16	\$ 3.54	\$ 3.74	\$ 3.96	\$ 4.19	\$ 4.43
Southwest Gas	SWX	#NAME?	\$0.00	\$ 0.98	\$ 1.02	\$ 1.05	\$ 1.05	\$ 1.09	\$ 1.12	\$ 1.30	\$ 1.49	\$ 1.70	\$ 1.93	\$ 2.18	\$ 2.31	\$ 2.44	\$ 2.58	\$ 2.73

Notes to the Multi-Stage DCF Model Exhibit

- [1] Source: Exhibit RBH-1
 [2] Source: First Call, Value Line & Zacks; equals average earnings growth estimate
 [3] Sources: Bureau of Economic Analysis, EIA Annual Energy Outlook, Ibbotson
 [4] Source: Value Line
 [5] Source: Value Line
 [6] Source: Value Line; natural gas utility industry composite statistics
 [7] Equals Column [1] + Column [61]
 [8] Equals result of Excel Solver function; goal - Column [10] equals \$0.00
 [9] Equals Column [8]
 [10] Equals $((\text{Column [18]} / \text{Column [14]})^{(1 / (2014 - 2010))}) - 1$
 [11] Equals $((\text{Column [23]} / \text{Column [18]})^{(1 / (2019 - 2014))}) - 1$
 [12] Equals $((\text{Column [28]} / \text{Column [23]})^{(1 / (2023 - 2018))}) - 1$
 [13] Source: Value Line
 [14] Equals Column [13] x (1 + Column [2])
 [15] Equals Column [14] x (1 + Column [2])
 [16] Equals Column [15] x (1 + Column [2])
 [17] Equals Column [16] x (1 + Column [2])
 [18] Equals Column [17] x (1 + Column [2])
 [19] Equals $(1 + (\text{Column [2]} + (((\text{Column [3]} - \text{Column [2]}) / (2019 - 2014 + 1)) \times (2015 - 2014)))) \times \text{Column [18]}$
 [20] Equals $(1 + (\text{Column [2]} + (((\text{Column [3]} - \text{Column [2]}) / (2019 - 2014 + 1)) \times (2016 - 2014)))) \times \text{Column [19]}$
 [21] Equals $(1 + (\text{Column [2]} + (((\text{Column [3]} - \text{Column [2]}) / (2019 - 2014 + 1)) \times (2017 - 2014)))) \times \text{Column [20]}$
 [22] Equals $(1 + (\text{Column [2]} + (((\text{Column [3]} - \text{Column [2]}) / (2019 - 2014 + 1)) \times (2018 - 2014)))) \times \text{Column [21]}$
 [23] Equals $(1 + (\text{Column [2]} + (((\text{Column [3]} - \text{Column [2]}) / (2019 - 2014 + 1)) \times (2019 - 2014)))) \times \text{Column [22]}$
 [24] Equals Column [23] x (1 + Column [3])
 [25] Equals Column [24] x (1 + Column [3])
 [26] Equals Column [25] x (1 + Column [3])
 [27] Equals Column [26] x (1 + Column [3])
 [28] Equals Column [27] x (1 + Column [3])
 [29] Equals $(\text{Column [28]} / \text{Column [27]}) - 1$
 [30] Equals Column [4]
 [31] Equals $\text{Column [30]} + ((\text{Column [34]} - \text{Column [30]}) / 4)$
 [32] Equals $\text{Column [31]} + ((\text{Column [34]} - \text{Column [30]}) / 4)$
 [33] Equals $\text{Column [32]} + ((\text{Column [34]} - \text{Column [30]}) / 4)$
 [34] Equals Column [5]
 [35] Equals $\text{Column [34]} + ((\text{Column [39]} - \text{Column [34]}) / 5)$
 [36] Equals $\text{Column [35]} + ((\text{Column [39]} - \text{Column [34]}) / 5)$
 [37] Equals $\text{Column [36]} + ((\text{Column [39]} - \text{Column [34]}) / 5)$
 [38] Equals $\text{Column [37]} + ((\text{Column [39]} - \text{Column [34]}) / 5)$
 [39] Equals Column [6]
 [40] Equals Column [39]
 [41] Equals Column [40]
 [42] Equals Column [41]
 [43] Equals Column [42]
 [44] Equals Column [43]
 [45] Equals Column [14] x Column [30]
 [46] Equals Column [15] x Column [31]
 [47] Equals Column [16] x Column [32]
 [48] Equals Column [17] x Column [33]
 [49] Equals Column [18] x Column [34]
 [50] Equals Column [19] x Column [35]
 [51] Equals Column [20] x Column [36]
 [52] Equals Column [21] x Column [37]
 [53] Equals Column [22] x Column [38]
 [54] Equals Column [23] x Column [39]
 [55] Equals Column [24] x Column [40]
 [56] Equals Column [25] x Column [41]
 [57] Equals Column [26] x Column [42]
 [58] Equals Column [27] x Column [43]
 [59] Equals Column [28] x Column [44]
 [60] Pages 1, 3 & 5; Equals 2013-2015 annual average P/E ratio provided by Value Line x Column [28]
 [60] Pages 2, 4 & 6; Equals $(\text{Column [59]} \times (1 + \text{Column [3]}) / (\text{Column [9]} - \text{Column [3]}))$
 [61] Equals $\text{Column [60]} / \text{Column [28]}$
 [62] Equals negative net present value; discount rate equals Column [8], cash flows equal Column [63] through Column [78]
 [63] Equals projected current cash flows (\$0.00)
 [64] Equals Column [45]
 [65] Equals Column [46]
 [66] Equals Column [47]
 [67] Equals Column [48]
 [68] Equals Column [49]
 [69] Equals Column [50]
 [70] Equals Column [51]
 [71] Equals Column [52]
 [72] Equals Column [53]
 [73] Equals Column [54]
 [74] Equals Column [55]
 [75] Equals Column [56]
 [76] Equals Column [57]
 [77] Equals Column [58]
 [78] Equals $\text{Column [59]} + \text{Column [60]}$

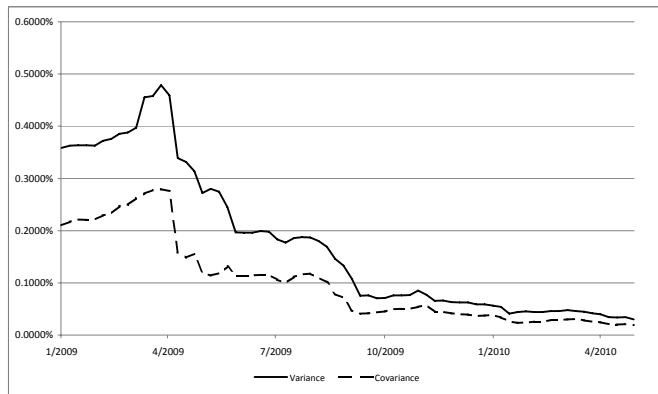
Beta Analysis

Date	AGL			ATO			LG			GAS		
	Price	Weekly Return	Covar.	Price	Weekly Return	Covar.	Price	Weekly Return	Covar.	Price	Weekly Return	Covar.
04/30/2010	39.51	0.61%	0.0135%	29.58	-1.33%	0.0186%	34.08	-3.46%	0.0209%	43.51	-2.31%	0.0224%
04/23/2010	39.27	2.91%	0.0217%	29.98	2.60%	0.0222%	35.30	2.47%	0.0223%	44.54	3.20%	0.0210%
04/16/2010	38.16	-0.24%	0.0206%	29.22	-0.38%	0.0210%	34.45	-0.14%	0.0220%	43.16	0.70%	0.0208%
04/09/2010	38.25	-1.75%	0.0213%	29.33	1.31%	0.0209%	34.50	1.32%	0.0217%	42.86	1.28%	0.0218%
04/02/2010	38.93	2.45%	0.0270%	28.95	2.26%	0.0271%	34.05	1.82%	0.0227%	42.32	-0.45%	0.0288%
03/26/2010	38.00	-0.18%	0.0268%	28.31	-2.21%	0.0281%	33.44	-3.38%	0.0236%	42.51	-2.14%	0.0332%
03/19/2010	38.07	1.30%	0.0282%	28.95	0.52%	0.0298%	34.61	2.67%	0.0269%	43.44	2.53%	0.0345%
03/12/2010	37.58	0.89%	0.0297%	28.80	0.70%	0.0313%	33.71	0.42%	0.0285%	42.37	-1.07%	0.0365%
03/05/2010	37.25	2.53%	0.0313%	28.60	4.15%	0.0332%	33.57	2.38%	0.0269%	42.83	2.83%	0.0363%
02/28/2010	36.33	-0.52%	0.0306%	27.46	-1.15%	0.0297%	32.79	-0.88%	0.0252%	41.65	2.97%	0.0360%
02/19/2010	36.52	3.46%	0.0304%	27.78	2.93%	0.0294%	33.08	5.32%	0.0250%	40.45	3.82%	0.0368%
02/12/2010	35.30	0.86%	0.0280%	26.99	-0.99%	0.0266%	31.41	-0.25%	0.0226%	38.96	-0.43%	0.0351%
02/05/2010	35.00	-0.82%	0.0275%	27.26	-1.30%	0.0267%	31.49	-2.39%	0.0214%	39.13	-3.43%	0.0351%
01/29/2010	35.29	-0.82%	0.0281%	27.62	-1.81%	0.0278%	32.26	0.40%	0.0171%	40.52	1.00%	0.0330%
01/22/2010	35.58	-2.28%	0.0270%	28.13	-1.85%	0.0264%	32.13	-2.16%	0.0171%	40.12	-3.51%	0.0332%
01/15/2010	36.41	1.22%	0.0307%	28.66	0.70%	0.0286%	32.84	-0.51%	0.0218%	41.58	0.12%	0.0344%
01/08/2010	35.97	-1.37%	0.0389%	28.46	-3.20%	0.0363%	33.01	-2.25%	0.0294%	41.53	-1.35%	0.0400%
01/01/2010	36.47	-2.69%	0.0435%	29.40	-2.10%	0.0431%	33.77	-1.57%	0.0347%	42.10	-2.30%	0.0446%
12/25/2009	37.48	2.15%	0.0417%	30.03	2.32%	0.0424%	34.31	0.76%	0.0363%	43.09	1.03%	0.0457%
12/18/2009	36.69	-0.03%	0.0411%	29.35	1.24%	0.0419%	34.05	0.53%	0.0363%	42.65	0.40%	0.0461%
12/11/2009	36.70	2.54%	0.0405%	28.99	2.68%	0.0439%	33.87	3.38%	0.0397%	42.48	5.10%	0.0485%
12/04/2009	35.79	3.44%	0.0410%	28.24	1.40%	0.0443%	32.77	4.03%	0.0405%	40.42	3.35%	0.0495%
11/27/2009	34.60	2.40%	0.0434%	27.85	-0.82%	0.0454%	31.50	0.32%	0.0444%	39.11	1.40%	0.0535%
11/20/2009	33.79	-1.77%	0.0449%	28.08	-0.60%	0.0447%	31.40	0.61%	0.0489%	38.57	-1.00%	0.0546%
11/13/2009	34.40	-2.44%	0.0443%	28.25	-1.91%	0.0444%	31.21	-0.29%	0.0499%	38.96	1.62%	0.0545%
11/06/2009	35.26	0.86%	0.0590%	28.80	3.41%	0.0601%	31.30	1.92%	0.0633%	38.34	3.40%	0.0670%
10/30/2009	34.96	-4.17%	0.0525%	27.85	-2.89%	0.0564%	30.71	-3.00%	0.0492%	37.08	-0.48%	0.0692%
10/23/2009	36.48	-1.03%	0.0453%	28.68	-0.76%	0.0518%	31.66	-1.83%	0.0452%	37.26	-2.79%	0.0679%
10/16/2009	36.86	2.11%	0.0419%	28.90	0.00%	0.0516%	32.25	-0.06%	0.0465%	38.33	2.71%	0.0681%
10/09/2009	36.10	3.62%	0.0418%	28.90	4.41%	0.0520%	32.27	1.16%	0.0456%	37.32	5.30%	0.0674%
10/02/2009	34.84	0.23%	0.0371%	27.68	-1.49%	0.0466%	31.90	-1.09%	0.0421%	35.44	-4.01%	0.0597%
09/25/2009	34.76	-1.00%	0.0369%	28.10	-1.44%	0.0418%	32.25	-2.89%	0.0445%	36.92	-0.51%	0.0554%
09/18/2009	35.11	2.39%	0.0306%	28.51	2.11%	0.0417%	33.21	2.75%	0.0428%	37.11	3.57%	0.0557%
09/11/2009	34.29	2.48%	0.0306%	27.92	2.53%	0.0419%	32.32	-1.73%	0.0417%	35.83	0.00%	0.0556%
09/04/2009	33.46	-2.22%	0.0390%	27.23	-1.09%	0.0515%	32.89	-1.11%	0.0399%	35.83	-2.74%	0.0682%
08/28/2009	34.22	-2.06%	0.0749%	27.53	-1.33%	0.0692%	33.26	-4.37%	0.0569%	36.84	-2.33%	0.1000%
08/21/2009	34.94	1.72%	0.0816%	27.90	0.54%	0.0845%	34.78	4.66%	0.0683%	37.72	3.20%	0.0876%
08/14/2009	34.35	0.82%	0.1117%	27.75	0.14%	0.1089%	33.23	3.49%	0.0833%	36.55	0.69%	0.1289%
08/07/2009	34.07	1.34%	0.1257%	27.71	2.03%	0.1159%	32.11	-4.35%	0.0863%	36.30	-0.38%	0.1413%
07/31/2009	33.62	-1.49%	0.1394%	27.16	0.63%	0.1239%	33.57	-3.00%	0.0923%	36.44	-1.01%	0.1508%
07/24/2009	34.13	6.42%	0.1395%	26.99	4.65%	0.1227%	34.61	5.94%	0.0868%	36.81	6.57%	0.1496%
07/17/2009	32.07	3.89%	0.1337%	25.79	4.62%	0.1196%	32.67	3.58%	0.0822%	34.54	3.41%	0.1426%
07/10/2009	30.87	-2.34%	0.1243%	24.65	-1.40%	0.1051%	31.54	-3.10%	0.0697%	33.40	-1.97%	0.1342%
07/03/2009	31.61	0.19%	0.1242%	25.00	-0.40%	0.1057%	32.55	-2.13%	0.0752%	34.07	-1.76%	0.1403%
06/26/2009	31.55	-0.13%	0.1409%	25.10	-0.20%	0.1108%	33.26	-0.66%	0.0891%	34.68	-0.32%	0.1453%
06/19/2009	31.59	0.89%	0.1410%	25.15	-0.75%	0.1096%	33.48	-2.48%	0.0868%	34.79	-1.22%	0.1476%
06/12/2009	31.31	2.42%	0.1413%	25.34	2.97%	0.1079%	34.33	2.39%	0.0836%	35.22	3.41%	0.1461%
06/05/2009	30.57	5.71%	0.1412%	24.61	2.54%	0.1076%	33.53	7.88%	0.0832%	34.06	8.30%	0.1456%
05/29/2009	28.92	1.62%	0.1427%	24.00	0.38%	0.1091%	31.08	4.30%	0.0795%	31.45	1.78%	0.1483%
05/22/2009	28.46	-1.93%	0.1688%	23.91	-0.91%	0.1255%	29.80	-5.00%	0.0799%	30.90	-3.47%	0.1761%
05/15/2009	29.02	-5.23%	0.1733%	24.13	-5.93%	0.1006%	31.37	-6.13%	0.0542%	32.01	-5.27%	0.1815%
05/08/2009	30.62	-2.52%	0.1667%	25.65	0.04%	0.1022%	33.42	-6.20%	0.0402%	33.79	3.02%	0.1888%
05/01/2009	31.41	9.98%	0.1800%	25.64	10.00%	0.1076%	35.63	3.76%	0.0567%	32.80	4.46%	0.1905%
04/24/2009	28.56	5.31%	0.2176%	23.31	-0.77%	0.1409%	34.34	-4.88%	0.0984%	31.40	-4.09%	0.2149%
04/17/2009	27.12	1.57%	0.2170%	23.49	1.78%	0.1351%	36.10	-3.53%	0.0776%	32.74	-0.24%	0.2046%
04/10/2009	26.70	-2.38%	0.2226%	23.08	-0.39%	0.1368%	37.42	-4.10%	0.1021%	32.82	-2.03%	0.2234%
04/03/2009	27.35	1.71%	0.3339%	23.17	-1.91%	0.2968%	39.02	2.58%	0.2341%	33.50	0.69%	0.3308%
03/27/2009	26.89	-0.85%	0.3390%	23.62	2.21%	0.2961%	38.04	0.24%	0.2248%	33.27	1.31%	0.3392%
03/20/2009	27.12	5.85%	0.3425%	23.11	7.24%	0.2896%	37.95	2.96%	0.2216%	32.84	11.47%	0.3325%
03/13/2009	25.62	3.72%	0.3364%	21.55	3.96%	0.2820%	36.86	-1.07%	0.2236%	29.46	4.32%	0.3200%
03/06/2009	24.70	-10.96%	0.3190%	20.73	-5.04%	0.2639%	37.26	-5.86%	0.2327%	28.24	-10.01%	0.2992%
02/27/2009	27.74	-2.60%	0.3002%	21.83	-6.35%	0.2569%	39.58	-6.39%	0.2235%	31.38	5.87%	0.2825%
02/20/2009	28.48	-9.44%	0.2985%	23.31	-7.46%	0.2522%	42.28	-6.67%	0.2158%	29.64	-13.28%	0.2914%
02/13/2009	31.45	-6.12%	0.2805%	25.19	-2.93%	0.2380%	45.30	-1.39%	0.2031%	34.18	-5.42%	0.2684%
02/06/2009	33.50	8.66%	0.2711%	25.95	5.70%	0.2341%	45.94	1.21%	0.2027%	36.14	5.64%	0.2652%
01/30/2009	30.83	0.33%	0.2475%	24.55	2.63%	0.2213%	45.39	8.93%	0.2074%	34.21	2.79%	0.2619%
01/23/2009	30.73	-1.88%	0.2474%	23.92	-2.09%	0.2223%	41.67	-5.17%	0.2071%	33.28	-0.95%	0.2625%
01/16/2009	31.32	-0.03%	0.2472%	24.43	2.00%	0.2221%	43.94	-0.95%	0.2083%	33.60	0.24%	0.2626%
01/09/2009	31.33	-0.92%	0.2460%	23.95	-0.87%	0.2200%	44.36	-5.23%	0.1999%	33.52	-4.39%	0.2588%
01/02/2009	31.62	6.79%	0.2438%	24.16	2.50%	0.2197%	46.81	4.65%	0.1924%	35.06	2.82%	0.2548%
12/26/2008	29.61	0.17%		23.57	1.73%		44.73	2.12%		34.10	-2.99%	
12/19/2008	29.56	-0.67%		23.17	-1.28%		43.80	-7.40%		35.15	0.09%	
12/12/2008	29.76	4.79%		23.47	-2.45%		47.30	-5.08%		35.12	-4.12%	
12/05/2008	28.40	-5.68%		24.06	-3.49%		49.83	-5.41%		36.63	-10.18%	
11/28/2008	30.11	6.32%		24.93	3.75%		52.68	-0.15%		40.78	6.14%	
11/21/2008	28.32	-1.15%		24.03	7.66%		52.76	5.80%		38.42	-2.21%	
11/14/2008	28.65	-1.48%		22.32	-5.38%		49.87	0.50%		39.29	-7.40%	
11/07/2008	29.08	-4.34%		23.59	-2.80%		49.62	-5.16%		42.43	-8.18%	
10/31/2008	30.40	10.79%		24.27	9.77%		52.32	9.66%		46.21	5.60%	
10/24/2008	27.44	0.70%		22.11	2.55%		47.71	6.88%		43.76	2.80%	
10/17/2008	27.25	3.73%		21.56	1.84%		44.64	12.16%		42.57	9.91%	
10/10/2008	26.27	-16.07%		21.17	-23.35%		39.80	-19.24%		38.73	-16.26%	
10/03/2008	31.30	-3.10%		27.62	0.58%		49.28	0.49%		46.25	-4.62%	
09/26/2008	32.30	-4.38%		27.46	-2.28%		49.04	-0.37%		48.49	-2.49%	
09/19/2008	33.78	2.09%		28.10	2.37%		49.22	8.10%		49.73	3.39%	
09/12/2008	33.09	3.60%		27.45	3.74%		45.53	5.56%		48.10	6.20%	
09/05/2008	31.94	-3.39%		26.46	-3.92%		43.13	-4.01%		45.29	-1.31%	
08/29/2008	33.06	0.73%		27.54	2.57%		44.93	-3.25%		45.89	2.20%	
08/22/2008	32.82	1.20%		26.85	0.60%		46.44	1.66%		44.90	2.02%	
08/15/2008	32.43	-2.14%		26.69	-0.04%		45.68	3.16%		44.01	4.49%	
08/08/2008	33.14	-1.07%		26.70	0.95%		44.28	4.53%		42.		

Beta Analysis

NJR			NWN			PNY			SJI		
Price	Weekly Return	Covar.	Price	Weekly Return	Covar.	Price	Weekly Return	Covar.	Price	Weekly Return	Covar.
37.73	0.13%	0.0160%	47.39	-3.33%	0.0253%	27.50	-3.17%	0.0161%	45.11	-0.20%	0.0124%
37.68	0.03%	0.0202%	49.02	3.42%	0.0266%	28.40	3.16%	0.0161%	45.20	6.73%	0.0158%
37.67	-2.13%	0.0209%	47.40	1.11%	0.0252%	27.53	-0.33%	0.0156%	42.35	-1.28%	0.0134%
38.49	1.18%	0.0208%	46.88	-0.21%	0.0262%	27.62	0.29%	0.0159%	42.90	1.59%	0.0135%
38.04	1.36%	0.0226%	46.98	1.21%	0.0313%	27.54	1.51%	0.0174%	42.23	2.28%	0.0164%
37.53	0.78%	0.0244%	46.42	-0.79%	0.0337%	27.13	-3.18%	0.0195%	41.29	-1.83%	0.0159%
37.24	0.65%	0.0264%	46.79	0.80%	0.0358%	28.02	2.64%	0.0228%	42.06	2.86%	0.0173%
37.00	-2.25%	0.0279%	46.42	-0.19%	0.0377%	27.30	2.09%	0.0262%	40.89	0.27%	0.0195%
37.85	3.93%	0.0277%	46.51	5.73%	0.0366%	26.74	3.52%	0.0226%	40.78	2.28%	0.0190%
36.42	-0.41%	0.0255%	43.99	-0.54%	0.0325%	25.83	2.09%	0.0215%	39.87	0.05%	0.0211%
36.57	3.57%	0.0254%	44.23	4.93%	0.0324%	25.30	2.72%	0.0221%	39.85	3.86%	0.0210%
35.31	1.49%	0.0225%	42.15	-0.19%	0.0282%	24.63	-0.24%	0.0228%	38.37	0.76%	0.0179%
34.79	-4.66%	0.0225%	42.23	-2.63%	0.0280%	24.69	-3.82%	0.0226%	38.08	-0.65%	0.0185%
36.49	0.14%	0.0182%	43.37	-1.09%	0.0236%	25.67	-1.31%	0.0197%	38.33	0.42%	0.0158%
36.44	-1.41%	0.0181%	43.85	-0.39%	0.0226%	26.01	-1.33%	0.0182%	38.17	-1.01%	0.0159%
36.96	0.41%	0.0221%	44.02	-1.70%	0.0282%	26.36	0.73%	0.0229%	38.56	1.96%	0.0191%
36.81	-1.58%	0.0330%	44.78	-0.58%	0.0288%	26.17	-2.17%	0.0291%	37.82	-0.94%	0.0273%
37.40	-2.40%	0.0351%	45.04	-1.66%	0.0309%	26.75	-1.98%	0.0302%	38.18	-1.47%	0.0328%
38.32	3.62%	0.0353%	45.80	2.23%	0.0311%	27.29	4.60%	0.0361%	38.75	1.87%	0.0286%
36.98	0.24%	0.0328%	44.80	-0.09%	0.0307%	26.09	3.24%	0.0346%	38.04	1.04%	0.0276%
36.89	0.60%	0.0298%	44.84	2.49%	0.0322%	25.27	3.31%	0.0407%	37.65	1.89%	0.0304%
36.67	3.85%	0.0299%	43.75	2.24%	0.0328%	24.46	3.56%	0.0415%	36.95	3.21%	0.0308%
35.31	-0.25%	0.0322%	42.79	-0.07%	0.0365%	23.62	2.65%	0.0434%	35.80	0.22%	0.0317%
35.40	1.17%	0.0349%	42.82	-0.09%	0.0432%	23.01	0.66%	0.0482%	35.72	3.03%	0.0319%
34.99	-1.69%	0.0348%	42.86	-0.53%	0.0436%	22.86	-0.35%	0.0487%	34.67	-2.01%	0.0336%
35.59	1.11%	0.0456%	43.09	3.06%	0.0526%	22.94	-1.46%	0.0637%	35.38	0.26%	0.0388%
35.20	-2.28%	0.0398%	41.81	-2.81%	0.0555%	23.28	-1.85%	0.0604%	35.29	-1.78%	0.0385%
36.02	-1.13%	0.0380%	43.02	-0.85%	0.0505%	23.72	-1.94%	0.0572%	35.93	-2.66%	0.0353%
36.43	1.17%	0.0388%	43.39	2.26%	0.0514%	24.19	1.94%	0.0577%	36.91	1.91%	0.0342%
36.01	1.67%	0.0360%	42.43	3.64%	0.0505%	23.73	1.50%	0.0570%	36.22	2.75%	0.0336%
35.42	-1.94%	0.0335%	40.94	-2.31%	0.0448%	23.38	-1.93%	0.0544%	35.25	0.95%	0.0290%
36.12	-1.93%	0.0300%	41.91	-1.57%	0.0423%	23.84	-2.49%	0.0518%	34.92	-0.51%	0.0320%
36.83	2.08%	0.0221%	42.58	2.90%	0.0395%	24.45	5.34%	0.0480%	35.10	3.94%	0.0303%
36.08	-0.63%	0.0222%	41.38	-1.10%	0.0392%	23.21	-3.37%	0.0474%	33.77	0.06%	0.0293%
36.31	-2.97%	0.0254%	41.84	-2.40%	0.0467%	24.02	-3.34%	0.0485%	33.75	-5.78%	0.0278%
37.42	0.75%	0.0567%	42.87	-2.06%	0.0595%	24.85	-2.93%	0.0654%	35.82	0.53%	0.0469%
37.14	1.28%	0.0672%	43.77	1.67%	0.0641%	25.60	4.92%	0.0707%	35.63	1.22%	0.0465%
36.67	-1.56%	0.0863%	43.05	0.82%	0.0775%	24.40	0.78%	0.0828%	35.20	-1.79%	0.0607%
37.25	-3.50%	0.0933%	42.70	-4.35%	0.0844%	24.21	-1.67%	0.0923%	35.84	-2.82%	0.0611%
38.60	-2.72%	0.0987%	44.64	-1.48%	0.0963%	24.62	-1.48%	0.1022%	36.88	-0.11%	0.0669%
39.68	4.28%	0.0963%	45.31	4.59%	0.0952%	24.99	5.89%	0.1009%	36.92	4.23%	0.0657%
38.05	4.53%	0.0905%	43.32	0.88%	0.0926%	23.60	3.10%	0.1000%	35.42	3.45%	0.0612%
36.40	-0.76%	0.0719%	42.94	-1.36%	0.0830%	22.89	-4.31%	0.0923%	34.24	-3.82%	0.0531%
36.68	-1.48%	0.0817%	43.53	-0.98%	0.0905%	23.92	-0.79%	0.1082%	35.60	2.62%	0.0610%
37.23	1.47%	0.0959%	43.96	-1.90%	0.0887%	24.11	-1.59%	0.1103%	34.69	1.26%	0.0827%
36.69	2.54%	0.0976%	44.81	-1.21%	0.0901%	24.50	-3.69%	0.1080%	34.26	-1.66%	0.0821%
35.78	1.91%	0.1010%	45.36	0.04%	0.0886%	25.44	7.21%	0.1046%	34.84	1.37%	0.0811%
35.11	5.53%	0.1007%	45.34	6.83%	0.0885%	23.73	4.72%	0.1037%	34.37	2.97%	0.0809%
33.27	2.91%	0.0979%	42.44	6.37%	0.0912%	22.66	3.90%	0.1027%	33.38	0.54%	0.0837%
32.33	3.49%	0.1100%	39.90	-3.39%	0.0866%	21.81	-2.37%	0.1203%	33.20	-3.63%	0.1040%
31.24	-3.94%	0.0792%	41.30	-3.77%	0.0656%	22.34	-6.68%	0.1133%	34.45	-1.74%	0.0850%
32.52	-2.14%	0.0728%	42.92	2.98%	0.0666%	23.94	-2.37%	0.1009%	35.06	0.00%	0.0728%
33.23	6.34%	0.0810%	41.68	2.81%	0.0635%	24.52	-0.16%	0.1056%	35.06	1.98%	0.0728%
31.25	-3.16%	0.1371%	40.54	-3.01%	0.1026%	24.56	-3.46%	0.1429%	34.38	-1.12%	0.1017%
32.27	-2.03%	0.1281%	41.80	-1.90%	0.0872%	25.44	-1.09%	0.1398%	34.77	-0.49%	0.0970%
32.94	-1.61%	0.1358%	42.61	-1.34%	0.0892%	25.72	-0.43%	0.1577%	34.94	-2.48%	0.1006%
33.48	-1.03%	0.2450%	43.19	-0.32%	0.1873%	25.83	-1.26%	0.2600%	35.83	2.11%	0.2060%
33.83	-2.34%	0.2575%	43.33	-0.53%	0.1895%	26.16	-0.72%	0.2549%	35.09	-0.48%	0.2136%
34.64	8.56%	0.2666%	43.56	9.01%	0.1914%	26.35	16.08%	0.2567%	35.26	6.20%	0.2170%
31.91	1.30%	0.2603%	39.96	2.17%	0.1855%	22.70	0.09%	0.2439%	33.20	-0.33%	0.2144%
31.50	-10.18%	0.2582%	39.11	-4.49%	0.1778%	22.68	-6.05%	0.2483%	33.31	-7.63%	0.2185%
35.07	-4.36%	0.2403%	40.95	-2.20%	0.1710%	24.14	-2.70%	0.2387%	36.06	0.25%	0.2051%
36.67	-6.53%	0.2359%	41.87	-4.56%	0.1700%	24.81	-4.69%	0.2368%	35.97	-4.99%	0.2056%
39.23	-3.85%	0.2217%	43.87	-3.09%	0.1618%	26.03	-4.41%	0.2286%	37.86	-0.79%	0.1954%
40.80	1.77%	0.2186%	45.27	5.43%	0.1616%	27.23	5.09%	0.2252%	38.16	2.31%	0.1938%
40.09	4.43%	0.2185%	42.94	2.34%	0.1478%	25.91	2.37%	0.2173%	37.30	2.05%	0.1818%
38.39	0.31%	0.2171%	41.96	-2.98%	0.1454%	25.31	-7.15%	0.2179%	36.55	-1.22%	0.1792%
38.27	3.88%	0.2186%	43.25	4.34%	0.1469%	27.26	-1.41%	0.2172%	37.00	-0.94%	0.1793%
36.84	-6.09%	0.2168%	41.45	-4.91%	0.1469%	27.65	-11.60%	0.2073%	37.35	-6.48%	0.1734%
39.23	6.14%	0.2066%	43.59	-0.21%	0.1398%	31.28	-0.10%	0.1903%	39.94	7.02%	0.1633%
36.96	-1.81%		43.68	-2.28%		31.31	1.99%		37.32	0.95%	
37.64	1.89%		44.70	-0.11%		30.70	-0.55%		36.97	3.15%	
36.94	-5.84%		44.75	-1.97%		30.87	-3.47%		35.84	-2.37%	
39.23	-2.32%		45.65	-8.61%		31.98	-4.82%		36.71	-5.87%	
40.16	3.08%		49.95	0.28%		33.60	4.02%		39.00	4.33%	
38.96	8.61%		49.81	5.69%		32.30	0.78%		37.38	5.47%	
35.87	-0.66%		47.13	-3.52%		32.05	-0.56%		35.44	3.63%	
36.11	-3.03%		48.85	-3.99%		32.23	-2.10%		34.20	0.38%	
37.24	14.48%		50.88	9.49%		32.92	8.43%		34.07	7.61%	
32.53	3.40%		46.47	5.49%		30.36	0.43%		31.66	2.19%	
31.46	3.83%		44.05	0.43%		30.23	9.33%		30.98	2.24%	
30.30	-15.55%		43.86	-14.47%		27.65	-15.37%		30.30	-14.67%	
35.88	-3.55%		51.28	-1.37%		32.67	1.24%		35.51	-3.37%	
37.20	-4.00%		51.99	-3.54%		32.27	-2.92%		36.75	-3.21%	
38.75	6.14%		53.90	7.71%		33.24	10.25%		37.97	6.96%	
36.51	5.09%		50.04	5.26%		30.15	7.68%		35.50	2.81%	
34.74	-3.98%		47.54	-2.44%		28.00	-2.95%		34.53	-3.20%	
36.18	0.81%		48.73	1.31%		28.85	0.42%		35.67	1.16%	
35.89	-0.36%		48.10	0.54%		28.73	1.20%		35.26	1.29%	
36.02	5.20%		47.84	6.15%		28.39	3.80%		34.81	0.55%	
34.24	2.18%		45.07	-0.07%		27.35	2.97%		34.62	-3.99%	
33.51	0.06%		45.10	-3.01%		26.56	2.00%		36.06	-3.17%	
33.49	4.53%		46.50	5.32%		26.04	3.99%		37.24	1.17%	
32.04	-4.50%		44.15	-5.22%		25.04	-6.39%		36.81	-4.07%	
33.55	4.75%		46.58	2.42%		26.75	3.76%		38.37	4.04%	
32.03			45.48			25.78			36.88		

Beta Analysis									
Price	SWX			SPX			Average Proxy Group		
	Weekly Return	Covar.	Price	Weekly Return	Variance	Covariance	Raw Beta	Adj. Beta	
31.10	-3.98%	0.0265%	1,186.69	-2.51%	0.0299%	0.0191%	0.638	0.758	
32.39	1.89%	0.0238%	1,217.28	2.11%	0.0343%	0.0211%	0.615	0.743	
31.79	2.65%	0.0239%	1,192.13	-0.19%	0.0337%	0.0204%	0.604	0.736	
30.97	2.14%	0.0228%	1,194.37	1.38%	0.0340%	0.0206%	0.604	0.736	
30.32	1.17%	0.0258%	1,178.10	0.99%	0.0400%	0.0244%	0.610	0.740	
29.97	-0.73%	0.0277%	1,166.59	0.58%	0.0420%	0.0259%	0.616	0.744	
30.19	2.34%	0.0308%	1,159.90	0.86%	0.0446%	0.0281%	0.629	0.753	
29.50	-1.11%	0.0366%	1,149.99	0.99%	0.0462%	0.0304%	0.659	0.773	
29.83	4.37%	0.0365%	1,138.70	3.10%	0.0479%	0.0300%	0.627	0.751	
28.58	1.10%	0.0345%	1,104.49	-0.42%	0.0460%	0.0285%	0.620	0.747	
28.27	4.94%	0.0347%	1,109.17	3.13%	0.0458%	0.0286%	0.624	0.749	
26.94	-0.66%	0.0302%	1,075.51	0.87%	0.0441%	0.0260%	0.589	0.726	
27.12	-1.99%	0.0303%	1,066.19	-0.72%	0.0443%	0.0258%	0.584	0.722	
27.67	-0.93%	0.0306%	1,073.87	-1.64%	0.0455%	0.0238%	0.522	0.682	
27.93	-1.52%	0.0296%	1,091.76	-3.90%	0.0440%	0.0231%	0.526	0.684	
28.36	-0.46%	0.0309%	1,136.03	-0.78%	0.0410%	0.0265%	0.646	0.764	
28.49	-0.14%	0.0394%	1,144.98	2.68%	0.0541%	0.0338%	0.625	0.750	
28.53	-1.55%	0.0431%	1,115.10	-1.01%	0.0562%	0.0382%	0.680	0.787	
28.98	0.78%	0.0413%	1,126.48	2.18%	0.0590%	0.0376%	0.637	0.758	
28.76	-0.31%	0.0415%	1,102.47	-0.36%	0.0587%	0.0370%	0.630	0.753	
28.85	3.93%	0.0450%	1,106.41	0.04%	0.0625%	0.0390%	0.624	0.749	
27.76	5.07%	0.0457%	1,105.98	1.33%	0.0623%	0.0396%	0.635	0.756	
26.42	-0.97%	0.0471%	1,091.49	0.01%	0.0632%	0.0420%	0.664	0.776	
26.68	-1.41%	0.0514%	1,091.38	-0.19%	0.0661%	0.0448%	0.677	0.785	
26.31	0.69%	0.0512%	1,093.48	2.26%	0.0657%	0.0450%	0.685	0.790	
26.13	4.56%	0.0687%	1,069.30	3.20%	0.0773%	0.0576%	0.745	0.830	
24.99	-0.79%	0.0645%	1,036.19	-4.02%	0.0855%	0.0540%	0.632	0.755	
25.19	-0.67%	0.0614%	1,079.60	-0.74%	0.0767%	0.0501%	0.653	0.769	
25.36	-2.69%	0.0636%	1,087.68	1.51%	0.0763%	0.0502%	0.658	0.772	
26.06	2.96%	0.0639%	1,071.49	4.51%	0.0763%	0.0498%	0.652	0.768	
25.31	-1.52%	0.0614%	1,025.21	-1.84%	0.0714%	0.0454%	0.636	0.757	
25.70	-2.36%	0.0565%	1,044.38	-2.24%	0.0707%	0.0435%	0.615	0.744	
26.32	8.36%	0.0624%	1,068.30	2.45%	0.0759%	0.0415%	0.546	0.697	
24.29	0.25%	0.0600%	1,042.73	2.59%	0.0754%	0.0409%	0.542	0.695	
24.23	-2.22%	0.0799%	1,016.40	-1.22%	0.1080%	0.0474%	0.439	0.626	
24.78	-1.82%	0.1132%	1,028.93	0.27%	0.1331%	0.0714%	0.537	0.691	
25.24	1.04%	0.1357%	1,026.13	2.20%	0.1457%	0.0785%	0.539	0.692	
24.98	1.01%	0.1698%	1,004.09	-0.63%	0.1690%	0.1011%	0.598	0.732	
24.73	2.11%	0.1869%	1,010.48	2.33%	0.1802%	0.1097%	0.609	0.739	
24.22	1.55%	0.1888%	987.48	0.84%	0.1868%	0.1177%	0.630	0.753	
23.85	4.61%	0.1863%	979.26	4.13%	0.1876%	0.1159%	0.618	0.745	
22.80	5.02%	0.1814%	940.38	6.97%	0.1857%	0.1115%	0.601	0.734	
21.71	-1.63%	0.1639%	879.13	-1.93%	0.1772%	0.0997%	0.563	0.709	
22.07	1.05%	0.1667%	896.42	-2.45%	0.1833%	0.1059%	0.578	0.719	
21.84	1.06%	0.1746%	918.90	-0.25%	0.1978%	0.1154%	0.583	0.722	
21.61	-2.04%	0.1741%	921.23	-2.64%	0.1992%	0.1152%	0.579	0.719	
22.06	1.15%	0.1726%	946.21	0.65%	0.1960%	0.1141%	0.582	0.722	
21.81	4.96%	0.1724%	940.09	2.28%	0.1959%	0.1138%	0.581	0.720	
20.78	5.59%	0.1715%	919.14	3.62%	0.1969%	0.1141%	0.579	0.720	
19.68	3.42%	0.2074%	887.00	0.47%	0.2451%	0.1310%	0.534	0.690	
19.03	-6.72%	0.2128%	882.88	-4.99%	0.2745%	0.1184%	0.431	0.621	
20.40	0.59%	0.2141%	929.23	5.89%	0.2798%	0.1139%	0.407	0.605	
20.28	1.20%	0.2110%	877.52	1.30%	0.2719%	0.1188%	0.437	0.625	
20.04	-5.61%	0.2453%	866.23	-0.39%	0.3140%	0.1557%	0.496	0.664	
21.23	-1.53%	0.2476%	869.60	1.52%	0.3316%	0.1482%	0.447	0.631	
21.56	2.47%	0.2565%	856.56	1.67%	0.3390%	0.1583%	0.467	0.645	
21.04	-1.91%	0.3870%	842.50	3.26%	0.4591%	0.2757%	0.600	0.734	
21.45	6.19%	0.4026%	815.94	6.17%	0.4789%	0.2797%	0.584	0.723	
20.20	8.02%	0.3809%	768.54	1.58%	0.4580%	0.2777%	0.606	0.738	
18.70	6.67%	0.3726%	756.55	10.71%	0.4553%	0.2710%	0.595	0.730	
17.53	-10.06%	0.3413%	683.38	-7.03%	0.3971%	0.2621%	0.660	0.773	
19.49	-9.68%	0.3265%	735.09	-4.54%	0.3879%	0.2494%	0.643	0.762	
21.58	-10.86%	0.3191%	770.05	-6.87%	0.3855%	0.2473%	0.641	0.761	
24.21	-7.67%	0.2997%	826.84	-4.81%	0.3756%	0.2330%	0.620	0.747	
26.22	1.79%	0.2932%	868.60	5.17%	0.3722%	0.2295%	0.617	0.744	
25.76	4.25%	0.2875%	825.88	-0.73%	0.3626%	0.2212%	0.610	0.740	
24.71	-1.51%	0.2870%	831.95	-2.14%	0.3634%	0.2206%	0.607	0.738	
25.09	1.74%	0.2873%	850.12	-4.52%	0.3637%	0.2211%	0.608	0.739	
24.66	-2.53%	0.2837%	890.35	-4.45%	0.3627%	0.2170%	0.598	0.732	
25.30	2.18%	0.2804%	931.80	6.76%	0.3584%	0.2101%	0.586	0.724	
24.76	0.61%		872.80	-1.70%					
24.61	1.74%		887.88	0.93%					
24.19	-2.77%		879.73	0.42%					
24.88	-3.94%		876.07	-2.25%					
25.90	9.10%		896.24	12.03%					
23.74	-2.34%		800.03	-8.39%					
24.31	-6.10%		873.29	-6.20%					
25.89	-0.88%		930.99	-3.90%					
26.12	7.98%		968.75	10.49%					
24.19	-1.67%		876.77	-6.78%					
24.60	4.24%		940.55	4.60%					
23.60	-20.05%		899.22	-18.20%					
29.52	-5.57%		1,099.23	-9.38%					
31.26	-2.01%		1,213.01	-3.35%					
31.90	3.34%		1,255.08	0.27%					
30.87	7.34%		1,251.70	0.76%					
28.76	-5.24%		1,242.31	-3.16%					
30.35	1.95%		1,282.83	-0.73%					
29.77	0.85%		1,292.20	-0.46%					
29.52	4.50%		1,298.20	0.15%					
28.25	-0.63%		1,296.32	2.86%					
28.43	0.78%		1,260.31	0.20%					
28.21	1.33%		1,257.76	-0.23%					
27.84	-6.01%		1,260.68	1.71%					
29.62	1.26%		1,239.49	-1.85%					
29.25			1,262.90						



CAPM UTILIZING ALTERNATIVE MARKET RISK PREMIUM CALCULATIONS

[1] Current 30 Year Treasury (30-day average)	4.70%		
[2] Near-Term Projected 30 Year Treasury	4.97%		
Sharpe Ratio Derived Market Risk Premium	7.45%	10.34%	10.61%
Ex-Ante Approach Derived Market Risk Premium	8.30%	11.00%	11.27%
Proxy Group Current Beta	0.76		

[1] Source: Bloomberg
 [1] Source: Aspen Publishers, Blue Chip Financial Forecasts, Vol. 29, No. 4 April 1, 2010, p. 2

MARKET RISK PREMIUM UTILIZING EXPECTED MARKET SHARPE RATIO

$\frac{RP_h}{Vol_h} \times Vol_e = RP_e$	RP_h 6.70%	Vol_h 20.40%		
	VOL_e 22.67%		Expected Market Sharpe Ratio 32.85%	RP_e 7.45%

RP_h = historical arithmetic average Risk Premium
 Vol_h = historical market volatility
 Vol_e = expected market volatility

Date	VXV	08/10 VIX Futures	09/10 VIX Futures	10/10 VIX Futures
04/30/2010	23.67	24.80	25.45	25.70
04/29/2010	20.96	23.85	24.65	24.95
04/28/2010	22.31	24.20	24.90	25.15
04/27/2010	22.72	24.35	25.05	25.20
04/26/2010	19.86	23.25	23.90	24.15
04/23/2010	19.39	23.05	23.85	24.15
04/22/2010	19.59	23.10	23.90	24.20
04/21/2010	19.30	22.95	23.70	23.95
04/20/2010	18.99	22.65	23.40	23.65
04/19/2010	19.79	22.90	23.50	23.85
04/16/2010	20.23	23.00	23.60	23.85
04/15/2010	18.90	22.50	23.15	23.40
04/14/2010	18.77	22.45	23.10	23.40
04/13/2010	18.99	22.65	23.25	23.50
04/12/2010	18.96	22.60	23.10	23.45
04/09/2010	18.62	22.65	23.20	23.50
04/08/2010	19.08	22.75	23.20	23.45
04/07/2010	19.19	22.80	23.20	23.45
04/06/2010	18.84	22.60	23.00	23.25
04/05/2010	19.35	22.75	23.25	23.40
04/01/2010	19.90	23.35	23.65	23.80
03/31/2010	19.92	23.30	23.60	23.75
03/30/2010	19.54	23.30	23.55	23.70
03/29/2010	19.85	23.35	23.55	23.70
03/26/2010	20.06	23.50	23.70	23.75
03/25/2010	20.58	23.60	23.70	23.80
03/24/2010	20.08	23.40	23.65	23.80
03/23/2010	19.68	23.20	23.40	23.50
03/22/2010	20.11	23.35	23.50	23.65
03/19/2010	19.95	23.45	23.60	23.70
Average	22.67			

ESTIMATED MARKET RISK PREMIUM DERIVED FROM

Estimated Weighted Index Dividend Yield	Weighted Index Long-Term Growth Rate	S&P 500 Estimated Required Market Return
1.99%	10.90%	13.00%
Estimate:		96.93%
30 Day Average 30-Year Treasury Yield		4.70%
Implied Market Risk Premium		8.30%

Standard and Poor's 500 Index

Ticker	Name	Weight in the Index (%)	Long-Term Growth Estimate (%)	Cap-Weighted Long-Term Growth	Estimated 2009 Dividend Yield (%)	Cap-Weighted Dividend Yield
MMM	UN Equity 3M CO	0.57%	12.03%	0.07%	2.60%	0.01%
ABT	UN Equity ABBOTT LABORATORIES	0.72%	11.80%	0.09%	3.67%	0.03%
ANF	UN Equity ABERCROMBIE & FITCH CO-CL A	0.03%	17.33%	0.01%	2.04%	0.00%
ADBE	UN Equity ADOBE SYSTEMS INC	0.16%	13.67%	0.02%	0.00%	0.00%
AMD	UN Equity ADVANCED MICRO DEVICES	0.06%	12.50%	0.01%	0.00%	0.00%
AES	UN Equity AES CORP	0.08%	6.50%	0.01%	0.00%	0.00%
AET	UN Equity AETNA INC	0.12%	12.00%	0.01%	0.07%	0.00%
AFL	UN Equity AFLAC INC	0.21%	13.06%	0.03%	2.55%	0.01%
A	UN Equity AGILENT TECHNOLOGIES INC	0.11%	15.00%	0.02%	0.00%	0.00%
APD	UN Equity AIR PRODUCTS & CHEMICALS INC	0.15%	10.76%	0.02%	2.75%	0.00%
ARG	UN Equity AIRGAS INC	0.05%	12.66%	0.01%	1.31%	0.00%
AKS	UN Equity AK STEEL HOLDING CORP	0.02%	10.00%	0.00%	1.33%	0.00%
AKAM	UN Equity AKAMAI TECHNOLOGIES INC	0.07%	14.38%	0.01%	0.00%	0.00%
AA	UN Equity ALCOA INC	0.12%	9.00%	0.01%	1.03%	0.00%
AYE	UN Equity ALLEGHENY ENERGY INC	0.03%	1.67%	0.00%	3.07%	0.00%
ATI	UN Equity ALLEGHENY TECHNOLOGIES INC	0.05%	20.00%	0.01%	1.34%	0.00%
AGN	UN Equity ALLERGAN INC	0.18%	14.24%	0.03%	0.42%	0.00%
ALL	UN Equity ALLSTATE CORP	0.16%	9.00%	0.01%	2.64%	0.00%
ALTR	UN Equity ALTERA CORPORATION	0.07%	19.33%	0.01%	0.89%	0.00%
MO	UN Equity ALTRIA GROUP INC	0.42%	7.50%	0.03%	7.05%	0.03%
AMZN	UN Equity AMAZON COM INC	0.55%	28.25%	0.16%	0.00%	0.00%
AEE	UN Equity AMEREN CORPORATION	0.06%	No Long-Term Growth	0.01%	6.32%	0.00%
AEP	UN Equity AMERICAN ELECTRIC POWER	0.15%	4.67%	0.01%	5.24%	0.01%
XP	UN Equity AMERICAN EXPRESS CO	0.47%	11.33%	0.05%	1.82%	0.01%
AIG	UN Equity AMERICAN INTERNATIONAL GROUP	0.25%	9.00%	0.02%	0.00%	0.00%
AMT	UN Equity AMERICAN TOWER CORP-CL A	0.18%	20.85%	0.03%	0.00%	0.00%
AMP	UN Equity AMERIPRISE FINANCIAL INC	0.10%	13.33%	0.01%	1.69%	0.00%
ABC	UN Equity AMERISOURCEBERGEN CORP	0.09%	12.75%	0.01%	0.90%	0.00%
AMGN	UN Equity AMGEN INC	0.48%	8.85%	0.04%	0.00%	0.00%
APH	UN Equity AMPHENOL CORP-CL A	0.07%	17.50%	0.01%	0.14%	0.00%
APC	UN Equity ANADARKO PETROLEUM CORP	0.28%	No Long-Term Growth		0.66%	0.00%
ADI	UN Equity ANALOG DEVICES INC	0.09%	10.67%	0.01%	2.86%	0.00%
AON	UN Equity AON CORP	0.10%	6.50%	0.01%	1.54%	0.00%
APA	UN Equity APACHE CORP	0.30%	8.66%	0.03%	0.70%	0.00%
AIV	UN Equity APARTMENT INVT & MGMT CO -A	0.02%	6.20%	0.00%	1.97%	0.00%
APOL	UN Equity APOLLO GROUP INC-CL A	0.08%	17.22%	0.01%	0.00%	0.00%
AAPL	UN Equity APPLE INC	2.25%	18.23%	0.41%	0.00%	0.00%
AMAT	UN Equity APPLIED MATERIALS INC	0.17%	12.75%	0.02%	1.94%	0.00%
ADM	UN Equity ARCHER-DANIELS-MIDLAND CO	0.16%	10.00%	0.02%	2.26%	0.00%
AIZ	UN Equity ASSURANT INC	0.04%	9.67%	0.00%	1.71%	0.00%
T	UN Equity AT&T INC	1.42%	6.14%	0.09%	6.91%	0.10%
ADSK	UN Equity AUTODESK INC	0.07%	12.57%	0.01%	0.00%	0.00%
ADP	UN Equity AUTOMATIC DATA PROCESSING	0.20%	10.98%	0.02%	3.30%	0.01%
AN	UN Equity AUTONATION INC	0.03%	11.45%	0.00%	0.00%	0.00%
AZO	UN Equity AUTOZONE INC	0.09%	14.52%	0.01%	0.00%	0.00%
AVB	UN Equity AVALONBAY COMMUNITIES INC	0.08%	6.94%	0.01%	3.66%	0.00%
AVY	UN Equity AVERY DENNISON CORP	0.04%	7.00%	0.00%	2.40%	0.00%
AVP	UN Equity AVON PRODUCTS INC	0.11%	11.50%	0.01%	3.25%	0.00%
BHI	UN Equity BAKER HUGHES INC	0.18%	11.67%	0.02%	1.37%	0.00%
BLL	UN Equity BALL CORP	0.04%	8.05%	0.00%	0.82%	0.00%
BK	UN Equity BANK OF NEW YORK MELLON CORP	0.33%	11.30%	0.04%	1.44%	0.00%
BAC	UN Equity BANK OF AMERICA CORP	1.57%	6.50%	0.10%	0.32%	0.01%
BAX	UN Equity BAXTER INTERNATIONAL INC	0.24%	9.63%	0.02%	2.76%	0.01%
BBT	UN Equity BB&T CORP	0.21%	6.60%	0.01%	2.09%	0.00%
BDX	UN Equity BECTON DICKINSON AND CO	0.16%	11.25%	0.02%	2.87%	0.00%
BBBY	UN Equity BED BATH & BEYOND INC	0.12%	12.96%	0.01%	0.00%	0.00%
BMS	UN Equity BEMIS COMPANY	0.03%	11.20%	0.00%	3.21%	0.00%
BRK/B	UN Equity BERKSHIRE HATHAWAY INC-CL B	0.69%	No Long-Term Growth		0.00%	0.00%
BBY	UN Equity BEST BUY CO INC	0.17%	12.13%	0.02%	1.37%	0.00%
BIG	UN Equity BIG LOTS INC	0.03%	14.00%	0.00%	0.00%	0.00%
BIIB	UN Equity BIOGEN IDEC INC	0.13%	7.45%	0.01%	0.00%	0.00%
BMC	UN Equity BMC SOFTWARE INC	0.07%	13.67%	0.01%	0.00%	0.00%
BA	UN Equity BOEING CO	0.48%	13.60%	0.07%	2.63%	0.01%
BXP	UN Equity BOSTON PROPERTIES INC	0.10%	4.88%	0.01%	2.63%	0.00%
BSX	UN Equity BOSTON SCIENTIFIC CORP	0.09%	7.28%	0.01%	0.00%	0.00%
BMY	UN Equity BRISTOL-MYERS SQUIBB CO	0.39%	4.22%	0.02%	5.50%	0.02%
BRCM	UN Equity BROADCOM CORP-CL A	0.15%	21.00%	0.03%	0.92%	0.00%
BF/B	UN Equity BROWN-FORMAN CORP-CLASS B	0.05%	No Long-Term Growth		2.26%	0.00%
CA	UN Equity CA INC	0.10%	10.50%	0.01%	0.81%	0.00%
COC	UN Equity CABOT OIL & GAS CORP	0.04%	No Long-Term Growth		0.31%	0.00%
CAM	UN Equity CAMERON INTERNATIONAL CORP	0.09%	No Long-Term Growth		0.00%	0.00%
CPB	UN Equity CAMPBELL SOUP CO	0.12%	8.02%	0.01%	3.00%	0.00%
COF	UN Equity CAPITAL ONE FINANCIAL CORP	0.19%	10.08%	0.02%	0.56%	0.00%
CAH	UN Equity CARDINAL HEALTH INC	0.12%	11.33%	0.01%	2.04%	0.00%
CFN	UN Equity CAREFUSION CORP	0.06%	10.63%	0.01%	0.00%	0.00%
CCL	UN Equity CARNIVAL CORP	0.22%	14.96%	0.03%	1.06%	0.00%
CAT	UN Equity CATERPILLAR INC	0.38%	19.00%	0.07%	2.73%	0.01%
CBG	UN Equity CB RICHARD ELLIS GROUP INC-A	0.05%	13.33%	0.01%	0.00%	0.00%
CBS	UN Equity CBS CORP-CLASS B NON VOTING	0.09%	6.60%	0.01%	1.36%	0.00%
CELG	UN Equity CELGENE CORP	0.24%	23.07%	0.06%	0.00%	0.00%
CNP	UN Equity CENTERPOINT ENERGY INC	0.05%	3.73%	0.00%	5.83%	0.00%
CTL	UN Equity CENTURYTEL INC	0.10%	0.37%	0.00%	8.49%	0.01%
CEPH	UN Equity CEPHALON INC	0.04%	9.87%	0.00%	0.00%	0.00%
CERN	UN Equity CERNER CORP	0.07%	18.18%	0.01%	0.00%	0.00%
CF	UN Equity CF INDUSTRIES HOLDINGS INC	0.05%	15.50%	0.01%	0.59%	0.00%
CHRW	UN Equity C.H. ROBINSON WORLDWIDE INC	0.10%	15.33%	0.01%	1.70%	0.00%
CHK	UN Equity CHESAPEAKE ENERGY CORP	0.14%	9.40%	0.01%	1.41%	0.00%
CVX	UN Equity CHEVRON CORP	1.45%	14.30%	0.21%	3.84%	0.06%
CB	UN Equity CHUBB CORP	0.16%	8.73%	0.01%	2.95%	0.00%
CI	UN Equity CIGNA CORP	0.09%	9.42%	0.01%	0.03%	0.00%

CINF	UN Equity	CINCINNATI FINANCIAL CORP	0.04%	No Long-Term Growth		5.95%	0.00%	
CTAS	UN Equity	CINTAS CORP	0.04%		10.20%	0.00%	1.85%	0.00%
CSCO	UN Equity	CISCO SYSTEMS INC	1.31%		12.50%	0.16%	0.00%	0.00%
C	UN Equity	CITIGROUP INC	1.15%		9.33%	0.11%	0.09%	0.00%
CTXS	UN Equity	CITRIX SYSTEMS INC	0.08%		11.36%	0.01%	0.00%	0.00%
CLF	UN Equity	CLIFFS NATURAL RESOURCES INC	0.08%		13.50%	0.01%	0.68%	0.00%
CLX	UN Equity	CLOROX COMPANY	0.09%		9.50%	0.01%	3.19%	0.00%
CME	UN Equity	CME GROUP INC	0.20%		13.67%	0.03%	1.49%	0.00%
CMS	UN Equity	CMS ENERGY CORP	0.03%		7.00%	0.00%	4.17%	0.00%
COH	UN Equity	COACH INC	0.12%		14.50%	0.02%	0.74%	0.00%
KO	UN Equity	COCA-COLA CO/THE	1.15%		8.50%	0.10%	3.44%	0.04%
CCE	UN Equity	COCA-COLA ENTERPRISES	0.13%		9.00%	0.01%	1.34%	0.00%
CTSH	UN Equity	COGNIZANT TECH SOLUTIONS-A	0.15%		16.83%	0.02%	0.00%	0.00%
CL	UN Equity	COLGATE-PALMOLIVE CO	0.38%		9.75%	0.04%	2.49%	0.01%
CMCSA	UN Equity	COMCAST CORP-CLASS A	0.37%		14.62%	0.05%	2.05%	0.01%
CMA	UN Equity	COMERICA INC	0.07%		8.38%	0.01%	0.52%	0.00%
CSC	UN Equity	COMPUTER SCIENCES CORP	0.08%		9.00%	0.01%	0.61%	0.00%
CPWR	UN Equity	COMPUWARE CORP	0.02%		5.00%	0.00%	0.00%	0.00%
CAG	UN Equity	CONAGRA FOODS INC	0.11%		10.63%	0.01%	3.30%	0.00%
COP	UN Equity	CONOCOPHILLIPS	0.74%		17.98%	0.13%	4.17%	0.03%
ED	UN Equity	CONSOLIDATED EDISON INC	0.12%		4.02%	0.00%	5.57%	0.01%
CNX	UN Equity	CONSOL ENERGY INC	0.08%		9.50%	0.01%	1.12%	0.00%
CEG	UN Equity	CONSTELLATION ENERGY GROUP	0.07%		5.50%	0.00%	2.77%	0.00%
STZ	UN Equity	CONSTELLATION BRANDS INC-A	0.03%		7.00%	0.00%	0.00%	0.00%
GLW	UN Equity	CORNING INC	0.27%		12.00%	0.03%	1.15%	0.00%
COST	UN Equity	COSTCO WHOLESALE CORP	0.26%		12.81%	0.03%	1.29%	0.00%
CVH	UN Equity	COVENTRY HEALTH CARE INC	0.03%		6.65%	0.00%	0.00%	0.00%
BCR	UN Equity	CR BARD INC	0.08%		12.00%	0.01%	0.87%	0.00%
CSX	UN Equity	CSX CORP	0.20%		9.76%	0.02%	1.84%	0.00%
CMI	UN Equity	CUMMINS INC	0.14%		11.50%	0.02%	1.07%	0.00%
CVS	UN Equity	CVS CAREMARK CORP	0.46%		12.75%	0.06%	1.00%	0.00%
DHR	UN Equity	DANAHER CORP	0.26%		14.46%	0.04%	0.19%	0.00%
DRI	UN Equity	DARDEN RESTAURANTS INC	0.06%		12.45%	0.01%	2.34%	0.00%
DVA	UN Equity	DAVITA INC	0.06%		12.06%	0.01%	0.00%	0.00%
DF	UN Equity	DEAN FOODS CO	0.02%		8.24%	0.00%	0.00%	0.00%
DE	UN Equity	DEERE & CO	0.24%		8.75%	0.02%	2.05%	0.00%
DELL	UN Equity	DELL INC	0.26%		12.33%	0.03%	0.00%	0.00%
DNR	UN Equity	DENBURY RESOURCES INC	0.06%		5.50%	0.00%	0.00%	0.00%
XRAY	UN Equity	DENTSPLY INTERNATIONAL INC	0.05%		11.75%	0.01%	0.65%	0.00%
DVN	UN Equity	DEVON ENERGY CORPORATION	0.27%		5.79%	0.02%	1.04%	0.00%
DV	UN Equity	DEVRY INC	0.04%		20.67%	0.01%	0.33%	0.00%
DO	UN Equity	DIAMOND OFFSHORE DRILLING	0.09%		20.50%	0.02%	8.95%	0.01%
DTV	UN Equity	DIRECTV-CLASS A	0.33%		32.16%	0.11%	0.00%	0.00%
DFS	UN Equity	DISCOVER FINANCIAL SERVICES	0.07%		10.50%	0.01%	0.70%	0.00%
DISCA	UN Equity	DISCOVERY COMMUNICATIONS-A	0.05%		19.13%	0.01%	0.00%	0.00%
D	UN Equity	DOMINION RESOURCES INC/VA	0.23%		3.25%	0.01%	4.70%	0.01%
DOV	UN Equity	DOVER CORP	0.08%		12.00%	0.01%	2.38%	0.00%
DOW	UN Equity	DOW CHEMICAL	0.31%		7.50%	0.02%	2.98%	0.01%
DHI	UN Equity	DR HORTON INC	0.04%		7.67%	0.00%	1.23%	0.00%
DPS	UN Equity	DR PEPPER SNAPPLE GROUP INC	0.09%		9.00%	0.01%	1.66%	0.00%
DTE	UN Equity	DTE ENERGY COMPANY	0.08%		4.50%	0.00%	4.76%	0.00%
DD	UN Equity	DU PONT (E.I.) DE NEMOURS	0.32%		14.27%	0.05%	4.53%	0.01%
DUK	UN Equity	DUKE ENERGY CORP	0.21%		1.67%	0.00%	6.16%	0.01%
DNB	UN Equity	DUN & BRADSTREET CORP	0.04%		9.20%	0.00%	0.00%	0.00%
ETFC	UN Equity	E*TRADE FINANCIAL CORP	0.03%	No Long-Term Growth		0.00%	0.00%	0.00%
EMN	UN Equity	EASTMAN CHEMICAL COMPANY	0.04%		11.50%	0.00%	2.93%	0.00%
EK	UN Equity	EASTMAN KODAK CO	0.02%		10.00%	0.00%	0.00%	0.00%
ETN	UN Equity	EATON CORP	0.12%		15.00%	0.02%	2.95%	0.00%
EBAY	UN Equity	EBAY INC	0.28%		13.41%	0.04%	0.00%	0.00%
ECL	UN Equity	ECOLAB INC	0.11%		13.24%	0.01%	1.27%	0.00%
EIX	UN Equity	EDISON INTERNATIONAL	0.10%		2.50%	0.00%	3.99%	0.00%
EP	UN Equity	EL PASO CORP	0.08%		5.93%	0.00%	0.36%	0.00%
ERTS	UN Equity	ELECTRONIC ARTS INC	0.05%		15.29%	0.01%	0.00%	0.00%
LLY	UN Equity	ELI LILLY & CO	0.37%	No Long-Term Growth		5.90%	0.00%	0.00%
EMC	UN Equity	EMC CORP/MASS	0.37%		15.46%	0.06%	0.00%	0.00%
EMR	UN Equity	EMERSON ELECTRIC CO	0.35%		14.11%	0.05%	2.96%	0.01%
ETR	UN Equity	ENERGY CORP	0.14%		4.50%	0.01%	4.32%	0.01%
EOG	UN Equity	EOG RESOURCES INC	0.26%		15.20%	0.04%	0.61%	0.00%
EQT	UN Equity	EQT CORP	0.05%		16.00%	0.01%	2.40%	0.00%
EFX	UN Equity	EQUIFAX INC	0.04%		9.50%	0.00%	0.53%	0.00%
EQR	UN Equity	EQUITY RESIDENTIAL	0.12%		5.35%	0.01%	3.03%	0.00%
EL	UN Equity	ESTEE LAUDER COMPANIES-CL A	0.07%		14.25%	0.01%	0.97%	0.00%
EXC	UN Equity	EXELON CORP	0.25%	No Long-Term Growth		5.49%	0.00%	0.00%
EXPE	UN Equity	EXPEDIA INC	0.06%		15.00%	0.01%	0.54%	0.00%
EXPD	UN Equity	EXPEDITORS INTL WASH INC	0.08%		16.84%	0.01%	1.13%	0.00%
ESRX	UN Equity	EXPRESS SCRIPTS INC	0.27%		20.79%	0.06%	0.00%	0.00%
XOM	UN Equity	EXXON MOBIL CORP	2.81%		14.77%	0.41%	2.88%	0.08%
FDO	UN Equity	FAMILY DOLLAR STORES	0.05%		13.53%	0.01%	1.42%	0.00%
FAST	UN Equity	FASTENAL CO	0.07%		20.88%	0.02%	1.57%	0.00%
FII	UN Equity	FEDERATED INVESTORS INC-CL B	0.02%		6.00%	0.00%	9.31%	0.00%
FDX	UN Equity	FEDEX CORP	0.26%		12.80%	0.03%	0.53%	0.00%
FIS	UN Equity	FIDELITY NATIONAL INFORMATIC	0.10%		13.30%	0.01%	0.72%	0.00%
FITB	UN Equity	FIFTH THIRD BANCORP	0.10%		3.93%	0.00%	0.31%	0.00%
FHN	UN Equity	FIRST HORIZON NATIONAL CORP	0.03%		3.67%	0.00%	0.03%	0.00%
FSLR	UN Equity	FIRST SOLAR INC	0.10%		17.67%	0.02%	0.00%	0.00%
FE	UN Equity	FIRSTENERGY CORP	0.11%		3.67%	0.00%	6.39%	0.01%
FISV	UN Equity	FISERV INC	0.07%		13.00%	0.01%	0.00%	0.00%
FLIR	UN Equity	FLIR SYSTEMS INC	0.04%		14.94%	0.01%	0.00%	0.00%
FLS	UN Equity	FLOWSERVE CORP	0.05%		8.00%	0.00%	1.16%	0.00%
FLR	UN Equity	FLUOR CORP	0.08%		9.50%	0.01%	1.11%	0.00%
FMC	UN Equity	FMC CORP	0.04%		8.00%	0.00%	0.83%	0.00%
FTI	UN Equity	FMC TECHNOLOGIES INC	0.07%		12.50%	0.01%	0.00%	0.00%
F	UN Equity	FORD MOTOR CO	0.39%		10.00%	0.04%	0.00%	0.00%
FRX	UN Equity	FOREST LABORATORIES INC	0.08%		1.34%	0.00%	0.00%	0.00%
FO	UN Equity	FORTUNE BRANDS INC	0.07%		11.33%	0.01%	1.64%	0.00%
FPL	UN Equity	FPL GROUP INC	0.20%		6.12%	0.01%	4.00%	0.01%
BEN	UN Equity	FRANKLIN RESOURCES INC	0.22%		10.00%	0.02%	3.85%	0.01%
FCX	UN Equity	FREEMONT-MCMORAN COPPER	0.30%		10.00%	0.03%	1.38%	0.00%
FTR	UN Equity	FRONTIER COMMUNICATIONS CORP	0.02%	No Long-Term Growth		11.97%	0.00%	0.00%
GME	UN Equity	GAMESTOP CORP-CLASS A	0.03%		11.00%	0.00%	0.00%	0.00%
GCI	UN Equity	GANNETT CO	0.04%		4.67%	0.00%	1.03%	0.00%
GPS	UN Equity	GAP INC/THE	0.14%		10.88%	0.02%	1.79%	0.00%
GD	UN Equity	GENERAL DYNAMICS CORP	0.26%		7.57%	0.02%	2.35%	0.01%
GE	UN Equity	GENERAL ELECTRIC CO	1.74%		11.62%	0.20%	2.53%	0.04%
GIS	UN Equity	GENERAL MILLS INC	0.23%		9.26%	0.02%	2.70%	0.01%
GPC	UN Equity	GENUINE PARTS CO	0.06%		8.60%	0.01%	4.04%	0.00%
GNW	UN Equity	GENWORTH FINANCIAL INC-CL A	0.07%		10.00%	0.01%	0.00%	0.00%
GENZ	UN Equity	GENZYME CORP	0.13%		19.82%	0.03%	0.00%	0.00%
GILD	UN Equity	GILEAD SCIENCES INC	0.31%		14.87%	0.05%	0.00%	0.00%
GS	UN Equity	GOLDMAN SACHS GROUP INC	0.73%		8.17%	0.06%	0.98%	0.01%
GR	UN Equity	GOODRICH CORP	0.09%		7.65%	0.01%	1.54%	0.00%
GT	UN Equity	GOODYEAR TIRE & RUBBER CO	0.03%		12.00%	0.00%	0.00%	0.00%
GOOG	UN Equity	GOOGLE INC-CL A	1.17%		19.92%	0.23%	0.00%	0.00%
HRB	UN Equity	H&R BLOCK INC	0.05%		11.00%	0.01%	3.74%	0.00%
HAL	UN Equity	HALLIBURTON CO	0.24%		12.50%	0.03%	1.33%	0.00%
HOG	UN Equity	HARLEY-DAVIDSON INC	0.07%		9.33%	0.01%	1.36%	0.00%

HAR	UN	Equity	HARMAN INTERNATIONAL	0.02%	30.00%	0.01%	0.16%	0.00%
HRS	UN	Equity	HARRIS CORP	0.06%	6.00%	0.00%	1.83%	0.00%
HIG	UN	Equity	HARTFORD FINANCIAL SVCS GRP	0.11%	11.48%	0.01%	0.81%	0.00%
HAS	UN	Equity	HASBRO INC	0.06%	10.00%	0.01%	2.47%	0.00%
HCP	UN	Equity	HCP INC	0.09%	7.46%	0.01%	5.88%	0.01%
HCN	UN	Equity	HEALTH CARE REIT INC	0.05%	7.09%	0.00%	6.39%	0.00%
HP	UN	Equity	HELMERICH & PAYNE	0.04%	16.00%	0.01%	0.55%	0.00%
HSY	UN	Equity	HERSHEY CO/THE	0.08%	7.83%	0.01%	2.81%	0.00%
HES	UN	Equity	HESS CORP	0.17%	6.91%	0.01%	0.75%	0.00%
HPQ	UN	Equity	HEWLETT-PACKARD CO	1.08%	14.80%	0.16%	0.68%	0.01%
HNZ	UN	Equity	HJ HEINZ CO	0.14%	No Long-Term Growth		3.96%	0.00%
HD	UN	Equity	HOME DEPOT INC	0.58%	13.27%	0.08%	2.77%	0.02%
HON	UN	Equity	HONEYWELL INTERNATIONAL INC	0.33%	10.23%	0.03%	2.82%	0.01%
HRL	UN	Equity	HORMEL FOODS CORP	0.05%	11.00%	0.01%	2.10%	0.00%
HSP	UN	Equity	HOSPIRA INC	0.08%	11.47%	0.01%	0.00%	0.00%
HST	UN	Equity	HOST HOTELS & RESORTS INC	0.09%	5.40%	0.00%	0.35%	0.00%
HCBK	UN	Equity	HUDSON CITY BANCORP INC	0.07%	12.00%	0.01%	4.80%	0.00%
HUM	UN	Equity	HUMANA INC	0.08%	7.72%	0.01%	0.00%	0.00%
HBAN	UN	Equity	HUNTINGTON BANCSHARES INC	0.04%	No Long-Term Growth		0.65%	0.00%
IBM	UN	Equity	INTL BUSINESS MACHINES CORP	1.58%	11.40%	0.18%	1.82%	0.03%
ITW	UN	Equity	ILLINOIS TOOL WORKS	0.23%	15.65%	0.04%	2.78%	0.01%
TEG	UN	Equity	INTEGRITY ENERGY GROUP INC	0.03%	7.93%	0.00%	6.07%	0.00%
INTC	UN	Equity	INTEL CORP	1.19%	11.00%	0.13%	2.90%	0.03%
ICE	UN	Equity	INTERCONTINENTALEXCHANGE INC	0.08%	17.75%	0.01%	2.90%	0.00%
IGI	UN	Equity	INTERPUBLIC GROUP OF COS INC	0.04%	11.00%	0.00%	0.00%	0.00%
IFF	UN	Equity	INTL FLAVORS & FRAGRANCES	0.03%	9.25%	0.00%	2.35%	0.00%
IGT	UN	Equity	INTL GAME TECHNOLOGY	0.06%	16.17%	0.01%	1.22%	0.00%
IP	UN	Equity	INTERNATIONAL PAPER CO	0.10%	6.00%	0.01%	1.59%	0.00%
INTU	UN	Equity	INTUIT INC	0.11%	14.80%	0.02%	0.00%	0.00%
ISRG	UN	Equity	INTUITIVE SURGICAL INC	0.12%	24.80%	0.03%	0.00%	0.00%
IVZ	UN	Equity	INVESCO LTD	0.08%	12.00%	0.01%	2.31%	0.00%
IRM	UN	Equity	IRON MOUNTAIN INC	0.05%	18.00%	0.01%	0.93%	0.00%
ITT	UN	Equity	ITT CORP	0.09%	11.00%	0.01%	1.92%	0.00%
JCP	UN	Equity	J.C. PENNEY CO INC	0.06%	13.33%	0.01%	2.89%	0.00%
JBL	UN	Equity	JABIL CIRCUIT INC	0.03%	13.00%	0.00%	2.03%	0.00%
JEC	UN	Equity	JACOBS ENGINEERING GROUP INC	0.05%	13.75%	0.01%	0.00%	0.00%
JNS	UN	Equity	JANUS CAPITAL GROUP INC	0.02%	0.75%	0.00%	0.38%	0.00%
JDSU	UN	Equity	JDS UNIPHASE CORP	0.02%	15.50%	0.00%	0.00%	0.00%
SJM	UN	Equity	JM SMUCKER CO/THE	0.07%	7.60%	0.00%	2.95%	0.00%
JCI	UN	Equity	JOHNSON CONTROLS INC	0.19%	13.50%	0.03%	1.81%	0.00%
JNJ	UN	Equity	JOHNSON & JOHNSON	1.61%	7.70%	0.12%	3.47%	0.06%
JPM	UN	Equity	JPMORGAN CHASE & CO	1.56%	8.50%	0.13%	1.08%	0.02%
JNPR	UN	Equity	JUNIPER NETWORKS INC	0.14%	17.64%	0.02%	0.00%	0.00%
K	UN	Equity	KELLOGG CO	0.20%	9.34%	0.02%	2.93%	0.01%
KEY	UN	Equity	KEYCORP	0.07%	4.00%	0.00%	0.50%	0.00%
KMB	UN	Equity	KIMBERLY-CLARK CORP	0.25%	8.23%	0.02%	4.32%	0.01%
KIM	UN	Equity	KIMCO REALTY CORP	0.06%	2.48%	0.00%	4.51%	0.00%
KG	UN	Equity	KING PHARMACEUTICALS INC	0.02%	14.90%	0.00%	0.00%	0.00%
KLAC	UN	Equity	KLA-TENCOR CORPORATION	0.05%	6.00%	0.00%	1.85%	0.00%
KSS	UN	Equity	KOHL'S CORP	0.15%	13.90%	0.02%	0.00%	0.00%
KFT	UN	Equity	KRAFT FOODS INC-CLASS A	0.49%	7.73%	0.04%	4.08%	0.02%
KR	UN	Equity	KROGER CO	0.13%	10.20%	0.01%	2.00%	0.00%
LLL	UN	Equity	L-3 COMMUNICATIONS HOLDINGS	0.10%	9.83%	0.01%	1.80%	0.00%
LH	UN	Equity	LABORATORY CRP OF AMER HLDGS	0.08%	12.50%	0.01%	0.00%	0.00%
LM	UN	Equity	LEGG MASON INC	0.05%	7.50%	0.00%	0.46%	0.00%
LEG	UN	Equity	LEGGITT & PLATT INC	0.03%	20.00%	0.01%	4.49%	0.00%
LEN	UN	Equity	LENNAR CORP-CL A	0.03%	8.00%	0.00%	0.92%	0.00%
LUK	UN	Equity	LEUCADIA NATIONAL CORP	0.05%	No Long-Term Growth		0.00%	0.00%
LXK	UN	Equity	LEXMARK INTERNATIONAL INC-A	0.03%	No Long-Term Growth		0.00%	0.00%
LIFE	UN	Equity	LIFE TECHNOLOGIES CORP	0.09%	11.26%	0.01%	0.00%	0.00%
LNC	UN	Equity	LINCOLN NATIONAL CORP	0.08%	10.73%	0.01%	0.15%	0.00%
LLTC	UN	Equity	LINEAR TECHNOLOGY CORP	0.06%	12.00%	0.01%	3.20%	0.00%
LMT	UN	Equity	LOCKHEED MARTIN CORP	0.29%	8.06%	0.02%	3.17%	0.01%
L	UN	Equity	LOEWS CORP	0.13%	No Long-Term Growth		0.77%	0.00%
LO	UN	Equity	LORILLARD INC	0.11%	6.00%	0.01%	5.87%	0.01%
LOW	UN	Equity	LOWE'S COS INC	0.35%	14.21%	0.05%	1.47%	0.01%
LSI	UN	Equity	LSI CORP	0.04%	2.00%	0.00%	0.00%	0.00%
LTD	UN	Equity	LTD BRANDS INC	0.08%	14.43%	0.01%	6.40%	0.01%
MTB	UN	Equity	M & T BANK CORP	0.10%	4.63%	0.00%	3.45%	0.00%
M	UN	Equity	MACY'S INC	0.09%	11.22%	0.01%	0.93%	0.00%
MRO	UN	Equity	MARATHON OIL CORP	0.22%	12.67%	0.03%	3.13%	0.01%
MAR	UN	Equity	MARRIOTT INTERNATIONAL-CL A	0.12%	14.64%	0.02%	0.48%	0.00%
MMC	UN	Equity	MARSH & MCLENNAN COS	0.12%	11.00%	0.01%	3.76%	0.00%
MI	UN	Equity	MARSHALL & ISLSEY CORP	0.04%	8.33%	0.00%	0.49%	0.00%
MAS	UN	Equity	MASCO CORP	0.05%	12.50%	0.01%	2.27%	0.00%
MEE	UN	Equity	MASSEY ENERGY CO	0.03%	11.00%	0.00%	0.70%	0.00%
MA	UN	Equity	MASTERCARD INC-CLASS A	0.23%	18.89%	0.04%	0.29%	0.00%
MAT	UN	Equity	MATTEL INC	0.08%	8.50%	0.01%	3.77%	0.00%
MFE	UN	Equity	MCAFEE INC	0.05%	13.73%	0.01%	0.00%	0.00%
MKC	UN	Equity	MCCORMICK & CO-NON VGT SHRS	0.05%	8.40%	0.00%	2.66%	0.00%
MCD	UN	Equity	MCDONALD'S CORP	0.71%	10.50%	0.07%	3.43%	0.02%
MHP	UN	Equity	MCGRAW-HILL COMPANIES INC	0.09%	9.67%	0.01%	3.44%	0.00%
MCK	UN	Equity	MCKESSON CORP	0.18%	11.66%	0.02%	0.70%	0.00%
MJN	UN	Equity	MEAD JOHNSON NUTRITION CO	0.10%	10.43%	0.01%	1.73%	0.00%
MWV	UN	Equity	MEADWESTVACO CORP	0.04%	10.00%	0.00%	3.86%	0.00%
MHS	UN	Equity	MEDCO HEALTH SOLUTIONS INC	0.26%	16.95%	0.04%	0.05%	0.00%
MDT	UN	Equity	MEDTRONIC INC	0.42%	11.06%	0.05%	2.18%	0.01%
WFR	UN	Equity	MEMC ELECTRONIC MATERIALS	0.03%	17.75%	0.00%	0.00%	0.00%
MRK	UN	Equity	MERCK & CO. INC.	1.02%	5.81%	0.06%	4.59%	0.05%
MDP	UN	Equity	MEREDITH CORP	0.01%	15.00%	0.00%	2.70%	0.00%
MET	UN	Equity	METLIFE INC	0.33%	9.60%	0.03%	1.87%	0.01%
PCS	UN	Equity	METROPOLIS COMMUNICATIONS INC	0.03%	16.35%	0.01%	0.00%	0.00%
MCHP	UN	Equity	MICROCHIP TECHNOLOGY INC	0.05%	10.00%	0.00%	5.03%	0.00%
MU	UN	Equity	MICRON TECHNOLOGY INC	0.09%	12.50%	0.01%	0.00%	0.00%
MSFT	UN	Equity	MICROSOFT CORP	2.26%	11.53%	0.26%	2.00%	0.05%
MIL	UN	Equity	MILLIPORE CORP	0.06%	12.17%	0.01%	0.00%	0.00%
MOLX	UN	Equity	MOLEX INC	0.02%	12.50%	0.00%	2.93%	0.00%
TAP	UN	Equity	MOLSON COORS BREWING CO -B	0.06%	12.00%	0.01%	2.60%	0.00%
MON	UN	Equity	MONSANTO CO	0.26%	12.50%	0.03%	2.24%	0.01%
MWW	UN	Equity	MONSTER WORLDWIDE INC	0.02%	17.83%	0.00%	0.00%	0.00%
MCO	UN	Equity	MOODY'S CORP	0.05%	11.67%	0.01%	1.95%	0.00%
MS	UN	Equity	MORGAN STANLEY	0.38%	No Long-Term Growth		0.73%	0.00%
MOT	UN	Equity	MOTOROLA INC	0.16%	8.60%	0.01%	0.00%	0.00%
MUR	UN	Equity	MURPHY OIL CORP	0.10%	15.00%	0.01%	1.96%	0.00%
MYL	UN	Equity	MYLAN INC	0.06%	14.97%	0.01%	1.64%	0.00%
NBR	UN	Equity	NABORS INDUSTRIES LTD	0.05%	7.50%	0.00%	0.00%	0.00%
NDAQ	UN	Equity	NASDAQ OMX GROUP/THE	0.04%	13.14%	0.01%	0.00%	0.00%
NOV	UN	Equity	NATIONAL OILWELL VARCO INC	0.16%	11.50%	0.02%	1.00%	0.00%
NSM	UN	Equity	NATIONAL SEMICONDUCTOR CORP	0.03%	9.33%	0.00%	2.30%	0.00%
NTAP	UN	Equity	NETAPP INC	0.13%	18.00%	0.02%	0.00%	0.00%
NYT	UN	Equity	NEW YORK TIMES CO -CL A	0.01%	3.50%	0.00%	0.00%	0.00%
NWL	UN	Equity	NEWELL RUBBERMAID INC	0.05%	8.50%	0.00%	1.34%	0.00%
NEM	UN	Equity	NEWMONT MINING CORP	0.26%	16.10%	0.04%	0.80%	0.00%
NWSA	UN	Equity	NEWS CORP-CL A	0.24%	8.59%	0.02%	1.02%	0.00%
GAS	UN	Equity	NICOR INC	0.02%	4.20%	0.00%	4.61%	0.00%
NKE	UN	Equity	NIKE INC -CL B	0.29%	12.00%	0.03%	1.37%	0.00%

NI	UN Equity	NISOURCE INC	0.04%	4.87%	0.00%	6.23%	0.00%
NBL	UN Equity	NOBLE ENERGY INC	0.11%	6.75%	0.01%	1.32%	0.00%
JWN	UN Equity	NORDSTROM INC	0.08%	12.09%	0.01%	1.61%	0.00%
NSC	UN Equity	NORFOLK SOUTHERN CORP	0.22%	11.33%	0.02%	2.44%	0.01%
NU	UN Equity	NORTHEAST UTILITIES	0.04%	7.66%	0.00%	3.97%	0.00%
NTRS	UN Equity	NORTHERN TRUST CORP	0.12%	9.08%	0.01%	2.18%	0.00%
NOC	UN Equity	NORTHROP GRUMMAN CORP	0.18%	9.66%	0.02%	2.93%	0.01%
NOVL	UN Equity	NOVELL INC	0.02%	8.33%	0.00%	0.00%	0.00%
NVLS	UN Equity	NOVELLUS SYSTEMS INC	0.02%	18.00%	0.00%	0.00%	0.00%
NRG	UN Equity	NRG ENERGY INC	0.06%	2.51%	0.00%	0.16%	0.00%
NUE	UN Equity	NUCOR CORP	0.14%	15.00%	0.02%	3.29%	0.00%
NVDA	UN Equity	NVIDIA CORP	0.07%	16.33%	0.01%	0.00%	0.00%
NYX	UN Equity	NYSE EURONEXT	0.07%	11.20%	0.01%	4.29%	0.00%
ORLY	UN Equity	O'REILLY AUTOMOTIVE INC	0.07%	17.00%	0.01%	0.00%	0.00%
OXY	UN Equity	OCCIDENTAL PETROLEUM CORP	0.65%	8.01%	0.05%	1.69%	0.01%
ODP	UN Equity	OFFICE DEPOT INC	0.02%	10.67%	0.00%	0.00%	0.00%
OMC	UN Equity	OMNICOM GROUP	0.12%	11.00%	0.01%	2.02%	0.00%
OKE	UN Equity	ONEOK INC	0.05%	5.67%	0.00%	4.01%	0.00%
ORCL	UN Equity	ORACLE CORP	1.11%	14.16%	0.16%	0.88%	0.01%
OI	UN Equity	OWENS-ILLINOIS INC	0.05%	5.00%	0.00%	0.00%	0.00%
PCAR	UN Equity	PACCAR INC	0.15%	11.00%	0.02%	1.04%	0.00%
PTV	UN Equity	FACTIV CORPORATION	0.04%	11.00%	0.00%	0.00%	0.00%
PLL	UN Equity	PALL CORP	0.04%	12.67%	0.00%	1.69%	0.00%
PH	UN Equity	PARKER HANNIFIN CORP	0.10%	8.50%	0.01%	1.66%	0.00%
PDCO	UN Equity	PATTERSON COS INC	0.04%	14.33%	0.01%	1.35%	0.00%
PAYX	UN Equity	PAYCHEX INC	0.10%	11.53%	0.01%	4.31%	0.00%
BTU	UN Equity	PEABODY ENERGY CORP	0.11%	9.00%	0.01%	0.69%	0.00%
PBCT	UN Equity	PEOPLE'S UNITED FINANCIAL	0.05%	8.20%	0.00%	4.36%	0.00%
POM	UN Equity	PEPCO HOLDINGS INC	0.04%	6.00%	0.00%	6.70%	0.00%
PEP	UN Equity	PEPSICO INC	0.99%	9.80%	0.10%	3.06%	0.03%
PKI	UN Equity	PERKINELMER INC	0.03%	14.83%	0.00%	1.24%	0.00%
PFE	UN Equity	PFIZER INC	1.22%	3.19%	0.04%	4.71%	0.06%
PG	UN Equity	P G & E CORP	0.15%	7.25%	0.01%	4.37%	0.01%
PM	UN Equity	PHILIP MORRIS INTERNATIONAL	0.81%	9.80%	0.08%	5.50%	0.04%
PNW	UN Equity	PINNACLE WEST CAPITAL	0.04%	5.80%	0.00%	6.02%	0.00%
PXD	UN Equity	PIONEER NATURAL RESOURCES CO	0.07%	12.25%	0.01%	0.21%	0.00%
PBI	UN Equity	PITNEY BOWES INC	0.05%	No Long-Term Growth		6.55%	0.00%
PCL	UN Equity	PLUM CREEK TIMBER CO	0.06%	5.00%	0.00%	4.83%	0.00%
PNC	UN Equity	PNC FINANCIAL SERVICES GROUP	0.33%	1.68%	0.01%	0.59%	0.00%
RL	UN Equity	POLO RALPH LAUREN CORP	0.05%	13.25%	0.01%	0.35%	0.00%
PPG	UN Equity	PPG INDUSTRIES INC	0.10%	3.70%	0.00%	3.40%	0.00%
PPL	UN Equity	PPL CORPORATION	0.09%	3.30%	0.00%	5.53%	0.01%
PX	UN Equity	PRAXAIR INC	0.24%	10.40%	0.02%	2.27%	0.01%
PCP	UN Equity	PRECISION CASTPARTS CORP	0.17%	8.90%	0.01%	0.10%	0.00%
PCLN	UN Equity	PRICELINE.COM INC	0.09%	19.60%	0.02%	0.00%	0.00%
PFG	UN Equity	PRINCIPAL FINANCIAL GROUP	0.09%	12.70%	0.01%	1.96%	0.00%
PG	UN Equity	PROCTER & GAMBLE CO/THE	1.73%	9.00%	0.16%	2.88%	0.05%
PGR	UN Equity	PROGRESS ENERGY INC	0.11%	4.25%	0.00%	6.46%	0.01%
PGR	UN Equity	PROGRESSIVE CORP	0.13%	5.67%	0.01%	0.94%	0.00%
PLD	UN Equity	PROLOGIS	0.05%	22.26%	0.01%	5.18%	0.00%
PRU	UN Equity	PRUDENTIAL FINANCIAL INC	0.26%	12.98%	0.03%	1.30%	0.00%
PEG	UN Equity	PUBLIC SERVICE ENTERPRISE GP	0.15%	1.00%	0.00%	4.50%	0.01%
PSA	UN Equity	PUBLIC STORAGE	0.15%	3.96%	0.01%	3.25%	0.01%
PHM	UN Equity	PULTE GROUP INC	0.04%	10.00%	0.00%	0.03%	0.00%
QLGC	UN Equity	QLOGIC CORP	0.02%	11.50%	0.00%	0.00%	0.00%
QCOM	UN Equity	QUALCOMM INC	0.57%	16.25%	0.09%	2.02%	0.01%
PWR	UN Equity	QUANTA SERVICES INC	0.04%	14.45%	0.01%	0.00%	0.00%
DGX	UN Equity	QUEST DIAGNOSTICS	0.09%	12.19%	0.01%	0.80%	0.00%
STR	UN Equity	QUESTAR CORP	0.08%	4.00%	0.00%	1.17%	0.00%
Q	UN Equity	QWEST COMMUNICATIONS INTL	0.09%	2.17%	0.00%	6.14%	0.01%
RSH	UN Equity	RADIOSHACK CORP	0.02%	8.50%	0.00%	1.26%	0.00%
RRC	UN Equity	RANGE RESOURCES CORP	0.07%	14.60%	0.01%	0.36%	0.00%
RTN	UN Equity	RAYTHEON COMPANY	0.20%	8.50%	0.02%	2.74%	0.01%
RHT	UN Equity	RED HAT INC	0.05%	19.57%	0.01%	0.00%	0.00%

RF	UN Equity	REGIONS FINANCIAL CORP	0.09%	5.67%	0.01%	0.52%	0.00%
RSG	UN Equity	REPUBLIC SERVICES INC	0.11%	13.00%	0.01%	2.64%	0.00%
RAI	UN Equity	REYNOLDS AMERICAN INC	0.15%	6.00%	0.01%	6.96%	0.01%
RHI	UN Equity	ROBERT HALF INTL INC	0.04%	16.00%	0.01%	1.99%	0.00%
ROK	UN Equity	ROCKWELL AUTOMATION INC	0.08%	21.20%	0.02%	2.16%	0.00%
COL	UN Equity	ROCKWELL COLLINS INC.	0.09%	7.46%	0.01%	1.62%	0.00%
ROP	UN Equity	ROPER INDUSTRIES INC	0.05%	13.50%	0.01%	0.64%	0.00%
ROST	UN Equity	ROSS STORES INC	0.06%	13.83%	0.01%	1.26%	0.00%
RDC	UN Equity	ROWAN COMPANIES INC	0.03%	15.33%	0.00%	0.21%	0.00%
RRD	UN Equity	RR DONNELLEY & SONS CO	0.04%	9.00%	0.00%	5.49%	0.00%
R	UN Equity	RYDER SYSTEM INC	0.02%	14.03%	0.00%	2.22%	0.00%
SWY	UN Equity	SAFEWAY INC	0.08%	9.88%	0.01%	1.89%	0.00%
SAI	UN Equity	SAIC INC	0.07%	12.84%	0.01%	0.00%	0.00%
CRM	UN Equity	SALESFORCE.COM INC	0.11%	30.46%	0.03%	0.00%	0.00%
SNDK	UN Equity	SANDISK CORP	0.10%	15.00%	0.02%	0.00%	0.00%
SLE	UN Equity	SARA LEE CORP	0.09%	9.16%	0.01%	3.11%	0.00%
SCG	UN Equity	SCANA CORP	0.05%	4.10%	0.00%	5.27%	0.00%
SLB	UN Equity	SCHLUMBERGER LTD	0.71%	14.40%	0.10%	1.42%	0.01%
SCHW	UN Equity	SCHWAB (CHARLES) CORP	0.19%	10.50%	0.02%	1.46%	0.00%
SNI	UN Equity	SCRIPPS NETWORKS INTER-CL A	0.06%	13.84%	0.01%	0.46%	0.00%
SEE	UN Equity	SEALED AIR CORP	0.03%	6.00%	0.00%	1.66%	0.00%
SHLD	UN Equity	SEARS HOLDINGS CORP	0.10%	10.00%	0.01%	0.00%	0.00%
SRE	UN Equity	SEMPRA ENERGY	0.11%	6.50%	0.01%	3.54%	0.00%
SHW	UN Equity	SHERWIN-WILLIAMS CO/THE	0.08%	7.44%	0.01%	1.90%	0.00%
SIAL	UN Equity	SIGMA-ALDRICH	0.06%	9.47%	0.01%	1.21%	0.00%
SPG	UN Equity	SIMON PROPERTY GROUP INC	0.24%	4.69%	0.01%	2.51%	0.01%
SLM	UN Equity	SLM CORP	0.05%	11.00%	0.01%	0.00%	0.00%
SII	UN Equity	SMITH INTERNATIONAL INC	0.10%	10.50%	0.01%	1.14%	0.00%
SNA	UN Equity	SNAP-ON INC	0.03%	10.00%	0.00%	0.00%	0.00%
SO	UN Equity	SOUTHERN CO	0.27%	5.36%	0.01%	5.47%	0.01%
LUV	UN Equity	SOUTHWEST AIRLINES CO	0.09%	13.00%	0.01%	0.14%	0.00%
SWN	UN Equity	SOUTHWESTERN ENERGY CO	0.13%	26.00%	0.03%	0.00%	0.00%
SE	UN Equity	SPECTRA ENERGY CORP	0.13%	6.67%	0.01%	5.00%	0.01%
S	UN Equity	SPRINT NEXTEL CORP	0.15%	4.67%	0.01%	0.00%	0.00%
STJ	UN Equity	ST JUDE MEDICAL INC	0.12%	13.26%	0.02%	0.00%	0.00%
SWK	UN Equity	STANLEY BLACK & DECKER INC	0.09%	22.00%	0.02%	2.33%	0.00%
SPLS	UN Equity	STAPLES INC	0.16%	14.48%	0.02%	1.71%	0.00%
SBUX	UN Equity	STARBUCKS CORP	0.19%	12.90%	0.02%	1.01%	0.00%
HOT	UN Equity	STARWOOD HOTELS & RESORTS	0.09%	7.87%	0.01%	0.52%	0.00%
STT	UN Equity	STATE STREET CORP	0.19%	11.60%	0.02%	0.33%	0.00%
SRCL	UN Equity	STERICYCLE INC	0.05%	16.67%	0.01%	0.00%	0.00%
SYK	UN Equity	STRYKER CORP	0.21%	13.27%	0.03%	0.94%	0.00%
SUN	UN Equity	SUNOCO INC	0.03%	No Long-Term Growth		2.07%	0.00%
STI	UN Equity	SUNTRUST BANKS INC	0.14%	5.29%	0.01%	0.18%	0.00%
SVU	UN Equity	SUPERVALU INC	0.03%	No Long-Term Growth		3.25%	0.00%
SYMC	UN Equity	SYMANTEC CORP	0.11%	9.69%	0.01%	0.00%	0.00%
SY	UN Equity	SYSCO CORP	0.17%	10.50%	0.02%	3.35%	0.01%
TROW	UN Equity	T ROWE PRICE GROUP INC	0.13%	10.80%	0.01%	2.08%	0.00%
TGT	UN Equity	TARGET CORP	0.40%	14.39%	0.06%	1.30%	0.01%
TE	UN Equity	TECO ENERGY INC	0.03%	7.75%	0.00%	5.27%	0.00%
TLAB	UN Equity	TELLABS INC	0.03%	10.00%	0.00%	0.88%	0.00%
THC	UN Equity	TENET HEALTHCARE CORP	0.03%	10.08%	0.00%	0.00%	0.00%
TDC	UN Equity	TERADATA CORP	0.05%	10.00%	0.01%	0.00%	0.00%
TER	UN Equity	TERADYNE INC	0.02%	17.60%	0.00%	0.00%	0.00%
TSO	UN Equity	TESORO CORP	0.02%	No Long-Term Growth		0.00%	0.00%
TXN	UN Equity	TEXAS INSTRUMENTS INC	0.30%	10.60%	0.03%	1.93%	0.01%
TXT	UN Equity	TEXTRON INC	0.06%	35.51%	0.02%	0.39%	0.00%
TMO	UN Equity	THERMO FISHER SCIENTIFIC INC	0.21%	12.25%	0.03%	0.00%	0.00%
TIF	UN Equity	TIFFANY & CO	0.06%	12.48%	0.01%	1.66%	0.00%
TWC	UN Equity	TIME WARNER CABLE	0.19%	12.81%	0.02%	2.95%	0.01%
TWX	UN Equity	TIME WARNER INC	0.34%	14.35%	0.05%	2.82%	0.01%
TIE	UN Equity	TITANIUM METALS CORP	0.03%	12.50%	0.00%	0.58%	0.00%
TJX	UN Equity	TJX COMPANIES INC	0.18%	13.75%	0.03%	1.28%	0.00%
TMK	UN Equity	TORCHMARK CORP	0.04%	8.00%	0.00%	1.32%	0.00%
TSS	UN Equity	TOTAL SYSTEM SERVICES INC	0.03%	9.00%	0.00%	1.92%	0.00%
TRV	UN Equity	TRAVELERS COS INC/THE	0.24%	11.73%	0.03%	2.85%	0.01%
TSN	UN Equity	TYSON FOODS INC-CL A	0.05%	8.50%	0.00%	0.94%	0.00%
UNP	UN Equity	UNION PACIFIC CORP	0.35%	11.10%	0.04%	1.62%	0.01%
UPS	UN Equity	UNITED PARCEL SERVICE-CL B	0.45%	12.83%	0.06%	2.97%	0.01%
UTX	UN Equity	UNITED TECHNOLOGIES CORP	0.62%	10.93%	0.07%	2.43%	0.02%
UNH	UN Equity	UNITEDHEALTH GROUP INC	0.33%	11.00%	0.04%	0.03%	0.00%
UNM	UN Equity	UNUM GROUP	0.08%	9.25%	0.01%	1.63%	0.00%
URBN	UN Equity	URBAN OUTFITTERS INC	0.06%	20.80%	0.01%	0.00%	0.00%
USB	UN Equity	US BANCORP	0.46%	6.50%	0.03%	1.05%	0.00%
X	UN Equity	UNITED STATES STEEL CORP	0.07%	17.50%	0.01%	0.42%	0.00%
VLO	UN Equity	VALERO ENERGY CORP	0.10%	4.03%	0.00%	1.08%	0.00%
VAR	UN Equity	VARIAN MEDICAL SYSTEMS INC	0.06%	14.00%	0.01%	0.00%	0.00%
VTR	UN Equity	VENTAS INC	0.07%	4.99%	0.00%	4.61%	0.00%
VRSN	UN Equity	VERISIGN INC	0.05%	12.94%	0.01%	0.00%	0.00%
VZ	UN Equity	VERIZON COMMUNICATIONS INC	0.76%	3.59%	0.03%	7.06%	0.05%
VFC	UN Equity	VF CORP	0.08%	9.20%	0.01%	3.11%	0.00%
VIA/B	UN Equity	VIACOM INC-CLASS B	0.18%	11.98%	0.02%	0.60%	0.00%
V	UN Equity	VISA INC-CLASS A SHARES	0.36%	19.60%	0.07%	0.66%	0.00%
VNO	UN Equity	VORNADO REALTY TRUST	0.14%	9.81%	0.01%	3.40%	0.00%
VMC	UN Equity	VULCAN MATERIALS CO	0.06%	9.80%	0.01%	1.96%	0.00%
WMT	UN Equity	WAL-MART STORES INC	1.87%	10.64%	0.20%	2.38%	0.04%
WAG	UN Equity	WALGREEN CO	0.31%	14.44%	0.04%	1.71%	0.01%
DIS	UN Equity	WALT DISNEY CO/THE	0.65%	10.71%	0.07%	1.07%	0.01%
WPO	UN Equity	WASHINGTON POST-CLASS B	0.04%	No Long-Term Growth		0.00%	0.00%
WM	UN Equity	WASTE MANAGEMENT INC	0.15%	8.20%	0.01%	3.84%	0.01%
WAT	UN Equity	WATERS CORP	0.06%	16.50%	0.01%	0.00%	0.00%
WPI	UN Equity	WATSON PHARMACEUTICALS INC	0.05%	9.56%	0.01%	0.00%	0.00%
WLP	UN Equity	WELLPOINT INC	0.22%	10.24%	0.02%	0.00%	0.00%
WFC	UN Equity	WELLS FARGO & CO	1.49%	5.32%	0.08%	0.71%	0.01%
WDC	UN Equity	WESTERN DIGITAL CORP	0.08%	7.50%	0.01%	0.00%	0.00%
WU	UN Equity	WESTERN UNION CO	0.11%	12.23%	0.01%	1.46%	0.00%
WY	UN Equity	WEYERHAEUSER CO	0.09%	3.67%	0.00%	0.64%	0.00%
WHR	UN Equity	WHIRLPOOL CORP	0.08%	15.00%	0.01%	1.65%	0.00%
WFMI	UN Equity	WHOLE FOODS MARKET INC	0.07%	17.58%	0.01%	0.00%	0.00%
WMB	UN Equity	WILLIAMS COS INC	0.11%	15.57%	0.02%	2.41%	0.00%
WIN	UN Equity	WINDSTREAM CORP	0.05%	No Long-Term Growth		9.30%	0.00%
WEC	UN Equity	WISCONSIN ENERGY CORP	0.06%	8.33%	0.00%	3.26%	0.00%
GWW	UN Equity	WW GRAINGER INC	0.07%	13.22%	0.01%	1.93%	0.00%
WYN	UN Equity	WYNDHAM WORLDWIDE CORP	0.04%	No Long-Term Growth		2.03%	0.00%
WYNN	UN Equity	WYNN RESORTS LTD	0.10%	11.03%	0.01%	0.54%	0.00%
XEL	UN Equity	XCEL ENERGY INC	0.09%	6.02%	0.01%	4.90%	0.00%
XRX	UN Equity	XEROX CORP	0.13%	No Long-Term Growth		1.88%	0.00%
XLNX	UN Equity	XILINX INC	0.07%	14.00%	0.01%	2.63%	0.00%
XL	UN Equity	XL CAPITAL LTD -CLASS A	0.06%	0.11%	0.00%	2.28%	0.00%
XTO	UN Equity	XTO ENERGY INC	0.25%	5.50%	0.01%	1.10%	0.00%
YHOO	UN Equity	YAHOO! INC	0.21%	14.49%	0.03%	0.00%	0.00%
YUM	UN Equity	YUM! BRANDS INC	0.19%	11.83%	0.02%	2.20%	0.00%
ZMH	UN Equity	ZIMMER HOLDINGS INC	0.11%	11.17%	0.01%	0.00%	0.00%
ZION	UN Equity	ZIONS BANCORPORATION	0.04%	7.43%	0.00%	0.19%	0.00%

CAPM UTILIZING ALTERNATIVE MARKET RISK PREMIUM CALCULATIONS

- [1] Current 30 Year Treasury (30-day average)
 [2] Near-Term Projected 30 Year Treasury

4.70%	
	4.97%

Sharpe Ratio Derived Market Risk Premium
 Ex-Ante Approach Derived Market Risk Premium

7.45%	9.82%	10.09%
8.30%	10.41%	10.68%

Proxy Group Historical Beta

0.69

[1] Source: Bloomberg
 [1] Source: Aspen Publishers, Blue Chip Financial Forecasts, Vol. 29, No. 4 April 1, 2010, p. 2

MARKET RISK PREMIUM UTILIZING EXPECTED MARKET SHARPE RATIO

$$\frac{RP_h}{Vol_h} \times Vol_e = RP_e$$

RP_h	6.70%	Vol_h	20.40%		
Vol_e	22.67%	Expected Market Sharpe Ratio	32.85%	RP_e	7.45%

RP_h = historical arithmetic average Risk Premium
 Vol_h = historical market volatility
 Vol_e = expected market volatility

Date	VXV	08/10 VIX Futures	09/10 VIX Futures	10/10 VIX Futures
04/30/2010	23.67	24.80	25.45	25.70
04/29/2010	20.96	23.85	24.65	24.95
04/28/2010	22.31	24.20	24.90	25.15
04/27/2010	22.72	24.35	25.05	25.20
04/26/2010	19.86	23.25	23.90	24.15
04/23/2010	19.39	23.05	23.85	24.15
04/22/2010	19.59	23.10	23.90	24.20
04/21/2010	19.30	22.95	23.70	23.95
04/20/2010	18.99	22.65	23.40	23.65
04/19/2010	19.79	22.90	23.50	23.85
04/16/2010	20.23	23.00	23.60	23.85
04/15/2010	18.90	22.50	23.15	23.40
04/14/2010	18.77	22.45	23.10	23.40
04/13/2010	18.99	22.65	23.25	23.50
04/12/2010	18.96	22.60	23.10	23.45
04/09/2010	18.62	22.65	23.20	23.50
04/08/2010	19.08	22.75	23.20	23.45
04/07/2010	19.19	22.80	23.20	23.45
04/06/2010	18.84	22.60	23.00	23.25
04/05/2010	19.35	22.75	23.25	23.40
04/01/2010	19.90	23.35	23.65	23.80
03/31/2010	19.92	23.30	23.60	23.75
03/30/2010	19.54	23.30	23.55	23.70
03/29/2010	19.85	23.35	23.55	23.70
03/26/2010	20.06	23.50	23.70	23.75
03/25/2010	20.58	23.60	23.70	23.80
03/24/2010	20.08	23.40	23.65	23.80
03/23/2010	19.68	23.20	23.40	23.50
03/22/2010	20.11	23.35	23.50	23.65
03/19/2010	19.95	23.45	23.60	23.70
Average	22.67			

ESTIMATED MARKET RISK PREMIUM DERIVED FROM

Estimated Weighted Index Dividend Yield	Weighted Index Long-Term Growth Rate	S&P 500 Estimated Required Market Return
1.99%	10.90%	13.00%
Estimate:		96.93%
30 Day Average 30-Year Treasury Yield		4.70%
Implied Market Risk Premium		8.30%

Standard and Poor's 500 Index

Ticker	Name	Weight in the Index (%)	Long-Term Growth Estimate (%)	Cap-Weighted Long-Term Growth	Estimated 2009 Dividend Yield (%)	Cap-Weighted Dividend Yield
MMM	UN Equity 3M CO	0.57%	12.03%	0.07%	2.60%	0.01%
ABT	UN Equity ABBOTT LABORATORIES	0.72%	11.80%	0.09%	3.67%	0.03%
ANF	UN Equity ABERCROMBIE & FITCH CO-CL A	0.03%	17.33%	0.01%	2.04%	0.00%
ADBE	UN Equity ADOBE SYSTEMS INC	0.16%	13.67%	0.02%	0.00%	0.00%
AMD	UN Equity ADVANCED MICRO DEVICES	0.06%	12.50%	0.01%	0.00%	0.00%
AES	UN Equity AES CORP	0.08%	6.50%	0.01%	0.00%	0.00%
AET	UN Equity AETNA INC	0.12%	12.00%	0.01%	0.07%	0.00%
AFL	UN Equity AFLAC INC	0.21%	13.06%	0.03%	2.55%	0.01%
A	UN Equity AGILENT TECHNOLOGIES INC	0.11%	15.00%	0.02%	0.00%	0.00%
APD	UN Equity AIR PRODUCTS & CHEMICALS INC	0.15%	10.76%	0.02%	2.75%	0.00%
ARG	UN Equity AIRGAS INC	0.05%	12.66%	0.01%	1.31%	0.00%
AKS	UN Equity AK STEEL HOLDING CORP	0.02%	10.00%	0.00%	1.33%	0.00%
AKAM	UN Equity AKAMAI TECHNOLOGIES INC	0.07%	14.38%	0.01%	0.00%	0.00%
AA	UN Equity ALCOA INC	0.12%	9.00%	0.01%	1.03%	0.00%
AYE	UN Equity ALLEGHENY ENERGY INC	0.03%	1.67%	0.00%	3.07%	0.00%
ATI	UN Equity ALLEGHENY TECHNOLOGIES INC	0.05%	20.00%	0.01%	1.34%	0.00%
AGN	UN Equity ALLERGAN INC	0.18%	14.24%	0.03%	0.42%	0.00%
ALL	UN Equity ALLSTATE CORP	0.16%	9.00%	0.01%	2.64%	0.00%
ALTR	UN Equity ALTERA CORPORATION	0.07%	19.33%	0.01%	0.89%	0.00%
MO	UN Equity ALTRIA GROUP INC	0.42%	7.50%	0.03%	7.05%	0.03%
AMZN	UN Equity AMAZON COM INC	0.55%	28.25%	0.16%	0.00%	0.00%
AEE	UN Equity AMEREN CORPORATION	0.06%	No Long-Term Growth	0.01%	6.32%	0.00%
AEP	UN Equity AMERICAN ELECTRIC POWER	0.15%	4.67%	0.01%	5.24%	0.01%
XPX	UN Equity AMERICAN EXPRESS CO	0.47%	11.33%	0.05%	1.82%	0.01%
AIG	UN Equity AMERICAN INTERNATIONAL GROUP	0.25%	9.00%	0.02%	0.00%	0.00%
AMT	UN Equity AMERICAN TOWER CORP-CL A	0.18%	20.85%	0.03%	0.00%	0.00%
AMP	UN Equity AMERIPRISE FINANCIAL INC	0.10%	13.33%	0.01%	1.69%	0.00%
ABC	UN Equity AMERISOURCEBERGEN CORP	0.09%	12.75%	0.01%	0.90%	0.00%
AMGN	UN Equity AMGEN INC	0.48%	8.85%	0.04%	0.00%	0.00%
APH	UN Equity AMPHENOL CORP-CL A	0.07%	17.50%	0.01%	0.14%	0.00%
APC	UN Equity ANADARKO PETROLEUM CORP	0.28%	No Long-Term Growth		0.66%	0.00%
ADI	UN Equity ANALOG DEVICES INC	0.09%	10.67%	0.01%	2.86%	0.00%
AON	UN Equity AON CORP	0.10%	6.50%	0.01%	1.54%	0.00%
APA	UN Equity APACHE CORP	0.30%	8.66%	0.03%	0.70%	0.00%
AIV	UN Equity APARTMENT INVT & MGMT CO -A	0.02%	6.20%	0.00%	1.97%	0.00%
APOL	UN Equity APOLLO GROUP INC-CL A	0.08%	17.22%	0.01%	0.00%	0.00%
AAPL	UN Equity APPLE INC	2.25%	18.23%	0.41%	0.00%	0.00%
AMAT	UN Equity APPLIED MATERIALS INC	0.17%	12.75%	0.02%	1.94%	0.00%
ADM	UN Equity ARCHER-DANIELS-MIDLAND CO	0.16%	10.00%	0.02%	2.26%	0.00%
AIZ	UN Equity ASSURANT INC	0.04%	9.67%	0.00%	1.71%	0.00%
T	UN Equity AT&T INC	1.42%	6.14%	0.09%	6.91%	0.10%
ADSK	UN Equity AUTODESK INC	0.07%	12.57%	0.01%	0.00%	0.00%
ADP	UN Equity AUTOMATIC DATA PROCESSING	0.20%	10.98%	0.02%	3.30%	0.01%
AN	UN Equity AUTONATION INC	0.03%	11.45%	0.00%	0.00%	0.00%
AZO	UN Equity AUTOZONE INC	0.09%	14.52%	0.01%	0.00%	0.00%
AVB	UN Equity AVALONBAY COMMUNITIES INC	0.08%	6.94%	0.01%	3.66%	0.00%
AVY	UN Equity AVERY DENNISON CORP	0.04%	7.00%	0.00%	2.40%	0.00%
AVP	UN Equity AVON PRODUCTS INC	0.11%	11.50%	0.01%	3.25%	0.00%
BHI	UN Equity BAKER HUGHES INC	0.18%	11.67%	0.02%	1.37%	0.00%
BLL	UN Equity BALL CORP	0.04%	8.05%	0.00%	0.82%	0.00%
BK	UN Equity BANK OF NEW YORK MELLON CORP	0.33%	11.30%	0.04%	1.44%	0.00%
BAC	UN Equity BANK OF AMERICA CORP	1.57%	6.50%	0.10%	0.32%	0.01%
BAX	UN Equity BAXTER INTERNATIONAL INC	0.24%	9.63%	0.02%	2.76%	0.01%
BBT	UN Equity BB&T CORP	0.21%	6.60%	0.01%	2.09%	0.00%
BDX	UN Equity BECTON DICKINSON AND CO	0.16%	11.25%	0.02%	2.87%	0.00%
BBBY	UN Equity BED BATH & BEYOND INC	0.12%	12.96%	0.01%	0.00%	0.00%
BMS	UN Equity BEMIS COMPANY	0.03%	11.20%	0.00%	3.21%	0.00%
BRK/B	UN Equity BERKSHIRE HATHAWAY INC-CL B	0.69%	No Long-Term Growth		0.00%	0.00%
BBY	UN Equity BEST BUY CO INC	0.17%	12.13%	0.02%	1.37%	0.00%
BIG	UN Equity BIG LOTS INC	0.03%	14.00%	0.00%	0.00%	0.00%
BIIB	UN Equity BIOGEN IDEC INC	0.13%	7.45%	0.01%	0.00%	0.00%
BMC	UN Equity BMC SOFTWARE INC	0.07%	13.67%	0.01%	0.00%	0.00%
BA	UN Equity BOEING CO	0.48%	13.60%	0.07%	2.63%	0.01%
BXP	UN Equity BOSTON PROPERTIES INC	0.10%	4.88%	0.01%	2.63%	0.00%
BSX	UN Equity BOSTON SCIENTIFIC CORP	0.09%	7.28%	0.01%	0.00%	0.00%
BMY	UN Equity BRISTOL-MYERS SQUIBB CO	0.39%	4.22%	0.02%	5.50%	0.02%
BRCM	UN Equity BROADCOM CORP-CL A	0.15%	21.00%	0.03%	0.92%	0.00%
BF/B	UN Equity BROWN-FORMAN CORP-CLASS B	0.05%	No Long-Term Growth		2.26%	0.00%
CA	UN Equity CA INC	0.10%	10.50%	0.01%	0.81%	0.00%
COC	UN Equity CABOT OIL & GAS CORP	0.04%	No Long-Term Growth		0.31%	0.00%
CAM	UN Equity CAMERON INTERNATIONAL CORP	0.09%	No Long-Term Growth		0.00%	0.00%
CPB	UN Equity CAMPBELL SOUP CO	0.12%	8.02%	0.01%	3.00%	0.00%
COF	UN Equity CAPITAL ONE FINANCIAL CORP	0.19%	10.08%	0.02%	0.56%	0.00%
CAH	UN Equity CARDINAL HEALTH INC	0.12%	11.33%	0.01%	2.04%	0.00%
CFN	UN Equity CAREFUSION CORP	0.06%	10.63%	0.01%	0.00%	0.00%
CCL	UN Equity CARNIVAL CORP	0.22%	14.96%	0.03%	1.06%	0.00%
CAT	UN Equity CATERPILLAR INC	0.38%	19.00%	0.07%	2.73%	0.01%
CBG	UN Equity CB RICHARD ELLIS GROUP INC-A	0.05%	13.33%	0.01%	0.00%	0.00%
CBS	UN Equity CBS CORP-CLASS B NON VOTING	0.09%	6.60%	0.01%	1.36%	0.00%
CELG	UN Equity CELGENE CORP	0.24%	23.07%	0.06%	0.00%	0.00%
CNP	UN Equity CENTERPOINT ENERGY INC	0.05%	3.73%	0.00%	5.83%	0.00%
CTL	UN Equity CENTURYTEL INC	0.10%	0.37%	0.00%	8.49%	0.01%
CEPH	UN Equity CEPHALON INC	0.04%	9.87%	0.00%	0.00%	0.00%
CERN	UN Equity CERNER CORP	0.07%	18.18%	0.01%	0.00%	0.00%
CF	UN Equity CF INDUSTRIES HOLDINGS INC	0.05%	15.50%	0.01%	0.59%	0.00%
CHRW	UN Equity C.H. ROBINSON WORLDWIDE INC	0.10%	15.33%	0.01%	1.70%	0.00%
CHK	UN Equity CHESAPEAKE ENERGY CORP	0.14%	9.40%	0.01%	1.41%	0.00%
CVX	UN Equity CHEVRON CORP	1.45%	14.30%	0.21%	3.84%	0.06%
CB	UN Equity CHUBB CORP	0.16%	8.73%	0.01%	2.95%	0.00%
CI	UN Equity CIGNA CORP	0.09%	9.42%	0.01%	0.03%	0.00%

CINF	UN Equity	CINCINNATI FINANCIAL CORP	0.04%	No Long-Term Growth		5.95%	0.00%	
CTAS	UN Equity	CINTAS CORP	0.04%		10.20%	0.00%	1.85%	0.00%
CSCO	UN Equity	CISCO SYSTEMS INC	1.31%		12.50%	0.16%	0.00%	0.00%
C	UN Equity	CITIGROUP INC	1.15%		9.33%	0.11%	0.09%	0.00%
CTXS	UN Equity	CITRIX SYSTEMS INC	0.08%		11.36%	0.01%	0.00%	0.00%
CLF	UN Equity	CLIFFS NATURAL RESOURCES INC	0.08%		13.50%	0.01%	0.68%	0.00%
CLX	UN Equity	CLOROX COMPANY	0.09%		9.50%	0.01%	3.19%	0.00%
CME	UN Equity	CME GROUP INC	0.20%		13.67%	0.03%	1.49%	0.00%
CMS	UN Equity	CMS ENERGY CORP	0.03%		7.00%	0.00%	4.17%	0.00%
COH	UN Equity	COACH INC	0.12%		14.50%	0.02%	0.74%	0.00%
KO	UN Equity	COCA-COLA CO/THE	1.15%		8.50%	0.10%	3.44%	0.04%
CCE	UN Equity	COCA-COLA ENTERPRISES	0.13%		9.00%	0.01%	1.34%	0.00%
CTSH	UN Equity	COGNIZANT TECH SOLUTIONS-A	0.15%		16.83%	0.02%	0.00%	0.00%
CL	UN Equity	COLGATE-PALMOLIVE CO	0.38%		9.75%	0.04%	2.49%	0.01%
CMCSA	UN Equity	COMCAST CORP-CLASS A	0.37%		14.62%	0.05%	2.05%	0.01%
CMA	UN Equity	COMERICA INC	0.07%		8.38%	0.01%	0.52%	0.00%
CSC	UN Equity	COMPUTER SCIENCES CORP	0.08%		9.00%	0.01%	0.61%	0.00%
CPWR	UN Equity	COMPUWARE CORP	0.02%		5.00%	0.00%	0.00%	0.00%
CAG	UN Equity	CONAGRA FOODS INC	0.11%		10.63%	0.01%	3.30%	0.00%
COP	UN Equity	CONOCOPHILLIPS	0.74%		17.98%	0.13%	4.17%	0.03%
ED	UN Equity	CONSOLIDATED EDISON INC	0.12%		4.02%	0.00%	5.57%	0.01%
CNX	UN Equity	CONSOL ENERGY INC	0.08%		9.50%	0.01%	1.12%	0.00%
CEG	UN Equity	CONSTELLATION ENERGY GROUP	0.07%		5.50%	0.00%	2.77%	0.00%
STZ	UN Equity	CONSTELLATION BRANDS INC-A	0.03%		7.00%	0.00%	0.00%	0.00%
GLW	UN Equity	CORNING INC	0.27%		12.00%	0.03%	1.15%	0.00%
COST	UN Equity	COSTCO WHOLESALE CORP	0.26%		12.81%	0.03%	1.29%	0.00%
CVH	UN Equity	COVENTRY HEALTH CARE INC	0.03%		6.65%	0.00%	0.00%	0.00%
BCR	UN Equity	CR BARD INC	0.08%		12.00%	0.01%	0.87%	0.00%
CSX	UN Equity	CSX CORP	0.20%		9.76%	0.02%	1.84%	0.00%
CMI	UN Equity	CUMMINS INC	0.14%		11.50%	0.02%	1.07%	0.00%
CVS	UN Equity	CVS CAREMARK CORP	0.46%		12.75%	0.06%	1.00%	0.00%
DHR	UN Equity	DANAHER CORP	0.26%		14.46%	0.04%	0.19%	0.00%
DRI	UN Equity	DARDEN RESTAURANTS INC	0.06%		12.45%	0.01%	2.34%	0.00%
DVA	UN Equity	DAVITA INC	0.06%		12.06%	0.01%	0.00%	0.00%
DF	UN Equity	DEAN FOODS CO	0.02%		8.24%	0.00%	0.00%	0.00%
DE	UN Equity	DEERE & CO	0.24%		8.75%	0.02%	2.05%	0.00%
DELL	UN Equity	DELL INC	0.26%		12.33%	0.03%	0.00%	0.00%
DNR	UN Equity	DENBURY RESOURCES INC	0.06%		5.50%	0.00%	0.00%	0.00%
XRAY	UN Equity	DENTSPLY INTERNATIONAL INC	0.05%		11.75%	0.01%	0.65%	0.00%
DVN	UN Equity	DEVON ENERGY CORPORATION	0.27%		5.79%	0.02%	1.04%	0.00%
DV	UN Equity	DEVRY INC	0.04%		20.67%	0.01%	0.33%	0.00%
DO	UN Equity	DIAMOND OFFSHORE DRILLING	0.09%		20.50%	0.02%	8.95%	0.01%
DTV	UN Equity	DIRECTV-CLASS A	0.33%		32.16%	0.11%	0.00%	0.00%
DFS	UN Equity	DISCOVER FINANCIAL SERVICES	0.07%		10.50%	0.01%	0.70%	0.00%
DISCA	UN Equity	DISCOVERY COMMUNICATIONS-A	0.05%		19.13%	0.01%	0.00%	0.00%
D	UN Equity	DOMINION RESOURCES INC/VA	0.23%		3.25%	0.01%	4.70%	0.01%
DOV	UN Equity	DOVER CORP	0.08%		12.00%	0.01%	2.38%	0.00%
DOW	UN Equity	DOW CHEMICAL	0.31%		7.50%	0.02%	2.98%	0.01%
DHI	UN Equity	DR HORTON INC	0.04%		7.67%	0.00%	1.23%	0.00%
DPS	UN Equity	DR PEPPER SNAPPLE GROUP INC	0.09%		9.00%	0.01%	1.66%	0.00%
DTE	UN Equity	DTE ENERGY COMPANY	0.08%		4.50%	0.00%	4.76%	0.00%
DD	UN Equity	DU PONT (E.I.) DE NEMOURS	0.32%		14.27%	0.05%	4.53%	0.01%
DUK	UN Equity	DUKE ENERGY CORP	0.21%		1.67%	0.00%	6.16%	0.01%
DNB	UN Equity	DUN & BRADSTREET CORP	0.04%		9.20%	0.00%	0.00%	0.00%
ETFC	UN Equity	E*TRADE FINANCIAL CORP	0.03%	No Long-Term Growth		0.00%	0.00%	0.00%
EMN	UN Equity	EASTMAN CHEMICAL COMPANY	0.04%		11.50%	0.00%	2.93%	0.00%
EK	UN Equity	EASTMAN KODAK CO	0.02%		10.00%	0.00%	0.00%	0.00%
ETN	UN Equity	EATON CORP	0.12%		15.00%	0.02%	2.95%	0.00%
EBAY	UN Equity	EBAY INC	0.28%		13.41%	0.04%	0.00%	0.00%
ECL	UN Equity	ECOLAB INC	0.11%		13.24%	0.01%	1.27%	0.00%
EIX	UN Equity	EDISON INTERNATIONAL	0.10%		2.50%	0.00%	3.99%	0.00%
EP	UN Equity	EL PASO CORP	0.08%		5.93%	0.00%	0.36%	0.00%
ERTS	UN Equity	ELECTRONIC ARTS INC	0.05%		15.29%	0.01%	0.00%	0.00%
LLY	UN Equity	ELI LILLY & CO	0.37%	No Long-Term Growth		5.90%	0.00%	0.00%
EMC	UN Equity	EMC CORP/MASS	0.37%		15.46%	0.06%	0.00%	0.00%
EMR	UN Equity	EMERSON ELECTRIC CO	0.35%		14.11%	0.05%	2.96%	0.01%
ETR	UN Equity	ENERGY CORP	0.14%		4.50%	0.01%	4.32%	0.01%
EOG	UN Equity	EOG RESOURCES INC	0.26%		15.20%	0.04%	0.61%	0.00%
EQT	UN Equity	EQT CORP	0.05%		16.00%	0.01%	2.40%	0.00%
EFX	UN Equity	EQUIFAX INC	0.04%		9.50%	0.00%	0.53%	0.00%
EQR	UN Equity	EQUITY RESIDENTIAL	0.12%		5.35%	0.01%	3.03%	0.00%
EL	UN Equity	ESTEE LAUDER COMPANIES-CL A	0.07%		14.25%	0.01%	0.97%	0.00%
EXC	UN Equity	EXELON CORP	0.25%	No Long-Term Growth		5.49%	0.00%	0.00%
EXPE	UN Equity	EXPEDIA INC	0.06%		15.00%	0.01%	0.54%	0.00%
EXPD	UN Equity	EXPEDITORS INTL WASH INC	0.08%		16.84%	0.01%	1.13%	0.00%
ESRX	UN Equity	EXPRESS SCRIPTS INC	0.27%		20.79%	0.06%	0.00%	0.00%
XOM	UN Equity	EXXON MOBIL CORP	2.81%		14.77%	0.41%	2.88%	0.08%
FDO	UN Equity	FAMILY DOLLAR STORES	0.05%		13.53%	0.01%	1.42%	0.00%
FAST	UN Equity	FASTENAL CO	0.07%		20.88%	0.02%	1.57%	0.00%
FII	UN Equity	FEDERATED INVESTORS INC-CL B	0.02%		6.00%	0.00%	9.31%	0.00%
FDX	UN Equity	FEDEX CORP	0.26%		12.80%	0.03%	0.53%	0.00%
FIS	UN Equity	FIDELITY NATIONAL INFORMATI	0.10%		13.30%	0.01%	0.72%	0.00%
FITB	UN Equity	FIFTH THIRD BANCORP	0.10%		3.93%	0.00%	0.31%	0.00%
FHN	UN Equity	FIRST HORIZON NATIONAL CORP	0.03%		3.67%	0.00%	0.03%	0.00%
FSLR	UN Equity	FIRST SOLAR INC	0.10%		17.67%	0.02%	0.00%	0.00%
FE	UN Equity	FIRSTENERGY CORP	0.11%		3.67%	0.00%	6.39%	0.01%
FISV	UN Equity	FISERV INC	0.07%		13.00%	0.01%	0.00%	0.00%
FLIR	UN Equity	FLIR SYSTEMS INC	0.04%		14.94%	0.01%	0.00%	0.00%
FLS	UN Equity	FLOWSERVE CORP	0.05%		8.00%	0.00%	1.16%	0.00%
FLR	UN Equity	FLUOR CORP	0.08%		9.50%	0.01%	1.11%	0.00%
FMC	UN Equity	FMC CORP	0.04%		8.00%	0.00%	0.83%	0.00%
FTI	UN Equity	FMC TECHNOLOGIES INC	0.07%		12.50%	0.01%	0.00%	0.00%
F	UN Equity	FORD MOTOR CO	0.39%		10.00%	0.04%	0.00%	0.00%
FRX	UN Equity	FOREST LABORATORIES INC	0.08%		1.34%	0.00%	0.00%	0.00%
FO	UN Equity	FORTUNE BRANDS INC	0.07%		11.33%	0.01%	1.64%	0.00%
FPL	UN Equity	FPL GROUP INC	0.20%		6.12%	0.01%	4.00%	0.01%
BEN	UN Equity	FRANKLIN RESOURCES INC	0.22%		10.00%	0.02%	3.85%	0.01%
FCX	UN Equity	FREEPORT-MCMORAN COPPER	0.30%		10.00%	0.03%	1.38%	0.00%
FTR	UN Equity	FRONTIER COMMUNICATIONS CORP	0.02%	No Long-Term Growth		11.97%	0.00%	0.00%
GME	UN Equity	GAMESTOP CORP-CLASS A	0.03%		11.00%	0.00%	0.00%	0.00%
GCI	UN Equity	GANNETT CO	0.04%		4.67%	0.00%	1.03%	0.00%
GPS	UN Equity	GAP INC/THE	0.14%		10.88%	0.02%	1.79%	0.00%
GD	UN Equity	GENERAL DYNAMICS CORP	0.26%		7.57%	0.02%	2.35%	0.01%
GE	UN Equity	GENERAL ELECTRIC CO	1.74%		11.62%	0.20%	2.53%	0.04%
GIS	UN Equity	GENERAL MILLS INC	0.23%		9.26%	0.02%	2.70%	0.01%
GPC	UN Equity	GENUINE PARTS CO	0.06%		8.60%	0.01%	4.04%	0.00%
GNW	UN Equity	GENWORTH FINANCIAL INC-CL A	0.07%		10.00%	0.01%	0.00%	0.00%
GENZ	UN Equity	GENZYME CORP	0.13%		19.82%	0.03%	0.00%	0.00%
GILD	UN Equity	GILEAD SCIENCES INC	0.31%		14.87%	0.05%	0.00%	0.00%
GS	UN Equity	GOLDMAN SACHS GROUP INC	0.73%		8.17%	0.06%	0.98%	0.01%
GR	UN Equity	GOODRICH CORP	0.09%		7.65%	0.01%	1.54%	0.00%
GT	UN Equity	GOODYEAR TIRE & RUBBER CO	0.03%		12.00%	0.00%	0.00%	0.00%
GOOG	UN Equity	GOOGLE INC-CL A	1.17%		19.92%	0.23%	0.00%	0.00%
HRB	UN Equity	H&R BLOCK INC	0.05%		11.00%	0.01%	3.74%	0.00%
HAL	UN Equity	HALLIBURTON CO	0.24%		12.50%	0.03%	1.33%	0.00%
HOG	UN Equity	HARLEY-DAVIDSON INC	0.07%		9.33%	0.01%	1.36%	0.00%

HAR	UN	Equity	HARMAN INTERNATIONAL	0.02%	30.00%	0.01%	0.16%	0.00%
HRS	UN	Equity	HARRIS CORP	0.06%	6.00%	0.00%	1.83%	0.00%
HIG	UN	Equity	HARTFORD FINANCIAL SVCS GRP	0.11%	11.48%	0.01%	0.81%	0.00%
HAS	UN	Equity	HASBRO INC	0.06%	10.00%	0.01%	2.47%	0.00%
HCP	UN	Equity	HCP INC	0.09%	7.46%	0.01%	5.88%	0.01%
HCN	UN	Equity	HEALTH CARE REIT INC	0.05%	7.09%	0.00%	6.39%	0.00%
HP	UN	Equity	HELMERICH & PAYNE	0.04%	16.00%	0.01%	0.55%	0.00%
HSY	UN	Equity	HERSHEY CO/THE	0.08%	7.83%	0.01%	2.81%	0.00%
HES	UN	Equity	HESS CORP	0.17%	6.91%	0.01%	0.75%	0.00%
HPQ	UN	Equity	HEWLETT-PACKARD CO	1.08%	14.80%	0.16%	0.68%	0.01%
HNZ	UN	Equity	HJ HEINZ CO	0.14%	No Long-Term Growth		3.96%	0.00%
HD	UN	Equity	HOME DEPOT INC	0.58%	13.27%	0.08%	2.77%	0.02%
HON	UN	Equity	HONEYWELL INTERNATIONAL INC	0.33%	10.23%	0.03%	2.82%	0.01%
HRL	UN	Equity	HORMEL FOODS CORP	0.05%	11.00%	0.01%	2.10%	0.00%
HSP	UN	Equity	HOSPIRA INC	0.08%	11.47%	0.01%	0.00%	0.00%
HST	UN	Equity	HOST HOTELS & RESORTS INC	0.09%	5.40%	0.00%	0.35%	0.00%
HCBK	UN	Equity	HUDSON CITY BANCORP INC	0.07%	12.00%	0.01%	4.80%	0.00%
HUM	UN	Equity	HUMANA INC	0.08%	7.72%	0.01%	0.00%	0.00%
HBAN	UN	Equity	HUNTINGTON BANCSHARES INC	0.04%	No Long-Term Growth		0.65%	0.00%
IBM	UN	Equity	INTL BUSINESS MACHINES CORP	1.58%	11.40%	0.18%	1.82%	0.03%
ITW	UN	Equity	ILLINOIS TOOL WORKS	0.23%	15.65%	0.04%	2.78%	0.01%
TEG	UN	Equity	INTEGRITY ENERGY GROUP INC	0.03%	7.93%	0.00%	6.07%	0.00%
INTC	UN	Equity	INTEL CORP	1.19%	11.00%	0.13%	2.90%	0.03%
ICE	UN	Equity	INTERCONTINENTALEXCHANGE INC	0.08%	17.75%	0.01%	2.90%	0.00%
IGI	UN	Equity	INTERPUBLIC GROUP OF COS INC	0.04%	11.00%	0.00%	0.00%	0.00%
IFF	UN	Equity	INTL FLAVORS & FRAGRANCES	0.03%	9.25%	0.00%	2.35%	0.00%
IGT	UN	Equity	INTL GAME TECHNOLOGY	0.06%	16.17%	0.01%	1.22%	0.00%
IP	UN	Equity	INTERNATIONAL PAPER CO	0.10%	6.00%	0.01%	1.59%	0.00%
INTU	UN	Equity	INTUIT INC	0.11%	14.80%	0.02%	0.00%	0.00%
ISRG	UN	Equity	INTUITIVE SURGICAL INC	0.12%	24.80%	0.03%	0.00%	0.00%
IVZ	UN	Equity	INVESCO LTD	0.08%	12.00%	0.01%	2.31%	0.00%
IRM	UN	Equity	IRON MOUNTAIN INC	0.05%	18.00%	0.01%	0.93%	0.00%
ITT	UN	Equity	ITT CORP	0.09%	11.00%	0.01%	1.92%	0.00%
JCP	UN	Equity	J.C. PENNEY CO INC	0.06%	13.33%	0.01%	2.89%	0.00%
JBL	UN	Equity	JABIL CIRCUIT INC	0.03%	13.00%	0.00%	2.03%	0.00%
JEC	UN	Equity	JACOBS ENGINEERING GROUP INC	0.05%	13.75%	0.01%	0.00%	0.00%
JNS	UN	Equity	JANUS CAPITAL GROUP INC	0.02%	0.75%	0.00%	0.38%	0.00%
JDSU	UN	Equity	JDS UNIPHASE CORP	0.02%	15.50%	0.00%	0.00%	0.00%
SJM	UN	Equity	JM SMUCKER CO/THE	0.07%	7.60%	0.00%	2.95%	0.00%
JCI	UN	Equity	JOHNSON CONTROLS INC	0.19%	13.50%	0.03%	1.81%	0.00%
JNJ	UN	Equity	JOHNSON & JOHNSON	1.61%	7.70%	0.12%	3.47%	0.06%
JPM	UN	Equity	JPMORGAN CHASE & CO	1.56%	8.50%	0.13%	1.08%	0.02%
JNPR	UN	Equity	JUNIPER NETWORKS INC	0.14%	17.64%	0.02%	0.00%	0.00%
K	UN	Equity	KELLOGG CO	0.20%	9.34%	0.02%	2.93%	0.01%
KEY	UN	Equity	KEYCORP	0.07%	4.00%	0.00%	0.50%	0.00%
KMB	UN	Equity	KIMBERLY-CLARK CORP	0.25%	8.23%	0.02%	4.32%	0.01%
KIM	UN	Equity	KIMCO REALTY CORP	0.06%	2.48%	0.00%	4.51%	0.00%
KG	UN	Equity	KING PHARMACEUTICALS INC	0.02%	14.90%	0.00%	0.00%	0.00%
KLAC	UN	Equity	KLA-TENCOR CORPORATION	0.05%	6.00%	0.00%	1.85%	0.00%
KSS	UN	Equity	KOHL'S CORP	0.15%	13.90%	0.02%	0.00%	0.00%
KFT	UN	Equity	KRAFT FOODS INC-CLASS A	0.49%	7.73%	0.04%	4.08%	0.02%
KR	UN	Equity	KROGER CO	0.13%	10.20%	0.01%	2.00%	0.00%
LLL	UN	Equity	L-3 COMMUNICATIONS HOLDINGS	0.10%	9.83%	0.01%	1.80%	0.00%
LH	UN	Equity	LABORATORY CRP OF AMER HLDGS	0.08%	12.50%	0.01%	0.00%	0.00%
LM	UN	Equity	LEGG MASON INC	0.05%	7.50%	0.00%	0.46%	0.00%
LEG	UN	Equity	LEGGITT & PLATT INC	0.03%	20.00%	0.01%	4.49%	0.00%
LEN	UN	Equity	LENNAR CORP-CL A	0.03%	8.00%	0.00%	0.92%	0.00%
LUK	UN	Equity	LEUCADIA NATIONAL CORP	0.05%	No Long-Term Growth		0.00%	0.00%
LXK	UN	Equity	LEXMARK INTERNATIONAL INC-A	0.03%	No Long-Term Growth		0.00%	0.00%
LIFE	UN	Equity	LIFE TECHNOLOGIES CORP	0.09%	11.26%	0.01%	0.00%	0.00%
LNC	UN	Equity	LINCOLN NATIONAL CORP	0.08%	10.73%	0.01%	0.15%	0.00%
LLTC	UN	Equity	LINEAR TECHNOLOGY CORP	0.06%	12.00%	0.01%	3.20%	0.00%
LMT	UN	Equity	LOCKHEED MARTIN CORP	0.29%	8.06%	0.02%	3.17%	0.01%
L	UN	Equity	LOEWS CORP	0.13%	No Long-Term Growth		0.77%	0.00%
LO	UN	Equity	LORILLARD INC	0.11%	6.00%	0.01%	5.87%	0.01%
LOW	UN	Equity	LOWE'S COS INC	0.35%	14.21%	0.05%	1.47%	0.01%
LSI	UN	Equity	LSI CORP	0.04%	2.00%	0.00%	0.00%	0.00%
LTD	UN	Equity	LTD BRANDS INC	0.08%	14.43%	0.01%	6.40%	0.01%
MTB	UN	Equity	M & T BANK CORP	0.10%	4.63%	0.00%	3.45%	0.00%
M	UN	Equity	MACY'S INC	0.09%	11.22%	0.01%	0.93%	0.00%
MRO	UN	Equity	MARATHON OIL CORP	0.22%	12.67%	0.03%	3.13%	0.01%
MAR	UN	Equity	MARRIOTT INTERNATIONAL-CL A	0.12%	14.64%	0.02%	0.48%	0.00%
MMC	UN	Equity	MARSH & MCLENNAN COS	0.12%	11.00%	0.01%	3.76%	0.00%
MI	UN	Equity	MARSHALL & ISLSEY CORP	0.04%	8.33%	0.00%	0.49%	0.00%
MAS	UN	Equity	MASCO CORP	0.05%	12.50%	0.01%	2.27%	0.00%
MEE	UN	Equity	MASSEY ENERGY CO	0.03%	11.00%	0.00%	0.70%	0.00%
MA	UN	Equity	MASTERCARD INC-CLASS A	0.23%	18.89%	0.04%	0.29%	0.00%
MAT	UN	Equity	MATTEL INC	0.08%	8.50%	0.01%	3.77%	0.00%
MFE	UN	Equity	MCAFFEE INC	0.05%	13.73%	0.01%	0.00%	0.00%
MKC	UN	Equity	MCCORMICK & CO-NON VGT SHRS	0.05%	8.40%	0.00%	2.66%	0.00%
MCD	UN	Equity	MCDONALD'S CORP	0.71%	10.50%	0.07%	3.43%	0.02%
MHP	UN	Equity	MCGRAW-HILL COMPANIES INC	0.09%	9.67%	0.01%	3.44%	0.00%
MCK	UN	Equity	MCKESSON CORP	0.18%	11.66%	0.02%	0.70%	0.00%
MJN	UN	Equity	MEAD JOHNSON NUTRITION CO	0.10%	10.43%	0.01%	1.73%	0.00%
MWV	UN	Equity	MEADWESTVACO CORP	0.04%	10.00%	0.00%	3.86%	0.00%
MHS	UN	Equity	MEDCO HEALTH SOLUTIONS INC	0.26%	16.95%	0.04%	0.05%	0.00%
MDT	UN	Equity	MEDTRONIC INC	0.42%	11.06%	0.05%	2.18%	0.01%
WFR	UN	Equity	MEMC ELECTRONIC MATERIALS	0.03%	17.75%	0.00%	0.00%	0.00%
MRK	UN	Equity	MERCK & CO. INC.	1.02%	5.81%	0.06%	4.59%	0.05%
MDP	UN	Equity	MEREDITH CORP	0.01%	15.00%	0.00%	2.70%	0.00%
MET	UN	Equity	METLIFE INC	0.33%	9.60%	0.03%	1.87%	0.01%
PCS	UN	Equity	METROPOLIS COMMUNICATIONS INC	0.03%	16.35%	0.01%	0.00%	0.00%
MCHP	UN	Equity	MICROCHIP TECHNOLOGY INC	0.05%	10.00%	0.00%	5.03%	0.00%
MU	UN	Equity	MICRON TECHNOLOGY INC	0.09%	12.50%	0.01%	0.00%	0.00%
MSFT	UN	Equity	MICROSOFT CORP	2.26%	11.53%	0.26%	2.00%	0.05%
MIL	UN	Equity	MILLIPORE CORP	0.06%	12.17%	0.01%	0.00%	0.00%
MOLX	UN	Equity	MOLEX INC	0.02%	12.50%	0.00%	2.93%	0.00%
TAP	UN	Equity	MOLSON COORS BREWING CO -B	0.06%	12.00%	0.01%	2.60%	0.00%
MON	UN	Equity	MONSANTO CO	0.26%	12.50%	0.03%	2.24%	0.01%
MWW	UN	Equity	MONSTER WORLDWIDE INC	0.02%	17.83%	0.00%	0.00%	0.00%
MCO	UN	Equity	MOODY'S CORP	0.05%	11.67%	0.01%	1.95%	0.00%
MS	UN	Equity	MORGAN STANLEY	0.38%	No Long-Term Growth		0.73%	0.00%
MOT	UN	Equity	MOTOROLA INC	0.16%	8.60%	0.01%	0.00%	0.00%
MUR	UN	Equity	MURPHY OIL CORP	0.10%	15.00%	0.01%	1.96%	0.00%
MYL	UN	Equity	MYLAN INC	0.06%	14.97%	0.01%	1.64%	0.00%
NBR	UN	Equity	NABORS INDUSTRIES LTD	0.05%	7.50%	0.00%	0.00%	0.00%
NDAQ	UN	Equity	NASDAQ OMX GROUP/THE	0.04%	13.14%	0.01%	0.00%	0.00%
NOV	UN	Equity	NATIONAL OILWELL VARCO INC	0.16%	11.50%	0.02%	1.00%	0.00%
NSM	UN	Equity	NATIONAL SEMICONDUCTOR CORP	0.03%	9.33%	0.00%	2.30%	0.00%
NTAP	UN	Equity	NETAPP INC	0.13%	18.00%	0.02%	0.00%	0.00%
NYT	UN	Equity	NEW YORK TIMES CO -CL A	0.01%	3.50%	0.00%	0.00%	0.00%
NWL	UN	Equity	NEWELL RUBBERMAID INC	0.05%	8.50%	0.00%	1.34%	0.00%
NEM	UN	Equity	NEWMONT MINING CORP	0.26%	16.10%	0.04%	0.80%	0.00%
NWSA	UN	Equity	NEWS CORP-CL A	0.24%	8.59%	0.02%	1.02%	0.00%
GAS	UN	Equity	NICOR INC	0.02%	4.20%	0.00%	4.61%	0.00%
NKE	UN	Equity	NIKE INC -CL B	0.29%	12.00%	0.03%	1.37%	0.00%

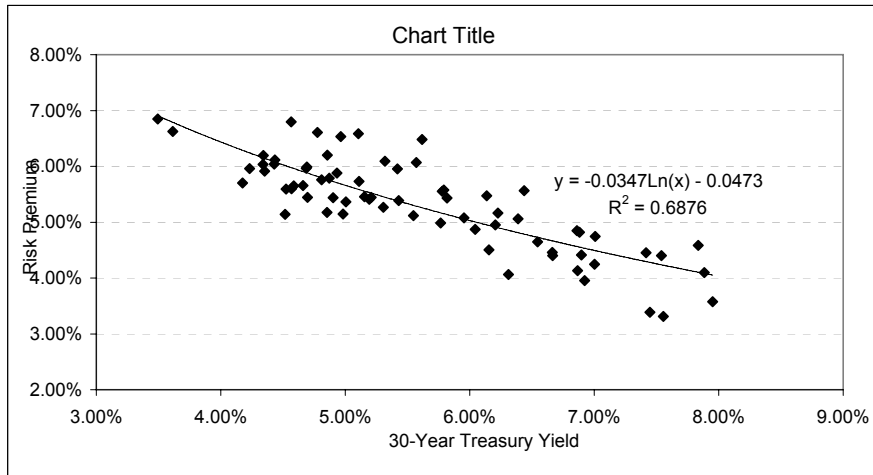
NI	UN Equity	NISOURCE INC	0.04%	4.87%	0.00%	6.23%	0.00%
NBL	UN Equity	NOBLE ENERGY INC	0.11%	6.75%	0.01%	1.32%	0.00%
JWN	UN Equity	NORDSTROM INC	0.08%	12.09%	0.01%	1.61%	0.00%
NSC	UN Equity	NORFOLK SOUTHERN CORP	0.22%	11.33%	0.02%	2.44%	0.01%
NU	UN Equity	NORTHEAST UTILITIES	0.04%	7.66%	0.00%	3.97%	0.00%
NTRS	UN Equity	NORTHERN TRUST CORP	0.12%	9.08%	0.01%	2.18%	0.00%
NOC	UN Equity	NORTHROP GRUMMAN CORP	0.18%	9.66%	0.02%	2.93%	0.01%
NOVL	UN Equity	NOVELL INC	0.02%	8.33%	0.00%	0.00%	0.00%
NVLS	UN Equity	NOVELLUS SYSTEMS INC	0.02%	18.00%	0.00%	0.00%	0.00%
NRG	UN Equity	NRG ENERGY INC	0.06%	2.51%	0.00%	0.16%	0.00%
NUE	UN Equity	NUCOR CORP	0.14%	15.00%	0.02%	3.29%	0.00%
NVDA	UN Equity	NVIDIA CORP	0.07%	16.33%	0.01%	0.00%	0.00%
NYX	UN Equity	NYSE EURONEXT	0.07%	11.20%	0.01%	4.29%	0.00%
ORLY	UN Equity	O'REILLY AUTOMOTIVE INC	0.07%	17.00%	0.01%	0.00%	0.00%
OXY	UN Equity	OCCIDENTAL PETROLEUM CORP	0.65%	8.01%	0.05%	1.69%	0.01%
ODP	UN Equity	OFFICE DEPOT INC	0.02%	10.67%	0.00%	0.00%	0.00%
OMC	UN Equity	OMNICOM GROUP	0.12%	11.00%	0.01%	2.02%	0.00%
OKE	UN Equity	ONEOK INC	0.05%	5.67%	0.00%	4.01%	0.00%
ORCL	UN Equity	ORACLE CORP	1.11%	14.16%	0.16%	0.88%	0.01%
OI	UN Equity	OWENS-ILLINOIS INC	0.05%	5.00%	0.00%	0.00%	0.00%
PCAR	UN Equity	PACCAR INC	0.15%	11.00%	0.02%	1.04%	0.00%
PTV	UN Equity	FACTIV CORPORATION	0.04%	11.00%	0.00%	0.00%	0.00%
PLL	UN Equity	PALL CORP	0.04%	12.67%	0.00%	1.69%	0.00%
PH	UN Equity	PARKER HANNIFIN CORP	0.10%	8.50%	0.01%	1.66%	0.00%
PDCO	UN Equity	PATTERSON COS INC	0.04%	14.33%	0.01%	1.35%	0.00%
PAYX	UN Equity	PAYCHEX INC	0.10%	11.53%	0.01%	4.31%	0.00%
BTU	UN Equity	PEABODY ENERGY CORP	0.11%	9.00%	0.01%	0.69%	0.00%
PBCT	UN Equity	PEOPLE'S UNITED FINANCIAL	0.05%	8.20%	0.00%	4.36%	0.00%
POM	UN Equity	PEPCO HOLDINGS INC	0.04%	6.00%	0.00%	6.70%	0.00%
PEP	UN Equity	PEPSICO INC	0.99%	9.80%	0.10%	3.06%	0.03%
PKI	UN Equity	PERKINELMER INC	0.03%	14.83%	0.00%	1.24%	0.00%
PFE	UN Equity	PFIZER INC	1.22%	3.19%	0.04%	4.71%	0.06%
PG	UN Equity	P G & E CORP	0.15%	7.25%	0.01%	4.37%	0.01%
PM	UN Equity	PHILIP MORRIS INTERNATIONAL	0.81%	9.80%	0.08%	5.50%	0.04%
PNW	UN Equity	PINNACLE WEST CAPITAL	0.04%	5.80%	0.00%	6.02%	0.00%
PXD	UN Equity	PIONEER NATURAL RESOURCES CO	0.07%	12.25%	0.01%	0.21%	0.00%
PBI	UN Equity	PITNEY BOWES INC	0.05%	No Long-Term Growth		6.55%	0.00%
PCL	UN Equity	PLUM CREEK TIMBER CO	0.06%	5.00%	0.00%	4.83%	0.00%
PNC	UN Equity	PNC FINANCIAL SERVICES GROUP	0.33%	1.68%	0.01%	0.59%	0.00%
RL	UN Equity	POLO RALPH LAUREN CORP	0.05%	13.25%	0.01%	0.35%	0.00%
PPG	UN Equity	PPG INDUSTRIES INC	0.10%	3.70%	0.00%	3.40%	0.00%
PPL	UN Equity	PPL CORPORATION	0.09%	3.30%	0.00%	5.53%	0.01%
PX	UN Equity	PRAXAIR INC	0.24%	10.40%	0.02%	2.27%	0.01%
PCP	UN Equity	PRECISION CASTPARTS CORP	0.17%	8.90%	0.01%	0.10%	0.00%
PCLN	UN Equity	PRICELINE.COM INC	0.09%	19.60%	0.02%	0.00%	0.00%
PFG	UN Equity	PRINCIPAL FINANCIAL GROUP	0.09%	12.70%	0.01%	1.96%	0.00%
PG	UN Equity	PROCTER & GAMBLE CO/THE	1.73%	9.00%	0.16%	2.88%	0.05%
PGR	UN Equity	PROGRESS ENERGY INC	0.11%	4.25%	0.00%	6.46%	0.01%
PGR	UN Equity	PROGRESSIVE CORP	0.13%	5.67%	0.01%	0.94%	0.00%
PLD	UN Equity	PROLOGIS	0.05%	22.26%	0.01%	5.18%	0.00%
PRU	UN Equity	PRUDENTIAL FINANCIAL INC	0.26%	12.98%	0.03%	1.30%	0.00%
PEG	UN Equity	PUBLIC SERVICE ENTERPRISE GP	0.15%	1.00%	0.00%	4.50%	0.01%
PSA	UN Equity	PUBLIC STORAGE	0.15%	3.96%	0.01%	3.25%	0.01%
PHM	UN Equity	PULTE GROUP INC	0.04%	10.00%	0.00%	0.03%	0.00%
QLGC	UN Equity	QLOGIC CORP	0.02%	11.50%	0.00%	0.00%	0.00%
QCOM	UN Equity	QUALCOMM INC	0.57%	16.25%	0.09%	2.02%	0.01%
PWR	UN Equity	QUANTA SERVICES INC	0.04%	14.45%	0.01%	0.00%	0.00%
DGX	UN Equity	QUEST DIAGNOSTICS	0.09%	12.19%	0.01%	0.80%	0.00%
STR	UN Equity	QUESTAR CORP	0.08%	4.00%	0.00%	1.17%	0.00%
Q	UN Equity	QWEST COMMUNICATIONS INTL	0.09%	2.17%	0.00%	6.14%	0.01%
RSH	UN Equity	RADIOSHACK CORP	0.02%	8.50%	0.00%	1.26%	0.00%
RRC	UN Equity	RANGE RESOURCES CORP	0.07%	14.60%	0.01%	0.36%	0.00%
RTN	UN Equity	RAYTHEON COMPANY	0.20%	8.50%	0.02%	2.74%	0.01%
RHT	UN Equity	RED HAT INC	0.05%	19.57%	0.01%	0.00%	0.00%

RF	UN Equity	REGIONS FINANCIAL CORP	0.09%	5.67%	0.01%	0.52%	0.00%
RSG	UN Equity	REPUBLIC SERVICES INC	0.11%	13.00%	0.01%	2.64%	0.00%
RAI	UN Equity	REYNOLDS AMERICAN INC	0.15%	6.00%	0.01%	6.96%	0.01%
RHI	UN Equity	ROBERT HALF INTL INC	0.04%	16.00%	0.01%	1.99%	0.00%
ROK	UN Equity	ROCKWELL AUTOMATION INC	0.08%	21.20%	0.02%	2.16%	0.00%
COL	UN Equity	ROCKWELL COLLINS INC.	0.09%	7.46%	0.01%	1.62%	0.00%
ROP	UN Equity	ROPER INDUSTRIES INC	0.05%	13.50%	0.01%	0.64%	0.00%
ROST	UN Equity	ROSS STORES INC	0.06%	13.83%	0.01%	1.26%	0.00%
RDC	UN Equity	ROWAN COMPANIES INC	0.03%	15.33%	0.00%	0.21%	0.00%
RRD	UN Equity	RR DONNELLEY & SONS CO	0.04%	9.00%	0.00%	5.49%	0.00%
R	UN Equity	RYDER SYSTEM INC	0.02%	14.03%	0.00%	2.22%	0.00%
SWY	UN Equity	SAFEWAY INC	0.08%	9.88%	0.01%	1.89%	0.00%
SAI	UN Equity	SAIC INC	0.07%	12.84%	0.01%	0.00%	0.00%
CRM	UN Equity	SALESFORCE.COM INC	0.11%	30.46%	0.03%	0.00%	0.00%
SNDK	UN Equity	SANDISK CORP	0.10%	15.00%	0.02%	0.00%	0.00%
SLE	UN Equity	SARA LEE CORP	0.09%	9.16%	0.01%	3.11%	0.00%
SCG	UN Equity	SCANA CORP	0.05%	4.10%	0.00%	5.27%	0.00%
SLB	UN Equity	SCHLUMBERGER LTD	0.71%	14.40%	0.10%	1.42%	0.01%
SCHW	UN Equity	SCHWAB (CHARLES) CORP	0.19%	10.50%	0.02%	1.46%	0.00%
SNI	UN Equity	SCRIPPS NETWORKS INTER-CL A	0.06%	13.84%	0.01%	0.46%	0.00%
SEE	UN Equity	SEALED AIR CORP	0.03%	6.00%	0.00%	1.66%	0.00%
SHLD	UN Equity	SEARS HOLDINGS CORP	0.10%	10.00%	0.01%	0.00%	0.00%
SRE	UN Equity	SEMPRA ENERGY	0.11%	6.50%	0.01%	3.54%	0.00%
SHW	UN Equity	SHERWIN-WILLIAMS CO/THE	0.08%	7.44%	0.01%	1.90%	0.00%
SIAL	UN Equity	SIGMA-ALDRICH	0.06%	9.47%	0.01%	1.21%	0.00%
SPG	UN Equity	SIMON PROPERTY GROUP INC	0.24%	4.69%	0.01%	2.51%	0.01%
SLM	UN Equity	SLM CORP	0.05%	11.00%	0.01%	0.00%	0.00%
SII	UN Equity	SMITH INTERNATIONAL INC	0.10%	10.50%	0.01%	1.14%	0.00%
SNA	UN Equity	SNAP-ON INC	0.03%	10.00%	0.00%	0.00%	0.00%
SO	UN Equity	SOUTHERN CO	0.27%	5.36%	0.01%	5.47%	0.01%
LUV	UN Equity	SOUTHWEST AIRLINES CO	0.09%	13.00%	0.01%	0.14%	0.00%
SWN	UN Equity	SOUTHWESTERN ENERGY CO	0.13%	26.00%	0.03%	0.00%	0.00%
SE	UN Equity	SPECTRA ENERGY CORP	0.13%	6.67%	0.01%	5.00%	0.01%
S	UN Equity	SPRINT NEXTEL CORP	0.15%	4.67%	0.01%	0.00%	0.00%
STJ	UN Equity	ST JUDE MEDICAL INC	0.12%	13.26%	0.02%	0.00%	0.00%
SWK	UN Equity	STANLEY BLACK & DECKER INC	0.09%	22.00%	0.02%	2.33%	0.00%
SPLS	UN Equity	STAPLES INC	0.16%	14.48%	0.02%	1.71%	0.00%
SBUX	UN Equity	STARBUCKS CORP	0.19%	12.90%	0.02%	1.01%	0.00%
HOT	UN Equity	STARWOOD HOTELS & RESORTS	0.09%	7.87%	0.01%	0.52%	0.00%
STT	UN Equity	STATE STREET CORP	0.19%	11.60%	0.02%	0.33%	0.00%
SRCL	UN Equity	STERICYCLE INC	0.05%	16.67%	0.01%	0.00%	0.00%
SYK	UN Equity	STRYKER CORP	0.21%	13.27%	0.03%	0.94%	0.00%
SUN	UN Equity	SUNOCO INC	0.03%	No Long-Term Growth		2.07%	0.00%
STI	UN Equity	SUNTRUST BANKS INC	0.14%	5.29%	0.01%	0.18%	0.00%
SVU	UN Equity	SUPERVALU INC	0.03%	No Long-Term Growth		3.25%	0.00%
SYMC	UN Equity	SYMANTEC CORP	0.11%	9.69%	0.01%	0.00%	0.00%
SY	UN Equity	SYSCO CORP	0.17%	10.50%	0.02%	3.35%	0.01%
TROW	UN Equity	T ROWE PRICE GROUP INC	0.13%	10.80%	0.01%	2.08%	0.00%
TGT	UN Equity	TARGET CORP	0.40%	14.39%	0.06%	1.30%	0.01%
TE	UN Equity	TECO ENERGY INC	0.03%	7.75%	0.00%	5.27%	0.00%
TLAB	UN Equity	TELLABS INC	0.03%	10.00%	0.00%	0.88%	0.00%
THC	UN Equity	TENET HEALTHCARE CORP	0.03%	10.08%	0.00%	0.00%	0.00%
TDC	UN Equity	TERADATA CORP	0.05%	10.00%	0.01%	0.00%	0.00%
TER	UN Equity	TERADYNE INC	0.02%	17.60%	0.00%	0.00%	0.00%
TSO	UN Equity	TESORO CORP	0.02%	No Long-Term Growth		0.00%	0.00%
TXN	UN Equity	TEXAS INSTRUMENTS INC	0.30%	10.60%	0.03%	1.93%	0.01%
TXT	UN Equity	TEXTRON INC	0.06%	35.51%	0.02%	0.39%	0.00%
TMO	UN Equity	THERMO FISHER SCIENTIFIC INC	0.21%	12.25%	0.03%	0.00%	0.00%
TIF	UN Equity	TIFFANY & CO	0.06%	12.48%	0.01%	1.66%	0.00%
TWC	UN Equity	TIME WARNER CABLE	0.19%	12.81%	0.02%	2.95%	0.01%
TWX	UN Equity	TIME WARNER INC	0.34%	14.35%	0.05%	2.82%	0.01%
TIE	UN Equity	TITANIUM METALS CORP	0.03%	12.50%	0.00%	0.58%	0.00%
TJX	UN Equity	TJX COMPANIES INC	0.18%	13.75%	0.03%	1.28%	0.00%
TMK	UN Equity	TORCHMARK CORP	0.04%	8.00%	0.00%	1.32%	0.00%
TSS	UN Equity	TOTAL SYSTEM SERVICES INC	0.03%	9.00%	0.00%	1.92%	0.00%
TRV	UN Equity	TRAVELERS COS INC/THE	0.24%	11.73%	0.03%	2.85%	0.01%
TSN	UN Equity	TYSON FOODS INC-CL A	0.05%	8.50%	0.00%	0.94%	0.00%
UNP	UN Equity	UNION PACIFIC CORP	0.35%	11.10%	0.04%	1.62%	0.01%
UPS	UN Equity	UNITED PARCEL SERVICE-CL B	0.45%	12.83%	0.06%	2.97%	0.01%
UTX	UN Equity	UNITED TECHNOLOGIES CORP	0.62%	10.93%	0.07%	2.43%	0.02%
UNH	UN Equity	UNITEDHEALTH GROUP INC	0.33%	11.00%	0.04%	0.03%	0.00%
UNM	UN Equity	UNUM GROUP	0.08%	9.25%	0.01%	1.63%	0.00%
URBN	UN Equity	URBAN OUTFITTERS INC	0.06%	20.80%	0.01%	0.00%	0.00%
USB	UN Equity	US BANCORP	0.46%	6.50%	0.03%	1.05%	0.00%
X	UN Equity	UNITED STATES STEEL CORP	0.07%	17.50%	0.01%	0.42%	0.00%
VLO	UN Equity	VALERO ENERGY CORP	0.10%	4.03%	0.00%	1.08%	0.00%
VAR	UN Equity	VARIAN MEDICAL SYSTEMS INC	0.06%	14.00%	0.01%	0.00%	0.00%
VTR	UN Equity	VENTAS INC	0.07%	4.99%	0.00%	4.61%	0.00%
VRSN	UN Equity	VERISIGN INC	0.05%	12.94%	0.01%	0.00%	0.00%
VZ	UN Equity	VERIZON COMMUNICATIONS INC	0.76%	3.59%	0.03%	7.06%	0.05%
VFC	UN Equity	VF CORP	0.08%	9.20%	0.01%	3.11%	0.00%
VIA/B	UN Equity	VIACOM INC-CLASS B	0.18%	11.98%	0.02%	0.60%	0.00%
V	UN Equity	VISA INC-CLASS A SHARES	0.36%	19.60%	0.07%	0.66%	0.00%
VNO	UN Equity	VORNADO REALTY TRUST	0.14%	9.81%	0.01%	3.40%	0.00%
VMC	UN Equity	VULCAN MATERIALS CO	0.06%	9.80%	0.01%	1.96%	0.00%
WMT	UN Equity	WAL-MART STORES INC	1.87%	10.64%	0.20%	2.38%	0.04%
WAG	UN Equity	WALGREEN CO	0.31%	14.44%	0.04%	1.71%	0.01%
DIS	UN Equity	WALT DISNEY CO/THE	0.65%	10.71%	0.07%	1.07%	0.01%
WPO	UN Equity	WASHINGTON POST-CLASS B	0.04%	No Long-Term Growth		0.00%	0.00%
WM	UN Equity	WASTE MANAGEMENT INC	0.15%	8.20%	0.01%	3.84%	0.01%
WAT	UN Equity	WATERS CORP	0.06%	16.50%	0.01%	0.00%	0.00%
WPI	UN Equity	WATSON PHARMACEUTICALS INC	0.05%	9.56%	0.01%	0.00%	0.00%
WLP	UN Equity	WELLPOINT INC	0.22%	10.24%	0.02%	0.00%	0.00%
WFC	UN Equity	WELLS FARGO & CO	1.49%	5.32%	0.08%	0.71%	0.01%
WDC	UN Equity	WESTERN DIGITAL CORP	0.08%	7.50%	0.01%	0.00%	0.00%
WU	UN Equity	WESTERN UNION CO	0.11%	12.23%	0.01%	1.46%	0.00%
WY	UN Equity	WEYERHAEUSER CO	0.09%	3.67%	0.00%	0.64%	0.00%
WHR	UN Equity	WHIRLPOOL CORP	0.08%	15.00%	0.01%	1.65%	0.00%
WFMI	UN Equity	WHOLE FOODS MARKET INC	0.07%	17.58%	0.01%	0.00%	0.00%
WMB	UN Equity	WILLIAMS COS INC	0.11%	15.57%	0.02%	2.41%	0.00%
WIN	UN Equity	WINDSTREAM CORP	0.05%	No Long-Term Growth		9.30%	0.00%
WEC	UN Equity	WISCONSIN ENERGY CORP	0.06%	8.33%	0.00%	3.26%	0.00%
GWW	UN Equity	WW GRAINGER INC	0.07%	13.22%	0.01%	1.93%	0.00%
WYN	UN Equity	WYNDHAM WORLDWIDE CORP	0.04%	No Long-Term Growth		2.03%	0.00%
WYNN	UN Equity	WYNN RESORTS LTD	0.10%	11.03%	0.01%	0.54%	0.00%
XEL	UN Equity	XCEL ENERGY INC	0.09%	6.02%	0.01%	4.90%	0.00%
XRX	UN Equity	XEROX CORP	0.13%	No Long-Term Growth		1.88%	0.00%
XLNX	UN Equity	XILINX INC	0.07%	14.00%	0.01%	2.63%	0.00%
XL	UN Equity	XL CAPITAL LTD -CLASS A	0.06%	0.11%	0.00%	2.28%	0.00%
XTO	UN Equity	XTO ENERGY INC	0.25%	5.50%	0.01%	1.10%	0.00%
YHOO	UN Equity	YAHOO! INC	0.21%	14.49%	0.03%	0.00%	0.00%
YUM	UN Equity	YUM! BRANDS INC	0.19%	11.83%	0.02%	2.20%	0.00%
ZMH	UN Equity	ZIMMER HOLDINGS INC	0.11%	11.17%	0.01%	0.00%	0.00%
ZION	UN Equity	ZIONS BANCORPORATION	0.04%	7.43%	0.00%	0.19%	0.00%

BOND YIELD RISK PREMIUM ANALYSIS

Quarter	[1]	[2]	[3]
	Average Authorized Gas ROE	U.S. Govt. 30-year Treasury	Risk Premium
1992.1	12.42%	7.84%	4.58%
1992.2	11.98%	7.88%	4.10%
1992.3	11.87%	7.42%	4.45%
1992.4	11.94%	7.54%	4.40%
1993.1	11.75%	7.01%	4.74%
1993.2	11.71%	6.86%	4.85%
1993.3	11.39%	6.23%	5.16%
1993.4	11.16%	6.21%	4.95%
1994.1	11.12%	6.66%	4.46%
1994.2	10.84%	7.45%	3.39%
1994.3	10.87%	7.55%	3.31%
1994.4	11.53%	7.95%	3.58%
1995.2	11.00%	6.87%	4.13%
1995.3	11.07%	6.66%	4.40%
1995.4	11.61%	6.14%	5.47%
1996.1	11.45%	6.39%	5.06%
1996.2	10.88%	6.92%	3.95%
1996.3	11.25%	7.00%	4.25%
1996.4	11.19%	6.54%	4.65%
1997.1	11.31%	6.90%	4.41%
1997.2	11.70%	6.88%	4.82%
1997.3	12.00%	6.44%	5.56%
1997.4	10.92%	6.04%	4.87%
1998.2	11.37%	5.79%	5.57%
1998.3	11.41%	5.32%	6.09%
1998.4	11.69%	5.11%	6.59%
1999.1	10.82%	5.43%	5.39%
1999.2	11.25%	5.82%	5.43%
1999.4	10.38%	6.31%	4.06%
2000.1	10.66%	6.15%	4.50%
2000.2	11.03%	5.95%	5.08%
2000.3	11.33%	5.78%	5.56%
2000.4	12.10%	5.62%	6.48%
2001.1	11.38%	5.42%	5.96%
2001.2	10.75%	5.77%	4.98%
2001.4	10.65%	5.21%	5.44%
2002.1	10.67%	5.55%	5.12%
2002.2	11.64%	5.57%	6.07%
2002.3	11.50%	4.96%	6.54%
2002.4	10.81%	4.93%	5.88%
2003.1	11.38%	4.78%	6.61%
2003.2	11.36%	4.57%	6.80%
2003.3	10.61%	5.15%	5.46%
2003.4	10.84%	5.11%	5.73%
2004.1	11.06%	4.86%	6.20%
2004.2	10.57%	5.31%	5.27%
2004.3	10.37%	5.01%	5.36%
2004.4	10.66%	4.87%	5.79%
2005.1	10.65%	4.69%	5.96%
2005.2	10.54%	4.34%	6.19%
2005.3	10.47%	4.43%	6.04%
2005.4	10.32%	4.66%	5.66%
2006.1	10.68%	4.69%	5.99%
2006.2	10.60%	5.19%	5.41%
2006.3	10.34%	4.90%	5.44%
2006.4	10.14%	4.70%	5.45%
2007.1	10.57%	4.81%	5.76%
2007.2	10.13%	4.98%	5.14%
2007.3	10.03%	4.85%	5.17%
2007.4	10.12%	4.53%	5.59%
2008.1	10.38%	4.34%	6.04%
2008.2	10.17%	4.57%	5.60%
2008.3	10.55%	4.44%	6.12%
2008.4	10.34%	3.49%	6.85%
2009.1	10.24%	3.62%	6.63%
2009.2	10.19%	4.23%	5.96%
2009.3	9.88%	4.18%	5.70%
2009.4	10.27%	4.35%	5.92%
2010.1	10.24%	4.59%	5.65%
2010.2	9.66%	4.52%	5.14%
AVERAGE	10.94%	5.61%	5.33%
MEDIAN	10.85%	5.37%	5.44%

BOND YIELD RISK PREMIUM ANALYSIS



SUMMARY OUTPUT

Coefficients	
Intercept	-0.0473
X Variable 1	-0.035

	[4]	[5]	[6]
	U.S. Govt. 30-year Treasury	Risk Premium	Authorized ROE
Current 30-year Treasury (30-day average)	4.70%	5.97%	10.67%
Near-Term Projected 30-year Treasury	4.97%	5.78%	10.75%
MEAN		5.88%	10.71%

Notes

- [1] Source: Regulatory Research Associates, *Rate Case Statistics*, accessed April 26, 2010.
- [2] Source: Bloomberg Professional Service. Quarterly bond yields are the average of the last trading day of each month in the quarter.
- [3] Equals column [1] - column [2]
- [4] Bloomberg & Blue Chip Financial Forecasts, Vol. 29, No. 4 April 1, 2010, p. 2
- [5] Dependent Variable = Risk Premium; Independent variable = U.S. Govt. 30-year Treasury
- [6] Equals column [4] + column [5]

Proxy Group Companies and Jurisdictional Rankings

		[1]	[2]	[3]
		Barclay's		
		Numeric		
		Rank	Rank	Score
AGL Resources	Georgia	Tier 2	2	8.00
	Tennessee	n/a		
	New Jersey	Tier 4	4	9.68
	Virginia	Tier 3	3	8.46
	Florida	Tier 1	1	7.86
Atmos Energy	Colorado	Tier 2	2	8.00
	Georgia	Tier 2	2	8.00
	Illinois	Tier 3	3	8.86
	Iowa	Tier 1	1	7.32
	Kansas	Tier 3	3	8.29
	Kentucky	Tier 1	1	7.29
	Louisiana	Tier 4	4	9.36
	Mississippi	Tier 4	4	8.96
	Missouri	Tier 4	4	8.96
	Tennessee	n/a		
	Texas	Tier 2	2	8.04
	Virginia	Tier 3	3	8.46
Laclede	Missouri	Tier 4	4	8.96
Nicor, Inc.	Illinois	Tier 3	3	8.86
New Jersey Resources	New Jersey	Tier 4	4	9.68
Northwest Natural Gas	Oregon	Tier 3	3	8.64
	Washington	Tier 3	3	8.64
Piedmont Natural Gas Company	North Carolina	Tier 1	1	7.57
	South Carolina	Tier 3	3	8.32
	Tennessee	n/a		
South Jersey Industries	New Jersey	Tier 4	4	9.68
Southwest Gas Corp.	Arizona	Tier 5	5	10.46
	California	Tier 2	2	8.18
	Nevada	Tier 4	4	9.18
Proxy Group Average		2.88	2.88	8.60
AmerenUE	Missouri	Tier 4	4	8.96

Notes:

[1] Source: Barclay's Capital Equity Research, Utilities Capital Management, Ji

[2] Tier 1 = 1, Tier 2 = 2, Tier 3 = 3, Tier 4 = 4

[1] Source: Barclay's Capital Equity Research, Utilities Capital Management, July 16, 2009, at

SIZE PREMIUM

Company Name (Ticker)	Ticker	Customers (Mil) [1]	Market Cap (\$Bil) [2]	Market to Book Ratio [3]
AGL Resources	AGL	2.3	\$ 3.02	1.69
Atmos Energy	ATO	3.2	\$ 2.78	1.22
Laclede Group	LG	0.6	\$ 0.78	1.46
Nicor Inc.	GAS	2.2	\$ 2.00	1.92
New Jersey Resources	NJR	0.5	\$ 1.56	2.17
Northwest Nat. Gas	NWN	0.7	\$ 1.29	1.95
Piedmont Natural Gas	PNY	0.9	\$ 2.03	2.04
South Jersey Industries	SJI	0.3	\$ 1.34	2.42
Southwest Gas	SWX	1.8	\$ 1.46	1.31
MEDIAN		0.9	\$ 1.56	1.92
MEAN		1.4	\$ 1.81	1.80

	Customers (Mil) [1]	Market Cap (\$Bil) [4]
Union Electric Equity	0.126	\$ 0.126
Median Market to Book for Comp Group		1.92
Union Electric Implied Market Cap		\$ 0.241

Market Capitalization (in \$millions)

Decile	Low	High	Size Premium [5]
2	\$ 5,975.836	\$ 14,691.668	0.74%
3	\$ 3,428.570	\$ 5,936.147	0.85%
4	\$ 2,386.985	\$ 3,414.634	1.15%
5	\$ 1,602.429	\$ 2,384.026	1.69%
6	\$ 1,063.333	\$ 1,600.169	1.73%
7	\$ 685.129	\$ 1,063.308	1.73%
8	\$ 432.175	\$ 684.790	2.49%
9	\$ 214.194	\$ 431.256	2.85%
10	\$ 1.007	\$ 214.111	6.28%
Proxy Group Median		\$ 1,560	1.73%
Union Electric Implied Market Capitalization		\$ 240.98	2.85%
Difference from Proxy Group Median			1.12% [6]

Notes:

- [1] Source: 2009 SEC Form 10K or Company web sites.
 [2] Source: Yahoo Finance! Market capitalization as of 4/23/2010
 [3] Source: Yahoo Finance! Price-to-book ratio as of 4/23/2010
 [4] Provided by Company
 [5] Source: Ibbotson Associates
 [6] Equals 2.85% - 1.73%