

Equities in the Natural Gas Utility Industry have strengthened a bit in price over the past several months. This can be attributed partially to a generally better performance in the financial markets, reflecting improved corporate earnings reports and enticing valuations, among other factors.

Still, considerable stock-price fluctuations have occurred, from time to time, given uncertainty surrounding the outcome of the sovereign debt crisis in Europe and concerns that the economy in China is headed for a harder landing. The tepid economic situation in the United States does not help matters, either. But even under those conditions, the equities in our Industry have tended to hold up relatively well. Indeed, their healthy levels of dividend income have provided a measure of much-needed stability.

State of the Domestic Economy

During the second quarter of 2012, U.S. GDP grew at a lukewarm 1.7%, revised upward from 1.5%. Unfortunately, the economy remains constrained by a struggling housing sector and persistently high unemployment rate (hovering around 8% at present). The lingering European debt crisis has added more fuel to the fire. It is also important to mention that there are some tax hikes and spending cuts that are set to take effect by yearend unless the current Congress acts to postpone these disruptions until the new Congress can take control and, hopefully, address these issues. In this difficult operating environment, customers have been focusing on energy conservation, which, of course, acts as a restraint on the revenues of the companies included in the Natural Gas Utility Industry.

What is the Weather?

Weather is a factor that affects the demand for natural gas, particularly from small commercial businesses and consumers. Not surprisingly, earnings for utilities are susceptible to seasonal temperature patterns, with consumption normally at its highest level during the winter heating months. Unseasonably warm or cold weather can create substantial volatility in quarterly operating results. But some companies strive to counteract this exposure through temperature-adjusted rate mecha-

INDUSTRY TIMELINESS: 39 (of 98)

nisms, which are available in a number of states. Therefore, investors interested in utilities with more-stable profits from year to year are advised to look for companies that hedge this risk.

Effect of Low Gas Prices on the Industry

Contrary to what some believe, a low gas price environment is generally good for regulated utility operations. That's partly because it may lead to reduced prices for customers, which could lessen bad-debt expense. Moreover, there is an increased possibility that homeowners will switch from alternative fuel sources, such as oil or propane, to natural gas. Even so, the companies in our category also possess nonregulated businesses, including energy marketing and trading, which tend to underperform when gas prices are in a slump.

Dividends

The main attraction of utility equities is their generous levels of dividend income. At the time of this writing, the average yield for the 11 companies in our group was about 3.7%, considerably higher than the *Value Line* median of 2.3%. Standouts include *AGL Resources*, *NiSource Inc.*, *Laclede Group*, and *WGL Holdings*. When the financial markets are turbulent, which seems to be more common these days, healthy dividend yields tend to act as an anchor, so to speak, in this category.

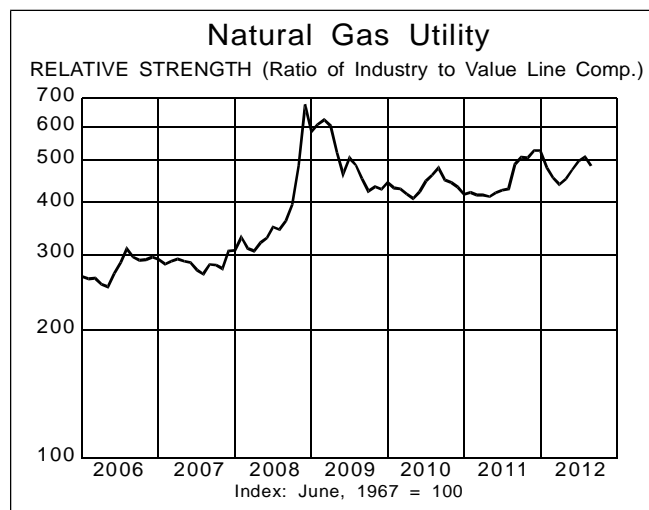
Conclusion

Stocks in the Natural Gas Utility Industry are most appropriate for income-oriented investors with a conservative bent (given that a number of these issues are ranked favorably for Safety and earn high marks for Price Stability). It should be noted, however, that companies with larger nonregulated operations may offer a higher potential for returns, but profits could be more volatile than companies with a greater emphasis on the more stable utility segment. As always, our readers are advised to carefully examine the following reports before making a commitment.

Frederick L. Harris, III

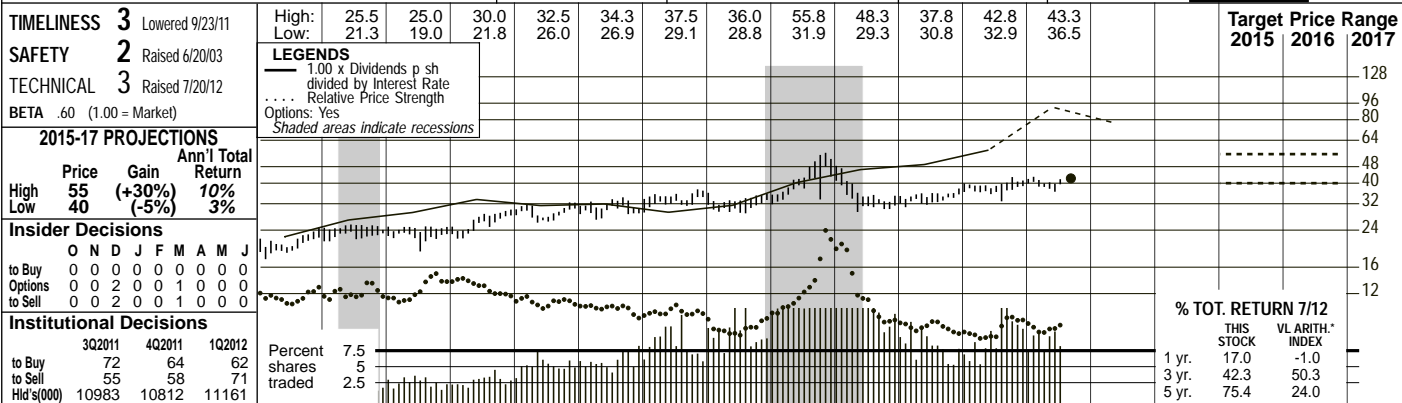
Composite Statistics: Natural Gas Utility

2008	2009	2010	2011	2012	2013		15-17
44207	34910	34089	24291	30000	36000	Revenues (\$mill)	50000
1694.2	1677.6	1769.4	1202.8	1750	2275	Net Profit (\$mill)	3500
35.7%	33.8%	34.0%	33.7%	33.0%	35.0%	Income Tax Rate	37.0%
3.8%	4.8%	5.2%	5.0%	5.8%	6.3%	Net Profit Margin	7.0%
50.6%	49.9%	46.7%	46.5%	49.0%	49.0%	Long-Term Debt Ratio	49.0%
49.4%	50.1%	53.3%	53.5%	51.0%	51.0%	Common Equity Ratio	51.0%
32729	33974	33144	24264	32500	35300	Total Capital (\$mill)	48000
35342	37292	39295	28166	35550	38600	Net Plant (\$mill)	52000
6.7%	6.5%	6.9%	5.6%	7.0%	8.0%	Return on Total Cap'l	9.0%
10.5%	10.0%	10.0%	8.4%	10.5%	12.5%	Return on Shr. Equity	14.5%
10.5%	10.0%	10.0%	8.4%	10.5%	12.5%	Return on Com Equity	14.5%
4.3%	3.8%	4.0%	2.9%	3.5%	4.0%	Retained to Com Eq	5.0%
59%	61%	61%	66%	65%	65%	All Div'ds to Net Prof	68%
13.9	12.8	14.0	17.9	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	15.0
.83	.85	.90	1.13			Relative P/E Ratio	1.00
4.2%	4.8%	4.3%	3.7%			Avg Ann'l Div'd Yield	4.5%
358%	381%	402%	387%	390%	395%	Fixed Charge Coverage	410%



LACLEDE GROUP NYSE-LG

RECENT PRICE **42.21** P/E RATIO **15.9** (Trailing: 15.7, Median: 14.0) RELATIVE P/E RATIO **1.07** DIV'D YLD **3.9%** VALUE LINE



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Value Line Pub. LLC	15-17
Revenues per sh	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.51	93.40	100.44	85.49	77.83	71.48	58.70	61.70	76.00	76.00
"Cash Flow" per sh	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.81	3.87	4.22	4.56	4.11	4.62	4.40	4.60	5.50	5.50
Earnings per sh A B	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.37	2.31	2.64	2.92	2.43	2.86	2.65	2.70	3.10	3.10
Div'ds Decl'd per sh C	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.45	1.49	1.53	1.57	1.61	1.65	1.69	1.81	1.81
Cap'l Spending per sh	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	2.97	2.72	2.57	2.36	2.56	3.02	4.15	4.25	4.60	4.60
Book Value per sh D	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	18.85	19.79	22.12	23.32	24.02	25.56	25.95	26.40	27.15	27.15
Common Shs Outst'g E	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.36	21.65	21.99	22.17	22.29	22.43	23.00	23.50	25.00	25.00
Avg Ann'l P/E Ratio	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	13.6	14.2	14.3	13.4	13.7	13.0	15.5	15.5	15.5	15.5
Relative P/E Ratio	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	.73	.75	.86	.89	.87	.81	1.05	1.05	1.05	1.05
Avg Ann'l Div'd Yield	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	4.3%	4.4%	3.9%	3.9%	4.7%	4.3%	3.8%	3.8%	3.8%	3.8%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Value Line Pub. LLC	15-17
Revenues (\$mill) A	755.2	1050.3	1250.3	1597.0	1997.6	2021.6	2209.0	1895.2	1735.0	1603.3	1350	1450	1900	1900	1900	1900	1900	1900	1900	1900
Net Profit (\$mill)	22.4	34.6	36.1	40.1	50.5	49.8	57.6	64.3	54.0	63.8	61.0	63.5	77.5	77.5	77.5	77.5	77.5	77.5	77.5	77.5
Income Tax Rate	35.4%	35.0%	34.8%	34.1%	32.5%	33.4%	31.3%	33.6%	33.4%	31.4%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%	33.0%
Net Profit Margin	3.0%	3.3%	2.9%	2.5%	2.5%	2.5%	2.6%	3.4%	3.1%	4.0%	4.5%	4.4%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Long-Term Debt Ratio	47.5%	50.4%	51.6%	48.1%	49.5%	45.3%	44.4%	42.9%	40.5%	38.9%	36.0%	34.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%	31.0%
Common Equity Ratio	52.3%	49.4%	48.3%	51.8%	50.4%	54.6%	55.5%	57.1%	59.5%	61.1%	64.0%	66.0%	69.0%	69.0%	69.0%	69.0%	69.0%	69.0%	69.0%	69.0%
Total Capital (\$mill)	546.6	605.0	737.4	707.9	798.9	784.5	876.1	906.3	899.9	937.7	925	945	990	990	990	990	990	990	990	990
Net Plant (\$mill)	594.4	621.2	646.9	679.5	763.8	793.8	823.2	855.9	884.1	928.7	945	965	1010	1010	1010	1010	1010	1010	1010	1010
Return on Total Cap'l	6.0%	7.4%	6.6%	7.6%	8.4%	8.5%	8.1%	8.7%	7.4%	8.1%	7.5%	7.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Return on Shr. Equity	7.8%	11.5%	10.1%	10.9%	12.5%	11.6%	11.8%	12.4%	10.1%	11.1%	10.0%	10.0%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Return on Com Equity	7.8%	11.6%	10.1%	10.9%	12.5%	11.6%	11.8%	12.4%	10.1%	11.1%	10.0%	10.0%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Retained to Com Eq	NMF	3.1%	2.7%	3.1%	5.1%	4.3%	5.2%	5.9%	3.6%	4.9%	4.0%	4.0%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
All Div'ds to Net Prof	NMF	74%	73%	72%	59%	63%	56%	53%	64%	56%	62%	63%	58%	58%	58%	58%	58%	58%	58%	58%

CAPITAL STRUCTURE as of 6/30/12
 Total Debt \$364.4 mill. Due in 5 Yrs \$70.0 mill.
 LT Debt \$339.4 mill. LT Interest \$20.0 mill.
 (Total interest coverage: 4.7x)

Leases, Uncapitalized Annual rentals \$9 mill.
Pension Assets-9/11 \$248.0 mill.
Oblig. \$384.2 mill.

Pfd Stock None
Common Stock 22,510,176 shs. as of 7/26/12

MARKET CAP: \$950 million (Small Cap)

CURRENT POSITION 2010 2011 6/30/12 (\$MILL.)

Cash Assets	86.9	43.3	21.5
Other	327.3	325.8	240.2
Current Assets	414.2	369.1	261.7
Accts Payable	95.6	96.6	81.3
Debt Due	154.6	46.0	25.0
Other	83.7	89.3	73.0
Current Liab.	333.9	231.9	179.3
Fix. Chg. Cov.	391%	463%	242%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '09-'11 to '15-'17

Revenues (per sh)	8.0%	5.0%	Nil
"Cash Flow"	5.0%	7.0%	3.0%
Earnings	6.5%	6.0%	2.0%
Dividends	1.5%	2.5%	2.5%
Book Value	5.0%	6.5%	4.5%

Business: Laclede Group, Inc., is a holding company for Laclede Gas, which distributes natural gas in eastern Missouri, including the city of St. Louis, St. Louis County, and parts of 10 other counties. Has roughly 625,000 customers. Purchased SM&P Utility Resources, 1/02; divested, 3/08. Utility terms sold and transported in fiscal 2011: 1.1 bill. Revenue mix for regulated operations: residen-

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	674.3	659.1	309.9	251.9	1895.2
2010	491.2	635.3	324.5	284.0	1735.0
2011	444.2	543.8	344.3	271.0	1603.3
2012	410.9	358.2	186.8	394.1	1350
2013	395	515	305	235	1450

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	1.42	1.40	.31	d.22	2.92
2010	1.03	1.26	.21	d.07	2.43
2011	1.05	1.25	.69	d.13	2.86
2012	1.12	1.32	.38	d.17	2.65
2013	1.10	1.35	.40	d.15	2.70

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.375	.375	.375	.375	1.50
2009	.385	.385	.385	.385	1.54
2010	.395	.395	.395	.395	1.58
2011	.405	.405	.405	.405	1.62
2012	.415	.415	.415		

Laclede Group's bottom line is set to decline in 2012, mostly due to the sharp rise in pension and benefit expenses. Investors should also note that the second quarter's sharp fall from the June, 2011 period can be mainly attributed to a one-time sale made during that time. The overall per-share figure should marginally recover in 2013, however, as several growth initiatives come into effect.

The company is focused on raising capital. Its major subsidiary, Laclede Gas Co., is raising \$100 million via private bond placements, while the company itself plans on raising about \$25 million during the remainder of the year. Most of the proceeds are to be used for improvements in infrastructure, including the gas distribution network and information technology systems. The rest is likely to go into mid-level acquisitions, as part of Laclede's new restructuring and growth strategy (outlined below).

Reorganization efforts remain a major item on the agenda. The move comes as part of four growth initiatives (growing via acquisitions, investing in infrastructure, leveraging core strengths,

and investing in new technologies), and is anticipated to propel the bottom line from 2013 onward. That said, we remain cautious, as the company is veering off a well-beaten path with two of the initiatives, growth via acquisitions and focus on research and development. A completely smooth transition might not be likely. However, given the sluggish customer growth, new ventures are much needed at this juncture. In the best-case scenario these growth initiatives should provide a moderate boost to the top and bottom lines over the 3- to 5-year period.

The dividend yield is the biggest draw at this point. Currently at 3.9%, the yield is a little above the industry average. Furthermore, the company has a history of payout hikes, though future payments are likely to be modest, given the current slowdown in earnings growth.

Patient investors should look at this equity's peers. At the current price, the stock has subpar long-term appreciation potential. That said, conservative income investors may find Laclede of interest, given the good Safety Rank and high yield.

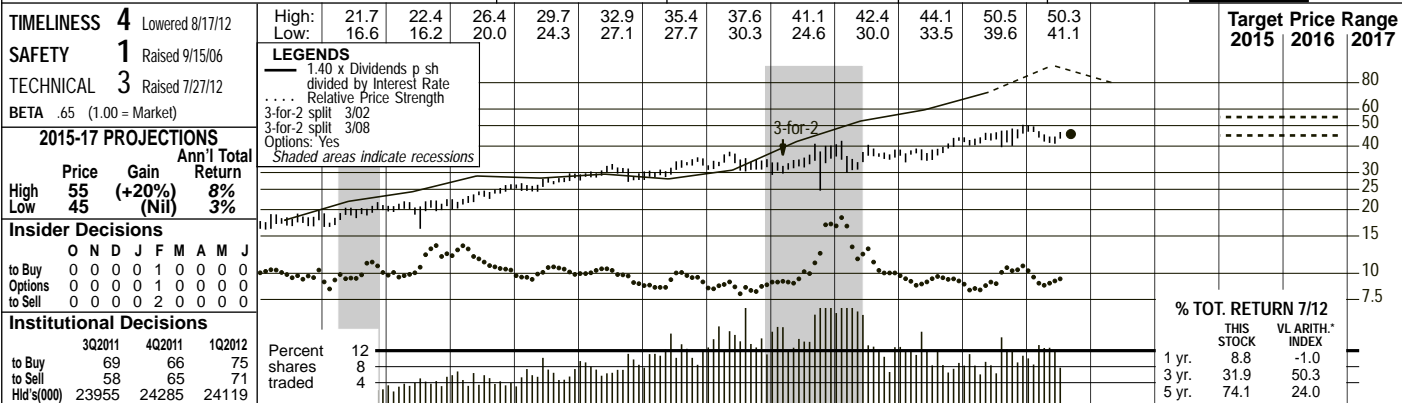
Sahana Zutshi September 7, 2012

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Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	80

NEW JERSEY RES. NYSE-NJR

RECENT PRICE **45.60** P/E RATIO **16.3** (Trailing: 15.2 Median: 15.0) RELATIVE P/E RATIO **1.10** DIV'D YLD **3.3%** **VALUE LINE**



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
13.48	17.31	17.73	22.65	29.42	51.22	44.11	62.29	60.89	76.19	79.63	72.62	90.74	62.34	64.10	72.60	55.00	80.00	Revenues per sh ^A	87.25
1.48	1.63	1.74	1.86	1.99	2.12	2.14	2.38	2.50	2.62	2.73	2.44	3.62	3.16	3.26	3.40	3.85	4.10	"Cash Flow" per sh	4.50
.92	.99	1.04	1.11	1.20	1.30	1.39	1.59	1.70	1.77	1.87	1.55	2.70	2.40	2.46	2.58	2.85	3.15	Earnings per sh ^B	3.45
.69	.71	.73	.75	.76	.78	.80	.83	.87	.91	.96	1.01	1.11	1.24	1.36	1.44	1.52	1.52	Div'ds Decl'd per sh ^C	1.68
1.19	1.15	1.07	1.21	1.23	1.10	1.02	1.14	1.45	1.28	1.28	1.46	1.72	1.81	2.10	2.26	2.00	2.00	Cap'l Spending per sh	2.00
6.73	6.92	7.26	7.57	8.29	8.80	8.71	10.26	11.25	10.60	15.00	15.50	17.28	16.59	17.62	18.73	18.20	19.30	Book Value per sh ^D	24.60
40.69	40.23	40.07	39.92	39.59	40.00	41.50	40.85	41.61	41.32	41.44	41.61	42.06	41.59	41.17	41.45	40.00	40.00	Common Shs Outst'g ^E	40.00
13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	16.1	21.6	12.3	14.9	15.0	16.8	16.00	16.00	Avg Ann'l P/E Ratio	14.0
.85	.78	.80	.87	.96	.73	.80	.80	.81	.89	.87	1.15	.74	.99	.95	1.05	1.05	1.05	Relative P/E Ratio	.95
5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	3.2%	3.0%	3.3%	3.5%	3.7%	3.3%	3.3%	3.3%	Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 6/30/12

Total Debt \$736.1 mill. Due in 5 Yrs \$129.1 mill.
 LT Debt \$428.1 mill. LT Interest \$19.6 mill.
 Incl. \$69.9 mill. capitalized leases.
 (LT interest earned: 7.5x; total interest coverage: 7.5x)
 Pension Assets-9/11 \$155.7 mill. Oblig. \$270.2 mill.

Pfd Stock None

Common Stock 41,588,540 shs. as of 8/6/12
 MARKET CAP: \$1.9 billion (Mid Cap)

2010	2011	6/30/12	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
6.9%	7.7%	7.8%	8.5%	6.3%	3.6%	6.4%	40%	50%	50%	50%	50%	56%
56%	51%	49%	50%	50%	64%	40%	50%	50%	50%	50%	50%	56%

BUSINESS: New Jersey Resources Corp. is a holding company providing retail/wholesale energy svcs. to customers in New Jersey, and in states from the Gulf Coast to New England, and Canada. New Jersey Natural Gas had about 494,964 customers as of 9/30/11 in Monmouth and Ocean Counties, and other N.J. Counties. Fiscal 2011 volume: 178 bill. cu. ft. (5% interruptible, 35% residential and commercial and electric utility, 60% incentive programs). N.J. Natural Energy subsidiary provides unregulated retail/wholesale natural gas and related energy svcs. 2011 dep. rate: 2.2%. Has 891 empl. Off./dir. own about 1.1% of common (12/11 Proxy). Chrmn., CEO & Pres.: Laurence M. Downes. Inc.: NJ Addr.: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1480. Web: www.njresources.com.

New Jersey Resources continued to log a mixed bag of financial results for the June period. Indeed, the top line declined 34%. This stemmed from weaker utility and nonutility volumes, as a result of lower year-over-year comparable natural gas prices. Meanwhile, those lower revenues weighed unfavorably on both fixed- and variable-cost absorption in nonregulated lines. Thus, NJR's third-quarter bottom line declined 57%, to \$0.10. However, this was in line with our expectations, and we have left our 2012 share-net estimates unchanged.

We look for the company to post an earnings increase of 10.5% for fiscal 2012 (ends September 30th). This ought to be largely supported by a rise in the number of customer accounts at the New Jersey Natural Gas regulated utility division. That unit makes up the lion's share of NJR's business mix and is expected to add 12,000 to 14,000 new customers this year and next, combined. At the same time, multiple capital projects for alternative energy investments augur well for prospects at the NJR Clean Energy Ventures segment. That division should continue to ramp up as more businesses opt to install solar power systems. Meanwhile, we expect continued softness from NJR Energy services as historically low natural gas prices and reduced volatility weigh on the wholesale market place.

The overall financial position is solid. Although, the cash reserves declined about 5% so far this year, that cushion still sits at roughly \$7.0 million. Meanwhile, total debt increased about 24% over this time frame. However, a large portion of that increase stems from a rise in short-term notes outstanding, which will be expiring later this year. Too, management repurchased a little more than 200,000 shares of common stock this year. At this point, the board is authorized to buy back another 1.2 million shares. Further repurchases would surely bolster share net.

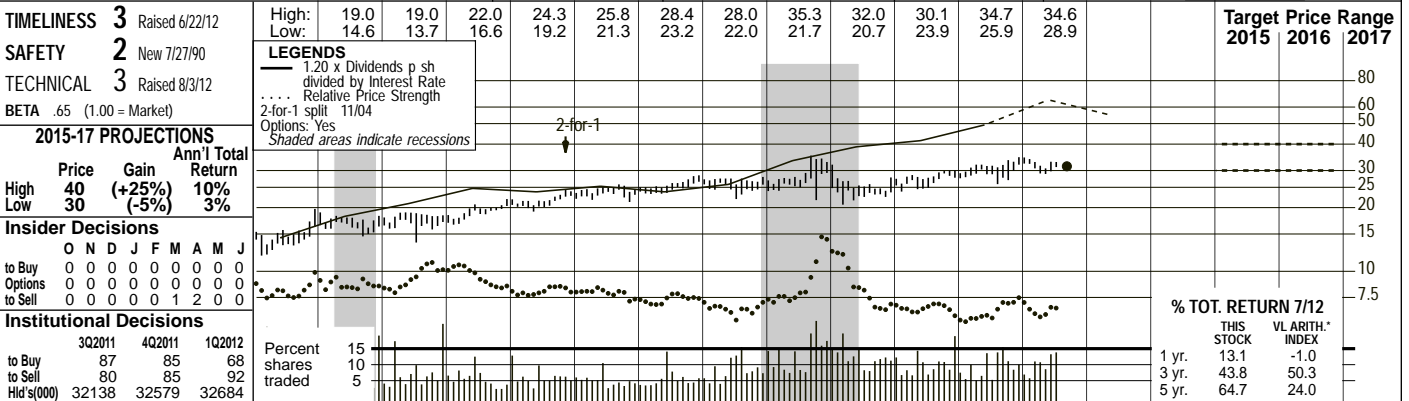
New Jersey Resources stock has advanced about 8% in price since our June review. At this time, it is trading inside our Target Price Range, and offers below-average total return potential compared to other gas utilities, for the pull to 2015-2017.

Bryan J. Fong September 7, 2012

(A) Fiscal year ends Sept. 30th. (B) Diluted earnings. Qly eggs may not sum to total due to change in shares outstanding. Next earnings report due late Oct. (C) Dividends historically paid in early January, April, July, and October. Dividend reinvestment plan available. (D) Includes regulatory assets in 2011: \$434.2 million, \$10.48/share. (E) In millions, adjusted for splits.

PIEDMONT NAT'L GAS NYSE-PNY

RECENT PRICE **31.45** P/E RATIO **18.7** (Trailing: 21.0 Median: 18.0) RELATIVE P/E RATIO **1.26** DIV'D YLD **3.8%** **VALUE LINE**



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
High	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.80	23.37	28.52	22.36	21.48	19.83	19.85	22.85	Revenues per sh ^A	25.70
Low	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.51	2.64	2.77	3.01	2.91	2.99	3.00	3.20	"Cash Flow" per sh	3.45
Gain	.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	1.28	1.40	1.49	1.67	1.55	1.57	1.55	1.70	Earnings per sh ^{AB}	1.85
Loss	.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	.95	.99	1.03	1.07	1.11	1.15	1.19	1.23	Div'ds Decl'd per sh ^C	1.35
Price	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.85	2.47	1.76	2.75	3.37	7.75	7.85	Cap'l Spending per sh	8.10
Gain	6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.83	11.99	12.11	12.67	13.35	13.79	13.90	13.95	Book Value per sh ^D	14.65
Loss	59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	74.61	73.23	73.26	73.27	72.28	72.32	71.00	70.00	Common Shs Outst'g ^E	68.00
Price	13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9	19.2	18.7	18.2	15.4	17.1	18.9	18.9	18.9	Avg Ann'l P/E Ratio	18.0
Gain	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	1.04	.99	1.10	1.03	1.09	1.19	1.19	1.19	Relative P/E Ratio	1.20
Loss	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%	4.1%	4.2%	4.2%	4.2%	4.2%	Avg Ann'l Div'd Yield	3.9%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Total Debt	832.0	1220.8	1529.7	1761.1	1924.6	1711.3	2089.1	1638.1	1552.3	1433.9	1250	1600	Revenues (\$mill) ^A	1750						
LT Debt	62.2	74.4	95.2	101.3	97.2	104.4	110.0	122.8	111.8	113.6	110	120	Net Profit (\$mill)	125						
LT Interest	33.1%	34.8%	35.1%	33.7%	34.2%	33.0%	36.3%	28.5%	23.4%	24.6%	30.0%	30.0%	Income Tax Rate	30.0%						
Interest Coverage	7.5%	6.1%	6.2%	5.8%	5.0%	6.1%	5.3%	7.5%	7.2%	7.9%	8.8%	7.5%	Net Profit Margin	7.3%						
Pension Assets	43.9%	42.2%	43.6%	41.4%	48.3%	48.4%	47.2%	44.1%	41.0%	40.4%	50.0%	50.0%	Long-Term Debt Ratio	50.0%						
Oblig.	56.1%	57.8%	56.4%	58.6%	51.7%	51.6%	52.8%	55.9%	59.0%	59.6%	50.0%	50.0%	Common Equity Ratio	50.0%						
Pfd Stock	1051.6	1090.2	1514.9	1509.2	1707.9	1703.3	1681.5	1660.5	1636.9	1671.9	1955	1950	Total Capital (\$mill)	1990						
None	1158.5	1812.3	1849.8	1939.1	2075.3	2141.5	2240.8	2304.4	2437.7	2627.3	2700	2750	Net Plant (\$mill)	2900						
Common Stock	7.8%	8.6%	7.8%	8.2%	7.2%	7.8%	8.2%	9.1%	8.4%	8.2%	7.5%	8.0%	Return on Total Cap'l	8.5%						
as of 6/1/12	10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	13.2%	11.6%	11.4%	11.5%	12.0%	Return on Shr. Equity	13.0%						
MARKET CAP: \$2.3 billion (Mid Cap)	10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	13.2%	11.6%	11.4%	11.5%	12.0%	Return on Com Equity	13.0%						
CURRENT POSITION	1.7%	3.1%	3.7%	3.6%	2.8%	3.5%	3.9%	4.8%	3.3%	3.1%	2.5%	3.5%	Retained to Com Eq	3.5%						
2010	83%	74%	66%	68%	74%	70%	69%	64%	72%	73%	77%	77%	All Div'ds to Net Prof	72%						

BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 968,188 customers in North Carolina, South Carolina, and Tennessee. 2011 revenue mix: residential (46%), commercial (27%), industrial (7%), other (20%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 60.0% of revenues. '11 deprec. rate: 3.2%. Estimated plant age: 10 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,782 employees. Off/dir. own about 1.2% of common stock, BlackRock; 7.6% (1/12 proxy). Chrmn., CEO, & Pres.: Thomas E. Skains, Inc.: NC. Addr.: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmontng.com.

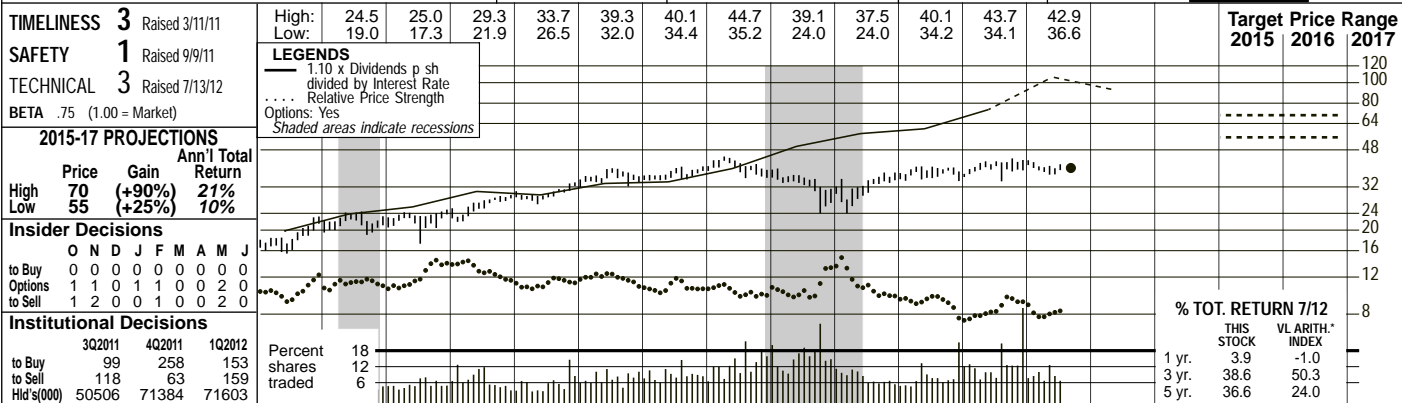
Year	2009	2010	2011	2012	2013	Full Fiscal Year
ANNUAL RATES of change (per sh)	10 Yrs.	Past 5 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17		
Revenues	4.5%	-1.5%	3.5%			
"Cash Flow"	5.5%	4.0%	2.5%			
Earnings	5.0%	4.5%	2.5%			
Dividends	4.5%	4.0%	3.5%			
Book Value	5.0%	3.0%	1.5%			
Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year	
QUARTERLY REVENUES (\$ mill.) ^A						
2009	779.6	455.4	180.3	222.8	1638.1	
2010	673.7	472.9	211.6	194.1	1552.3	
2011	652.0	392.6	197.3	192.0	1433.9	
2012	471.8	308.4	225	244.8	1250	
2013	535	480	290	295	1600	
Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year	
EARNINGS PER SHARE ^{AB}						
2009	1.10	.73	d.10	d.06	1.67	
2010	1.14	.65	d.13	d.13	1.55	
2011	1.16	.66	d.12	d.13	1.57	
2012	1.05	.70	d.10	d.10	1.55	
2013	1.18	.70	d.09	d.09	1.70	
Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year	
QUARTERLY DIVIDENDS PAID ^C						
2008	.25	.26	.26	.26	1.03	
2009	.26	.27	.27	.27	1.07	
2010	.27	.28	.28	.28	1.11	
2011	.28	.29	.29	.29	1.15	
2012	.29	.30	.30			

Piedmont Natural Gas posted generally good financial results for the April interim. Although the top line declined approximately 21%, that was due to a drop in year-over-year natural gas prices. Meanwhile, on the profitability front, cost of gas sold declined 11.7% as a function of revenues. This was partially offset by rising operating expenses. That figure increased 9.3% as a percentage of the top line. Nonetheless, on balance, PNY's second-quarter bottom line increased about 6%, to \$0.70 a share. This was in line with our estimates. Consequently, **We have left our 2012 annual earnings estimates unchanged.** The company will likely register a slight low single-digit bottom-line decline this year. This largely reflects warmer-than-normal first-quarter weather patterns when compared to last year. Elsewhere, Piedmont's equity investments have not been performing as well this year, as contributions from those ventures declined year to year. **Still, earnings advances should resume again next year.** This should stem from additional residential and commercial customers, thanks to a slowly recovering construction market in PNY's service area. Capital expenditures are opening the opportunity for new power generation customers, as well. **The balance sheet is in adequate shape for the time being.** During the first half of this year, Piedmont's cash reserves increased approximately 53%. That financial cushion now sits at more than \$10 million. Meanwhile, the long-term debt burden also ticked higher. That figure increased almost 45%, to \$975 million. However, this still represents a pretty standard level of debt for a utility company, and should be manageable. **Shares of Piedmont Natural Gas may appeal to investors with an eye on income generation.** The stock offers an above-average yield and good dividend growth prospects. However, they have advanced almost 7% in price since our June review, and now trade inside our Target Price Range, thus limiting appreciation potential for the pull to 2015-2017. Moreover, our Timeliness Ranking System suggests PNY will likely mirror the broader market averages in the coming year.

To subscribe call 1-800-833-0046.

AGL RESOURCES NYSE-GAS

RECENT PRICE **39.44** P/E RATIO **13.5** (Trailing: 22.3; Median: 13.0) RELATIVE P/E RATIO **0.91** DIV'D YLD **4.7%** VALUE LINE



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
21.91	22.75	23.36	18.71	11.25	19.04	15.32	15.25	23.89	34.98	33.73	32.64	36.41	29.88	30.42	20.00	39.85	42.00	Revenues per sh ^A	47.55
2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	4.50	4.65	4.68	4.90	5.05	3.05	6.05	6.55	"Cash Flow" per sh	7.80
1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	2.72	2.72	2.71	2.88	3.00	2.12	2.65	3.10	Earnings per sh ^{A B}	4.20
1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	1.48	1.64	1.68	1.72	1.76	1.90	1.74	1.84	Div'ds Decl'd per sh ^{CF}	2.00
2.37	2.59	2.05	2.51	2.92	2.83	3.30	2.46	3.44	3.44	3.26	3.39	4.84	6.14	6.54	3.42	5.95	6.05	Cap'l Spending per sh	6.40
10.56	10.99	11.42	11.59	11.50	12.19	12.52	14.66	18.06	19.29	20.71	21.74	21.48	22.95	23.24	28.54	29.25	30.35	Book Value per sh ^D	33.75
55.70	56.60	57.30	57.10	54.00	55.10	56.70	64.50	76.70	77.70	77.70	76.40	76.90	77.54	78.00	117.00	118.00	119.00	Common Shs Outst'g ^E	122.00
13.8	14.7	13.9	21.4	13.6	14.6	12.5	12.5	13.1	14.3	13.5	14.7	12.3	11.2	12.5	12.6	12.5	12.6	Avg Ann'l P/E Ratio	15.0
.86	.85	.72	1.22	.88	.75	.68	.71	.69	.76	.73	.78	.74	.75	.80	.82	.80	.82	Relative P/E Ratio	1.00
5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	4.3%	3.9%	3.7%	4.0%	4.1%	5.0%	5.4%	4.7%	4.8%	4.7%	4.8%	Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 6/30/12																			
Total Debt \$4296.0 mill. Due in 5 Yrs \$100.0 mill.																		Revenues (\$mill) ^A	
LT Debt \$3334.0 mill. LT Interest \$200.0 mill.																		Net Profit (\$mill)	
(Total interest coverage: 6.5x)																		Income Tax Rate	
Leases, Uncapitalized Annual rentals \$95.0 mill.																		Net Profit Margin	
Pension Assets-12/11 \$754.0 mill.																		Long-Term Debt Ratio	
Pfd Stock None																		Common Equity Ratio	
Common Stock 117,515,999 shs. as of 7/25/12																		Total Capital (\$mill)	
MARKET CAP: \$4.6 billion (Mid Cap)																		Net Plant (\$mill)	
CURRENT POSITION																		Return on Total Cap'l	
2010 2011 6/30/12																		Return on Shr. Equity	
(SMILL.)																		Return on Com Equity	
Cash Assets 24.0 69.0 87.0																		Retained to Com Eq	
Other 2138.0 2677.0 1793.0																		All Div'ds to Net Prof	
Current Assets 2162.0 2746.0 1880.0																			
Accts Payable 184.0 294.0 383.0																			
Debt Due 1032.0 1338.0 962.0																			
Other 1212.0 1452.0 1115.0																			
Current Liab. 2428.0 3984.0 2460.0																			
Fix. Chg. Cov. 501% 325% 385%																			

BUSINESS: AGL Resources Inc. is a public utility holding company. Its distribution subsidiaries include Atlanta Gas Light, Chattanooga Gas, Elizabethtown Gas, and Virginia Natural Gas. Acquired Nicor in 2011. The utilities have more than 2.3 million customers in Georgia, Virginia, Tennessee, New Jersey, and Florida. Engaged in nonregulated natural gas marketing and other allied services. Deregulated subsidiaries: Georgia Natural Gas markets natural gas at retail. Sold Utilipro, 3/01. Acquired Compass Energy Services, 10/07. BlackRock Inc. owns 6.8% of common stock; off/dir., less than 1.0% (3/12 Proxy). Pres. & CEO: John W. Somershalder II. Inc.: GA. Addr.: Ten Peachtree Place N.E., Atlanta, GA 30309. Telephone: 404-584-4000. Internet: www.aglresources.com.

ANNUAL RATES						Past		Est'd '09-'11	
of change (per sh)						10 Yrs.		to '15-'17	
Revenues						6.0%		10.0%	
"Cash Flow"						6.5%		10.5%	
Earnings						9.0%		8.0%	
Dividends						5.0%		2.0%	
Book Value						7.0%		5.0%	

Cal-endar	QUARTERLY REVENUES (\$ mill.) ^A				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	995.0	377.0	307.0	638.0	2317.0
2010	1003	359.0	346.0	665.0	2373.0
2011	878.0	375.0	295.0	790.0	2338.0
2012	1404	686.0	1000	1610	4700
2013	1600	800	1000	1600	5000

Cal-endar	EARNINGS PER SHARE ^{AB}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2009	1.55	.26	.16	.91	2.88
2010	1.73	.17	.29	.81	3.00
2011	1.59	.23	d.04	.37	2.12
2012	1.12	.28	.40	.85	2.65
2013	1.40	.35	.50	.85	3.10

Cal-endar	QUARTERLY DIVIDENDS PAID ^{CF}				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2008	.42	.42	.42	.42	1.68
2009	.43	.43	.43	.43	1.72
2010	.44	.44	.44	.44	1.76
2011	.45	.45	.45	.55	1.90
2012	.36	.46	.46		

AGL Resources' earnings perked up in the second period. The bottom line rose by over 20% from the same period last year, a trend likely to continue over the next few quarters. That said, erratic weather patterns, along with challenges facing AGL's nonregulated segments, have caused us to lower our 2012 per-share estimate by \$0.15, to \$2.65 for the year.

Growth should be steady over the next few years, despite various obstacles in the company's path. Major concerns are that the slow economic recovery is hindering customer growth, and this, along with a lack of new rate filings, will likely be a headwind. Also, the Midstream segment which is likely to suffer from low natural gas prices (The supply glut caused storage pricing for the Jefferson Island facility to drop from \$0.19 to \$0.14) might present some problems. That said, the benefits gained from the Nicor merger (which made AGL Resources the largest gas distribution company in the country considerably increasing its volume production and geographic reach), should more than offset the pressure from the factors above.

The company is seeking to begin a

major investment venture. The Accelerated Infrastructure Replacement (AIR) plan would enable AGL Resources to spend up to \$135 million over the next five years, starting at the end of 2012. The venture would come on the heels of the ending of the Utility Infrastructure Enhancement (UIE) program, which is set to expire at the end of October. Much of the AIR venture would deal with pipeline maintenance, replacing over 150 miles of pipes, in turn enhancing customer service and paving the way for rate increases.

Despite obstacles, the long term looks steady. Previous favorable rate rulings are set to boost the top and bottom lines for the 3- to 5-year period. Furthermore, as stated above, the Nicor merger should help alleviate most of the pressure from a lackluster economic environment. That said, concerns remain regarding several segments that could be hurt by low gas prices.

Income investors will be most interested in this neutrally ranked equity, with its strong yield and high likelihood of future payout hikes.

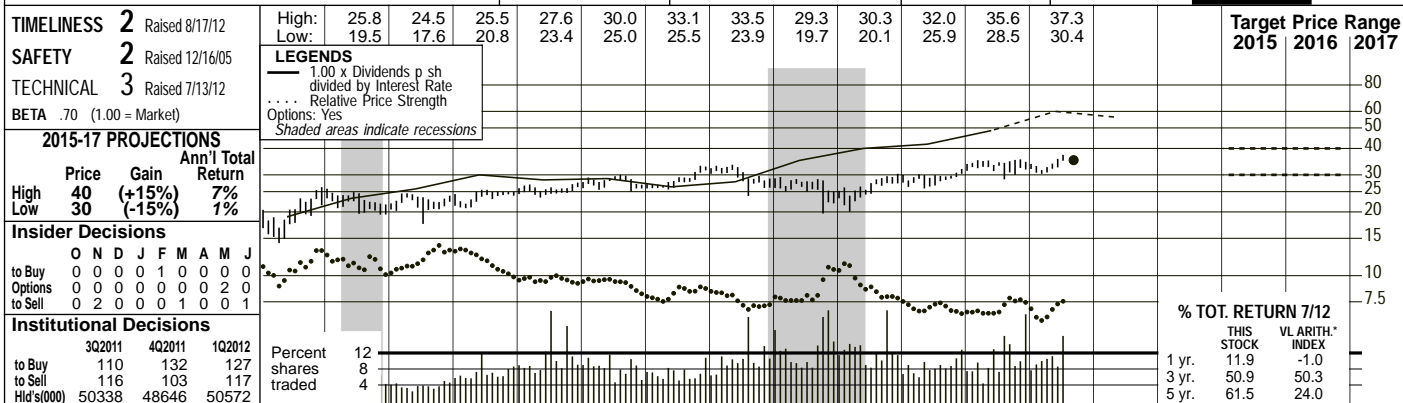
Sahana Zutshi
September 7, 2012

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002. (B) Diluted earnings per share. Excl. nonrecurring gains (losses): '99, \$0.39; '00, \$0.13; '01, \$0.13; '03, (\$0.07); '08, \$0.13. Next earnings report due late October. (C) Dividends historically paid early March, June, Sept., and Dec. Div'd reinvest. plan available. (D) Includes intangibles. In 2011: \$1918 million, \$16.40/share. (E) In millions. (F) Excluding special dividends from the Nicor merger.

Company's Financial Strength		A
Stock's Price Stability		100
Price Growth Persistence		65
Earnings Predictability		75

ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE **35.21** P/E RATIO **13.7** (Trailing: 15.9 Median: 14.0) RELATIVE P/E RATIO **0.93** DIV'D YLD **4.0%** VALUE LINE



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

CAPITAL STRUCTURE as of 6/30/12
 Total Debt \$2419.9 mill. Due in 5 Yrs \$660.0 mill.
 LT Debt \$1956.3 mill. LT Interest \$110.0 mill.
 (LT interest earned: 3.1x; total interest coverage: 3.1x)
Leases, Uncapitalized Annual rentals \$17.7 mill.
Pfd Stock None
Pension Assets-9/11 \$280.2 mill. Oblig. \$429.4 mill.
Common Stock 90,173,217 shs.
as of 8/3/12
MARKET CAP: \$3.2 billion (Mid Cap)

CURRENT POSITION

	2010	2011	6/30/12
Cash Assets	132.0	131.4	27.7
Other	743.2	879.6	748.0
Current Assets	875.2	1011.0	775.7
Accts Payable	266.2	291.2	178.2
Debt Due	486.2	208.8	463.6
Other	413.7	367.6	468.4
Current Liab.	1166.1	867.6	1110.2
Fix. Chg. Cov.	440%	432%	430%

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	6.5%	-3.5%	3.5%
"Cash Flow"	4.5%	4.5%	3.5%
Earnings	7.0%	4.0%	4.0%
Dividends	1.5%	1.5%	1.5%
Book Value	6.5%	4.5%	6.0%

QUARTERLY REVENUES (\$ mill.)

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	1716.3	1821.4	780.8	650.6	4969.1
2010	1292.9	1940.3	770.2	786.3	4789.7
2011	1133.3	1581.5	843.6	789.2	4347.6
2012	1101.2	1243.4	585.8	749.6	3680
2013	1180	1415	825	780	4200

EARNINGS PER SHARE

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	.83	1.29	.02	d.17	1.97
2010	1.00	1.17	d.03	.02	2.16
2011	.81	1.40	.04	.01	2.26
2012	.72	1.16	.33	.04	2.25
2013	.82	1.38	.12	.03	2.35

QUARTERLY DIVIDENDS PAID

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.325	.325	.325	.33	1.31
2009	.33	.33	.33	.335	1.33
2010	.335	.335	.335	.34	1.35
2011	.34	.34	.34	.345	1.37
2012	.345	.345	.345		

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC 15-17
Revenues per sh ^A	22.82	54.39	46.50	61.75	75.27	66.03	79.52	53.69	53.12	48.15	40.90	46.15	63.10
"Cash Flow" per sh	3.39	3.23	2.91	3.90	4.26	4.14	4.19	4.29	4.64	4.72	4.90	5.10	5.65
Earnings per sh ^{A B}	1.45	1.71	1.58	1.72	2.00	1.94	2.00	1.97	2.16	2.26	2.25	2.35	2.70
Div'ds Decl'd per sh ^C	1.18	1.20	1.22	1.24	1.26	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.48
Cap'l Spending per sh	3.17	3.10	3.03	4.14	5.20	4.39	5.20	5.51	6.02	6.90	7.75	7.95	8.80
Book Value per sh	13.75	16.66	18.05	19.90	20.16	22.01	22.60	23.52	24.16	24.98	28.10	30.20	34.65
Common Shs Outst'g ^D	41.68	51.48	62.80	80.54	81.74	89.33	90.81	92.55	90.16	90.30	90.00	91.00	103.00
Avg Ann'l P/E Ratio	15.2	13.4	15.9	16.1	13.5	15.9	13.6	12.5	13.2	14.4	13.0	13.0	13.0
Relative P/E Ratio	.83	.76	.84	.86	.73	.84	.82	.83	.84	.90	0.93	0.93	.85
Avg Ann'l Div'd Yield	5.4%	5.2%	4.9%	4.5%	4.7%	4.2%	4.8%	5.3%	4.7%	4.2%	4.2%	4.2%	4.2%
Revenues (\$mill) ^A	950.8	2799.9	2920.0	4973.3	6152.4	5898.4	7221.3	4969.1	4789.7	4347.6	3680	4200	6500
Net Profit (\$mill)	59.7	79.5	86.2	135.8	162.3	170.5	180.3	179.7	201.2	199.3	205	215	280
Income Tax Rate	37.1%	37.1%	37.4%	37.7%	37.6%	35.8%	38.4%	34.4%	38.5%	36.4%	38.5%	38.5%	38.5%
Net Profit Margin	6.3%	2.8%	3.0%	2.7%	2.6%	2.9%	2.5%	3.6%	4.2%	4.6%	5.6%	5.1%	4.3%
Long-Term Debt Ratio	53.9%	50.2%	43.2%	57.7%	57.0%	52.0%	50.8%	49.9%	45.4%	49.4%	45.0%	45.0%	49.0%
Common Equity Ratio	46.1%	49.8%	56.8%	42.3%	43.0%	48.0%	49.2%	50.1%	54.6%	50.6%	55.0%	55.0%	51.0%
Total Capital (\$mill)	1243.7	1721.4	1994.8	3785.5	3828.5	4092.1	4172.3	4346.2	3987.9	4461.5	4600	5000	7000
Net Plant (\$mill)	1300.3	1516.0	1722.5	3374.4	3629.2	3836.8	4136.9	4439.1	4793.1	5147.9	5500	5800	6700
Return on Total Cap'l	6.8%	6.2%	5.8%	5.3%	6.1%	5.9%	5.9%	5.9%	6.9%	6.1%	6.0%	5.5%	5.5%
Return on Shr. Equity	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	8.3%	9.2%	8.8%	8.0%	8.0%	8.0%
Return on Com Equity	10.4%	9.3%	7.6%	8.5%	9.8%	8.7%	8.8%	8.3%	9.2%	8.8%	8.0%	8.0%	8.0%
Retained to Com Eq	1.9%	2.8%	1.7%	2.3%	3.6%	3.0%	3.1%	2.7%	3.5%	3.3%	3.0%	3.0%	3.5%
All Div'ds to Net Prof	82%	70%	77%	73%	63%	65%	65%	68%	62%	62%	61%	59%	54%

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to over three million customers via six regulated natural gas utility operations: Louisiana Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky/Mid-States Division. Combined 2011 gas volumes: 281.5 MMcf. Breakdown: 57%, residen-

tial; 32%, commercial; 7%, industrial; and 4% other. 2011 depreciation rate 3.3%. Has around 4,750 employees. Officers and directors own 1.5% of common stock (12/11 Proxy). President and Chief Executive Officer: Kim R. Cocklin, Inc.: Texas. Address: Three Lincoln Centre, Suite 1800, 5430 LBJ Freeway, Dallas, Texas 75240. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

From an earnings standpoint, it appears that Atmos Energy will have an unexciting fiscal 2012 (ends September 30th), compared to last year. Through the first nine months, the natural gas distribution division, accounting for the bulk of net income, was hurt partially by a 9% decline in throughput, as warmer weather conditions held back consumption. Moreover, revenue-related taxes here were lower because of decreased revenues on which the tax is calculated. But this segment benefited from rate hikes, particularly in the Texas, Louisiana, Mississippi, and Kentucky service areas. Meanwhile, results for the regulated transmission and storage segment (the second-biggest unit) were boosted nicely by rate design adjustments approved in the Atmos Pipeline—Texas case that became effective in May, 2011. Even so, we believe that the bottom line for fiscal 2012 will be about flat, at \$2.25 a share. But assuming some improvement in the operating performance of the natural gas distribution segment, share net might well advance to \$2.35 next year.

divested. Atmos recently completed the sale of the natural gas distribution business in Missouri, Iowa, and Illinois (serving around 84,000 customers) to an affiliate of Algonquin Power & Utilities Corp. for \$129 million. Furthermore, there was an announcement to sell the natural gas distribution segment in Georgia, representing roughly 64,000 customers, to an affiliate of Algonquin Power & Utilities Corp. for about \$141 million. Pending regulatory approvals, the transaction is expected to close sometime during fiscal 2013. Management intends to use the proceeds from these deals to support growth initiatives in such key states as Texas and Louisiana.

The primary attraction here is the dividend yield, which is higher than the average of all gas utility stocks tracked by Value Line. Also, our 2015-2017 projections indicate that further, though modest, hikes in the well-covered payout are likely to occur. Other good attributes include a 2 (Above Average) rank for both Safety and Timeliness, plus an excellent score for Price Stability.

Non-strategic units are being

Frederick L. Harris, III September 7, 2012

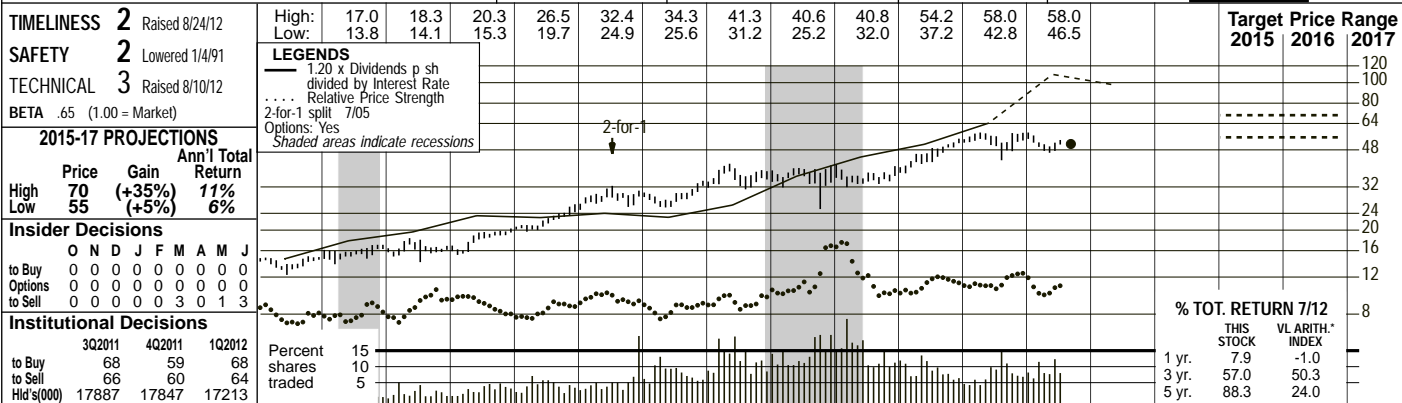
(A) Fiscal year ends Sept. 30th. (B) Diluted shrs. Excl. nonrec. items: '03, d17c; '06, d18c; '07, d2c; '09, 12c; '10, 5c; '11, (1c). Excludes discontinued operations: '11, 10c; '12, 7c. Next egs. rpt. due early Nov. (C) Dividends historically paid in early March, June, Sept., and Dec. (D) In millions. (E) Qtrs may not add due to change in shrs outstanding. Div. reinvestment plan. Direct stock purchase plan avail.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	90

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SOUTH JERSEY INDS. NYSE-SJI

RECENT PRICE 51.23 **P/E RATIO** 16.0 (Trailing: 17.1; Median: 15.0) **RELATIVE P/E RATIO** 1.08 **DIV'D YLD** 3.3% **VALUE LINE**



Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Price	16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	31.76	32.30	32.36	28.37	30.97	27.42	25.00	28.15	Revenues per sh	35.70
Gain	1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	3.51	3.20	3.48	3.72	4.21	4.46	4.50	4.85	"Cash Flow" per sh	6.15
Div	.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	2.46	2.09	2.27	2.38	2.70	2.89	3.10	3.35	Earnings per sh ^A	4.50
Yield	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	.92	1.01	1.11	1.22	1.36	1.50	1.64	1.78	Div'ds Decl'd per sh ^B	2.25
Cap'l Spndg	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	2.51	1.88	2.08	3.67	5.59	6.39	6.15	6.55	Cap'l Spending per sh	7.45
Book Value	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	15.11	16.25	17.33	18.24	19.08	20.66	23.40	25.00	Book Value per sh ^C	28.55
Common Shs	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	29.33	29.61	29.73	29.80	29.87	30.21	31.00	32.00	Common Shs Outst'g ^D	35.00
P/E Ratio	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	11.9	17.2	15.9	15.0	16.8	18.4	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
Relative P/E	.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	.64	.91	.96	1.00	1.07	1.16			Relative P/E Ratio	.95
Div'd Yield	6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	3.2%	2.8%	3.1%	3.4%	3.0%	2.8%			Avg Ann'l Div'd Yield	3.6%

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
Total Debt	505.1	696.8	819.1	921.0	931.4	956.4	962.0	845.4	925.1	828.6	775	900	Revenues (\$mill)	1250						
LT Debt	29.4	34.6	43.0	48.6	72.0	61.8	67.7	71.3	81.0	87.0	95.0	105	Net Profit (\$mill)	150						
LT Interest	41.4%	40.6%	40.9%	41.5%	41.3%	41.9%	47.7%	23.0%	15.2%	22.4%	20.0%	25.0%	Income Tax Rate	30.0%						
Interest Coverage	5.8%	5.0%	5.2%	5.3%	7.7%	6.5%	7.0%	8.4%	8.8%	10.5%	12.3%	11.7%	Net Profit Margin	12.0%						
Interest Coverage	53.6%	50.8%	48.7%	44.9%	44.7%	39.2%	36.5%	37.4%	40.5%	43.0%	42.0%	41.0%	Long-Term Debt Ratio	41.0%						
Interest Coverage	46.1%	49.0%	51.0%	55.1%	55.3%	57.3%	60.8%	63.5%	62.6%	59.5%	57.0%	58.0%	Common Equity Ratio	59.0%						
Interest Coverage	512.5	608.4	675.0	710.3	801.1	839.0	848.0	856.4	910.1	1048.3	1275	1380	Total Capital (\$mill)	1700						
Interest Coverage	666.6	748.3	799.9	877.3	920.0	948.9	982.6	1073.1	1193.3	1352.4	1475	1600	Net Plant (\$mill)	1900						
Interest Coverage	7.6%	7.3%	7.9%	8.3%	10.1%	8.6%	8.9%	9.0%	9.5%	8.9%	8.0%	8.5%	Return on Total Cap'l	9.5%						
Interest Coverage	12.4%	11.5%	12.4%	12.4%	16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	13.0%	13.0%	Return on Shr. Equity	15.0%						
Interest Coverage	12.5%	11.6%	12.5%	12.4%	16.3%	12.8%	13.1%	13.1%	14.2%	13.9%	13.0%	13.0%	Return on Com Equity	15.0%						
Interest Coverage	4.7%	5.0%	5.9%	6.2%	10.2%	6.7%	6.7%	6.4%	7.1%	6.7%	6.0%	6.0%	Retained to Com Eq	7.0%						
Interest Coverage	62%	57%	52%	50%	37%	48%	49%	51%	50%	52%	54%	54%	All Div'ds to Net Prof	53%						

CAPITAL STRUCTURE as of 6/30/12
 Total Debt \$864.7 mill. Due in 5 Yrs \$416.9 mill.
 LT Debt \$541.4 mill. LT Interest \$20.0 mill.
 (Total interest coverage: 5.8x)

Pension Assets-12/11 \$116.7 mill. **Oblig.** \$195.0 mill.

Pfd Stock None

Common Stock 30,865,642 common shs. as of 8/1/12

MARKET CAP: \$1.6 billion (Mid Cap)

CURRENT POSITION (SMILL.)

	2010	2011	6/30/12
Cash Assets	2.4	7.5	1.6
Other	421.4	333.1	302.8
Current Assets	423.8	340.6	304.4
Accts Payable	165.2	153.7	109.9
Debt Due	362.1	323.6	323.3
Other	113.2	110.7	98.6
Current Liab.	640.5	588.0	531.8
Fix. Chg. Cov.	532%	505%	532%

ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '09-'11 to '15-'17

Revenues	1.5%	-1.5%	3.5%
"Cash Flow"	8.0%	8.0%	7.0%
Earnings	9.5%	7.0%	9.0%
Dividends	6.5%	9.5%	9.0%
Book Value	10.5%	7.0%	6.5%

BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 347,725 customers in New Jersey's southern counties, which covers about 2,500 square miles and includes Atlantic City. Gas revenue mix '11: residential, 41%; commercial, 20%; cogeneration and electric generation, 14%; industrial, 25%. Non-utility operations include: South Jersey Energy, South Jersey Resources Group, Marina Energy, and South Jersey Energy Service Plus. Has 675 employees. Off/dir. control 1.0% of common shares; BlackRock Inc., 7.8% (3/12 proxy). Chrmn. & CEO: Edward Graham. Inc.: NJ. Address: 1 South Jersey Plaza, Folsom, NJ 08037. Telephone: 609-561-9000. Internet: www.sjindustries.com.

South Jersey Industries turned in a mixed performance for the second quarter. Revenues declined roughly 24% from the prior-year figure. This was largely due to a significant decrease in revenue from the company's nonutility operations, though the utility business also posted a moderate top-line decline. However, cost of sales was considerably lower, and share net improved nicely for the June period.

We anticipate solid results from South Jersey Gas in the coming years. The utility ought to further benefit from modest customer growth going forward. Natural gas remains the fuel of choice within its service territory, and South Jersey Gas should continue to benefit from customer interest in converting from other sources of fuel. Development in Atlantic City, in particular, should support customer growth in the surrounding areas over the next few years. Moreover, spending on infrastructure projects made under the Capital Investment Recovery Tracker program should improve service and allow the utility to earn a healthy return on these investments. South Jersey Gas has filed with the New Jersey Board of Public Utili-

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	362.2	134.5	127.1	221.6	845.4
2010	329.3	151.6	160.7	283.5	925.1
2011	331.9	160.5	137.6	198.6	828.6
2012	274.8	121.9	150	228.3	775
2013	315	160	165	260	900

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	1.46	.15	d.06	.83	2.38
2010	1.49	.24	.10	.87	2.70
2011	1.63	.20	.01	1.05	2.89
2012	1.65	.28	.07	1.10	3.10
2013	1.75	.30	.10	1.20	3.35

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	--	.270	.270	.568	1.11
2009	--	.298	.298	.628	1.22
2010	--	.330	.330	.695	1.36
2011	--	.365	.365	.768	1.50
2012	--	.403	.403		

(A) Based on GAAP egs. through 2006, economic egs. thereafter. GAAP EPS: '07, \$2.10; '08, \$2.58; '09, \$1.94; '10, \$2.22. Excl. non-recur. gain (loss): '01, \$0.13; '08, \$0.31; '09, (\$0.44); '10, (\$0.47); '11, \$0.08. Excl gain (losses) from discnt. ops.: '01, (\$0.02); '02, (\$0.04); '03, (\$0.09); '05, (\$0.02); '06, (\$0.02). **(B)** Div'ds paid early April, July, Oct., and late Dec. ■ Div. reinvest. plan avail. **(C)** Incl. reg. assets. In 2011: \$315.2 mill., \$10.43 per shr. **(D)** In mill., adj. for split.

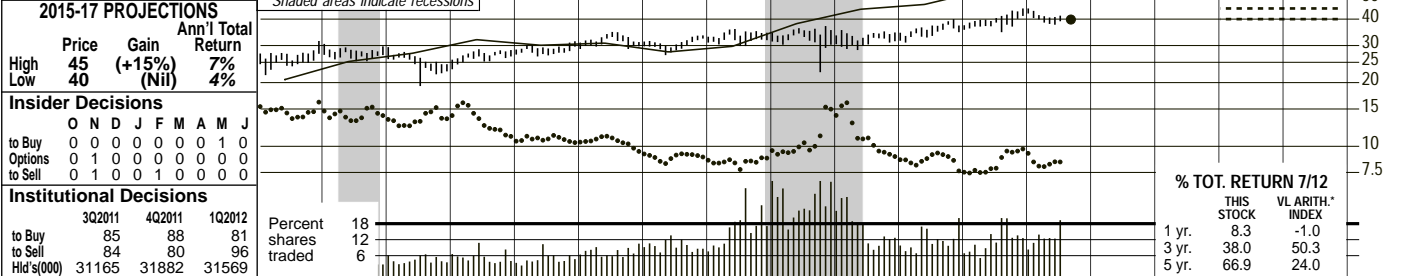
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Company's Financial Strength B++
Stock's Price Stability 100
Price Growth Persistence 90
Earnings Predictability 85

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Michael Napoli, CFA September 7, 2012

TIMELINESS 3 Raised 9/9/11	High: 30.5	29.5	28.8	31.4	34.8	33.6	35.9	37.1	35.5	40.0	45.0	45.0	Target Price Range
SAFETY 1 Raised 4/2/93	Low: 25.3	19.3	23.2	26.7	28.8	27.0	29.8	22.4	28.6	31.0	34.7	37.7	2015 2016 2017
TECHNICAL 2 Raised 8/31/12	LEGENDS 1.00 x Dividends p sh divided by Interest Rate Relative Price Strength Options: Yes Shaded areas indicate recessions												
BETA .65 (1.00 = Market)	2015-17 PROJECTIONS												



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
22.19	24.16	23.74	20.92	22.19	29.80	32.63	42.45	42.93	44.94	53.96	53.51	52.65	53.98	53.60	53.75	48.35	53.15	Revenues per sh ^A	57.80
2.93	3.02	2.79	2.74	3.20	3.24	2.63	4.00	3.87	3.97	3.84	3.89	4.34	4.44	4.11	4.01	4.45	4.50	"Cash Flow" per sh	4.75
1.85	1.85	1.54	1.47	1.79	1.88	1.14	2.30	1.98	2.13	1.94	2.09	2.44	2.53	2.27	2.25	2.55	2.60	Earnings per sh ^B	2.85
1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	1.30	1.32	1.35	1.37	1.41	1.47	1.50	1.55	1.59	1.63	Div'ds Decl'd per sh ^C	1.75
2.85	3.20	3.62	3.42	2.67	2.68	3.34	2.65	2.33	2.32	3.27	3.33	2.70	2.77	2.57	3.94	5.85	4.85	Cap'l Spending per sh	4.80
12.79	13.48	13.86	14.72	15.31	16.24	15.78	16.25	16.95	17.80	18.86	19.83	20.99	21.89	22.82	23.49	24.55	25.60	Book Value per sh ^D	28.85
43.70	43.70	43.84	46.47	46.47	48.54	48.56	48.63	48.67	48.65	48.89	49.45	49.92	50.14	50.54	51.20	51.50	51.75	Common Shs Outst'g ^E	52.00
11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	15.5	15.6	13.7	12.6	15.1	17.0	17.0	17.0	Avg Ann'l P/E Ratio	15.0
.72	.73	.89	.99	.95	.75	1.26	.63	.75	.78	.84	.83	.82	.84	.96	1.07	1.07	1.07	Relative P/E Ratio	1.00
5.4%	5.0%	4.5%	4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	4.5%	4.2%	4.2%	4.6%	4.4%	4.1%	4.1%	4.1%	Avg Ann'l Div'd Yield	4.1%

CAPITAL STRUCTURE as of 6/30/12				1584.8	2064.2	2089.6	2186.3	2637.9	2646.0	2628.2	2706.9	2708.9	2751.5	2490	2750	Revenues (\$mill) ^A	3005		
Total Debt \$648.6 mill. Due in 5 Yrs \$189.2 mill.				55.7	112.3	98.0	104.8	96.0	102.9	122.9	128.7	115.0	115.5	130	135	Net Profit (\$mill)	150		
LT Debt \$588.1 mill. LT Interest \$40.0 mill.				34.0%	38.0%	38.2%	37.4%	39.0%	39.1%	37.1%	39.1%	38.7%	42.4%	39.0%	39.0%	Income Tax Rate	39.0%		
(LT interest earned: 6.2x; total interest coverage: 5.7x)				3.5%	5.4%	4.7%	4.8%	3.6%	3.9%	4.7%	4.8%	4.2%	4.2%	5.3%	4.9%	Net Profit Margin	5.0%		
Pension Assets-9/11 \$1,289.0 mill.				45.7%	43.8%	40.9%	39.5%	37.8%	37.9%	35.9%	33.3%	33.4%	31.0%	30.0%	Long-Term Debt Ratio	28.0%			
Preferred Stock \$28.2 mill. Pfd. Div'd \$1.3 mill.				52.4%	54.3%	57.2%	58.6%	60.4%	60.3%	62.4%	65.0%	65.0%	66.2%	67.5%	68.5%	Common Equity Ratio	70.5%		
Common Stock 51,573,871 shs. as of 7/31/12				1462.5	1454.9	1443.6	1478.1	1526.1	1625.4	1679.5	1687.7	1774.4	1818.1	1875	1940	Total Capital (\$mill)	2130		
MARKET CAP: \$2.1 billion (Mid Cap)				1606.8	1874.9	1915.6	1969.7	2067.9	2150.4	2208.3	2269.1	2346.2	2489.9	2640	2805	Net Plant (\$mill)	3350		
CURRENT POSITION				5.3%	9.1%	8.2%	8.5%	7.6%	7.6%	8.5%	8.8%	7.6%	7.5%	8.0%	8.0%	Return on Total Cap'l	8.0%		
CASH ASSETS (\$MILL.)				7.0%	13.7%	11.5%	11.7%	10.1%	10.2%	11.4%	11.4%	9.7%	9.4%	10.5%	10.0%	Return on Shr. Equity	10.0%		
Cash Assets				7.2%	14.0%	11.7%	12.0%	10.3%	10.4%	11.6%	11.6%	9.9%	9.5%	10.5%	10.0%	Return on Com Equity	10.0%		
Other				NMF	6.2%	4.1%	4.6%	3.2%	3.5%	5.0%	5.0%	3.3%	3.4%	4.0%	4.0%	Retained to Com Eq	4.0%		
Current Assets				56%	56%	65%	62%	69%	66%	57%	57%	67%	64%	62%	63%	All Div'ds to Net Prof	61%		
Accts Payable				BUSINESS: WGL Holdings, Inc. is the parent of Washington Gas Light, a natural gas distributor in Washington, D.C. and adjacent areas of VA and MD to residential and comm'l users (1,082,983 meters). Hampshire Gas, a federally regulated sub., operates an underground gas-storage facility in WV. Non-regulated subs.: Wash. Gas Energy Svcs. sells and delivers natural gas and provides energy related products in the D.C. metro area; Wash. Gas Energy Sys. designs/install comm'l heating, ventilating, and air cond. systems. Black Rock Inc. owns 7.4% of common stock; Off./dir. less than 1% (1/12 proxy). Chrmn. & CEO: Terry D. McCallister, Inc.: D.C. and VA. Addr.: 101 Const. Ave., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.															

WGL Holdings posted a better-than-expected bottom line for the June period. This happened despite the company registering an almost 11% decline in revenues, reflecting lower natural gas prices on a year-to-year basis. Indeed, this trend impacted both the regulated utility operations as well as the nonutility unit. On the profitability front, overall expenses declined 160 basis points as a function of the top line. On balance, the wider margins were able to offset the weaker revenues, and WGL's third-quarter earnings catapulted back into positive territory, at \$0.08 a share. Consequently, **We have increased our 2012 and 2013 share-net estimates by a nickel each, to \$2.55 and \$2.60, respectively.** The Regulated Utility division should continue to post solid gains as that unit was able to implement rate increases in Virginia and Maryland earlier this year. Additional gains will likely stem from an ever-increasing number of active customer accounts. Elsewhere, the Retail Energy-Marketing segment will likely get a boost from higher realized electric margins as a result of volume increases, customer growth, and favorable price conditions. At the Commercial Energy Systems unit, solar projects and previously delayed government contracts that are now beginning to pick up steam, augur well for prospects. Finally, the Wholesale Energy Solutions portion of WGL's business mix has been a bit of a detractor of late, as higher operation and maintenance expenses and costs related to the Commonwealth Pipeline project weigh on margins there. Still, advances at the company's other operations should contribute to a nice double-digit earnings advance this year.

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	826.2	1040.9	427.0	412.8	2706.9
2010	727.4	1056.6	459.7	465.2	2708.9
2011	795.9	1017.2	490.3	448.1	2751.5
2012	727.8	839.4	438.3	484.5	2490
2013	790	905	505	550	2750

Fiscal Year Ends	Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2009	1.03	1.65	.11	d.25	2.53
2010	1.01	1.64	d.07	d.29	2.27
2011	1.02	1.53	d.03	d.26	2.25
2012	1.13	1.58	.08	d.24	2.55
2013	1.15	1.60	.10	d.25	2.60

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.34	.36	.36	.36	1.42
2009	.36	.37	.37	.37	1.47
2010	.37	.378	.378	.378	1.50
2011	.378	.39	.39	.39	1.55
2012	.39	.40	.40		

The balance sheet is in good shape and continues to improve. Indeed, the cash and equivalents have increased almost twelvefold so far this year. That financial cushion now sits at more than \$50 million. Meanwhile, the total debt load has declined almost 8%, and is well within manageable levels. **These shares may appeal to income-oriented investors.** However, the stock is trading near the low end of our Target Price Range, thus limiting appreciation potential for the 3- to 5-year pull.

(A) Fiscal years end Sept. 30th.	(15c). Qly egs. may not sum to total, due to change in shares outstanding. Next earnings report due late Oct. (C) Dividends historically paid early February, May, August, and November.	ber. ■ Dividend reinvestment plan available. (D) Includes deferred charges and intangibles. '11: \$594.4 million, \$11.56/sh. (E) In millions, adjusted for stock split.	Company's Financial Strength	A
(B) Based on diluted shares. Excludes non-recurring losses: '01, (13c); '02, (34c); '07, (4c); '08, (14c) discontinued operations; '06, (15c).			Stock's Price Stability	100
			Price Growth Persistence	60
			Earnings Predictability	95

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