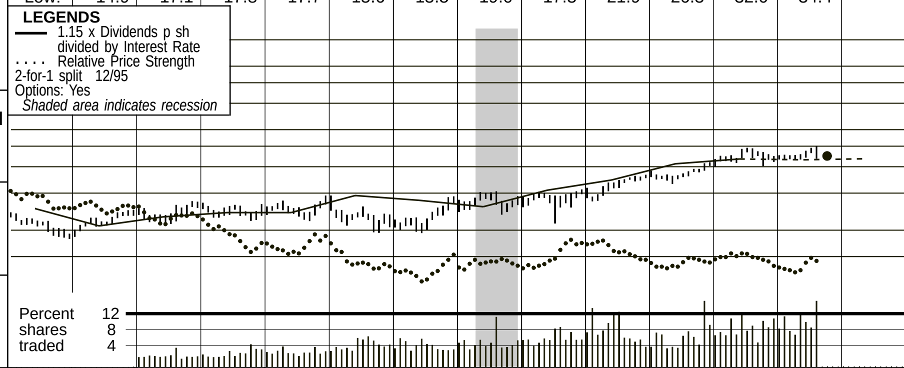
AGL RESOURCES NYSE-ATG

RECENT PRICE	35.97	P/E RATIO	14.2 (Trailing: 13.3, Median: 14.0)	RELATIVE P/E RATIO	0.84	DIV'D YLD	4.2%	VALUE LINE

TIMELINESS 4 Lowered 8/11/06
SAFETY 2 New 7/27/90
TECHNICAL 3 Lowered 9/1/06
BETA .95 (1.00 = Market)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	20.0	22.0	21.6	23.4	23.4	23.2	24.5	25.0	29.3	33.7	39.3	40.0
Low:	14.9	17.1	17.8	17.7	15.6	15.5	19.0	17.3	21.9	26.5	32.0	34.4

LEGENDS
— 1.15 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 12/95
Options: Yes
Shaded area indicates recession



Target Price Range
2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+40%)	12%
Low	40	(+10%)	7%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	1	2	1	0	1	1	0	0	0
to Sell	1	1	1	0	0	1	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	109	110	95
to Sell	88	83	102
Hld's(000)	49186	45106	49525

Percent shares traded 12 8 4

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	1.6	7.1
3 yr.	47.1	49.4
5 yr.	111.0	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
22.58	20.26	20.43	22.73	23.59	19.32	21.91	22.75	23.36	18.71	11.25	19.04	15.32	15.25	23.89	34.98	*35.55*	*36.10*	Revenues per sh A	*38.45*
2.04	2.07	2.31	2.25	2.24	2.33	2.49	2.42	2.65	2.29	2.86	3.31	3.39	3.47	3.29	4.20	*4.40*	*4.50*	"Cash Flow" per sh	*4.85*
1.01	1.04	1.13	1.08	1.17	1.33	1.37	1.37	1.41	.91	1.29	1.50	1.82	2.08	2.28	2.48	*2.65*	*2.70*	Earnings per sh A B	*2.95*
.98	1.02	1.03	1.04	1.04	1.04	1.06	1.08	1.08	1.08	1.08	1.08	1.08	1.11	1.15	1.30	*1.50*	*1.58*	Div'ds Decl'd per sh C■	*1.75*
2.73	2.95	2.74	2.49	2.37	2.17	2.37	2.59	2.05	2.51	2.92	2.83	3.30	2.46	3.44	3.44	*2.80*	*3.10*	Cap'l Spending per sh	*2.25*
8.97	9.42	9.70	9.90	10.19	10.12	10.56	10.99	11.42	11.59	11.50	12.19	12.52	14.66	18.06	19.29	*20.40*	*21.50*	Book Value per sh D	*24.90*
44.32	47.57	48.69	49.72	50.86	55.02	55.70	56.60	57.30	57.10	54.00	55.10	56.70	64.50	76.70	77.70	*77.90*	*78.00*	Common Shs Outst'g E	*78.30*
14.2	15.3	15.5	17.9	15.1	12.6	13.8	14.7	13.9	21.4	13.6	14.6	12.5	12.5	13.1	14.3	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
1.05	.98	.94	1.06	.99	.84	.86	.85	.72	1.22	.88	.75	.68	.71	.69	.76	*Value Line*		Relative P/E Ratio	*1.00*
6.8%	6.4%	5.9%	5.4%	5.9%	6.2%	5.6%	5.4%	5.5%	5.5%	6.2%	4.9%	4.7%	4.3%	3.9%	3.7%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1220.2	1287.6	1338.6	1068.6	607.4	1049.3	868.9	983.7	1832.0	2718.0	*2770*	*2815*	Revenues ($mill) A	*3010*
75.6	76.6	80.6	52.1	71.1	82.3	103.0	132.4	153.0	193.0	*205*	*210*	Net Profit ($mill)	*230*
38.6%	37.9%	32.5%	33.1%	34.3%	40.7%	36.0%	35.9%	37.0%	37.7%	*38.0%*	*38.0%*	Income Tax Rate	*38.0%*
6.2%	5.9%	6.0%	4.9%	11.7%	7.8%	11.9%	13.5%	8.4%	7.1%	*7.5%*	*7.5%*	Net Profit Margin	*7.7%*
46.2%	48.7%	47.5%	45.3%	45.9%	61.3%	58.3%	50.3%	54.0%	51.9%	*51.0%*	*50.0%*	Long-Term Debt Ratio	*48.5%*
48.9%	45.9%	47.1%	49.2%	48.3%	38.7%	41.7%	49.7%	46.0%	48.1%	*49.0%*	*50.0%*	Common Equity Ratio	*51.5%*
1201.3	1356.4	1388.4	1345.8	1286.2	1736.3	1704.3	1901.4	3008.0	3114.0	*3225*	*3310*	Total Capital ($mill)	*3775*
1415.4	1496.6	1534.0	1598.9	1637.5	2058.9	2194.2	2352.4	3178.0	3271.0	*3350*	*3450*	Net Plant ($mill)	*3750*
8.0%	7.3%	7.6%	5.7%	7.4%	6.5%	8.1%	8.9%	6.3%	7.9%	*8.0%*	*8.0%*	Return on Total Cap'l	*7.5%*
11.7%	11.0%	11.1%	7.1%	10.2%	12.3%	14.5%	14.0%	11.0%	12.9%	*13.0%*	*12.5%*	Return on Shr. Equity	*12.0%*
12.1%	11.3%	12.3%	7.9%	11.5%	12.3%	14.5%	14.0%	11.0%	12.9%	*13.0%*	*12.5%*	Return on Com Equity	*12.0%*
3.8%	3.2%	4.4%	NMF	3.2%	4.2%	7.0%	6.6%	5.6%	6.2%	*5.5%*	*5.5%*	Retained to Com Eq	*5.0%*
71%	74%	64%	101%	72%	65%	52%	53%	49%	52%	*57%*	*58%*	All Div'ds to Net Prof	*59%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt 2087.0 mill. **Due in 5 Yrs** $530.0 mill.
LT Debt $1632.0 mill. **LT Interest** $100.0 mill.

(Total interest coverage: 4.4x)
Leases, Uncapitalized Annual rentals $27.0 mill.

Pension Assets-12/05 $371.0 mill.
Oblig. $464.0 mill.
Pfd Stock None
Common Stock 77,878,889 shs.
as of 7/31/06

MARKET CAP: $2.8 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	49.0	30.0	37.0
Other	1408.0	2002.0	1471.0
Current Assets	1457.0	2032.0	1508.0
Accts Payable	207.0	264.0	566.0
Debt Due	334.0	522.0	455.0
Other	936.0	1153.0	329.0
Current Liab.	1477.0	1939.0	1350.0
Fix. Chg. Cov.	510%	442%	470%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	1.0%	7.0%	*7.5%*
"Cash Flow"	5.0%	7.0%	*5.0%*
Earnings	6.5%	13.5%	*4.5%*
Dividends	1.5%	2.0%	*6.5%*
Book Value	5.5%	8.5%	*6.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	352.5	186.6	166.3	278.3	983.7
2004	651.0	294.0	262.0	625.0	1832.0
2005	908.0	430.0	387.0	993.0	2718.0
2006	1047.0	436.0	*405*	*882*	*2770*
2007	*970*	*480*	*465*	*900*	*2815*

Cal-endar	EARNINGS PER SHARE A B Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.98	.29	.27	.54	2.08
2004	1.00	.33	.31	.64	2.28
2005	1.14	.30	.19	.85	2.48
2006	1.41	.25	*.27*	*.72*	*2.65*
2007	*1.30*	*.37*	*.29*	*.74*	*2.70*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.27	.27	.27	.27	1.08
2003	.27	.28	.28	.28	1.11
2004	.28	.29	.29	.29	1.15
2005	.31	.31	.31	.37	1.30
2006	.37	.37	.37		

BUSINESS: AGL Resources, Inc. is a public utility holding company. Its distribution subsidiaries are Atlanta Gas Light, Chattanooga Gas, and Virginia Natural Gas. The utilities have more than 2.2 million customers in Georgia (primarily Atlanta), Virginia, and in southern Tennessee. Also engaged in nonregulated natural gas marketing and other, allied services. Also wholesales and retails propane. Nonregulated subsidiaries: Georgia Natural Gas Services markets natural gas at retail. Acq. Virginia Natural Gas, 10/00. Sold Utilipro, 3/01. Off./dir. own less than 1.0% of common; Goldman Sachs, 5.5%; JPMorgan, 5.9% (3/06 Proxy). Pres. & CEO: John W. Somerhalder II. Inc.: GA. Addr.: 10 Peachtree Place N.E., Atlanta, GA 30309. Tel.: 404-584-4000. Internet: www.aglresources.com.

AGL Resources utility business performed well despite warmer-than-normal temperatures and conservation by customers. Earnings before interest and taxes increased $7 million versus the year-ago period, driven by a $6 million decrease in operating expenses. This can be attributed to last year's workforce and facilities restructuring programs. Also, operation and maintenance expenses per customer throughout AGL's distribution segment decreased 9% over the first six months of 2006. However, these results were offset by a lackluster performance at SouthStar, which markets natural gas and related services to retail customers on an unregulated basis, where results were also impacted by lower customer usage and higher bad debt expense.

Virginia Natural Gas (VNG) has accepted a modified performance-based rate plan. As part of the deal, VNG will freeze its base rates for five years; construct a pipeline to connect its northern and southern systems, which is expected to cost about $48 million to $60 million; and will be allowed to file for a permanent weather normalization plan. Also, Chattanooga Gas filed for a $5.8 million rate increase with the Tennessee Regulatory Authority to cover rising costs of financing its operations and lower consumption of natural gas. The proposal includes a plan to better align its interest with customers, by adjusting rates annually based on actual consumption versus an assumed level. We think Chattanooga will receive some, if not all, of the rate increase, which should provide a boost to earnings.

AGL's expansion of its Jefferson Island storage facility has hit a road block. In early August, the Louisiana Department of Natural Resources terminated the company's mineral lease due to the timing of leasehold payments and a lack of mining activity on the site for six months. Even so, the company remains committed to resolving these issues and getting the project completed, which will increase working gas capacity, along with revenues.

This neutrally ranked stock has worthwhile total return potential, thanks partly to dividend growth prospects. The good-quality shares are safe and steady, but not overly enticing.

Evan I. Blatter *September 15, 2006*

(A) Fiscal year ends December 31st. Ended September 30th prior to 2002.
(B) Diluted earnings per share. Excl. nonrecurring gains (losses): '95, d$0.83; '99, $0.39; '00, $0.13; '01, $0.13; '03, d$0.07. Next earnings report due late Oct.
(C) Dividends historically paid early March, June, Sept, and Dec. ■ Div'd reinvest. plan available.
(D) Includes intangibles. In 2005: $422 million, $5.43/share.
(E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	70
Earnings Predictability	75

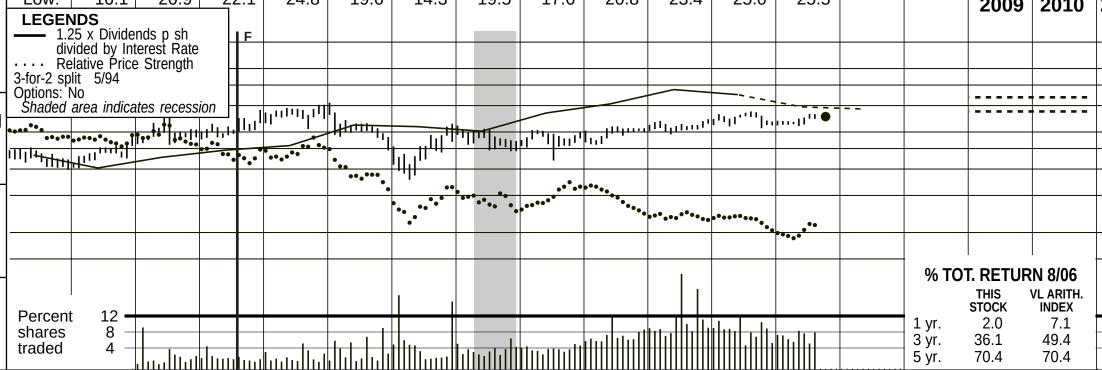
ATMOS ENERGY CORP. NYSE-ATO

RECENT PRICE	P/E RATIO	RELATIVE P/E RATIO	DIV'D YLD	
28.36	15.6 (Trailing: 18.3) (Median: 16.0)	0.92	4.5%	VALUE LINE

TIMELINESS 3 Raised 7/28/06
SAFETY 2 Raised 12/16/05
TECHNICAL 2 Raised 8/18/06
BETA .75 (1.00 = Market)

High:	23.0	31.0	30.5	32.3	33.0	26.3	25.8	24.5	25.5	27.6	30.0	29.3
Low:	16.1	20.9	22.1	24.8	19.6	14.3	19.5	17.6	20.8	23.4	25.0	25.5

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+25%)	*10%*
Low	30	(+5%)	*6%*

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	1
to Sell	1	0	1	0	0	0	1	0	1

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	93	89	102
to Sell	91	84	67
Hld's(000)	43022	46004	46293

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	2.0	7.1
3 yr.	36.1	49.4
5 yr.	70.4	70.4

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.

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
30.19	30.59	27.90	22.09	26.61	35.36	22.82	54.39	46.50	61.75	*76.60*	*79.75*	Revenues per sh A	*105.00*
2.80	2.85	3.38	2.62	3.01	3.03	3.39	3.23	2.91	3.90	*4.05*	*4.30*	"Cash Flow" per sh	*5.30*
1.51	1.34	1.84	.81	1.03	1.47	1.45	1.71	1.58	1.72	*1.80*	*1.95*	Earnings per sh A B	*2.50*
.96	1.01	1.06	1.10	1.14	1.16	1.18	1.20	1.22	1.24	*1.26*	*1.28*	Div'ds Decl'd per sh C■	*1.35*
4.84	4.13	4.44	3.53	2.36	2.77	3.17	3.10	3.03	4.14	*5.00*	*5.90*	Cap'l Spending per sh	*7.30*
10.75	11.04	12.21	12.09	12.28	14.31	13.75	16.66	18.05	19.90	*20.45*	*21.50*	Book Value per sh	*24.10*
16.02	29.64	30.40	31.25	31.95	40.79	41.68	51.48	62.80	80.54	*82.00*	*84.00*	Common Shs Outst'g D	*100.00*
15.1	17.9	15.4	33.0	18.9	15.6	15.2	13.4	15.9	16.1	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
.95	1.03	.80	1.88	1.23	.80	.83	.76	.84	.84	*Value Line*		Relative P/E Ratio	*.85*
4.2%	4.2%	3.7%	4.1%	5.9%	5.1%	5.4%	5.2%	4.9%	4.5%	*estimates*		Avg Ann'l Div'd Yield	*4.2%*
483.7	906.8	848.2	690.2	850.2	1442.3	950.8	2799.9	2920.0	4973.3	*6280*	*6700*	Revenues ($mill) A	*10500*
23.9	39.2	55.3	25.0	32.2	56.1	59.7	79.5	86.2	135.8	*150*	*165*	Net Profit ($mill)	*250*
35.7%	37.5%	36.5%	35.0%	36.1%	37.3%	37.1%	37.1%	37.4%	37.7%	*37.5%*	*37.5%*	Income Tax Rate	*38.0%*
5.0%	4.3%	6.5%	3.6%	3.8%	3.9%	6.3%	2.8%	3.0%	2.7%	*2.4%*	*2.5%*	Net Profit Margin	*2.3%*
41.5%	48.1%	51.8%	50.0%	48.1%	54.3%	53.9%	50.2%	43.2%	57.7%	*57.0%*	*57.0%*	Long-Term Debt Ratio	*55.0%*
58.5%	51.9%	48.2%	50.0%	51.9%	45.7%	46.1%	49.8%	56.8%	42.3%	*43.0%*	*43.0%*	Common Equity Ratio	*45.0%*
294.6	630.2	769.7	755.1	755.7	1276.3	1243.7	1721.4	1994.8	3785.5	*3900*	*4200*	Total Capital ($mill)	*5350*
413.6	849.1	917.9	965.8	982.3	1335.4	1300.3	1516.0	1722.5	3374.4	*3675*	*3975*	Net Plant ($mill)	*5000*
10.6%	8.3%	9.0%	5.1%	6.5%	5.9%	6.8%	6.2%	5.8%	5.3%	*5.5%*	*5.5%*	Return on Total Cap'l	*6.5%*
13.9%	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	*9.0%*	*9.0%*	Return on Shr. Equity	*10.5%*
13.9%	12.0%	14.9%	6.6%	8.2%	9.6%	10.4%	9.3%	7.6%	8.5%	*9.0%*	*9.0%*	Return on Com Equity	*10.5%*
5.1%	3.9%	6.3%	NMF	NMF	2.1%	1.9%	2.8%	1.7%	2.3%	*3.0%*	*3.0%*	Retained to Com Eq	*5.0%*
64%	67%	58%	NMF	112%	79%	82%	70%	77%	73%	*69%*	*65%*	All Div'ds to Net Prof	*54%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $2481.2 mill. **Due in 5 Yrs** $860.0 mill.
LT Debt $2180.8 mill. **LT Interest** $135.0 mill.
(LT interest earned: 2.7x; total interest coverage: 2.6x)
Leases, Uncapitalized Annual rentals $15.3 mill.
Pfd Stock None
Pension Assets-9/05 $355.9 mill. **Oblig.** $359.9 mill.
Common Stock 81,595,723 shs. **as of 7/31/06**
MARKET CAP: $2.3 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	201.9	40.1	26.8
Other	475.2	1224.3	1023.4
Current Assets	677.1	1264.4	1050.2
Accts Payable	185.3	461.3	306.8
Debt Due	5.9	148.1	300.4
Other	223.3	503.4	407.6
Current Liab.	414.5	1112.8	1014.8
Fix. Chg. Cov.	384%	395%	400%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	6.0%	16.5%	*11.5%*
"Cash Flow"	3.5%	2.0%	*8.0%*
Earnings	4.0%	6.5%	*7.0%*
Dividends	3.0%	2.0%	*2.0%*
Book Value	6.5%	8.5%	*5.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	680.4	1194.1	488.5	436.9	2799.9
2004	763.6	1117.5	546.1	492.8	2920.0
2005	1371.0	1687.8	909.9	1004.6	4973.3
2006	2283.8	2033.8	863.2	*1099.2*	*6280*
2007	*1675*	*1675*	*1675*	*1675*	*6700*

Fiscal Year Ends	EARNINGS PER SHARE A B E Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.60	1.24	- -	d.05	1.71
2004	.57	1.12	.09	d.11	1.58
2005	.79	1.11	.06	d.21	1.72
2006	.88	1.10	d.22	*.04*	*1.80*
2007	*.85*	*1.15*	*.08*	*d.13*	*1.95*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.295	.295	.295	.30	1.19
2003	.30	.30	.30	.305	1.21
2004	.305	.305	.305	.31	1.23
2005	.31	.31	.31	.315	1.25
2006	.315	.315	.315		

BUSINESS: Atmos Energy Corporation is engaged primarily in the distribution and sale of natural gas to 3.2 million customers via seven regulated natural gas utility operations: Louisiana Division, Mid-States Division, West Texas Division, Mid-Tex Division, Mississippi Division, Colorado-Kansas Division, and Kentucky Division. Combined 2005 gas volumes: 296 MMcf. Breakdown: 55%, residential; 31%, commercial; 10%, industrial; and 4% other. 2005 depreciation rate 3.7%. Has around 4,330 employees. Officers and directors own approximately 2.6% of common stock (12/05 Proxy). Chairman and Chief Executive Officer: Robert W. Best. Incorporated: Texas. Address: P.O. Box 650205, Dallas, Texas 75265. Telephone: 972-934-9227. Internet: www.atmosenergy.com.

It appears that Atmos Energy's earnings per share increased around 5%, to $1.80, in fiscal 2006 (ends September 30th). Within the non-utility division, the marketing segment benefited greatly from strategies to capture favorable arbitrage spreads created by natural gas volatility. But the performance of the utility operation was hampered by warmer temperatures, which especially affected the Mid-Tex and Louisiana units because they did not have a weather-normalized rate structure during that time. (Combined, these units account for over 60% of the customer base.) Also, we estimate that the after-effects of Hurricane Katrina reduced share net by about $0.10.

We believe that the bottom line will advance about 8%, to $1.95 a share, in fiscal 2007, assuming further expansion in operating margins. And it is important to note that weather-normalized rates will be effective for the Mid-Tex operation beginning October 1st. Moreover, a rate design calling for a partial decoupling from the impact of unfavorable temperatures will take effect for the Louisiana unit on December 1st. With these moves, some 90% of the utility's margins are protected by weather-normalization adjustments (versus about 33% previously).

Atmos looks poised to register steady, if measured, bottom-line increases over the 2009-2011 period. With the utility division now serving 3.2 million customers across 12 states, the company is not dependent on the economic climate in any one region of the country. Furthermore, the non-utility segments, particularly pipelines, have decent expansion prospects. In the present corporate configuration, share net ought to grow around 8% annually over the 3- to 5-year horizon.

These good-quality shares offer a healthy dose of dividend income. Prospects for additional increases in the distribution seem reasonable, too, as supported by our favorable 2009-2011 projections for Atmos Energy.

But long-term total-return potential is not spectacular, as capital appreciation possibilities are limited at the current quotation. Also, the equity is ranked to perform only in line with the market in the year ahead.

Frederick L. Harris, III September 15, 2006

(A) Fiscal year ends Sept. 30th. **(B)** Diluted shrs. Excl. nonrec. items: '97, d53¢; '99, d23¢; '00, 12¢; '03, d17¢. Next egs. rpt. due early Nov. **(C)** Dividends historically paid in early March, June, Sept., and Dec. ■ Div. reinvestment plan. Direct stock purchase plan avail. **(D)** In millions, adjusted for stock splits. **(E)** Qtrs may not add due to change in shrs outstanding. **(F)** ATO completed United Cities merger 7/97.

Company's Financial Strength	B+
Stock's Price Stability	100
Price Growth Persistence	30
Earnings Predictability	65

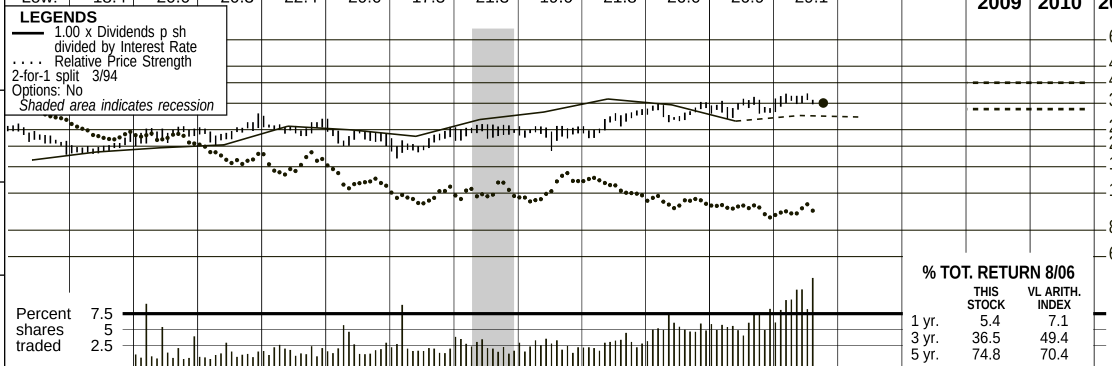
LACLEDE GROUP NYSE-LG

RECENT PRICE	32.13	P/E RATIO	15.5 (Trailing: 14.8, Median: 15.0)	RELATIVE P/E RATIO	0.91	DIV'D YLD	4.5%	VALUE LINE

TIMELINESS 4 Raised 9/8/06
SAFETY 2 Raised 6/20/03
TECHNICAL 3 Lowered 9/15/06
BETA .85 (1.00 = Market)

High:	23.1	24.9	28.6	27.9	27.0	24.8	25.5	25.0	30.0	32.5	34.3	35.7
Low:	18.4	20.0	20.3	22.4	20.0	17.5	21.3	19.0	21.8	26.0	26.9	29.1

Target Price Range
2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	10%
Low	30	(-5%)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	0	0	1	0
to Sell	0	0	0	0	1	0	0	1	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	50	67	60
to Sell	37	30	47
Hld's(000)	8521	9470	10115

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	5.4	7.1
3 yr.	36.5	49.4
5 yr.	74.8	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
30.21	28.10	26.83	32.33	33.43	24.79	31.03	34.33	31.04	26.04	29.99	53.08	39.84	54.95	59.59	75.43	93.50	98.60	Revenues per sh	116.65
2.13	2.37	2.32	2.81	2.65	2.55	3.29	3.32	3.02	2.56	2.68	3.00	2.56	3.15	2.79	2.98	3.70	3.85	"Cash Flow" per sh	4.70
1.08	1.28	1.17	1.61	1.42	1.27	1.87	1.84	1.58	1.47	1.37	1.61	1.18	1.82	1.82	1.90	2.15	2.15	Earnings per sh A B	2.50
1.18	1.20	1.20	1.22	1.22	1.24	1.26	1.30	1.32	1.34	1.34	1.34	1.34	1.34	1.35	1.37	1.40	1.43	Div'ds Decl'd per sh C■	1.50
1.87	2.46	2.87	2.62	2.50	2.63	2.35	2.44	2.68	2.58	2.77	2.51	2.80	2.67	2.45	2.84	3.15	3.40	Cap'l Spending per sh	4.40
11.75	11.83	11.79	12.19	12.44	13.05	13.72	14.26	14.57	14.96	14.99	15.26	15.07	15.65	16.96	17.31	19.70	20.65	Book Value per sh D	26.00
15.59	15.59	15.59	15.59	15.67	17.42	17.56	17.56	17.63	18.88	18.88	18.88	18.96	19.11	20.98	21.17	21.50	21.50	Common Shs Outst'g E	24.00
14.6	12.5	15.8	13.5	16.4	15.5	11.9	12.5	15.5	15.8	14.9	14.5	20.0	13.6	15.7	16.2	Bold figures are		Avg Ann'l P/E Ratio	14.0
1.08	.80	.96	.80	1.08	1.04	.75	.72	.81	.90	.97	.74	1.09	.78	.83	.86	Value Line		Relative P/E Ratio	.95
7.5%	7.5%	6.5%	5.6%	5.3%	6.3%	5.6%	5.6%	5.4%	5.8%	6.6%	5.7%	5.7%	5.4%	4.7%	4.4%	estimates		Avg Ann'l Div'd Yield	4.3%

CAPITAL STRUCTURE as of 6/30/06
Total Debt $518.8 mill. **Due in 5 Yrs** $175.0 mill.
LT Debt $395.4 mill. **LT Interest** $25.0 mill.
(Total interest coverage: 3.0x)

Leases, Uncapitalized Annual rentals $1.7 mill.
Pension Assets-9/05 $272.8 mill. **Oblig.** $327.2 mill.
Pfd Stock $.8 mill. **Pfd Div'd** $.05 mill.
Common Stock 21,357,009 shs.
as of 7/28/06

MARKET CAP: $675 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
544.8	602.8	547.2	491.6	566.1	1002.1	755.2	1050.3	1250.3	1597.0	2010	2120	Revenues ($mill) A	2800
32.8	32.5	27.9	26.9	26.0	30.5	22.4	34.6	36.1	40.1	46.0	46.0	Net Profit ($mill)	60.0
35.9%	36.1%	35.6%	35.5%	35.2%	32.7%	35.4%	35.0%	34.8%	34.1%	34.0%	34.0%	Income Tax Rate	35.0%
6.0%	5.4%	5.1%	5.5%	4.6%	3.0%	3.0%	3.3%	2.9%	2.5%	2.3%	2.2%	Net Profit Margin	2.1%
42.5%	38.0%	40.9%	41.8%	45.2%	49.5%	47.5%	50.4%	51.6%	48.1%	49.0%	49.0%	Long-Term Debt Ratio	48.0%
57.1%	61.6%	58.6%	57.8%	54.5%	50.2%	52.3%	49.4%	48.3%	51.8%	51.0%	51.0%	Common Equity Ratio	52.0%
422.2	406.8	438.0	488.6	519.2	574.1	546.6	605.0	737.4	707.9	830	870	Total Capital ($mill)	1200
452.2	467.6	490.6	519.4	575.4	602.5	594.4	621.2	646.9	679.5	775	815	Net Plant ($mill)	1050
9.4%	9.7%	8.1%	7.1%	6.7%	6.9%	6.0%	7.4%	6.6%	7.7%	7.0%	7.0%	Return on Total Cap'l	6.5%
13.5%	12.9%	10.8%	9.5%	9.1%	10.5%	7.8%	11.5%	10.1%	10.9%	11.0%	10.5%	Return on Shr. Equity	9.5%
13.6%	12.9%	10.8%	9.5%	9.1%	10.5%	7.8%	11.6%	10.1%	10.9%	11.0%	10.5%	Return on Com Equity	9.5%
4.5%	3.9%	1.8%	1.0%	.2%	1.8%	NMF	3.1%	2.7%	3.1%	4.0%	3.5%	Retained to Com Eq	4.0%
67%	70%	83%	89%	98%	83%	113%	74%	73%	72%	65%	67%	All Div'ds to Net Prof	60%

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	13.9	6.0	31.9
Other	323.7	418.1	319.1
Current Assets	337.6	424.1	351.0
Accts Payable	68.4	138.4	118.2
Debt Due	96.5	110.7	123.4
Other	97.7	116.5	181.1
Current Liab.	262.6	365.6	304.5
Fix. Chg. Cov.	279%	293%	290%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	7.5%	17.0%	10.5%
"Cash Flow"	1.0%	1.5%	8.0%
Earnings	2.5%	4.5%	5.0%
Dividends	1.0%	.5%	2.0%
Book Value	3.0%	2.5%	7.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.)A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	280.1	422.2	186.6	161.4	1050.3
2004	332.6	475.0	245.1	197.6	1250.3
2005	442.5	576.5	311.3	266.7	1597.0
2006	689.2	708.8	330.5	281.5	2010
2007	635	655	440	390	2120

Fiscal Year Ends	EARNINGS PER SHARE A B F Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.80	1.14	.11	d.21	1.82
2004	.87	1.12	.19	d.28	1.82
2005	.79	1.06	.29	d.24	1.90
2006	1.23	1.05	.13	d.26	2.15
2007	1.15	1.05	.25	d.30	2.15

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.335	.335	.335	.335	1.34
2003	.335	.335	.335	.335	1.34
2004	.335	.34	.34	.34	1.36
2005	.34	.345	.345	.345	1.38
2006	.345	.355	.355	.355	

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 8 other counties. Has more than 630,000 customers. Purchased SM&P for $43 million (1/02). Therms sold and transported in fiscal 2005: 1.12 mill. Revenue mix for regulated operations: residential, 60%; commercial and industrial, 23%; transportation, 2%; other, 15%. Has around 3,815 employees. Officers and directors own approximately 6.0% of common shares (1/06 Proxy). Chairman, Chief Executive Officer, and President: Douglas H. Yaeger. Incorporated: Missouri. Address: 720 Olive Street, St. Louis, Missouri 63101. Telephone: 314-342-0500. Internet: www.lacledegas.com.

Laclede Group is on track to register healthy results in fiscal 2006 (ends September 30th). Laclede Energy Resources, the non-utility gas marketing segment, is still benefiting from supply/demand imbalances resulting from last year's Gulf Coast hurricanes, plus a surge in volumes (reflecting higher interstate pipeline wholesale transactions). Furthermore, SM&P Utility Resources, the unregulated unit specializing in locating and marking services for underground facilities, is being aided by new business signups in existing markets. And we note that this subsidiary recently bought Reliant Services, which provides similar services. Given that both businesses have customers in the same geographic areas, synergies ought to generate decent cost savings going forward.

But the core natural gas unit has underperformed of late. This can be attributed partly to higher operation and maintenance expenses, as well as an increased provision for uncollectible accounts. A decline in volumes within the service territory has further eroded earnings. On the bright side, there have been benefits from a general rate hike effective since last October, and income from entities located outside the system has been rising.

On a consolidated basis, share net ought to grow about 13%, to $2.15, in fiscal 2006. Laclede's bottom line may flatten out next year because of the difficult comparison.

We believe that unexciting results are in store for the company over the 2009-2011 timeframe. The market in which the natural gas division operates has sluggish customer growth because it is in a mature stage. Moreover, it appears that major acquisitions are not likely to take place anytime soon. Consequently, annual share-net gains may only be in the mid-single-digit range, with some volatility, over the 3- to 5-year horizon.

The stock's good yield aside, total-return potential is not appealing. That is because these shares are already trading within our 2009-2011 Target Price Range, and we are assuming that future dividend increases will be moderate. Also, the Timeliness rank is 4 (Below Average).

Frederick L. Harris, III September 15, 2006

(A) Fiscal year ends Sept. 30th.
(B) Based on average shares outstanding thru. '97, then diluted. Excludes nonrecurring loss: Q2 '06, 7¢. Next earnings report due late Oct.
(C) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan available.
(D) Incl. deferred charges. In '05: $203.8 mill., $9.63/sh.
(E) In millions. Adjusted for stock split.
(F) Qtly. egs. may not sum due to change in shares outstanding.

Company's Financial Strength	B+
Stock's Price Stability	95
Price Growth Persistence	55
Earnings Predictability	65

NEW JERSEY RES. NYSE-NJR

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD
49.55	20.6	(Trailing: 16.2) (Median: 15.0)	1.21	2.9%

VALUE LINE

TIMELINESS	4 Raised 2/17/06
SAFETY	1 Raised 9/15/06
TECHNICAL	2 Raised 8/25/06

BETA .80 (1.00 = Market)

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	60	(+20%)	8%
Low	50	(Nil)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	1	4	0	0	5	0	0	2	0
to Sell	1	4	0	0	4	0	0	2	0

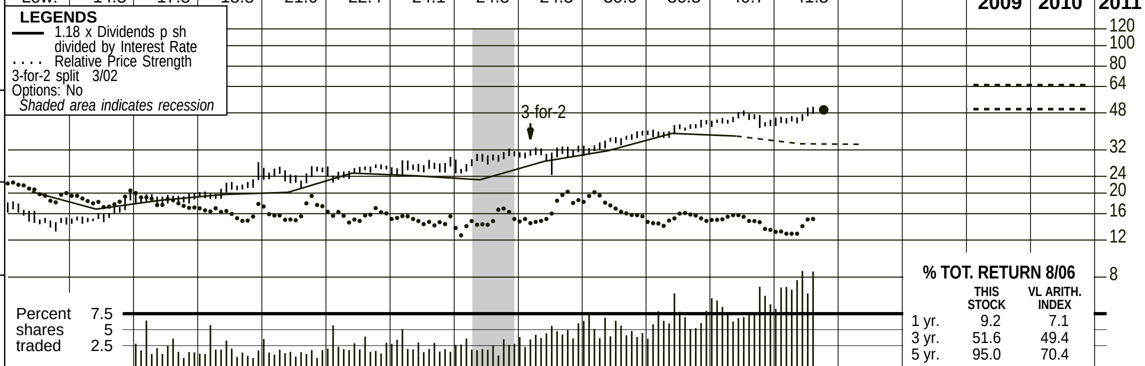
Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	64	71	73
to Sell	60	52	60
Hld's(000)	13455	14778	16255

High:	20.3	19.9	28.0	26.8	27.4	29.8	32.5	33.6	39.5	44.6	49.3	51.4
Low:	14.3	17.8	18.8	21.0	22.4	24.1	24.8	24.3	30.0	36.5	40.7	41.5

Target Price Range

2009	2010	2011



% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	9.2	7.1
3 yr.	51.6	49.4
5 yr.	95.0	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
16.01	15.99	16.88	18.02	19.22	17.03	20.22	25.97	26.59	33.98	44.13	76.82	66.17	93.43	91.33	114.29	117.45	120.60	Revenues per sh A	129.80
1.54	1.58	1.95	2.14	2.31	2.13	2.22	2.45	2.60	2.79	2.99	3.18	3.21	3.58	3.75	3.92	4.00	4.20	"Cash Flow" per sh	4.70
.65	.55	1.09	1.15	1.26	1.29	1.37	1.48	1.55	1.66	1.79	1.95	2.09	2.38	2.55	2.65	2.80	2.90	Earnings per sh B	3.30
.96	1.00	1.01	1.01	1.01	1.01	1.03	1.07	1.09	1.12	1.15	1.17	1.20	1.24	1.30	1.36	1.45	1.50	Div'ds Decl'd per sh C■	1.70
4.37	2.91	1.99	2.31	2.10	1.77	1.78	1.72	1.60	1.81	1.85	1.66	1.53	1.71	2.17	1.92	1.80	1.95	Cap'l Spending per sh	2.10
8.85	8.57	9.44	9.81	9.64	9.70	10.10	10.38	10.88	11.35	12.43	13.20	13.06	15.38	16.87	15.90	17.45	18.80	Book Value per sh	23.15
20.28	20.95	24.43	25.23	25.95	26.69	27.13	26.82	26.72	26.61	26.39	26.66	27.67	27.23	27.74	27.55	28.10	28.20	Common Shs Outst'g D	28.50
24.0	22.3	12.4	15.1	13.0	11.7	13.6	13.5	15.3	15.2	14.7	14.2	14.7	14.0	15.3	16.8	Bold figures are		Avg Ann'l P/E Ratio	17.0
1.78	1.42	.75	.89	.85	.78	.85	.78	.80	.87	.96	.73	.80	.80	.81	.90	Value Line		Relative P/E Ratio	1.15
6.2%	8.1%	7.5%	5.8%	6.2%	6.7%	5.6%	5.3%	4.6%	4.5%	4.4%	4.2%	3.9%	3.7%	3.3%	3.1%	estimates		Avg Ann'l Div'd Yield	3.0%

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
548.5	696.5	710.3	904.3	1164.5	2048.4	1830.8	2544.4	2533.6	3148.3	3300	3400	Revenues ($mill) A	3700
38.7	41.5	43.3	44.9	47.9	52.3	56.8	65.4	71.6	74.4	80.0	82.0	Net Profit ($mill)	95.0
32.6%	33.3%	30.4%	36.2%	37.8%	38.0%	38.7%	39.4%	39.1%	39.1%	39.0%	39.0%	Income Tax Rate	40.0%
7.1%	6.0%	6.1%	5.0%	4.1%	2.6%	3.1%	2.6%	2.8%	2.4%	2.4%	2.4%	Net Profit Margin	2.5%
50.7%	49.3%	51.2%	48.7%	47.0%	50.1%	50.6%	38.1%	40.3%	42.0%	42.0%	41.0%	Long-Term Debt Ratio	37.0%
45.8%	47.1%	45.6%	51.2%	52.9%	49.9%	49.4%	61.9%	59.7%	58.0%	58.0%	59.0%	Common Equity Ratio	63.0%
598.2	590.6	638.2	590.4	620.1	706.2	732.4	676.8	783.8	755.3	845	890	Total Capital ($mill)	1055
655.2	659.4	680.0	705.4	730.6	743.9	756.4	852.6	880.4	905.1	935	970	Net Plant ($mill)	1120
8.1%	8.6%	8.1%	9.0%	9.0%	8.5%	8.7%	10.7%	10.1%	11.2%	10.5%	10.5%	Return on Total Cap'l	10.5%
13.1%	13.9%	13.9%	14.8%	14.6%	14.8%	15.7%	15.6%	15.3%	17.0%	16.0%	15.5%	Return on Shr. Equity	14.5%
13.5%	14.3%	14.4%	14.8%	14.6%	14.9%	15.7%	15.6%	15.3%	17.0%	16.0%	15.5%	Return on Com Equity	14.5%
3.4%	4.0%	4.4%	5.0%	5.4%	6.1%	6.9%	7.7%	7.8%	8.5%	8.0%	7.5%	Retained to Com Eq	7.0%
76%	73%	71%	67%	63%	59%	56%	51%	49%	50%	52%	52%	All Div'ds to Net Prof	52%

CAPITAL STRUCTURE as of 6/30/06
Total Debt $490.8 mill. **Due in 5 Yrs** $250.0 mill.
LT Debt $333.8 mill. **LT Interest** $22.0 mill.
Incl. $6.9 mill. capitalized leases.
(LT interest earned: 5.5x; total interest coverage: 4.8x)
Pension Assets-9/05 $82.6 mill. **Oblig.** $99.9 mill.

Pfd Stock None

Common Stock 28,080,314 shs. **as of 8/8/06**
MARKET CAP: $1.4 billion (Mid Cap)

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	5.0	25.0	4.7
Other	681.0	927.8	808.7
Current Assets	686.0	952.8	813.4
Accts Payable	42.9	54.7	38.0
Debt Due	287.4	177.4	157.0
Other	357.4	744.2	510.4
Current Liab.	687.7	976.3	705.4
Fix. Chg. Cov.	826%	660%	700%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	18.5%	23.5%	4.5%
"Cash Flow"	5.5%	6.0%	4.0%
Earnings	7.5%	8.5%	4.5%
Dividends	2.5%	3.0%	4.5%
Book Value	5.0%	7.0%	6.5%

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	668.9	1152.7	369.7	353.1	2544.4
2004	643.0	1037.7	438.5	414.4	2533.6
2005	854.0	1065.1	544.3	684.9	3148.3
2006	1164.6	1064.4	536.1	534.9	3300
2007	1085	1150	610	555	3400

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	.85	1.50	.16	d.13	2.38
2004	.87	1.82	.06	d.20	2.55
2005	.91	1.84	.07	d.17	2.65
2006	1.23	2.14	d.14	d.43	2.80
2007	1.13	1.84	.10	d.17	2.90

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.30	.30	.30	.30	1.20
2003	.31	.31	.31	.31	1.24
2004	.325	.325	.325	.325	1.30
2005	.34	.34	.34	.34	1.36
2006	.36	.36	.36		

BUSINESS: New Jersey Resources Corp. is the holding company for New Jersey Natural Gas Co., a natural gas utility (about 463,000 customers at 9/30/05) in Monmouth, Ocean, and parts of other N.J. counties. Fiscal 2005 volume: 124.7 bill. cu. ft. (50% firm, 8% interruptible industrial and electric utility, 42% off-system and capacity release). New Jersey Natural Energy subsid. provides unregulated retail and wholesale natural gas and related energy services to customers in 17 states. 2005 deprec. rate: 2.8%. Est'd plant age: 8 years. Has 551 utility employees, 16,300 stckhldrs. Off. & dir. own about 3% of common stock (12/05 Proxy). Chairman and CEO: Laurence M. Downes. Inc.: N.J. Address: 1415 Wyckoff Road, Wall, NJ 07719. Tel.: 732-938-1000. Internet: www.njliving.com.

New Jersey Resources results over the first nine months of fiscal 2006 (year ends September 30th) have been solid. Earnings over this timeframe increased about 14.5%, to $3.23 a share, with most of the gains being driven by an improved performance at the company's energy services subsidiary. In fact, the segment posted an earnings advance of about 90% this year due to growth in its portfolio of storage and transportation contracts. Since the unit covers many markets in the eastern half of the United States and Canada, it is able to capture additional value when prices fluctuate between regions. All told, the business now represents over 20% of corporate earnings.

The third quarter was a weak one at the company's main subsidiary, New Jersey Natural Gas (NJNG). It posted earnings of $1.7 million, well below the $3.9 million in the year-earlier period. The decrease was primarily the result of conservation by customers. The utility currently has a weather normalization plan in place to protect against temperatures that are warmer than normal, though, it is unable to protect against lower usage. Therefore, in December, NJNG proposed a plan with the New Jersey Board of Public utilities to implement a conservation usage adjustment (CUA) plan to replace the normalization policy, which would provide protection against both temperature and usage changes. Management remains optimistic that the program will be approved and be in place by next winter's heating season. However, should regulatory approval not be granted, the company is exploring alternatives that includes filing for a rate increase. Meanwhile, the utility added about 7,870 new customers through the third quarter, and will likely grow at a rate above the industry average for the next few years thanks to the strong demographics of the region NJNG serves. About a third of new customers are conversions from other fuel sources.

Though untimely, this stock offers decent total return potential. This is largely due to expanding profits from its nonutility operations. Other pluses include the likelihood of a more consistent earnings stream through the CUA proposal, and steady dividend increases.

Evan I. Blatter *September 15, 2006*

(A) Fiscal year ends Sept. 30th.
(B) Diluted earnings. Next earnings report due late Oct.
(C) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvestment plan available.
(D) In millions, adjusted for split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	100

NICOR, INC. NYSE-GAS

RECENT PRICE	43.05	P/E RATIO	17.2 (Trailing: 18.6 / Median: 14.0)	RELATIVE P/E RATIO	1.01	DIV'D YLD	4.3%	VALUE LINE

TIMELINESS 3 Raised 7/7/06
SAFETY 3 Lowered 6/17/05
TECHNICAL 3 Raised 5/5/06
BETA 1.20 (1.00 = Market)

High:	28.5	37.1	42.9	44.4	42.9	43.9	42.4	49.0	39.3	39.7	43.0	44.4
Low:	21.8	25.4	30.0	37.1	31.2	29.4	34.0	17.3	23.7	32.0	35.5	38.7

Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

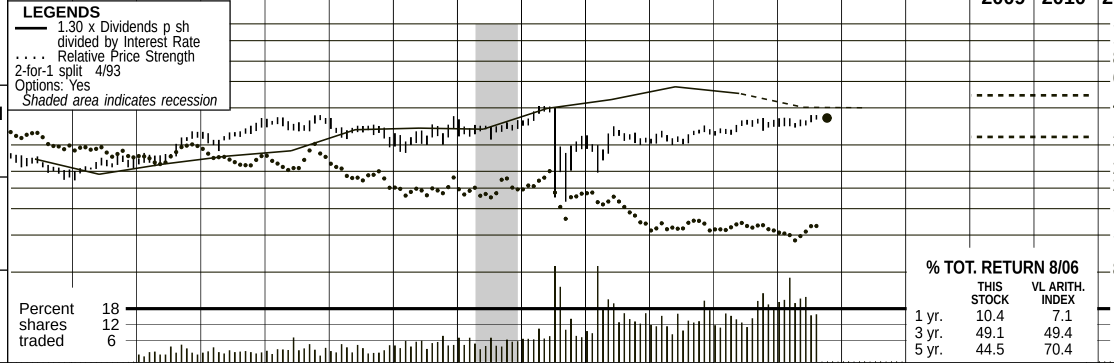
	Price	Gain	Ann'l Total Return
High	55	(+30%)	10%
Low	35	(-20%)	Nil

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	1	0	0	1	0	0	1	0	0
Options	0	0	0	0	0	2	0	0	0
to Sell	0	0	0	0	0	2	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	117	112	98
to Sell	97	94	110
Hld's(000)	30966	32581	32450



% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	10.4	7.1
3 yr.	49.1	49.4
5 yr.	44.5	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
26.52	26.46	28.90	31.02	31.23	29.42	37.39	41.33	30.84	34.45	50.52	57.30	43.11	60.46	62.12	76.00	*73.35*	*72.30*	Revenues per sh	*71.25*
3.86	3.92	4.14	3.80	4.11	4.19	4.97	5.29	5.21	5.59	6.16	6.41	6.03	5.37	6.00	6.19	*6.45*	*6.50*	"Cash Flow" per sh	*6.80*
1.93	1.86	1.92	1.97	2.07	1.96	2.42	2.55	2.31	2.57	2.94	3.01	2.88	2.11	2.22	2.27	*2.45*	*2.50*	Earnings per sh A	*2.80*
1.06	1.12	1.18	1.22	1.25	1.28	1.32	1.40	1.48	1.54	1.66	1.76	1.84	1.86	1.86	1.86	*1.86*	*1.92*	Div'ds Decl'd per sh B ■	*2.02*
3.00	3.65	3.12	2.62	3.34	3.12	2.42	2.34	2.87	3.28	3.48	4.18	4.37	4.12	4.32	4.57	*4.50*	*4.50*	Cap'l Spending per sh	*4.50*
11.67	12.28	12.76	13.05	13.26	13.67	14.74	15.43	15.97	16.80	15.56	16.39	16.55	17.13	16.99	18.36	*18.90*	*19.40*	Book Value per sh	*21.60*
57.93	57.30	55.77	53.96	51.54	50.30	49.49	48.22	47.51	46.89	45.49	44.40	44.01	44.04	44.10	44.18	*44.50*	*44.60*	Common Shs Outst'g C	*44.90*
10.7	11.5	11.6	14.1	12.5	13.1	12.5	14.2	17.6	14.6	11.9	12.8	13.1	15.8	15.9	17.3	*Bold figures are*		Avg Ann'l P/E Ratio	*16.0*
.79	.73	.70	.83	.82	.88	.78	.82	.92	.83	.77	.66	.72	.90	.84	.91	*Value Line*		Relative P/E Ratio	*1.05*
5.1%	5.2%	5.3%	4.4%	4.8%	5.0%	4.4%	3.9%	3.6%	4.1%	4.7%	4.6%	4.9%	5.6%	5.3%	4.7%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $520.2 mill. **Due in 5 Yrs** $215.0 mill.
LT Debt $470.2 mill. **LT Interest** $20.0 mill.
(Total interest coverage: 4.0x)

Pension Assets-12/05 $424.0 mill. **Oblig.** $284.4 mill.

Pfd Stock $.6 mill. **Pfd Div'd** $.03 mill.
(11,681 shares of 4.48% mandatorily redeemable preferred stock)
Common Stock 44,536,603 shares
as of 4/28/06
MARKET CAP: $1.9 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
1850.7	1992.6	1465.1	1615.2	2298.1	2544.1	1897.4	2662.7	2739.7	3357.8	*3265*	*3225*	Revenues ($mill)	*3200*
121.2	124.3	111.1	121.9	136.4	136.3	128.0	93.1	98.1	101.1	*110*	*110*	Net Profit ($mill)	*125*
35.8%	35.0%	34.4%	34.7%	34.8%	33.5%	31.0%	35.2%	31.8%	28.3%	*27.0%*	*30.0%*	Income Tax Rate	*32.0%*
6.5%	6.2%	7.6%	7.5%	5.9%	5.4%	6.7%	3.5%	3.6%	3.0%	*3.4%*	*3.4%*	Net Profit Margin	*3.9%*
41.3%	42.3%	42.1%	35.5%	32.7%	37.8%	35.1%	39.6%	39.8%	37.4%	*36.0%*	*35.0%*	Long-Term Debt Ratio	*32.0%*
58.1%	57.2%	57.4%	64.0%	66.7%	61.7%	64.5%	60.3%	60.1%	62.5%	*64.0%*	*65.0%*	Common Equity Ratio	*68.0%*
1255.1	1300.6	1322.6	1230.1	1061.2	1180.1	1128.9	1251.5	1246.0	1297.7	*1310*	*1335*	Total Capital ($mill)	*1430*
1771.9	1735.8	1731.8	1735.2	1729.6	1768.6	1796.8	2484.2	2549.8	2659.1	*2750*	*2850*	Net Plant ($mill)	*3150*
11.1%	11.1%	9.9%	10.9%	13.7%	12.3%	12.2%	8.3%	8.8%	9.4%	*10.0%*	*9.5%*	Return on Total Cap'l	*10.0%*
16.4%	16.6%	14.5%	15.4%	19.1%	18.6%	17.5%	12.3%	13.1%	12.5%	*13.0%*	*12.5%*	Return on Shr. Equity	*13.0%*
16.6%	16.7%	14.6%	15.4%	19.2%	18.7%	17.5%	12.3%	13.1%	12.5%	*13.0%*	*12.5%*	Return on Com Equity	*13.0%*
7.6%	7.6%	5.4%	6.2%	8.5%	7.9%	6.5%	1.5%	2.1%	2.3%	*3.0%*	*3.0%*	Retained to Com Eq	*3.5%*
54%	55%	63%	60%	56%	58%	63%	88%	84%	81%	*75%*	*77%*	All Div'ds to Net Prof	*73%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	83.2	126.9	226.6
Other	937.7	1218.8	477.4
Current Assets	1020.9	1345.7	704.0
Accts Payable	502.9	658.2	433.9
Debt Due	490.2	636.0	50.0
Other	178.3	328.7	511.4
Current Liab.	1171.4	1622.9	995.3
Fix. Chg. Cov.	428%	367%	NMF

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	8.0%	11.5%	*1.0%*
"Cash Flow"	4.0%	0.5%	*2.5%*
Earnings	1.0%	-3.5%	*4.0%*
Dividends	4.0%	3.5%	*1.5%*
Book Value	3.0%	1.5%	*3.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1171.3	452.8	294.8	743.8	2662.7
2004	1115.7	429.5	299.9	894.6	2739.7
2005	1179.9	484.4	336.0	1357.5	3357.8
2006	1319.4	451.3	*320*	*1174.3*	*3265*
2007	*1250*	*500*	*350*	*1125*	*3225*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.11	.21	.01	.78	2.11
2004	.96	.44	d.26	1.08	2.22
2005	.98	.35	d.06	1.02	2.27
2006	.94	.41	*d.05*	*1.15*	*2.45*
2007	*1.00*	*.40*	*d.05*	*1.15*	*2.50*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.46	.46	.46	.46	1.84
2003	.46	.465	.465	.465	1.86
2004	.465	.465	.465	.465	1.86
2005	.465	.465	.465	.465	1.86
2006	.465	.465	.465		

BUSINESS: Nicor Inc. is a holding company with gas distribution as its primary business. Serves over 2.1 million customers in northern and western Illinois. 2005 gas delivered: 470.6 Bcf, incl. 219.4 Bcf from transportation. 2005 gas sales (251.2 bcf): residential, 80%; commercial, 18%; industrial, 3%. Principal supplying pipelines: Natural Gas Pipeline, Horizon Pipeline, and TGPC. Current operations include Tropical Shipping subsidiary and several energy related ventures. Divested inland barging, 7/86; contract drilling, 9/86; oil and gas E&P, 6/93. Has about 3,700 employee. Off./dir. own about 2.8% of common stock. (3/06 proxy). Chairman and CEO: Russ Strobel. Inc.: IL. Address: 1844 Ferry Road, Naperville, IL 60563. Telephone: 630-305-9500. Internet: www.nicor.com.

Nicor's core gas distribution segment has posted mixed results. In the first six months of the year, this unit posted a modest decline in operating profits from a year ago. Excluding the cost recovery of $3.8 million related to a mercury repair and inspection program, operating earnings declined by 1%, to $70.8 million, in the period. An increase in base rates, approved by the Illinois Commerce Commission last fall, helped to boost revenues, but was partially offset by unseasonably warm weather, which reduced the demand for gas deliveries. This decrease in demand lowered net profits by roughly $7.5 million compared to management's forecast. In light of the weather-related losses, the gas distribution segment will probably weigh on the bottom line in the full year. Even so, this is considered a temporary issue, and an eventual return to normal weather conditions should benefit earnings. Too, operating and maintenance expenses have been running below management's expectations, with room for further cost reductions, barring an unforeseen spike in natural gas prices.

The company's other business segments should bolster the bottom line. Nicor's Tropical Shipping unit is generating higher revenues, due to an increase in rates. But some of those gains are likely to be mitigated, in part, by incremental payroll and transportation costs. Separately, the energy ventures segment should post better results in the second half of this year, as deferred revenue, related to its utility bill management products, are recognized.

Nicor may be able to raise its dividend following a recent legal settlement. In July, the company reached a settlement with the SEC regarding the investigation over its accounting for natural gas costs between 2000 and 2002. Under the terms of the settlement, Nicor will be subject to a $10 million fine, without admitting or denying any wrongdoing. With the legal issues in the rearview mirror, there ought to be a greater amount of cash available to shareholders. As of June 30th, there was nearly $227 million in cash on the balance sheet.

These shares may interest income-oriented accounts.

Charles W. Noh *September 15, 2006*

(A) Based on primary earnings thru. '96, then diluted. Excl. nonrecurring gains/(loss): '89, 7¢; '97, 6¢; '98, 11¢; '99, 5¢; '00, ($1.96); '01, 16¢; '03, (27¢); '04, (52¢); '05, 80¢; '06, (17¢). Excl. items from discontinued ops.: '93, 4¢; '96, 30¢. Quarterly earnings may not sum to total due to rounding. Next earnings report due early Nov. (B) Dividends historically paid early February, May, August, November. ■ Dividend reinvestment plan available. (C) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	55
Price Growth Persistence	35
Earnings Predictability	80

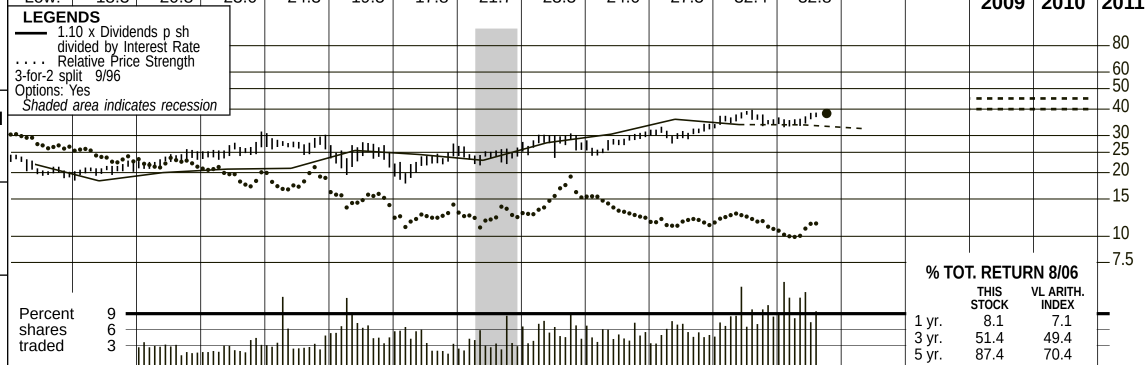
N.W. NAT'L GAS NYSE-NWN

RECENT PRICE **38.19** | P/E RATIO **16.7** (Trailing: 17.6 Median: 15.0) | RELATIVE P/E RATIO **0.98** | DIV'D YLD **3.6%** | **VALUE LINE**

TIMELINESS 3 Raised 8/25/06
SAFETY 1 Raised 3/18/05
TECHNICAL 2 Raised 9/15/06
BETA .75 (1.00 = Market)

High:	22.8	25.9	31.4	30.8	27.9	27.5	26.8	30.7	31.3	34.1	39.6	38.8
Low:	18.3	20.8	23.0	24.3	19.5	17.8	21.7	23.5	24.0	27.5	32.4	32.8

LEGENDS
— 1.10 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
3-for-2 split 9/96
Options: Yes
Shaded area indicates recession



Target Price Range 2009 | 2010 | 2011

2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	45	(+20%)	8%
Low	40	(+5%)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	1	1	0	0	0
Options	0	0	1	0	0	0	0	0	0
to Sell	0	0	1	0	0	0	0	1	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	59	62	77
to Sell	54	59	59
Hld's(000)	12922	13095	14328

Percent shares traded: 9, 6, 3

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	8.1	7.1
3 yr.	51.4	49.4
5 yr.	87.4	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
17.02	16.74	14.10	18.15	18.30	16.02	16.86	15.82	16.77	18.17	21.09	25.78	25.07	23.57	25.69	33.01	*39.65*	*42.25*	Revenues per sh	*51.80*
3.22	2.57	3.25	3.74	3.50	3.41	3.86	3.72	3.24	3.72	3.68	3.86	3.65	3.85	3.92	4.34	*4.60*	*4.75*	"Cash Flow" per sh	*5.10*
1.62	.67	.74	1.74	1.63	1.61	1.97	1.76	1.02	1.70	1.79	1.88	1.62	1.76	1.86	2.11	*2.22*	*2.40*	Earnings per sh A	*2.85*
1.10	1.13	1.15	1.17	1.17	1.18	1.20	1.21	1.22	1.23	1.24	1.25	1.26	1.27	1.30	1.32	*1.38*	*1.42*	Div'ds Decl'd per sh B■	*1.70*
3.85	3.58	3.73	3.61	4.23	3.02	3.70	5.07	4.02	4.78	3.46	3.23	3.11	4.90	5.52	3.48	*3.70*	*3.60*	Cap'l Spending per sh	*3.60*
12.61	12.23	12.41	13.08	13.63	14.55	15.37	16.02	16.59	17.12	17.93	18.56	18.88	19.52	20.64	21.28	*22.10*	*22.95*	Book Value per sh	*25.55*
17.41	17.68	19.46	19.77	20.13	22.24	22.56	22.86	24.85	25.09	25.23	25.23	25.59	25.94	27.55	27.58	*27.75*	*27.80*	Common Shs Outst'g C	*28.00*
10.2	28.1	27.0	12.9	13.0	12.9	11.7	14.4	26.7	14.5	12.4	12.9	17.2	15.8	16.7	17.0	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.76	1.79	1.64	.76	.85	.86	.73	.83	1.39	.83	.81	.66	.94	.90	.88	.91	*Value Line*		Relative P/E Ratio	*.95*
6.7%	5.9%	5.7%	5.2%	5.5%	5.7%	5.2%	4.8%	4.5%	5.0%	5.6%	5.1%	4.5%	4.6%	4.2%	3.7%	*estimates*		Avg Ann'l Div'd Yield	*4.3%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $577.3 mill. **Due in 5 Yrs** $204.2 mill.
LT Debt $492.0 mill. **LT Interest** $31.0 mill.

(Total interest coverage: 3.4x)

Pension Assets-12/05 $218.6 mill.
Oblig. $267.9 mill.
Pfd Stock None

Common Stock 27,548,346 shs.
as of 7/31/06
MARKET CAP $1.1 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
380.3	361.8	416.7	455.8	532.1	650.3	641.4	611.3	707.6	910.5	*1025*	*1050*	Revenues ($mill)	*1450*
46.8	43.1	27.3	44.9	47.8	50.2	43.8	46.0	50.6	58.1	*62.0*	*66.5*	Net Profit ($mill)	*80.0*
36.9%	32.9%	31.0%	35.4%	35.9%	35.4%	34.9%	33.7%	34.4%	36.0%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
12.3%	11.9%	6.6%	9.9%	9.0%	7.7%	6.8%	7.5%	7.1%	6.4%	*5.7%*	*5.7%*	Net Profit Margin	*5.5%*
41.4%	46.0%	45.0%	46.0%	45.1%	43.0%	47.6%	49.7%	46.0%	47.0%	*47.0%*	*47.0%*	Long-Term Debt Ratio	*47%*
52.8%	49.0%	50.6%	49.9%	50.9%	53.2%	51.5%	50.3%	54.0%	53.0%	*53.0%*	*53.0%*	Common Equity Ratio	*53%*
657.4	748.0	815.6	861.5	887.8	880.5	937.3	1006.6	1052.5	1108.4	*1150*	*1200*	Total Capital ($mill)	*1350*
745.3	827.5	894.7	895.9	934.0	965.0	995.6	1205.9	1318.4	1373.4	*1375*	*1400*	Net Plant ($mill)	*1500*
8.9%	7.4%	5.0%	6.8%	6.7%	6.9%	5.9%	5.7%	5.9%	6.5%	*7.0%*	*7.0%*	Return on Total Cap'l	*7.0%*
12.1%	10.7%	6.1%	9.7%	9.8%	10.0%	8.9%	9.1%	8.9%	9.9%	*10.0%*	*10.5%*	Return on Shr. Equity	*10.5%*
12.7%	11.0%	6.0%	9.9%	10.0%	10.2%	8.5%	9.0%	8.9%	9.9%	*10.0%*	*10.5%*	Return on Com Equity	*10.5%*
5.0%	3.6%	NMF	2.8%	3.1%	3.5%	1.9%	2.6%	2.7%	3.7%	*3.7%*	*3.7%*	Retained to Com Eq	*3.8%*
63%	70%	118%	74%	70%	67%	79%	72%	69%	63%	*62%*	*59%*	All Div'ds to Net Prof	*60%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	5.2	7.1	6.6
Other	231.9	316.6	191.5
Current Assets	237.1	323.7	198.1
Accts Payable	102.5	135.3	76.8
Debt Due	117.5	134.7	85.3
Other	47.3	56.6	53.0
Current Liab.	267.3	326.6	215.1
Fx. Chg. Cov.	316%	340%	NMF

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	4.5%	8.0%	*11.0%*
"Cash Flow"	1.5%	2.5%	*4.5%*
Earnings	1.5%	5.0%	*7.0%*
Dividends	1.0%	1.0%	*4.0%*
Book Value	4.0%	3.5%	*3.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	206.5	117.5	69.5	217.8	611.3
2004	254.5	109.7	81.4	262.0	707.6
2005	308.7	153.7	106.7	341.4	910.5
2006	390.4	171.0	*130*	*333.6*	*1025*
2007	*375*	*185*	*140*	*350*	*1050*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	1.01	.17	d.25	.83	1.76
2004	1.24	d.03	d.30	.95	1.86
2005	1.44	.04	d.31	.94	2.11
2006	1.48	.07	*d.30*	*.97*	*2.22*
2007	*1.55*	*.05*	*d.30*	*1.10*	*2.40*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.315	.315	.315	.315	1.26
2003	.315	.315	.315	.325	1.27
2004	.325	.325	.325	.325	1.30
2005	.325	.325	.325	.345	1.32
2006	.345	.345	.345		

BUSINESS: Northwest Natural Gas Co. distributes natural gas at retail to 90 communities, 624,000 customers, in Oregon (90% of custs.) and in southwest Washington state. Principal cities served: Portland and Eugene, OR; Vancouver, WA. Service area population: 2.4 mill. (77% in OR). Company buys gas supply from Canadian and U.S. producers; has transportation rights on Northwest Pipeline system to bring gas to market. Owns local underground storage. Rev. breakdown: residential, 53%; commercial, 27%; industrial, gas transportation, and other, 20%. Employs 1,305. Barclays owns 6.2% of shares; insiders, 1% (4/06 proxy). CEO: Mark S. Dodson. Inc.: OR. Address: 220 NW 2nd Ave., Portland, OR 97209. Tel.: 503-226-4211. Internet: www.nwnatural.com.

Northwest Natural's second-quarter earnings turned out a bit better than expected, despite weather that was 16% warmer than average and 12% warmer than last year's. The company's share of commodity cost savings added about $0.03 a share in the June period, and profits from interstate gas storage contributed an additional $0.02. Operations and maintenance expenses were up 3% but would have risen 2% without increased bad debt costs, due to higher gas prices.

We anticipate roughly normal earnings growth over the balance of the year. Northwest Natural increased its customer count by 3.3% in the 12 months ended in June, and the new accounts should boost earnings through 2006 and 2007. While the national economy is definitely slowing, Portland seems to be doing better than the nation as a whole, with little decline in new home construction. (Northwest's share of new home heating fuel is over 90%.) But the company plans to lay off 50 to 100 employees in the second half of the year, and severance costs will probably add up to around $0.04 a share in the fourth quarter.

Earnings in 2007 will likely benefit from new efficiency and cost-cutting efforts. Northwest has begun to implement a companywide plan to reduce costs by consolidating some operations, standardizing functions, and outsourcing some operations, such as new construction. The plan will take a few years to implement completely and will probably result in a workforce reduction of 200 to 250 employees, some by normal attrition.

Northwest's earnings will probably grow faster than its industry's, thanks to above-average customer growth. The area to the southeast of Portland will soon be zoned for higher density, permitting profitable installation of gas mains and significant customer growth. And the company serves less than 60% of its market at present, allowing it to pick up new customers as old oil tanks need replacing.

These neutrally ranked shares have below-average total return potential at their recent quotation. Although we like Northwest's prospects, we think investors will have an opportunity to invest at a better price.

Sigourney B. Romaine September 15, 2006

(A) Diluted earnings per share. Excludes nonrecurring gain: '98, $0.15; '00, $0.11. Next earnings report due early November.
(B) Dividends historically paid in mid-February, mid-May, mid-August, and mid-November.
■ Div'd reinvestment plan available.
(C) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	75

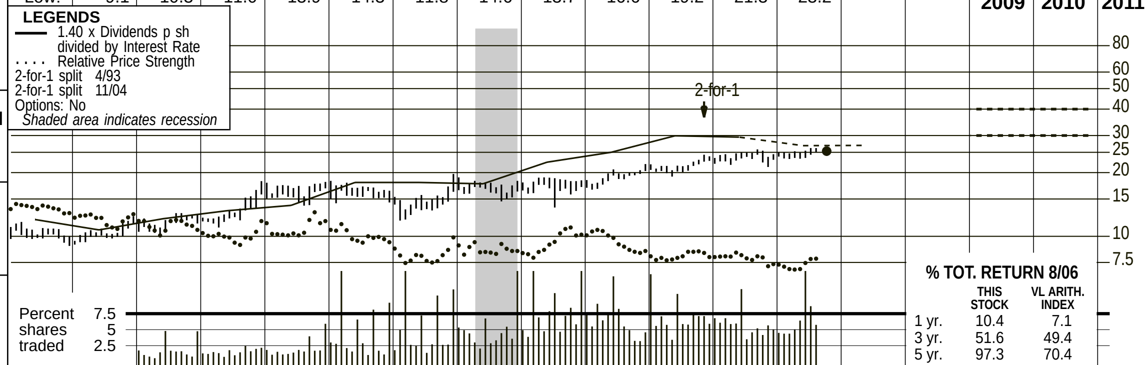
PIEDMONT NAT'L. NYSE-PNY

RECENT PRICE	25.29	P/E RATIO	18.9 (Trailing: 18.2 Median: 17.0)	RELATIVE P/E RATIO	1.11	DIV'D YLD	3.9%	VALUE LINE

TIMELINESS	4 Raised 12/23/05
SAFETY	2 New 7/27/90
TECHNICAL	2 Raised 9/8/06
BETA .80 (1.00 = Market)	

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
High:	12.4	12.9	18.2	18.1	18.3	19.7	19.0	19.0	22.0	24.3	25.8	26.2
Low:	9.1	10.3	11.0	13.9	14.3	11.8	14.6	13.7	16.6	19.2	21.3	23.2

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+60%)	15%
Low	30	(+20%)	8%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	10	24	11	10	9	9	9	9	9
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	2	0	1	1	1	0	1

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	76	66	85
to Sell	77	71	61
Hld's(000)	30419	31060	32936

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	10.4	7.1
3 yr.	51.6	49.4
5 yr.	97.3	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
9.42	8.32	8.91	10.57	10.82	8.76	11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	*26.00*	*28.20*	Revenues per sh A	*33.10*
.97	.78	1.07	1.14	1.13	1.25	1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	*2.50*	*2.65*	"Cash Flow" per sh	*3.20*
.61	.44	.70	.73	.68	.73	.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	*1.30*	*1.40*	Earnings per sh B	*1.75*
.42	.44	.46	.48	.51	.54	.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	*.96*	*1.00*	Div'ds Decl'd per sh C■	*1.17*
1.62	1.37	1.41	1.58	1.95	1.72	1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	*2.65*	*2.40*	Cap'l Spending per sh	*2.20*
4.58	4.83	5.13	5.45	5.68	6.16	6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	*10.85*	*11.35*	Book Value per sh D	*12.75*
42.87	49.46	51.59	52.30	53.15	57.67	59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	*75.00*	*74.50*	Common Shs Outst'g E	*72.50*
11.3	16.3	12.3	15.4	15.7	13.8	13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9	*Bold figures are*		Avg Ann'l P/E Ratio	*19.0*
.84	1.04	.75	.91	1.03	.92	.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	*Value Line*		Relative P/E Ratio	*1.25*
6.0%	6.0%	5.3%	4.3%	4.8%	5.4%	4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	*estimates*		Avg Ann'l Div'd Yield	*3.5%*

CAPITAL STRUCTURE as of 4/30/06
Total Debt $912.0 mill. **Due in 5 Yrs** $325.0 mill.
LT Debt $625.0 mill. **LT Interest** $40.0 mill.
(LT interest earned: 4.5x; total interest coverage: 4.5x)

Pension Assets-10/05 $199.2 mill.
Oblig. $236.6 mill.

Pfd Stock None

Common Stock 75,277,520 shs.
as of 6/2/06

MARKET CAP: $1.9 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
685.1	775.5	765.3	686.5	830.4	1107.9	832.0	1220.8	1529.7	1761.1	*1950*	*2100*	Revenues ($mill) A	*2400*
48.6	55.2	60.3	58.2	64.0	65.5	62.2	74.4	95.2	101.3	*100*	*105*	Net Profit ($mill)	*130*
38.9%	39.1%	39.2%	39.7%	34.7%	34.6%	33.1%	34.8%	35.1%	33.7%	*35.0%*	*36.0%*	Income Tax Rate	*36.0%*
7.1%	7.1%	7.9%	8.5%	7.7%	5.9%	7.5%	6.1%	6.2%	5.8%	*5.1%*	*5.1%*	Net Profit Margin	*5.3%*
50.3%	47.6%	44.7%	46.2%	46.1%	47.6%	43.9%	42.2%	43.6%	41.4%	*43.5%*	*42.5%*	Long-Term Debt Ratio	*42.0%*
49.7%	52.4%	55.3%	53.8%	53.9%	52.4%	56.1%	57.8%	56.4%	58.6%	*56.5%*	*57.5%*	Common Equity Ratio	*58.0%*
777.1	800.8	829.3	914.7	978.4	1069.4	1051.6	1090.2	1514.9	1509.2	*1440*	*1470*	Total Capital ($mill)	*1600*
862.0	941.7	990.6	1047.0	1072.0	1114.7	1158.5	1812.3	1849.8	1939.1	*2040*	*2170*	Net Plant ($mill)	*2400*
8.2%	8.9%	9.2%	8.1%	8.3%	7.9%	7.8%	8.6%	7.8%	8.2%	*8.5%*	*8.5%*	Return on Total Cap'l	*9.0%*
12.6%	13.1%	13.2%	11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	*12.0%*	*12.5%*	Return on Shr. Equity	*13.0%*
12.6%	13.1%	13.2%	11.8%	12.1%	11.7%	10.6%	11.8%	11.1%	11.5%	*12.0%*	*12.5%*	Return on Com Equity	*13.0%*
3.9%	4.6%	4.7%	3.3%	3.5%	3.0%	1.7%	3.1%	3.7%	3.6%	*3.5%*	*4.0%*	Retained to Com Eq	*4.5%*
69%	65%	65%	72%	71%	75%	83%	74%	66%	68%	*72%*	*70%*	All Div'ds to Net Prof	*67%*

CURRENT POSITION ($MILL.)	2004	2005	4/30/06
Cash Assets	5.7	7.1	20.3
Other	329.5	497.8	431.7
Current Assets	335.2	504.9	452.0
Accts Payable	99.6	182.8	73.7
Debt Due	109.5	193.5	287.0
Other	97.1	152.3	123.0
Current Liab.	306.2	528.6	483.7
Fix. Chg. Cov.	378%	400%	390%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	7.5%	11.0%	*8.5%*
"Cash Flow"	7.0%	5.5%	*6.0%*
Earnings	5.5%	5.0%	*6.0%*
Dividends	5.5%	5.0%	*5.5%*
Book Value	6.5%	6.5%	*3.0%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2003	493.5	407.8	140.1	179.4	1220.8
2004	618.8	482.4	214.7	213.8	1529.7
2005	680.6	508.0	232.9	339.6	1761.1
2006	921.4	483.2	237.9	*307.5*	*1950*
2007	*875*	*565*	*315*	*345*	*2100*

Fiscal Year Ends	EARNINGS PER SHARE A B F Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2003	.87	.47	d.15	d.08	1.11
2004	1.03	.54	d.11	d.21	1.27
2005	.93	.52	d.06	d.07	1.32
2006	.94	.57	d.16	*d.05*	*1.30*
2007	*.98*	*.57*	*d.06*	*d.09*	*1.40*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.193	.20	.20	.20	.79
2003	.20	.208	.208	.208	.82
2004	.208	.215	.215	.215	.85
2005	.215	.23	.23	.23	.91
2006	.23	.24	.24		

BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 990,000 customers in North Carolina, South Carolina, and Tennessee. 2005 revenue mix: residential (39%), commercial (24%), industrial (13%), other (24%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 71.6% of revenues. '05 deprec. rate: 3.3%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 2,125 employees. Officers & directors own less than 1% of common stock (1/06 proxy). CEO & President: Thomas E. Skains. Inc.: NC. Addr.: 1915 Rexford Road, P.O. Box 33068 Charlotte, NC 28233. Telephone: 704-364-3120. Internet: www.piedmontng.com.

Piedmont Natural Gas posted a larger share loss than we had anticipated. The fiscal third quarter (ended July 31st) was impacted by reduced margins due to rate design changes, and costs associated with the company's corporate restructuring program. In July, Piedmont and North Carolina's Attorney General office reached a settlement on its customer utilization tracker rate mechanism, which decouples the collection of utility margin from customer volume. This plan is favorable for both customers, who will benefit by the more efficient use of natural gas, and Piedmont shareholders, who will not suffer the negative consequences of conservation by customers. As part of the agreement, the company will fund up to $1.5 million annually over the next few years toward customer conservation programs, in addition to the $500,000 it had already committed to spend. Furthermore, Piedmont's initial restructuring involved offering early retirement to management-level employees and will eventually include other positions as part of an effort to streamline business processes and improve corporate efficiencies. The company should realize about $5 million to $6 million in annual cost savings beginning in 2007.

The company's nonutility operations will likely represent a greater percentage of future profits. Over the first six months of 2006, these activities contributed earnings of $25.5 million, which is nearly 20% above the year-ago period. Even though regulated operations make up most of Piedmont's total income, unregulated operations such as Cardinal Pipeline, Pine Needle, and SouthStar Energy provide an added boost to the company's bottom line. We expect Piedmont to continue to pursue strategic investments to diversify its earnings stream over the next few years.

Though untimely, this stock is suitable for conservative income-oriented investors. Piedmont offers a respectable dividend yield at 3.9% and has an Above Average Safety rank (2). Moreover, the company should benefit as it diversifies its supply portfolio away from the Gulf Coast region through agreements with Midwestern Gas Transmission Company and Hardy Storage Company.

Evan I. Blatter *September 15, 2006*

(A) Fiscal year ends October 31st.
(B) Diluted earnings. Excl. extraordinary item: '00, 8¢. Excl. nonrecurring charge: '97, 2¢. Next earnings report due mid-Dec.
(C) Dividends historically paid mid-January, April, July, October.
■ Div'd reinvest. plan available; 5% discount.
(D) Includes deferred charges. At 10/31/05: $4.0 million, 5¢/share.
(E) In millions, adjusted for stock splits.
(F) Quarters may not add to total due to change in shares outstanding.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	75
Earnings Predictability	80

SOUTH JERSEY INDS. NYSE-SJI

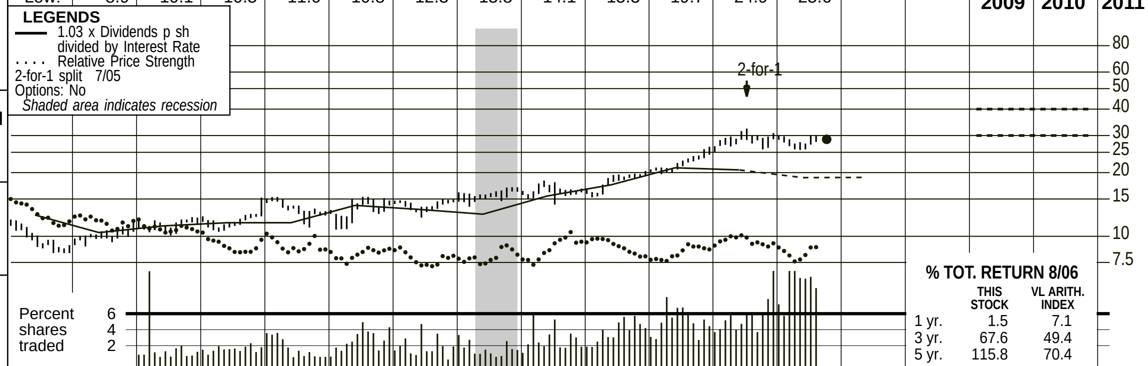
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD
28.80	15.2	(Trailing: 17.2 / Median: 14.0)	0.89	3.2%

VALUE LINE

TIMELINESS	5 Lowered 4/7/06
SAFETY	2 Lowered 1/4/91
TECHNICAL	3 Raised 7/21/06
BETA .70 (1.00 = Market)	

High:	11.8	12.3	15.3	15.4	15.4	15.1	17.0	18.3	20.3	26.5	32.4	30.2
Low:	8.9	10.1	10.5	11.0	10.8	12.3	13.8	14.1	15.3	19.7	24.9	25.6

Target Price Range 2009 | 2010 | 2011



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+40%)	11%
Low	30	(+5%)	4%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	3	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	63	59	64
to Sell	49	52	46
Hld's(000)	14085	14260	15700

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
14.40	15.10	16.67	17.03	17.45	16.50	16.52	16.18	20.89	17.60	22.43	35.30	20.69	26.34	29.51	31.78	*32.90*	*34.10*	Revenues per sh	*38.25*
1.34	1.37	1.56	1.54	1.35	1.65	1.54	1.60	1.44	1.84	1.95	1.90	2.12	2.24	2.44	2.51	*2.80*	*3.00*	"Cash Flow" per sh	*3.50*
.67	.64	.81	.78	.61	.83	.85	.86	.64	1.01	1.08	1.15	1.22	1.37	1.58	1.71	*1.85*	*1.95*	Earnings per sh A	*2.35*
.70	.71	.71	.72	.72	.72	.72	.72	.72	.72	.73	.74	.75	.78	.82	.86	*.92*	*.96*	Div'ds Decl'd per sh B ■	*1.15*
2.11	2.17	1.69	1.87	1.93	2.08	2.01	2.30	3.06	2.19	2.21	2.82	3.47	2.36	2.67	3.21	*3.60*	*3.70*	Cap'l Spending per sh	*4.05*
6.79	6.77	6.95	7.17	7.23	7.34	8.03	6.43	6.23	6.74	7.25	7.81	9.67	11.26	12.41	13.50	*14.30*	*15.10*	Book Value per sh C	*17.55*
18.06	18.48	19.00	19.61	21.43	21.44	21.51	21.54	21.56	22.30	23.00	23.72	24.41	26.46	27.76	28.98	*29.20*	*29.60*	Common Shs Outst'g D	*31.00*
13.6	14.5	13.2	15.8	16.1	12.2	13.3	13.8	21.2	13.3	13.0	13.6	13.5	13.3	14.1	16.6	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
1.01	.93	.80	.93	1.06	.82	.83	.80	1.10	.76	.85	.70	.74	.76	.74	.88	*Value Line*		Relative P/E Ratio	*.95*
7.7%	7.6%	6.6%	5.9%	7.4%	7.2%	6.4%	6.1%	5.3%	5.4%	5.2%	4.7%	4.6%	4.3%	3.7%	3.0%	*estimates*		Avg Ann'l Div'd Yield	*3.5%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $505.1 mill. **Due in 5 Yrs** $175.0 mill.
LT Debt $358.1 mill. **LT Interest** $20.0 mill.
(Total interest coverage: 4.8x)

Pension Assets-12/05 $108.5 mill. **Oblig.** $126.7 mill.

Pfd Stock none

Common Stock 29,232,801 common shs. **as of 8/1/06**

MARKET CAP: $850 million (Small Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
355.5	348.6	450.2	392.5	515.9	837.3	505.1	696.8	819.1	921.0	*960*	*1010*	Revenues ($mill)	*1185*
18.5	18.4	13.8	22.0	24.7	26.8	29.4	34.6	43.0	48.6	*55.0*	*60.0*	Net Profit ($mill)	*70.0*
35.5%	36.8%	46.2%	42.8%	43.1%	42.2%	41.4%	40.6%	40.9%	41.5%	*40.5%*	*40.5%*	Income Tax Rate	*40.5%*
5.2%	5.3%	3.1%	5.6%	4.8%	3.2%	5.8%	5.0%	5.2%	5.3%	*5.6%*	*5.6%*	Net Profit Margin	*6.0%*
46.1%	54.6%	57.3%	53.8%	54.1%	57.0%	53.6%	50.8%	48.7%	44.9%	*43.0%*	*43.0%*	Long-Term Debt Ratio	*40.0%*
53.2%	35.8%	33.5%	37.0%	37.6%	35.9%	46.1%	49.0%	51.0%	55.1%	*57.0%*	*57.0%*	Common Equity Ratio	*60.0%*
324.8	387.1	401.1	405.9	443.5	516.2	512.5	608.4	675.0	710.3	*735*	*780*	Total Capital ($mill)	*895*
423.9	456.5	504.3	533.3	562.2	607.0	666.6	748.3	799.9	877.3	*940*	*1010*	Net Plant ($mill)	*1200*
7.9%	6.7%	5.3%	7.4%	7.4%	6.9%	7.6%	7.3%	7.9%	8.3%	*8.5%*	*8.5%*	Return on Total Cap'l	*9.0%*
10.5%	10.5%	8.1%	11.7%	12.1%	12.1%	12.4%	11.5%	12.4%	12.4%	*13.0%*	*13.0%*	Return on Shr. Equity	*13.0%*
10.6%	13.3%	10.3%	14.6%	14.8%	12.8%	12.5%	11.6%	12.5%	12.4%	*13.0%*	*13.0%*	Return on Com Equity	*13.0%*
1.6%	2.1%	NMF	4.2%	4.8%	3.5%	4.7%	5.0%	5.9%	6.2%	*6.5%*	*6.5%*	Retained to Com Eq	*6.5%*
85%	84%	112%	72%	67%	76%	62%	57%	52%	50%	*50%*	*50%*	All Div'ds to Net Prof	*52%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	10.6	4.9	6.9
Other	273.3	352.6	288.9
Current Assets	283.9	357.5	295.8
Accts Payable	118.8	179.0	74.8
Debt Due	97.6	149.7	147.0
Other	68.9	74.4	105.2
Current Liab.	285.3	403.1	327.0
Fix. Chg. Cov.	426%	486%	445%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	5.5%	7.5%	*4.5%*
"Cash Flow"	4.5%	6.5%	*6.5%*
Earnings	8.0%	11.5%	*7.0%*
Dividends	1.5%	2.5%	*6.0%*
Book Value	5.5%	13.0%	*6.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	279.9	106.2	90.1	220.6	696.8
2004	307.6	136.5	129.5	245.5	819.1
2005	328.6	154.0	157.0	281.4	921.0
2006	365.0	155.5	*162*	*277.5*	*960*
2007	*375*	*175*	*172*	*288*	*1010*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2003	.92	.08	d.07	.44	1.37
2004	.91	.15	.02	.50	1.58
2005	.96	.27	.09	.39	1.71
2006	.93	.25	*.14*	*.53*	*1.85*
2007	*.98*	*.30*	*.12*	*.55*	*1.95*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.185	.188	.188	.38	.94
2003	--	.193	.193	.395	.78
2004	--	.202	.202	.415	.82
2005	--	.213	.213	.438	.86
2006	--	.225	.225		

BUSINESS: South Jersey Industries, Inc. is a holding company. Its subsidiary, South Jersey Gas Co., distributes natural gas to 322,424 customers in New Jersey's southern counties, which covers 2,500 square miles and includes Atlantic City. Gas revenue mix '05: residential, 45%; commercial, 23%; cogeneration and electric generation 4%; Industrial, 23%. Non-utility operations include: South Jersey Energy, South Jersey Resource Group, Marina Energy, and South Jersey Energy Services Plus. Has 636 employees. Off./dir. cntrl. 1.5% of com. shares; Dimensional Fund Advisors, 7.9%; Barclays, 5.3% (3/06 proxy). Chrmn. & CEO: Edward Graham. Incorp.: NJ. Address: 1 South Jersey Plaza, Rte. 54, Folsom, NJ 08037. Tel.: 609-561-9000. Internet: www.sjindustries.com.

South Jersey Industries' earnings comparisons have been weak over the first six months of 2006. This is largely due to warmer than normal temperatures and conservation by customers as a result of high natural gas prices. On the positive side, there is continued optimism that the company's conservation and usage adjustment proposal will be approved by the New Jersey Board of Public Utilities and be in place by next winter's heating season. Moreover, the utility added 8,740 customers during the past 12 months, which represents nearly a 3% increase over the prior year. Due to the strength of the local economy and demand for housing in the region, the company should add customers at a rate exceeding the industry average over the next few years. For 2006, we look for earnings to advance about 8%, to $1.85, due to a pickup in nonregulated activities, followed by a more sustainable 6%–7% rate out to late decade.

Marina Energy still has room for growth. It recently completed the expansion of its Atlantic City thermal plant to support the 500,000-square-foot expansion to the gaming area at the Borgata Hotel Casino & Spa. Results should be further enhanced toward the end of next year when an 800-room tower is completed at the Borgata. Also, Marina is in the process of completing a 3.8 megawatt methane-to-electric generation project at the Warren County district landfill, which should provide additional opportunities for growth. Looking ahead, the subsidiary may be able to benefit should a casino/hotel be built on a 50-acre property owned by MGM that is located next to the Borgata.

After a slow start to the year, the Residential & Commercial Service business may exceed its 2005 performance going forward. This is primarily due to recent additions to its portfolio of services that include propane heaters and appliances, and small commercial heating, ventilating, and air conditioning systems.

This untimely stock is best suited for investors seeking moderate yield and good dividend growth potential. Over the 2009–2011 period, we look for steady dividend increases, which should push the yield to around 3.5%, along with a slight reduction in the debt-to-equity ratio.

Evan I. Blatter *September 15, 2006*

(A) Based on avg. shs. Excl. nonrecur. gain: '01, $0.13. Excl gain (losses) from discont. ops.: '96, $1.14; '97, ($0.24); '98, ($0.26); '99, ($0.02); '00, ($0.04); '01, ($0.02); '02, ($0.04); '03, ($0.09); '05, ($0.02). Excl. gains due to acct'g change: '93, $0.04; '01, $0.14. Next egs. report due late Oct.
(B) Dividends paid early Apr., Jul., Oct, and late Dec. ■ Div. reinvest. plan avail. (2% disc.).
(C) Incl. regulatory assets ($121.5 mill.): at 12/31/05, $4.19 per shr.
(D) In millions, adjusted for split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	95
Earnings Predictability	90

WGL HOLDINGS NYSE-WGL

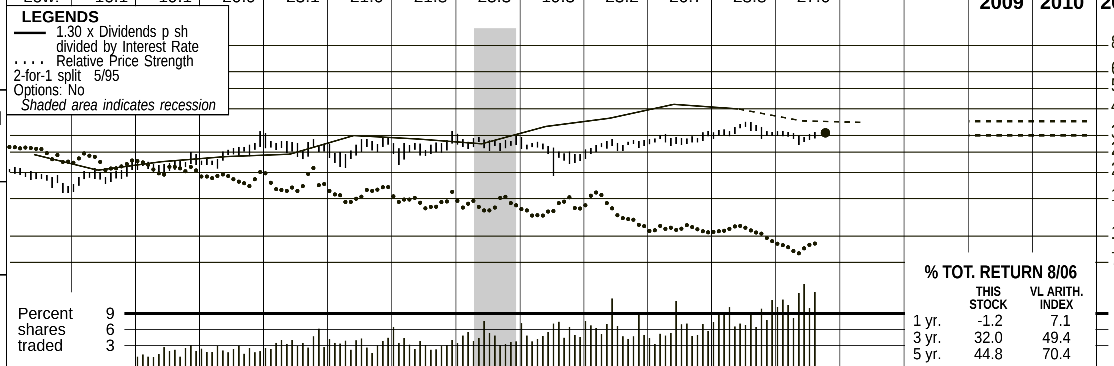
RECENT PRICE	30.77	P/E RATIO	14.4 (Trailing: 17.1 / Median: 15.0)	RELATIVE P/E RATIO	0.85	DIV'D YLD	4.5%	VALUE LINE

TIMELINESS 4 Raised 8/4/06
SAFETY 1 Raised 4/2/93
TECHNICAL 3 Raised 5/26/06
BETA .80 (1.00 = Market)

High:	22.4	25.0	31.4	30.8	29.4	31.5	30.5	29.5	28.8	31.4	34.8	31.5
Low:	16.1	19.1	20.9	23.1	21.0	21.8	25.3	19.3	23.2	26.7	28.8	27.0

Target Price Range 2009 | 2010 | 2011

LEGENDS
— 1.30 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 5/95
Options: No
Shaded area indicates recession



2009-11 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	35	(+15%)	7%
Low	30	(-5%)	4%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	4Q2005	1Q2006	2Q2006
to Buy	88	70	73
to Sell	67	77	78
Hld's(000)	27959	27311	29760

% TOT. RETURN 8/06

	THIS STOCK	VL ARITH. INDEX
1 yr.	-1.2	7.1
3 yr.	32.0	49.4
5 yr.	44.8	70.4

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	© VALUE LINE PUB., INC.	09-11
18.75	17.50	18.37	21.55	21.69	19.30	22.19	24.16	23.74	20.92	22.19	29.80	32.63	42.45	42.93	44.94	*53.80*	*55.40*	Revenues per sh A	*61.50*
2.17	2.04	2.17	2.25	2.43	2.51	2.93	3.02	2.79	2.74	3.20	3.24	2.63	4.00	3.87	3.97	*3.75*	*3.90*	"Cash Flow" per sh	*4.50*
1.26	1.14	1.27	1.31	1.42	1.45	1.85	1.85	1.54	1.47	1.79	1.88	1.14	2.30	1.98	2.11	*1.85*	*1.95*	Earnings per sh B	*2.35*
1.01	1.05	1.07	1.09	1.11	1.12	1.14	1.17	1.20	1.22	1.24	1.26	1.27	1.28	1.30	1.32	*1.35*	*1.38*	Div'ds Decl'd per sh C■	*1.48*
2.38	2.05	2.17	2.43	2.84	2.63	2.85	3.20	3.62	3.42	2.67	2.68	3.34	2.65	2.33	2.32	*3.40*	*3.30*	Cap'l Spending per sh	*4.00*
10.17	9.63	10.66	11.04	11.51	11.95	12.79	13.48	13.86	14.72	15.31	16.24	15.78	16.25	16.95	17.80	*17.85*	*18.60*	Book Value per sh D	*21.15*
39.23	39.89	40.62	41.50	42.19	42.93	43.70	43.70	43.84	46.47	46.47	48.54	48.56	48.63	48.67	48.65	*48.70*	*48.70*	Common Shs Outst'g E	*48.80*
11.7	12.8	13.6	15.6	14.0	12.7	11.5	12.7	17.2	17.3	14.6	14.7	23.1	11.1	14.2	14.7	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.87	.82	.82	.92	.92	.85	.72	.73	.89	.99	.95	.75	1.26	.63	.75	.78	*Value Line*		Relative P/E Ratio	*.90*
6.9%	7.2%	6.2%	5.3%	5.6%	6.1%	5.4%	5.0%	4.5%	4.8%	4.8%	4.6%	4.8%	5.0%	4.6%	4.2%	*estimates*		Avg Ann'l Div'd Yield	*4.3%*

CAPITAL STRUCTURE as of 6/30/06
Total Debt $726.8 mill. **Due in 5 Yrs** $520.0 mill.
LT Debt $581.8 mill. **LT Interest** $40.0 mill.
(LT interest earned: 4.6x; total interest coverage: 4.2x)
Pension Assets-9/05 $691.7 mill. **Oblig.** $691.2 mill.
Preferred Stock $28.2 mill. **Pfd Div'd** $1.3 mill.

Common Stock 48,773,729 shs. **as of 7/31/06**

MARKET CAP: $1.5 billion (Mid Cap)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007		09-11
969.8	1055.8	1040.6	972.1	1031.1	1446.5	1584.8	2064.2	2089.6	2186.3	*2620*	*2700*	Revenues ($mill) A	*3000*
81.6	82.0	68.6	68.8	84.6	89.9	55.7	112.3	98.0	104.8	*90.0*	*95.0*	Net Profit ($mill)	*115*
37.7%	36.9%	35.6%	36.0%	36.1%	39.6%	34.0%	38.0%	38.2%	37.4%	*38.0%*	*38.0%*	Income Tax Rate	*38.0%*
8.4%	7.8%	6.6%	7.1%	8.2%	6.2%	3.5%	5.4%	4.7%	4.8%	*3.5%*	*3.6%*	Net Profit Margin	*3.8%*
37.6%	41.1%	40.3%	41.5%	43.1%	41.7%	45.7%	43.8%	40.9%	39.5%	*39.0%*	*39.0%*	Long-Term Debt Ratio	*39.0%*
59.4%	56.2%	57.1%	56.1%	54.8%	56.3%	52.4%	54.3%	57.2%	58.6%	*59.0%*	*59.0%*	Common Equity Ratio	*59.0%*
941.1	1049.0	1064.8	1218.5	1299.2	1400.8	1462.5	1454.9	1443.6	1478.1	*1515*	*1575*	Total Capital ($mill)	*1780*
1130.6	1217.1	1319.5	1402.7	1460.3	1519.7	1606.8	1874.9	1915.6	1969.7	*2120*	*2270*	Net Plant ($mill)	*2550*
10.1%	9.3%	8.0%	7.1%	7.9%	7.9%	5.3%	9.1%	8.2%	8.5%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.5%*
13.9%	13.3%	10.8%	9.7%	11.4%	11.0%	7.0%	13.7%	11.5%	11.7%	*10.0%*	*10.0%*	Return on Shr. Equity	*10.5%*
14.4%	13.7%	11.1%	9.9%	11.7%	11.2%	7.2%	14.0%	11.7%	12.0%	*10.0%*	*10.0%*	Return on Com Equity	*11.0%*
5.6%	5.1%	2.5%	1.8%	3.7%	3.8%	NMF	6.2%	4.1%	4.6%	*2.5%*	*3.0%*	Retained to Com Eq	*4.0%*
62%	63%	78%	82%	69%	67%	112%	56%	65%	62%	*74%*	*72%*	All Div'ds to Net Prof	*64%*

CURRENT POSITION ($MILL.)	2004	2005	6/30/06
Cash Assets	6.6	4.8	88.1
Other	426.3	476.2	454.3
Current Assets	432.9	481.0	542.4
Accts Payable	179.0	204.9	172.4
Debt Due	156.3	91.0	145.0
Other	77.6	115.5	147.8
Current Liab.	412.9	411.4	465.2
Fix. Chg. Cov.	449%	460%	450%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '03-'05 to '09-'11
Revenues	7.5%	14.5%	*6.0%*
"Cash Flow"	5.0%	6.5%	*2.0%*
Earnings	4.5%	6.0%	*1.5%*
Dividends	1.5%	1.5%	*2.0%*
Book Value	4.0%	3.0%	*3.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	560.0	851.1	373.2	279.9	2064.2
2004	585.3	862.2	356.9	285.2	2089.6
2005	623.4	929.8	349.0	284.1	2186.3
2006	909.3	1070.4	346.9	*293.4*	*2620*
2007	*960*	*1010*	*380*	*350*	*2700*

Fiscal Year Ends	EARNINGS PER SHARE A B Dec.31	Mar.31	Jun.30	Sep.30	Full Fiscal Year
2003	1.10	1.61	d.05	d.36	2.30
2004	.81	1.62	d.08	d.37	1.98
2005	.88	1.63	d.17	d.23	2.11
2006	.91	1.16	d.01	*d.21*	*1.85*
2007	*.95*	*1.40*	*d.15*	*d.25*	*1.95*

Cal-endar	QUARTERLY DIVIDENDS PAID C ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2002	.315	.318	.318	.318	1.27
2002	.318	.32	.32	.32	1.28
2003	.32	.325	.325	.325	1.30
2004	.325	.333	.333	.333	1.32
2005	.333	.338	.338		

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 resident'l and comm'l users (1,032,198 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/installs comm'l heating, ventilating, and air cond. systems. American Century Inv. own 9.3% of common stock; Off./dir. less than 1% (1/06 proxy). Chrmn. & CEO: J.H. DeGraffenreidt. Inc.: D.C. and VA. Addr.: 1100 H St., N.W., Washington, D.C. 20080. Tel.: 202-624-6410. Internet: www.wglholdings.com.

WGL Holdings posted solid results in the seasonally weak fiscal third quarter (ended June 30th). It reported a share net loss of $0.01, which excluded the results from the recently sold American Combustion Industries subsidiary, significantly ahead of last year's figure. The results were driven by lower operation and maintenance expense, utility customer growth, and improved performance at the retail energy-marketing business. In fact, income from this segment nearly doubled from the year-ago period, to $6.1 million, thanks to higher gross margins from the sale of natural gas and electricity. This should help push nonutility earnings to about $0.21 a share this year, with additional improvements likely in 2007.

WGL expects to file a pair of rate increases. One will soon be with the Virginia State Corporation Commission, and another with the Maryland Public Service Commission next spring. The primary need for the Maryland rate increase is to recover costs associated with the Prince George's County rehabilitation program. The project is scheduled to be completed in 2008 at a $144 million price tag. If this project is fully recovered through a rate increase, which is probable, WGL should realize a $0.16-a-share boost to earnings.

The company is slated to spend about $855 million on capital improvement projects out to 2010. WGL expects to begin construction on its LNG storage facility in late 2008 pending regulatory approval, two years later than previously anticipated due to zoning and other legal challenges, and scheduled to be completed by the 2011-2012 winter. However, until approval is granted WGL will explore other opportunities to meet its peak day requirements to serve its customers.

These shares are best suited for conservative investors. The dividend yield stands at 4.5%, above the industry average, while the stock's Safety rank is 1 (Highest). Long term, we look for Washington Gas to add about 25,000–30,000 new utility customers annually, thanks to the new home construction expected in its service areas over the next 20 years. The stock, which is not well ranked for performance is dependable for income. But its price range only inches up over time.

Evan I. Blatter *September 15, 2006*

(A) Fiscal years end Sept. 30th.
(B) Based on diluted shares. Excludes nonrecurring losses: '01, (13¢); '02, (34¢); discontinued operations: '06, (3¢).
Next earnings report due early Nov.
(C) Dividends historically paid early February, May, August, and November. ■ Dividend reinvestment plan available.
(D) Includes deferred charges and intangibles. '05: $150.0 million, $3.08/sh.
(E) In millions, adjusted for stock split.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	70
Earnings Predictability	60