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**ELECTRIC COMPANIES**  
**Market Performance Snapshot**  
**Year-to-Date**

	Year-to-Date		12 - Months
	4/23/07	%	%
Dow Industrials	12,943	4%	13%
Philadelphia Index	560	14%	33%

**Investors Continue to Play the Favorites**

Although much has been made of the Dow Industrials' march to 13,000, its 4% year-to-date and 13% trailing 12-month gains nowhere near match the 14% and 33% increases registered by the Philadelphia 22 Electric Stock index. For the larger electric companies, year-to-date performance continued to mirror recommendations of the sell-side community. Those with the highest percentage of buy to total recommendations tended to outperform while companies with the lower percentages underperformed.

Table 1 lists the top five and bottom five performers among 20 of the largest companies we monitor. Column 1 is the analyst bias calculation (percentage of buy to total recommendations). Southern Company (SO-rated hold), for example, is followed by 18 analysts (according to Bloomberg Financial Service) but has only 2 buy recommendations or an 11% bias. Its year-to-date price change of 3% (column 3) ranked it 18<sup>th</sup> among the 20 largest companies. None of the five least-recommended names posted gains among the top half of the 20 companies reviewed.

By comparison, Constellation Energy (CEG-rated hold) with 10 active recommendations including 8 buys, increased 34% year to date, making it the second best performer among the 20 companies. All highly recommended stock finished in the top half. A significant exception to the trend was Public Service Enterprises (PEG-not rated). PEG posted a 36% year to date increase with an analyst bias of only 33%. The analysts are playing catch-up as investor interest grew following termination of the merger with Exelon Corp. (EXC-rated hold), upward revisions in earnings guidance and a revived Investor Relations effort headed by Kathleen Lally, formerly a highly respected buy- and sell-side analyst.

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Table 1  
Large Electric Companies  
Best-5 & Poorest-5 Market Performers  
20-Large Companies Sorted by Analysts' Biases

Column	(1)	(2)	(3)	(4)	(5)	(6)
	Bias	Price			P/e	P/e
<b>Least Recommended</b>	%	4/23	% Ytd	Rank	2007	2008
Southern	11	38	3	18	17.4	16.8
Progress Energy	13	52	5	17	18.5	17.1
DTE Energy	14	50	3	19	18.1	16.4
Xcel Corp.	18	25	7	16	17.1	16.4
Con. Ed.	21	52	8	15	16.5	15.8
Ameren (Poorest)	25	51	(5)	20	14.8	13.5
<b>Most Recommended</b>						
Constellation	80	92	34	2	20.1	16.7
PPL Corp.	75	45	26	3	19.6	19.0
Exelon	67	74	20	5	17.3	16.3
Edison Intl.	67	53	16	9	15.9	15.0
Allegheny Energy	64	53	15	10	23.6	20.6
PE Enterprises (Best)	33	90	36	1	17.6	15.1

#### Dow Does its Own Thing

Table 2 sorts the Dow Jones Industrials similar to table 1 but unlike the electrics it shows no linkage between recommendation and performance. It may suggest that an analyst bias approach is best applied within industry groups. Merck and Alcoa, among the least loved, posted the first and third best performances in the Dow. GE declined 6%, despite an analyst bias of 82%.

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Table 2  
Dow Industrials  
Best-5 and Poorest-5 Market Performers  
Sorted By Sell Side Analysts' Biases

Column	(1)	(2)	(3)	(4)	(5)	(6)
	Bias		Price		P/e	P/e
<b>Least Recommended</b>	%	4/23	%	Rank	2007	2008
GM	22	31	2	16	8.1	7.9
Pfizer	30	26	2	17	12.2	11.4
Alcoa	41	34	14	3	10.7	10.9
Exxon	45	79	4	14	13.1	13.1
Merck	45	52	19	1	18.1	17.5
<b>Most Recommended</b>						
United Tech	89	68	9	7	16.2	14.4
JNJ	84	65	(2)	25	16.1	15.0
AT&T	84	40	11	5	15.1	13.4
AIG	82	70	(3)	27	11.0	10.1
GE	82	35	(6)	30	15.7	14.0

#### 52-Company Comparison

Table 3 lists 52 electric companies according to year-to-date and trailing 12-months market performance (columns 1-3), consensus earnings for 2007 and 2008 (columns 4-5, based on Bloomberg Financial Service), dividends (column 6), market value (column 7), total current recommendations (column 8, per Bloomberg), buys (column 9) and analysts bias (column 10). We've included TXU Corporation (TXU-rated hold) although the analyst bias takes into account several firms who have suspended coverage because of their participation on the KKR/TPG proposed take-over.

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Table 3  
52-Electric Companies - Comparative Market Performance

COLUMN		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Price 4/23	% Ytd	% -Yr.	EPS 2007	EPS 2008	Div PS	Mkt \$-Bil	Total	Recom. Buys	Bias
AEP	aep	51	19	51	2.88	3.15	1.56	20.0	15	5	33
Alleg Ergy	aye	53	15	53	2.24	2.57	0.00	8.7	11	7	64
Allete	ale	50	7	7	2.90	3.26	1.64	1.4	2	1	50
Alliant	Int	45	20	41	2.50	2.70	1.27	5.3	4	1	25
Ameren	aee	51	(5)	1	3.44	3.77	2.54	10.5	12	3	25
Avista	ava	24	(5)	14	1.33	1.58	0.58	1.2	3	1	33
Black Hills	bkh	39	6	18	2.32	2.41	1.36	1.3	5	1	20
Central Vt.PS	cv	31	30	49	1.65	1.65	0.92	0.3	0	0	0
CH Ergy.	chg	48	(9)	1	2.55	2.67	2.16	0.8	2	1	50
Cleco	cnl	28	12	27	1.33	1.67	0.90	1.5	5	2	40
CMS Ergy	cms	19	12	38	0.91	1.26	0.20	4.1	12	7	58
Cnt. Pt. Ergy	cnp	19	15	57	1.06	1.17	0.68	5.9	13	3	23
Con. Ed.	ed	52	8	22	3.15	3.28	2.32	13.0	14	3	21
Constellation	ceg	92	34	69	4.57	5.52	1.74	16.5	10	8	80
Dominion Res.	D	92	9	23	5.65	6.22	2.84	32.1	20	9	45
DTE Ergy	dte	50	3	23	2.75	3.05	2.12	8.8	14	2	14
Duke Ergy	duk	21	8	24	1.23	1.24	0.84	24.5	18	5	28
Edison Intl.	eix	53	16	30	3.31	3.52	1.16	17.2	12	8	67
El Paso Elect.	ee	27	11	45	1.49	1.73	0.00	1.3	6	2	33
Emp. Dist.	ede	26	4	12	1.39	1.55	1.28	0.7	4	2	50
Energy East	eas	25	(1)	2	1.50	1.54	1.20	3.6	8	1	13
Entergy	etr	115	25	64	5.58	6.73	2.16	23.9	14	8	57
Exelon	exc	74	20	39	4.30	4.56	1.76	49.7	18	12	67
First Energy	fe	69	15	38	4.11	4.16	2.00	22.5	12	6	50
FPL Group	fpl	64	17	61	3.37	3.72	1.64	25.0	16	6	38
Great Plains	gxp	33	3	16	1.88	2.53	1.66	2.6	7	1	14
Hawaiian El.	he	26	(2)	-2	1.42	1.69	1.24	2.1	6	0	0
IDACORP	ida	34	(12)	2	2.06	2.24	1.20	1.5	6	1	17
Integrus	teg	56	4	13	3.58	4.01	2.64	2.4	9	4	44
MDU Res.	mdu	31	20	27	1.76	1.86	0.54	5.5	12	8	67
NiSource	ni	25	3	19	1.49	1.55	0.92	6.8	11	1	9
Northeast Util.	nu	33	16	66	1.42	1.69	0.75	5.0	10	2	20
Nstar	nst	37	7	34	2.10	2.24	1.30	3.9	10	5	50
OGE Corp.	oge	39	(2)	34	2.39	2.45	1.36	3.6	2	1	50
Pepco	pom	30	15	29	1.95	1.95	1.04	5.7	9	4	44
PG&E	pcg	52	9	30	2.74	2.94	1.44	17.8	15	6	40
PinWest	pnw	50	(2)	23	3.02	3.30	2.10	4.9	11	1	9
PNM Res.	pnm	33	7	33	2.02	2.34	0.92	2.3	11	3	27
Portland Gen.	por	29	7	3	1.82	1.77	0.90	1.8	6	1	17
PPL Corp.	ppl	45	26	53	2.30	2.38	1.22	17.2	8	6	75
Progress Ergy	pgn	52	5	22	2.79	3.02	2.44	12.9	16	2	13
PS Ent.	peg	90	36	43	5.12	5.97	2.34	22.7	9	3	33
Puget Ergy.	psd	27	5	28	1.60	1.71	1.00	3.1	8	2	25
Scana	scg	45	11	15	2.80	2.92	1.76	5.2	7	1	14
Sierra Pacific	srp	18	9	33	0.84	1.01	0.00	3.8	9	3	33
Southern	so	38	3	19	2.19	2.27	1.61	28.3	18	2	11
Teco	te	18	5	9	1.07	1.15	0.76	3.7	12	3	25
Txu Corp.	txu	65	19	23	5.22	5.31	1.73	29.8	14	2	14
UIL Holding	uil	35	(16)	11	1.73	1.90	1.73	0.9	2	0	0
Westar Ergy	wr	28	8	33	1.71	1.62	1.08	2.5	8	2	25
Wisc. Energy	wec	50	5	28	2.58	2.73	1.00	5.8	14	4	29
Xcel Corp.	xel	25	7	35	1.44	1.50	0.89	10.0	11	2	18
Average		43	10	29	2.47	2.71	1.35	9.2	10	3	34

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		% Investment Banking
Buy	12%	0%
Hold	82%	0%
Sell	6%	0%

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