



140 BROADWAY NEW YORK, NY 10005

RAYMOND E. MOORE, CFA
(212) 320-3065

Trading (212) 320-3001

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ray.moore@shieldsandco.com

Market Comment

XLU Market Screens Performance & Street Recommendations

Year to date, utilities and quasi utilities/energy companies slightly underperformed the general market, declining 7% to 8% versus drops of 6% and 5%, respectively, for the S&P 500 and Dow Industrials.

**Table 1
Comparative Price Performance**

Column	(1)	(2)	(3)	(4)	(5)	(6)
			Price Performance			
		4/7	YTD	3-mos	6-mos	1-yr
			%	%	%	%
S&P 500	SPX	1,378	(6)	(3)	(12)	(5)
Phila. Index	UTY	524	(8)	(10)	(4)	(4)
SPDR	XLU	39	(7)	(9)	(4)	(4)
Dow Inds.	INDU	12,661	(5)	(1)	(10)	1

Table 2 lists the 41 companies in the S&P Utilities index and presents them according to weighting. Exelon (EXC-Hold) is by far the highest weighted at 12.81%, followed by Southern Co. (SO-Hold) - 6.50%, FPL Group (FPL-Hold) - 6.26%, Dominion Resources (D-Buy) - 5.79% and Duke (DUK-Hold) - 5.33%. Lowest weightings include Nicor (GAS-not rated) - 0.37%, CMS Energy (CMS-Hold) - 0.76%, Teco (TE-Hold) - 0.81%, Pinnacle West (PNW-Hold) - 0.86%, Integrys (TEG-Hold) - 0.86% and Dynegy (DYN-not rated) - 0.97%.

Columns 4-7: Market performance for the year to date, latest 3-months, 6-months and trailing 12-months. Highlighted numbers indicate better than average performance for the period. If you're a portfolio manager with the XLU as the bogey, it's tough to go against size. The three largest companies outperformed the index for each period - Exelon, Southern Co., and FPL. The poorer year-to-date performers are AES Corp (AES-not rated) - minus 20%, Nicor (minus 20%), CMS Energy (minus 18%), Allegheny Energy (AYE-not rated) - minus 18% and Ameren (AEE-Buy) - minus 17%.

Column 8: Analysts' Biases. Buy or equivalent ratings of the sell side community as a percentage of total recommendations as per Bloomberg Financial Services. The most loved companies are AES Corporation (89%), Allegheny Energy (85%), Dynegy (85%), CMS Energy (80%) and First Energy (FE-not rated, 77%). For turn-around candidates, least-loved companies with below average year-to-date performance include Consolidated Edison (ED-Hold, 13% bias), Nicor (13%), Progress Energy (PGN-Hold, 21%) and Pinnacle West (23%).

Column 9: Equity market value in billions of dollars.

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See page 3 of report for Analyst's Certification, page 3 for Important Disclosures and pages 3-4 for Other Disclosures and Disclaimers

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Columns 10 to 11: Earnings per share consensus estimates (Bloomberg) and price/earnings ratios for 2009. Companies with below-average price/earnings multiples and favorable analysts biases include AES Corporation, CMS Energy, PG&E (PCG-not rated), Sempra Energy (SRE-not rated) and PEPCO (POM-not rated).

Columns 12 to 13: Indicated annual dividends and current yields.

Table 2
S&P Utilities

Column	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Company	sym	Weight 4/4	Intra-day 4/7	Ytd	Price			Bias %	Mkt Val \$-Bil	EPS 2009c	P/E 2009c	Div. PS	Yield %
					3-mos	6-mos	1-Yr						
Exelon	exc	12.81	83	1	(1)	8	16	68	55	4.77	17.4	2.00	2.4
Southern	so	6.50	36	(6)	(8)	(1)	(3)	26	27	2.45	14.8	1.61	4.4
FPL	fpl	6.26	65	(3)	(9)	4	7	56	26	4.25	15.4	1.78	2.7
Dominion	d	5.79	43	(9)	(9)	(1)	(4)	35	28	3.31	13.1	1.58	3.6
Duke	duk	5.33	18	(11)	(11)	(7)	(13)	28	23	1.35	13.3	0.88	4.9
First Energy	fe	5.13	72	(1)	(7)	8	6	77	22	5.12	14.1	2.20	3.1
Entergy	etr	4.96	110	(8)	(11)	(4)	1	65	22	7.86	14.0	3.00	2.7
PS Ent.	peg	4.73	42	(15)	(18)	(7)	(2)	50	21	3.36	12.4	1.29	3.1
PPL Corp	ppl	4.14	47	(9)	(11)	(3)	10	75	18	2.55	18.5	1.34	2.8
AEP Corp	aep	4.01	43	(8)	(10)	(11)	(13)	56	17	3.43	12.5	1.64	3.8
Edison Intl.	eix	3.89	51	(4)	(6)	(10)	0	62	17	4.01	12.8	1.22	2.4
Constellation	ceg	3.62	87	(15)	(16)	(1)	(1)	50	16	6.45	13.5	1.91	2.2
Sempra	sre	3.32	55	(12)	(10)	(7)	(11)	73	14	4.55	12.0	1.28	2.3
PG&E	pcg	3.22	39	(10)	(12)	(21)	(21)	76	14	3.21	12.1	1.56	4.0
AES Corp	aes	2.67	17	(20)	(22)	(18)	(21)	89	11	1.29	13.2		0.0
Con. Edison	ed	2.65	42	(15)	(15)	(12)	(20)	13	11	3.20	13.0	2.34	5.6
Progress	pgn	2.61	43	(12)	(11)	(9)	(16)	21	11	3.16	13.6	2.46	5.7
Questar	str	2.37	59	9	10	14	27	50	10	3.40	17.3	0.49	0.8
Ameren	aee	2.20	45	(17)	(16)	(16)	(11)	31	9	3.60	12.5	2.54	5.7
Allegheny	aye	2.07	52	(18)	(17)	(6)	4	85	9	3.50	14.9	0.60	1.1
Xcel	xel	2.07	21	(9)	(8)	(7)	(16)	27	9	1.63	12.7	0.92	4.5
DTE Energy	dte	1.55	41	(8)	(7)	(17)	(16)	33	7	3.29	12.3	2.12	5.2
PEPCO	pom	1.18	25	(16)	(15)	(11)	(16)	70	5	2.15	11.5	1.08	4.4
CenterPoint	cnp	1.15	15	(13)	(10)	(12)	(19)	60	5	1.36	11.0	0.73	4.9
NiSource	ni	1.15	18	(6)	(7)	(11)	(29)	27	5	1.37	12.9	0.92	5.2
Dynegy	dyn	0.97	8	16	19	(13)	(18)	85	6	0.42	19.6		0.0
Integrus	teg	0.86	48	(8)	(8)	(9)	(14)	56	3	4.03	11.9	2.68	5.6
Pinnacle	pnw	0.86	36	(14)	(14)	(12)	(27)	23	4	2.66	13.7	2.10	5.8
Teco	te	0.81	16	(6)	(6)	1	(9)	27	3	1.24	13.1	0.78	4.8
CMS	cms	0.76	14	(18)	(16)	(15)	(21)	80	3	1.29	11.1	0.36	2.5
Nicor	gas	0.37	34	(20)	(18)	(22)	(33)	13	2	2.49	13.6	1.86	5.5
Average			43	(9)	(10)	(6)	(6)	50	15	3.12	13.7	1.40	3.3

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Market Perform & Hold Total return is expected to equal the average total return of the analyst's industry coverage universe over the next 12 months.

Sell Total return is expected to significantly under perform (15% plus) the total return of the industry coverage universe over the next 12 months.

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		% Investment Banking
Buy	17%	0%
Hold	83%	0%
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