60.	**RM06-12**	Regulations for Filing Applications for Permits to Site Interstate Electric Transmission Corridors This rulemaking docket closed November 16, 2006; however, activity is being posted.	On January 16, 2007, the Commission issued an order in Docket No. RM06-12-001 granting rehearing of FERC's November 16, 2006 order which established the filing requirements and procedures for entities asking the Commission to exercise its supplemental authority to site interstate transmission facilities under the Energy Policy Act of 2005.
61.	**ER07-304**	SPP Filing of an Executed Service Agreement for Network Integration Transmission Service ("NITSA") and an Executed Network Operating Agreement ("NOA") with Oklahoma Gas and Electric Co. ("OG&E")	On January 29, 2007, SPP moved to defer action in this proceeding for a period of thirty days up to and including March 5, 2007, to allow SPP sufficient time to revise the agreements.
62.	**TX07-1**	Brazos Electric Power Cooperative, Inc. ("Brazos") October 13, 2006 Filing, as Amended November 21, 2006, of an Application for an Order Directing a Physical Interconnection of Facilities and Transmission Service under Sections 210, 211 and 212 of the Federal Power Act in Connection with the Development of Hugo Unit 2, a New 750 MW Design Capacity Coal-Fired Generation Facility, to be Constructed Near Hugo, Oklahoma and the Brazos DC Tie SPP intervened in this proceeding on December 11, 2006.	On January 8, 2007, SPP moved for leave to answer and answered Brazos' December 22, 2006 answer, confirming representations made by Brazos in its filing and to state that Brazos' commitment to subject the interconnection to SPP's consent and approval alleviates SPP's concerns in this proceeding.

63.	**ER07-314**	SPP Filing of Unexecuted Revised Network Integration Transmission Service ("NITS") Agreement between SPP as Transmission Provider and American Electric Power Service Corporation ("AEP") as Network Customer The Revised NITS Agreement is intended to allow AEP to designate new network resources under the existing NITS Agreement No. 1148, dated September 1, 2005.	On January 19, 2007, SPP filed an answer to the comments, protests and requests for modification filed in this proceeding January 3, 2007 by AEP and OMPA. SPP requests that the Commission disregard the protests and accept the revised agreement as filed. On January 22, 2007, AEP filed an answer to the January 5, 2007 motion to intervene out of time and comments of Western Farmers Electric Cooperative. AEP asserts that, "SPP's attempt to shift liability to AEP for reimbursement to Chermac under the LGIA is unauthorized by tariff and otherwise illegal," and that, "[t]he Commission should summarily reject it, deny WFEC's motion to intervene and proceed to dispose of the other issues in this docket." (At 9.)
64.	**ER05-1410 EL05-148**	Settlement Filing by PJM Interconnection, LLC ("PJM") and Multiple PJM Market Participants concerning PJM's Reliability Pricing Model to Establish New Market Rules that will Enable PJM to Obtain Sufficient Energy to Reliably Meet the Needs of Consumers within PJM	On January 8, 2007, notices of withdrawal from the settlement were filed by Mittal Steel USA, Inc.; PJM Industrial Customer Coalition; Portland Cement Association; and the DC Office of the People's Counsel. Pursuant to the Commission's December 22, 2006 Order, PJM filed revisions to the PJM OATT and the Reliability Agreement among Load-Serving Entities in the PJM Region on January 22, 2007. Several requests for rehearing or clarification of the Commission's December 22, 2006 Order have been filed. On January 22, 2007, PJM moved for a stay and requested rehearing and clarification of the December 22, 2006 Order. In addition, Mittal Steel USA, Inc. moved to vacate the order or, in the alternative, requested rehearing. Several answers were filed, and on February 12, 2007, Mittal Steel USA, Inc. moved to reject, or in the alternative, protest PJM's January 22 Filing. On February 21, 2007, the Commission issued an order granting rehearing of its December 22, 2006 order.
65.	**ER07-358**	SPP Filing of an Executed Service Agreement for Firm Point-to-Point Transmission Service with Western Resources d/b/a Westar Energy ("Westar") as agent for the Missouri Joint Municipal Electric Utility Commission for the Proposed Term of One Year	On January 11, 2007, SPP supplemented its December 22 Filing to correct statements in section 7.1 of the Service Agreement and section 8.1 of the Service Agreement Specification pages.

66.	**ER07-382**	SPP Filing of a Revised Agreement for Wholesale Distribution Service Charges between Kansas Electric Power Cooperative, Inc. ("KEPCo") and the Empire District Electric Company ("Empire") In addition to updating the monthly wholesale distribution service charge to reflect an added delivery point to serve KEPCo, the Revised Agreement: (1) Imposes a KVA In-Rush Limit at Each KEPCo Delivery Point, (2) makes KEPCo Responsible for Remote Terminal Unit or Related Telecommunications Arrangements and the Costs for Meter Consumption Monitoring and Exchange with Empire and (3) extends the Term of the Agreement to Six Years.	On February 16, 2007, the Commission issued a letter order accepting SPP's December 28, 2006 filing of a revised agreement for wholesale distribution service charges between KEPCo and Empire, to become effective <u>February 27, 2007</u>. To the extent that SPP charged rates for service prior to February 27, 2007, SPP must refund the time value of the revenues actually collected for the time period the rates were charged without Commission authorization. SPP has until **March 18, 2007** to make refunds and must file a refund report with the Commission within 30 days thereafter. The letter order constitutes final agency action. The deadline for filing requests for rehearing is **March 18, 2007**.
67.	**EL07-27**	Petition of the East Texas Electric Cooperative, Inc. ("East Texas"), Tex-La Electric Cooperative of Texas, Inc. ("Tex-La") and Deep East Electric Cooperative for Commission Approval of their Annual Transmission Revenue Requirements ("ATTRs") for Inclusion in the SPP OATT East Texas and Tex-La are set to become transmission owners under the SPP OATT and, although Deep East will remain a non-member, Deep East will turn over functional	SPP moved to intervene in this proceeding on January 11, 2007. Also on January 11, American Electric Power Service Corporation ("AEP") moved to intervene and protest the December 22, 2006 Filing, requesting that the Commission: (1) reject the application to include the Tex-La and Deep East radial facilities in SPP Pricing Zone 1 of the SPP OATT; or, in the alternative, (2) set the application for hearing and direct the parties to further prove that the facilities are not more properly classified as "Direct Assignment" Facilities under the SPP OATT. On January 26, 2007, SPP filed a response to AEP's January 11 motion to intervene and protest. Similarly, on January 31, 2007, the East Texas Cooperatives filed a response to AEP's January 11 motion to intervene and protest. The East Texas Cooperatives request that the Commission reject AEP's arguments and approve the Cooperatives' petition. On February 13, 2007, OMPA and the West Texas Municipal Power Agency moved to intervene out of time in this proceeding.

		control of its transmission facilities to SPP, with Tex-La serving as the transmission owner in SPP. Therefore, such revenue requirements will become a component of the SPP Pricing Zone 1 rate.	
68.	**ER07-396**	SPP Filing of OATT Revisions to Incorporate the Annual Transmission Revenue Requirements ("ATTRs") for the East Texas Electric Cooperative, Inc. ("East Texas"), Tex-La Electric Cooperative of Texas, Inc. ("Tex-La") and Deep East Electric Cooperative Upon Commission Approval in Docket No. EL07-27	The East Texas Cooperatives moved to intervene in this proceeding on January 19, 2007. January 19, 2007 was the deadline for filing comments on SPP's December 29, 2006 pricing zone rate filing.
69.	**ER07-408**	SPP Filing of Attachment AD Revision to Extend the Tariff Administration Agreement with Southwestern Power Administration to January 31, 2007	On January 3, 2007, SPP filed a revision to Article IV, Section 1 of Attachment AD of the SPP OATT to extend the term of the Tariff Administration Agreement between SPP and Southwestern Power Administration to January 31, 2007. An effective date of January 1, 2007 is requested. Comments on SPP's filing were due January 24, 2007.
70.	**ER07-319**	SPP Compliance Filing, pursuant to the Commission's October 31, 2006 Order, to Revise Various Aspects of SPP's EIS Market	Several motions to intervene, comment and protest have been filed in this proceeding. On January 18, 2007, SPP moved for leave to answer and answered the motions to intervene and protest of Golden Spread and Westar. SPP contends that the protestors fundamentally misstate or misunderstand the operation of VRLs and also notes that it is willing to accommodate Westar's requests for additional detail and quarterly informational reports. The Commission issued an order January 31, 2007, accepting SPP's December 12, 2006 filing, as modified, of proposed OATT revisions pursuant to FERC's October 31, 2006 Order, effective February 1, 2007. SPP must incorporate sections 9.1.1, 9.1.2, and 9.1.3 of the Market Protocols into its OATT and submit a compliance filing by **March 2, 2007**.
71.	**ER07-385**	American Electric Power Service Corporation ("AEP") Filing of Schedule 4A on behalf of its Operating Companies, Public Service	SPP intervened in this proceeding on January 8, 2007. Motions to intervene and protest were filed by Redbud and OMPA on January 10, 2007. On January 25, 2007, AEP moved for leave to answer and answered Redbud's January 10 protest.

		Company of Oklahoma and Southwestern Electric Power Company ("SWEPCO") SPP intervened in this docket on January 8, 2007.	On January 31, 2007, the Commission issued an order on rehearing and compliance filing in Docket Nos. ER06-1485, ER07-266, ER06-1488, ER06-1463, ER07-385 and ER06-1471 (not consolidated), granting the rehearing request of the Commission's October 30, 2006 Order filed by Redbud; but denying rehearing requested by Golden Spread and OMPA and granting in part and denying in part the compliance filings from Empire, AEP, Xcel, OG&E and Westar to become effective as of February 1, 2007. Compliance filings are due from Xcel, OG&E, Empire, AEP and Westar by March 2, 2007.
72.	**EL07-28**	Complaint of Xcel Energy Services Inc. ("Xcel") against Southwest Power Pool, Inc. concerning the Registration of JD Wind Resources Units 1 through 4	On January 4, 2007, Xcel filed a complaint, on behalf of itself and Southwestern Public Service Company ("SPS") concerning SPP's registration of JD Wind Resources Units 1 through 4. Xcel requests that the Commission: (1) interpret SPP's OATT and relevant business practices and find that SPP does not have the authority to unilaterally register assets to SPS without SPS's consent and (2) direct SPP to remove the assets from the list of generation facilities for which SPS is registered in the SPP EIS Market, until such time as SPS agrees to register these facilities itself. Fast track processing is requested. Comments were due January 15, 2007 (MLK Holiday). On January 16, 2007, SPP filed an answer to Xcel's protest and Golden Spread Electric Cooperative, Inc. moved to intervene in this docket. On January 24, 2007, Xcel moved for leave to file an answer and answered the January 16 answers of SPP and John Deere Wind Energy. On January 26, 2007, SPP notified FERC of its determination that John Deere Wind Energy Units 5 and 6 will be registered as generating resources of Xcel's affiliated public utility, Southwestern Public Service Company, for purposes of SPP's EIS market. On January 30, 2007, John Deere Wind Energy filed an answer to Xcel's January 24 answer in this proceeding.
73.	**RR07-1**	Delegation Agreement between NERC and Texas Regional Entity, a division of ERCOT	Several motions to intervene have been filed in this docket, including that of SPP on January 10, 2007.
74.	**RR07-3**	Delegation Agreement between the North American Electric Reliability Corporation and Northeast Power Coordinating Council: Cross Border Regional Entity, Inc.	SPP moved to intervene in this docket on January 10, 2007.

75.	**RR07-4**	Delegation Agreement between NERC and Reliability First Corporation	Several motions to intervene and comments have been filed in this proceeding. On January 10, 2007, SPP moved to intervene in this docket.
76.	**RR07-5**	Delegation Agreement between NERC and SERC Reliability Corporation	Several motions to intervene have been filed in this docket. On January 10, 2007, SPP moved to intervene in this proceeding. On February 1, 2007, PJM filed comments in Docket Nos. RR07-2-000 and RR07-5-000, responding to FERC's December 4, 2006 notice of filings. PJM requests Commission-rejection of the NERC delegation agreement filings unless the governance provisions absent modification providing a separate and equal voice for RTOs.
77.	**RR07-7**	Delegation Agreement between NERC and Western Electricity Coordinating Council	Several motions to intervene and comment have been filed in this docket. SPP moved to intervene in this proceeding on January 10, 2007.
78.	**RR07-8**	Delegation Agreement between NERC and Florida Reliability Coordinating Council	Various motions to intervene and comment have been filed in this docket. SPP intervened in this proceeding on January 10, 2007.
79.	**Arkansas 04-137-U**	SPP Application before the Arkansas Public Service Commission ("APSC") for a Certificate of Public Convenience and Necessity ("CCN") This docket was closed December 1, 2006.	On December 1, 2006, the APSC issued Order No. 7, closing consolidated Docket Nos. 04-137-U, 04-129-U, 04-111-U and 04-143-U because no further action is being taken at this time.
80.	**Arkansas 04-050-U**	Investigation Concerning Entergy Arkansas, Inc.'s Participation in an Entergy-only Independent Transmission System Administrator Structure as Compared to its Participation in the SPP RTO	SPP filed initial and reply comments in this proceeding on May 17, 2004 and June 18, 2004, respectively. The last activity in this docket was posted June 6, 2005. However, the docket remains open.

81.	**Arkansas 06-028-R**	Arkansas Public Service Commission Proceeding on Rules and Regulations for Comprehensive Resource Planning	On January 4, 2007, the APSC issued Order No. 6, approving the Resource Planning Guidelines for Electric Utilities, as attached to the order. An additional order may be issued regarding whether to adopt the PURPA standard after a study to determine whether Arkansas utilities are already using diverse fuel sources is complete.
82.	**Arkansas 06-077-U**	Southwestern Electric Power Company's ("SWEPCO") Application for a Certificate of Public Convenience and Necessity ("CCN") The subject facilities are an approved project included in the SPP RTO Transmission Expansion Plan. SPP was granted intervenor status on June 28, 2006.	On November 7, 2006, the APSC issued Order No. 6, enlarging the variance zone by 300 feet to a total variance zone width of 800 feet as the transmission line traverses properties owned by Donald G. Leetch and others and the Farine Family Revocable Trust. Although no additional action has been taken, the docket remains open.

83.	**Arkansas 06-142-U**	Southwestern Electric Power Company's ("SWEPCO") Application for Authority to Build a New 161 kV Transmission Station in Close Proximity to its Existing North Fayetteville 69 kV Station and to Transfer its Existing Facilities in the North Fayetteville Station to the Proposed New Facility SPP was granted intervenor status on November 17, 2006.	January 9, 2007 was the deadline for filing surrebuttal testimony in this proceeding. On January 10, 2007, SWEPCO filed a response to WG Land Company Limited Partnership's ("WG Land Co.") petition to intervene. On January 11, 2007, the APSC issued Order No. 5 granting WG Land Co. intervenor status. On January 23, 2007, SWEPCO and WG Land Co. filed a joint motion for continuance. Also on January 23, the APSC General Staff filed its response to SWEPCO & WG Land Co.'s joint motion for continuance. Order No. 6 was issued January 25, 2007, rescheduling the hearing from January 30, 2007 to February 13, 2007.

84.	**Arkansas 05-021-U**	Southwestern Electric Power Company's ("SWEPCO") Application for a Certificate of Environmental Capability and Public Need ("CECPN") to Build a New 345 kV Transmission Line between SWEPCO's Tontitown and Chambers Spring Stations Located in Benton and Washington Counties SPP was granted intervenor status November 9, 2006.	A public hearing was held January 3, 2007. On February 1, 2007, the APSC issued Order No. 1, granting a CECPN to construct, operate and maintain new 345 kV electric transmission line, approximately 11.25 miles in length, extending between SWEPCO's existing Chambers Spring Substation and its existing Tontitown Substation. A variance zone was also granted. Pursuant to Order No. 8, weekly status reports detailing progress made in developing an alternative route and actions taken to ensure reliability of the northwest Arkansas territory are being filed by SWEPCO in this docket. Monthly monitoring reports are also being filed by the APSC General Staff.
85.	**Arkansas 06-172-U**	Southwestern Electric Power Company's ("SWEPCO") Application for a Certificate of Public Convenience and Necessity ("CCN") to Rebuild and Convert its Existing 69 kV Transmission Line in Washington County to 161 kV between SWEPCO's Fayetteville and North Fayetteville Substations	Order No. 1 was issued January 3, 2007, designating Burl C. Rotenberry as the presiding officer. SPP filed a petition to intervene in the proceeding January 9, 2007. The APSC granted SPP intervenor status via Order No. 2 on January 12, 2007. Order No. 3 was issued January 16, 2007, granting SWEPCO's motion for an interim protective order. On January 22, 2007, Jay Capary's affidavit of non-disclosure was filed on behalf of SPP. Order No. 4 was issued February 7, 2007, setting a public hearing for **April 5, 2007**. Intervenor testimony and exhibits are due **March 2, 2007**. SWEPCO's rebuttal testimony is due **March 16, 2007**. Surrebuttal testimony of the APSC General Staff and interveners is due **March 30, 2007**.

			On February 8, 2007, SWEPCO filed protected Exhibit TAH-2 of Timothy A. Hostetler. On February 20, 2007, Kester Holdings 1, LLC filed a petition to intervene in this proceeding.
86.	**Arkansas 07-009-U**	In the Matter of the Application of SPP for Authority to Issue up to $5,400,000 in Secured Promissory Notes with a Maturity Not to Exceed Twenty Years	On January 29, 2007, SPP filed an application for authority to issue secured promissory notes in a principal amount not to exceed $5,400,000 with a maturity not to exceed 20 years to U.S. Bank National Association. An expedited order is requested.
87.	**Arkansas 06-171-U**	In the Matter of the Application of Arkansas Electric Cooperative Corporation for a Certificate of Environmental Compatibility and Public Need ("CECPN") for the Construction, Ownership, Operation and Maintenance of a Combustion Turbine Generating Facility in Washington County Near Elkins, Arkansas	Arkansas Electric Cooperative Corporation filed a CECPN Application December 21, 2006. Direct testimony was filed in the proceeding The APSC issued Order No. 1 on January 10, 2007, designating Burl C. Rotenberry as the presiding officer. Order No. 2 was issued January 25, 2007, scheduling a public hearing for **March 21, 2007**. APSC General Staff and Intervenor testimony was due February 16, 2007. Rebuttal testimony is due **March 2, 2007**. Surrebuttal testimony is due **March 16, 2007**. Various petitions to intervene were filed. SPP petitioned to intervene on February 5, 2007, which was granted via Order No. 4 on February 9, 2007. On February 6, 2007, Arkansas Electric Cooperative filed a response to SPP's petition for leave to intervene. Order No. 5 was issued February 15, 2007, granting Arkansas Electric Cooperatives' petition for leave to address the public comments of Thelma Ray Jones in its rebuttal testimony. On February 16, 2007, SPP filed the direct testimony of Jay Caspary. The direct testimony of Clark D. Cotton and Teresa A. Gallup have also been filed in this proceeding.

88.	**Louisiana U-28155**	Application of Entergy Louisiana, Inc. and Entergy Gulf States, Inc. for Review of its Proposal to Establish an Independent Coordinator of Transmission ("ICT")	The Louisiana Public Service Commission issued its order approving the Entergy ICT proposal on September 1, 2006. An open session was held November 29, 2006. Bruce Rew gave a presentation regarding the status of the establishment of the ICT, advising that the 1st Quarterly Report would be available in March, 2007. No further activity has been recorded in this docket.
89.	**Missouri EA-2006-0309**	Aquila Inc.'s Application for a Certificate of Public Convenience and Necessity ("CCN") for its already-built South Harper Facility and Peculiar Substation in Cass County, Missouri This case closed June 1, 2006.	The Missouri Public Service Commission approved Aquila's CCN Application for its South Harper peaking facility and Peculiar Substation on May 23, 2006 and on June 1 denied the motions for rehearing filed in this proceeding.
90.	**Missouri EO-2006-0141 EO-2006-0142**	Empire District Electric Company and Kansas City Power and Light ("KCPL") Applications for Authority to Transfer Functional Control of Certain Transmission Assets to SPP These proceedings closed July 24, 2006.	On July 13, 2006, the Missouri Public Service Commission (1) granted the motion for clarification filed by Empire, KCPL and SPP with regard to the Commission's June 13, 2006 order approving the stipulation and agreement and (2) issued an amended order approving the stipulation and agreement.

91.	**Texas Project No. 31852**	"Texas CREZ Rule" Project to Amend Texas Public Utility Commission Substantive Rules Consistent with Senate Bill 20, Passed by the 79th Legislature (1st called session). Senate Bill 20 increases the state's goal for renewable energy. It also establishes transmission planning requirements to support additional renewable energy development in Texas, and sets a target for renewable energy resources other than wind power.	The Texas Public Utility Commission adopted a final CREZ rule December 15, 2006, as approved at the December 1, 2006 Open Meeting. At page 3 of its Order, the Commission states that it "may sever its consideration of potential zones into one or more zones into one or more separate dockets," and that, "Evaluating potential CREZs that would be connected to the Southwest Power Pool (SPP) may require a separate docket in order to ensure adequate time to address issues involving SPP's Open Access Transmission Tariff ("OATT") as approved by the Federal Energy Regulatory Commission." Transmission service providers have one year after a CREZ order to apply for all required CCNs for those transmission facilities identified by the Commission in the CREZ order as most beneficial and cost-effective to customers.
92.	**Texas Docket No. 33672**	PUCT Staff Proceeding to Designate Competitive Renewable Energy Zones ("CREZs")	SPP moved to intervene in this proceeding on January 22, 2007. A pre-hearing conference was held January 23, 2007. On January 26, 2007, SPP filed an analysis of transmission alternatives for competitive renewable energy zones. On February 16, 2007, SPP filed a notice of its single authorized representative. The deadline for a final order in this docket is **July 5, 2007.**

93.	**Texas Docket No. 33687**	Entergy Gulf States, Inc.'s Transition to Competition Plan	Numerous motions to intervene and briefs have been filed in this docket. SPP moved to intervene in this proceeding on January 19, 2007, and was granted intervenor status via Order No. 3 on January 26. Order No. 5 was issued February 20, 2007, scheduling a pre-hearing conference for **March 6, 2007** to discuss: the adequacy and sufficiency of notice and an intervention deadline; a procedural schedule that will allow for the efficient processing of this case within the statutory period; pending motions to intervene; and any other matters that may assist in the disposition of the proceeding in a fair and efficient manner. The hearing is scheduled for **May 21-25, 2007**. The deadline for a Commission hearing is June 27, 2007; however, the deadline will be extended one day for each day of hearings. On February 20, 2007, the PUCT Staff filed a motion for summary decision on Gulf States' December 29, 2006 filing of a proposed transition to competition plan. Responses to Staff's motion are due **March 1, 2007**. On February 21, 2007, ERCOT filed a motion to hold in abeyance the first request for information served on ERCOT February 20 by East Texas Cooperatives, pending a ruling in this docket.
94.	**Texas Docket No. 33670**	Calendar Year 2007 – Open Meeting Agenda Items without an Associated Control Number	On February 12, 2007, SPP filed comments in the form of a power point presentation re: transmission expansion and the EIS market.

PART II

ITEM 5. MARKET FOR INTEGRYS ENERGY GROUP'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Integrys Energy Group, Inc. Common Stock Two-Year Comparison

Share Data	Dividends Per Share	Price Range High	Price Range Low
2007			
1st Quarter	**$ .583**	**$58.04**	**$52.72**
2nd Quarter	**.660**	**60.63**	**50.11**
3rd Quarter	**.660**	**55.25**	**48.10**
4th Quarter	**.660**	**54.10**	**50.02**
Total	**$2.563**		
2006			
1st Quarter	$ .565	$57.75	$49.02
2nd Quarter	.565	51.60	47.39
3rd Quarter	.575	52.88	47.67
4th Quarter	.575	54.83	49.18
Total	$2.280		

Integrys Energy Group common stock is traded on the New York Stock Exchange under the ticker symbol "TEG." The transfer agent and registrar for Integrys Energy Group's common stock is American Stock Transfer & Trust Company, 59 Maiden Lane, New York, NY 10038.

As of February 21, 2008, there were 35,100 common stock shareholders of record.

Dividend Restrictions

For information on dividend restrictions related to Integrys Energy Group and any of its subsidiaries, see Note 21, "*Common Equity.*"

See Item 11 - Executive Compensation of this Annual Report on Form 10-K for information regarding our equity compensation plans.

ITEM 6. SELECTED FINANCIAL DATA

INTEGRYS ENERGY GROUP, INC.
COMPARATIVE FINANCIAL STATEMENTS AND
FINANCIAL AND OTHER STATISTICS (2003 TO 2007)

As of or for Year Ended December 31 (Millions, except per share amounts, stock price, return on average equity and number of shareholders and employees)	2007 (1)	2006 (2)	2005	2004	2003
Total revenues	**$10,292.4**	$6,890.7	$6,825.5	$4,876.1	$4,309.8
Income from continuing operations	**181.1**	151 6	150.6	156 6	110.7
Income available for common shareholders	**251.3**	155.8	157.4	139.7	94.7
Total assets	**11,234.4**	6,861.7	5,462.5	4,376.8	4,292.3
Preferred stock of subsidiaries	**51.1**	51.1	51.1	51.1	51.1
Long-term debt (excluding current portion)	**2,265.1**	1,287.2	867.1	865.7	871.9
Shares of common stock (less treasury stock and shares in deferred compensation trust)					
Outstanding	**76.0**	43.1	39.8	37.3	36.6
Average	**71.6**	42.3	38.3	37.4	33.0
Earnings per common share (basic)					
Income from continuing operations	**$2.49**	$3.51	$3.85	$4.10	$3.26
Earnings per common share	**$3.51**	$3.68	$4.11	$3.74	$2.87
Earnings per common share (diluted)					
Income from continuing operations	**2.48**	3.50	3.81	4.08	3.24
Earnings per common share	**3.50**	3.67	4.07	3.72	2.85
Dividend per share of common stock	**2.56**	2.28	2.24	2.20	2.16
Stock price at year-end	**$51.69**	$54 03	$55.31	$49.96	$46.23
Book value per share	**$42.58**	$35.61	$32.76	$29.30	$27.40
Return on average equity	**8.5%**	10.6%	13.6%	13.5%	11 5%
Number of common stock shareholders	**35,212**	19,837	20,701	21,358	22,172
Number of employees	**5,231**	3,326	2,945	3,048	3,080

(1) Includes the impact of the PEC merger on February 21, 2007.
(2) Includes the impact of the acquisition of natural gas distribution operations from Aquila by MGUC on April 1, 2006 and MERC on July 1, 2006.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

Integrys Energy Group is a diversified holding company with regulated utility operations operating through six wholly owned subsidiaries, WPSC, PGL, NSG, UPPCO, MGUC, and MERC; nonregulated energy operations through its wholly owned nonregulated subsidiary, Integrys Energy Services; and also a 34.5% equity ownership interest in ATC (an electric transmission company operating in Wisconsin, Michigan, Minnesota, and Illinois).

Strategic Overview

Integrys Energy Group's goal is the creation of long-term value for shareholders and customers through growth in its regulated and nonregulated portfolio (while placing an emphasis on regulated growth). In order to create value, Integrys Energy Group is focused on:

Maintaining and Growing a Strong Regulated Utility Base – A strong regulated utility base is necessary to maintain a strong balance sheet, predictable cash flows, a desired risk profile, attractive dividends, and quality credit ratings, which are critical to our success. Integrys Energy Group believes the following recent developments have helped, or will help, maintain and grow its regulated utility base:

- The February 2007 merger with PEC, which added the regulated natural gas distribution operations of PGL and NSG to the regulated utility base of Integrys Energy Group.
- Our investment in ATC was at 34.5% at December 31, 2007. ATC owned approximately $2.2 billion in net transmission and general plant assets at December 31, 2007 and anticipates additional capital investment of approximately $865 million over the next 3 years.
- Construction of the 500-megawatt coal-fired Weston 4 base-load power plant located near Wausau, Wisconsin, which is scheduled to be placed in service in the first quarter of 2008. This power plant is jointly-owned with DPC. WPSC holds a 70% ownership interest in the Weston 4 power plant, with DPC owning the remaining 30% interest in the facility.
- The proposed acceleration of investment in the natural gas distribution system at PGL. The replacement of cast iron mains and investment in underground natural gas storage facilities is expected to total approximately $100 million through 2010.
- Investment of approximately $75 million in lateral infrastructure related to the connection of the WPSC distribution system to the Guardian II natural gas pipeline to Green Bay.
- WPSC's negotiations to purchase a 99-megawatt wind generation facility to be constructed in Howard County, Iowa.
- WPSC's continued investment in environmental projects to improve air quality and meet the requirements set by environmental regulators. Capital projects to construct and upgrade equipment to meet or exceed required environmental standards are planned each year.
- For more detailed information on Integrys Energy Group's capital expenditure program see *"Liquidity and Capital Resources, Capital Requirements,"* below.

Strategically Growing Nonregulated Business – Integrys Energy Services is focused on growth in the competitive energy services and supply business through growing its customer base. Integrys Energy Group expects its nonregulated operations to provide between 20% and 30% of Integrys Energy Group's earnings, on average, in the future. Integrys Energy Group believes the following recent developments have helped, or will help, maintain and grow its nonregulated business:

- The merger with PEC combined the nonregulated energy marketing businesses of both companies. The combination provided Integrys Energy Services with a strong market position in the Illinois retail electric market and expanded its originated wholesale natural gas business, creating a stronger, more competitive, and better balanced growth platform for the nonregulated business.

- The 2007 opening of nonregulated operations in Denver, Colorado, has allowed Integrys Energy Services to expand its operations into the Western Systems Coordinating Council markets.

- The 2007 completion of a 6.5 megawatt landfill gas project, the Winnebago Energy Center Development in Rockford, Illinois, which consists of gas cleanup equipment and engines to collect and burn landfill gas at the site to generate electricity.

- The on-going development of renewable energy products, such as land fill gas and solar projects.

Integrating Resources to Provide Operational Excellence – Integrys Energy Group is committed to integrating resources of its regulated businesses and also its nonregulated businesses, while meeting any and all applicable regulatory and legal requirements. This will provide the best value to customers and shareholders by leveraging the individual capabilities and expertise of each business and assist in lowering costs for certain activities. Integrys Energy Group believes the following recent developments have helped, or will help, integrate resources and provide operational excellence:

- The PEC merger is helping to align the best practices and expertise of both companies, which will continue to result in efficiencies by eliminating redundant and overlapping functions and systems. Integrys Energy Group expects the merger to generate annual pre-tax synergy savings of approximately $106 million for the combined company by the end of the fifth full year of operations following completion of the merger. One-time costs to achieve the synergies are expected to be approximately $155 million.

- Integrys Business Support, LLC, a wholly owned service company, was formed to achieve a significant portion of the cost synergies anticipated from the merger with PEC through the consolidation and efficient delivery of various support services and to provide more consistent and transparent allocation of costs throughout Integrys Energy Group and its subsidiaries.

- "Competitive Excellence" and project management initiatives are being implemented at Integrys Energy Group and its subsidiaries to improve processes, reduce costs, and manage projects within budget and timeline constraints to provide more value to customers.

Placing Strong Emphasis on Asset and Risk Management – Our asset management strategy calls for the continuous assessment of our existing assets, the acquisition of assets, and contractual commitments to obtain resources that complement our existing business and strategy, thereby providing the most efficient use of and best return on our resources while maintaining an acceptable risk profile. This strategy calls for a focus on the disposition of assets, including plants and entire business units, which are either no longer strategic to ongoing operations, are not performing as needed, or have an unacceptable risk profile. We maintain a portfolio approach to risk and earnings. Integrys Energy Group believes the following recent developments have helped, or will help, manage assets and risk:

- The combination of Integrys Energy Group and PEC created a larger, stronger, and more competitive regional energy company. This merger, along with the 2006 acquisition of the Michigan and Minnesota natural gas distribution operations, diversified the company's regulatory and geographic risk due to the expansion of utility operations to multiple jurisdictions.

- The September 2007 sale of PEP, Integrys Energy Group's oil and natural gas production subsidiary acquired in the merger with PEC. The divesture of the oil and natural gas production business reduced Integrys Energy Group's business risk profile and provided funds to reduce debt.

- The January 2007 sale of WPS Niagara Generation, LLC for approximately $31 million. WPS Niagara Generation, LLC owned a 50-megawatt generation facility located in the Niagara Mohawk Frontier region in Niagara Falls, New York.

Our risk management strategy, in addition to asset risk management, includes the management of market, credit, and operational risk through the normal course of business. Forward purchases and sales of electric capacity, energy, natural gas, and other commodities allow for opportunities to secure prices in a volatile energy market. Oversight of the risk profile related to these financial instruments is monitored daily in each business unit consistent with the company's financial risk management policy. Corporate oversight is provided through the Corporate Risk Management group which reports through the Chief Financial Officer.

RESULTS OF OPERATIONS

(Millions except per share amounts)	Year Ended December 31, 2007	2006	2005	Change in 2007 over 2006	Change in 2006 over 2005
Electric utility operations	$ 87.4	$ 85.5	$ 64.2	2.2%	33.2%
Natural gas utility operations	28.7	(2.3)	13.2	-	-
Nonregulated energy operations	98.0	72.3	74.1	35.5%	(2.4)%
Holding company and other operations	(18.8)	0.3	5.9	-	(94.9)%
Oil and natural gas operations	56.0	-	-	-	-
Income available for common shareholders	$251.3	$155.8	$157.4	61 3%	(1.0)%
Average basic shares of common stock	71.6	42.3	38.3	69.3%	10.4%
Average diluted shares of common stock	71.8	42.4	38.7	69.3%	9.6%
Basic earnings per share	$3.51	$3.68	$4.11	(4.6)%	(10.5)%
Diluted earnings per share	$3.50	$3.67	$4.07	(4.6)%	(9.8)%

2007 income available for common shareholders increased $95.5 million and 2007 diluted earnings per share decreased $0.17, both compared to 2006. 2006 income available for common shareholders decreased $1.6 million and 2006 diluted earnings per share decreased $0.40, both compared to 2005. Significant factors impacting the change in earnings and diluted earnings per share were as follows (and are discussed in more detail thereafter):

Electric Utility Operations:
Earnings increased $1.9 million in 2007 over 2006, resulting primarily from the following:

- Retail electric rate increases at both WPSC and UPPCO had a positive year-over-year impact on operating income.

- Favorable weather conditions at WPSC contributed an approximate $6.0 million ($3.6 million after-tax) year-over-year increase in operating income; however, this increase was partially offset by a decrease in weather normalized residential and commercial and industrial customer usage.

- Fuel and purchased power costs were higher than what was recovered in rates during the year ended December 31, 2007, compared with fuel and purchased power costs that were less than what was recovered in rates during the same period in 2006, driving a $14.4 million ($8.6 million after-tax) negative variance in operating income.

- Maintenance expense related to WPSC's power plants was higher in 2007 compared to 2006, driven by an increase in unplanned outages in 2007 as well as the extension of some 2007 planned outages.

Earnings increased $21.3 million from 2005 to 2006, primarily due to the following:

- Fuel and purchased power costs that were less than what was recovered in rates during the year ended December 31, 2006, compared with fuel and purchased power costs that were more than what was recovered in rates during the same period in 2005 (the under collection in 2005 was primarily due to the impact 2005 hurricanes had on natural gas prices), contributed an estimated $14 million after-tax, year-over-year increase in earnings.

- A PSCW ruling, which disallowed recovery of costs that were deferred related to the 2004 Kewaunee nuclear plant outage as well as a portion of the loss on the Kewaunee sale, resulted in the write-off of $13.7 million of regulatory assets in 2005, which resulted in an after-tax reduction in earnings in 2005 of approximately $8 million (positive variance compared with 2006 earnings).

- Retail electric rate increases at both WPSC and UPPCO also had a positive year-over-year impact on earnings.

- Unfavorable weather conditions in 2006, compared with 2005, had an estimated $9 million year-over-year negative after-tax impact on electric utility earnings.

Natural Gas Utility Operations:
Financial results improved $31.0 million in 2007 over 2006, primarily due to the following:

- Financial results for MGUC and MERC increased $18.1 million, from a combined net loss of $11.3 million in 2006, to earnings of $6.8 million in 2007. The positive change in earnings at MGUC and MERC was driven by the fact that these natural gas utilities operated during the first quarter heating season in 2007, but were not acquired by Integrys Energy Group until after the first quarter 2006 heating season. In addition, MGUC and MERC incurred a combined $11.8 million ($7.1 million after-tax) of transition costs in 2006 for the start-up of outsourcing activities and other legal and consulting fees. In 2007, MGUC and MERC were allocated $1.7 million ($1.0 million after-tax) of external costs to achieve merger synergies related to the PEC merger.

- Regulated natural gas utility earnings at WPSC increased $13.5 million, from earnings of $9.6 million in 2006, to earnings of $23.1 million in 2007. Higher earnings were driven by increased volumes due to colder weather conditions during the heating season. A natural gas rate increase effective January 12, 2007 also contributed to the increase.

- The PEC natural gas utilities (PGL and NSG), which were acquired effective February 21, 2007, recognized a combined net loss of approximately $1 million, primarily related to the seasonal nature of natural gas utilities, which derive earnings during the heating season (first and fourth quarters). Because of the late February acquisition date, results for the majority of the two coldest months of the year were not included in natural gas utility earnings in 2007. The 2007 net income for PGL was less than the level we would normally expect, primarily due to increased costs of providing service. It is important to note, however, that we received a rate increase at PGL in February 2008, which will help offset rising costs. Please see Note 23, "*Regulatory Environment,*" for more information on the rate increase.

Earnings decreased $15.5 million from 2005 to 2006, primarily due to the following:

- MGUC and MERC (acquired on April 1 and July 1, 2006, respectively) had a combined net loss of approximately $11 million. Included in the net loss incurred by MGUC and MERC, was $7.1 million of after-tax external transition costs incurred by these regulated natural gas utilities. The net loss recognized at MGUC and MERC in excess of transition costs incurred can be attributed to not owning these operations during the January through March 2006 heating season and warmer than normal weather conditions during the last few months of 2006. From the acquisition dates through December 31, 2006, actual heating degree days were 13.9% and 7.3% below normal for MGUC and MERC, respectively.

- Earnings at WPSC's natural gas utility also decreased approximately $4 million, driven by unfavorable weather conditions and customer conservation efforts.

Nonregulated Energy Operations:
Earnings increased $25.7 million in 2007 over 2006, primarily due to the following:

- Operating income at Integrys Energy Services increased $40.2 million ($24.1 million after-tax).

- After-tax income from discontinued operations at Integrys Energy Services increased $7.5 million, driven by the sale of Niagara Generation, LLC in the first quarter of 2007.

- Miscellaneous expense at Integrys Energy Services decreased $11.1 million ($6.7 million after-tax), driven by a decrease in pre-tax losses recognized for the period related to Integrys Energy Services' investment in a synthetic fuel facility.

- Minority interest income decreased $3.7 million ($2.2 million after-tax) as Integrys Energy Services' partner elected to stop receiving production from the synthetic fuel facility and, therefore, did not share in losses from this facility in 2007.

- Section 29/45K federal tax credits recognized from Integrys Energy Services' investment in a synthetic fuel facility decreased $15.9 million, from $29.5 million in 2006, to $13.6 million in 2007.

Earnings decreased $1.8 million from 2005 to 2006, primarily due to the following:

- An $11.0 million ($6.6 million after-tax) increase in interest expense due to higher working capital requirements, primarily related to growth in Integrys Energy Services' natural gas operations.

- A $10.6 million ($6.4 million after-tax) increase in miscellaneous expenses, primarily related to increased tons procured from Integrys Energy Services' investment in a synthetic fuel facility and the fact that Integrys Energy Services received no royalty payments from this investment in 2006.

- A $4.2 million after-tax decrease in income from discontinued operations.

- The items negatively impacting earnings (discussed above) were partially offset by a $14.4 million ($8.6 million after-tax) increase in margin (including an $11.1 million pre-tax decrease in gains on derivative instruments used to protect the value of Section 29/45K tax credits).

- A $6.7 million ($4.0 million after-tax) decrease in operating expenses, primarily related to the recognition of a $9.0 million pre-tax gain on the sale of WPS ESI Gas Storage, LLC in the second quarter of 2006.

- A $3.4 million increase in Section 29/45K federal tax credits recognized from Integrys Energy Services' investment in a synthetic fuel facility.

Holding Company and Other Operations:
In 2007, financial results decreased $19.1 million, from earnings of $0.3 million in 2006, to a net loss of $18.8 million in 2007. See "Overview of Holding Company and Other Segment Operations," for more information.

In 2006, earnings decreased $5.6 million from earnings of $5.9 million in 2005, to earnings of $0.3 million in 2006. See "Holding Company and Other Segment Operations," for more information.

Oil and Natural Gas Operations:
In connection with the PEC merger, Integrys Energy Group announced its intent to divest of PEC's oil and natural gas production operations, PEP. PEP was sold in the third quarter of 2007. In 2007, PEP recognized earnings of $56.0 million, including $58.5 million of earnings reported as discontinued operations. The $2.5 million loss reported in continuing operations related primarily to intercompany expense allocations to PEP (salaries, interest expense, etc.) related to employees and debt that remained at Integrys Energy Group after the sale. The sale of PEP resulted in a $7.6 million after-tax gain.

Earnings per share:
Diluted earnings per share was impacted by the items discussed above as well as an increase of 29.4 million shares (69.3%) in the weighted average number of outstanding shares of Integrys Energy Group's common stock from 2006 to 2007 and an increase of 3.7 million shares (9.6%) in the weighted average number of outstanding shares of Integrys Energy Group's common stock from 2005 to 2006. Integrys Energy Group issued 31.9 million shares of common stock on February 21, 2007, in conjunction with the merger with PEC, issued 2.7 million shares of common stock in May 2006 in order to settle its forward equity agreement with an affiliate of J.P. Morgan Securities, and issued 1.9 million shares of common stock through a public offering in November 2005. Additional shares were also issued under the Stock Investment Plan and certain stock-based employee benefit plans in 2007, 2006, and 2005.

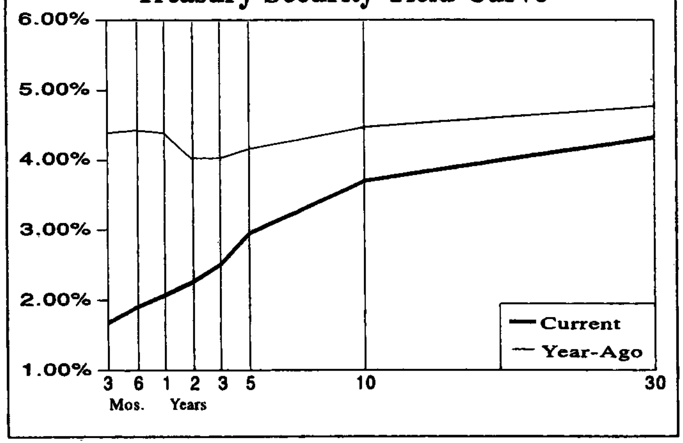
<u>Utility Operations</u>

In 2007, utility operations included the regulated electric segment, consisting of the regulated electric operations of WPSC and UPPCO, and the regulated natural gas utility segment, consisting of the natural gas operations of WPSC, PGL, NSG, MGUC, and MERC. The natural gas operations of WPSC, MGUC, and MERC were included for all of 2007, while the natural gas operations of PGL and NSG were included from February 22, 2007 through December 31, 2007. The natural gas operations of WPSC were included for all of 2006, while the natural gas operations of MGUC and MERC were included from April 1, 2006 through December 31, 2006, and July 1, 2006 through December 31, 2006, respectively. For the year ended December 31, 2005, utility operations included the regulated electric segment, including the electric operations of WPSC and UPPCO, and the regulated natural gas utility segment, including the natural gas operations of WPSC.

Selected Yields

	Recent (9/03/08)	3 Months Ago (6/04/08)	Year Ago (9/05/07)
TAXABLE			
Market Rates			
Discount Rate	2.25	2.25	5.75
Federal Funds	2.00	2.00	5.25
Prime Rate	5.00	5.00	8.25
30-day CP (A1/P1)	2.88	2.47	5.31
3-month LIBOR	2.81	2.67	5.72
Bank CDs			
6-month	1.60	1.76	2.96
1-year	2.26	2.25	3.66
5-year	4.15	3.37	3.94
U.S. Treasury Securities			
3-month	1.68	1.84	4.39
6-month	1.90	1.97	4.43
1-year	2.07	2.13	4.39
5-year	2.95	3.26	4.16
10-year	3.70	3.98	4.47
10-year (inflation-protected)	1.64	1.44	2.31
30-year	4.32	4.70	4.77
30-year Zero	4.37	4.79	4.78

Treasury Security Yield Curve



	Recent (9/03/08)	3 Months Ago (6/04/08)	Year Ago (9/05/07)
Mortgage-Backed Securities			
GNMA 6.5%	5.60	5.49	5.89
FHLMC 6.5% (Gold)	5.67	5.46	6.01
FNMA 6.5%	5.48	5.36	5.94
FNMA ARM	3.89	4.25	5.83
Corporate Bonds			
Financial (10-year) A	6.69	5.74	5.99
Industrial (25/30-year) A	6.11	6.22	6.00
Utility (25/30-year) A	6.13	6.23	6.11
Utility (25/30-year) Baa/BBB	6.54	6.50	6.27
Foreign Bonds (10-Year)			
Canada	3.48	3.64	4.35
Germany	4.14	4.38	4.21
Japan	1.47	1.78	1.63
United Kingdom	4.50	4.95	5.04
Preferred Stocks			
Utility A	6.16	6.29	6.31
Financial A	6.97	6.75	6.85
Financial Adjustable A	5.53	5.53	5.53
TAX-EXEMPT			
Bond Buyer Indexes			
20-Bond Index (GOs)	4.68	4.52	4.70
25-Bond Index (Revs)	5.17	4.99	4.83
General Obligation Bonds (GOs)			
1-year Aaa	1.58	1.77	3.58
1-year A	1.68	1.87	3.68
5-year Aaa	2.74	2.94	3.59
5-year A	2.84	3.04	3.69
10-year Aaa	3.55	3.58	3.89
10-year A	3.75	3.78	4.39
25/30-year Aaa	4.69	4.47	4.57
25/30-year A	5.07	4.67	4.87
Revenue Bonds (Revs) (25/30-Year)			
Education AA	4.85	4.75	4.87
Electric AA	4.80	4.80	4.82
Housing AA	5.15	4.95	4.92
Hospital AA	5.25	5.05	4.90
Toll Road Aaa	4.80	4.80	4.88

Federal Reserve Data

BANK RESERVES
(Two-Week Period; in Millions, Not Seasonally Adjusted)

	Recent Levels			Average Levels Over the Last...		
	8/27/08	8/13/08	Change	12 Wks.	26 Wks.	52 Wks.
Excess Reserves	2042	1844	198	2134	2191	1910
Borrowed Reserves	168089	167636	453	169077	140773	80722
Net Free/Borrowed Reserves	-166047	-165792	-255	-166942	-138582	-78812

MONEY SUPPLY
(One-Week Period; in Billions, Seasonally Adjusted)

	Recent Levels			Growth Rates Over the Last...		
	8/18/08	8/11/08	Change	3 Mos.	6 Mos.	12 Mos.
M1 (Currency+demand deposits)	1379.8	1396.1	-16.3	6.8%	2.1%	1.3%
M2 (M1+savings+small time deposits)	7717.6	7728.1	-10.5	1.2%	3.6%	5.4%

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.
To subscribe call 1-800-833-0046.

PPL CORP

FORM 10-K
(Annual Report)

Filed 02/29/08 for the Period Ending 12/31/07

Address	TWO N NINTH ST ALLENTOWN, PA 181011179
Telephone	6107745151
CIK	0000922224
Symbol	PPL
SIC Code	4911 - Electric Services
Industry	Electric Utilities
Sector	Technology
Fiscal Year	12/31

http://www.edgar-online.com
© Copyright 2008, EDGAR Online, Inc. All Rights Reserved.
Distribution and use of this document restricted under EDGAR Online, Inc. Terms of Use.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2007

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period from ________ to __________

Commission File Number	Registrant; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-11459	**PPL Corporation** (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-2758192
333-74794	**PPL Energy Supply, LLC** (Exact name of Registrant as specified in its charter) (Delaware) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-3074920
1-905	**PPL Electric Utilities Corporation** (Exact name of Registrant as specified in its charter) (Pennsylvania) Two North Ninth Street Allentown, PA 18101-1179 (610) 774-5151	23-0959590

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock of PPL Corporation	New York & Philadelphia Stock Exchanges
Senior Unsecured Notes of PPL Energy Supply, LLC 7.0% due 2046	New York Stock Exchange
Preferred Stock of PPL Electric Utilities Corporation 4-1/2% 4.40% Series	 New York Stock Exchange New York Stock Exchange
Junior Subordinated Notes of PPL Capital Funding, Inc. 2007 Series A due 2067	New York Stock Exchange
Senior Notes of PPL Capital Funding, Inc. 6.85% due 2047	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

PPL Corporation	Yes X	No ___
PPL Energy Supply, LLC	Yes ___	No X
PPL Electric Utilities Corporation	Yes ___	No X

Indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

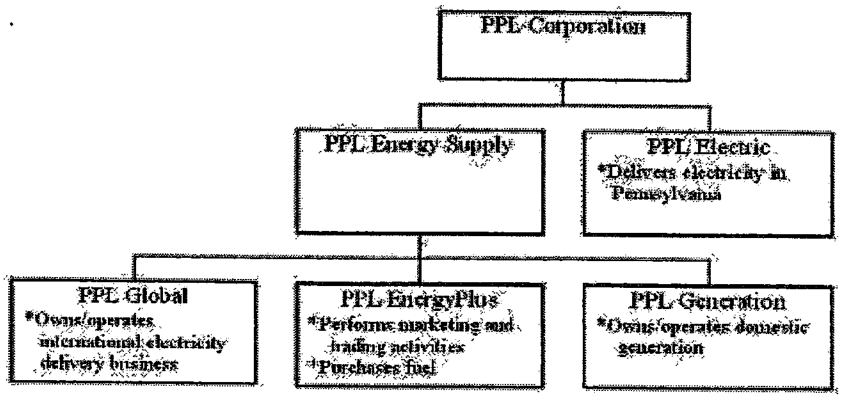
PPL Corporation	Yes ___	No X
PPL Energy Supply, LLC	Yes ___	No X

PART I

ITEM 1. BUSINESS

BACKGROUND

PPL Corporation , headquartered in Allentown, PA, is an energy and utility holding company that was incorporated in 1994. Through its subsidiaries, PPL generates electricity from power plants in the northeastern and western U.S.; markets wholesale or retail energy primarily in the northeastern and western portions of the U.S. and delivers electricity to approximately 4 million customers in Pennsylvania and the U.K. PPL's significant subsidiaries are shown below:



See Exhibit 99(a) in Item 15 for a listing of the current corporate organization. In addition to PPL Corporation, the other SEC registrants included in this filing are:

PPL Energy Supply, LLC , an indirect wholly-owned subsidiary of PPL formed in 2000, is an energy company engaged through its subsidiaries in the generation and marketing of power, primarily in the northeastern and western power markets of the U.S. and in the delivery of electricity in the U.K. PPL Energy Supply's major operating subsidiaries are PPL Generation, PPL EnergyPlus and PPL Global. PPL Energy Supply owns or controls 11,418 MW of electric power generation capacity and has current plans to implement capital projects at certain of its existing generation facilities in Pennsylvania and Montana to provide 331 MW of additional generating capacity by 2012.

PPL Electric Utilities Corporation , incorporated in 1920, is a direct subsidiary of PPL and a regulated public utility. PPL Electric provides electricity delivery service in its service territory in Pennsylvania and provides electricity supply to retail customers in that territory as a PLR under the Customer Choice Act.

Segment Information

PPL is organized into segments consisting of Supply, Pennsylvania Delivery and International Delivery. PPL Energy Supply's segments consist of Supply and International Delivery. PPL Electric operates in a single business segment. See Note 2 to the Financial Statements for financial information about the segments and geographic financial data.

- ***Supply Segment -***

  Owns and operates domestic power plants to generate electricity; markets this electricity and other power purchases to deregulated wholesale and retail markets; and acquires and develops domestic generation projects. Consists primarily of the activities of PPL Generation and PPL EnergyPlus.

PPL has generation assets that are located in the eastern and western markets. The eastern generation assets are located in the Northeast/Mid-Atlantic energy markets - including PJM, the New York ISO, ISO New England and the Mid-American Interconnection Network. PPL's western generating capacity is located in the markets within the Western Electricity Coordinating Council.

PPL Generation

PPL Generation owned or controlled generating capacity of 11,418 MW at December 31, 2007. Through subsidiaries, PPL Generation owns and operates power plants in Pennsylvania, Montana, Illinois, Connecticut, New York and Maine. See "Item 2. Properties" for a complete listing of PPL's generating capacity.

The Pennsylvania generation plants had a total capacity for PPL Generation of 9,076 MW at December 31, 2007. These plants are fueled by uranium, coal, natural gas, oil and water. The electricity from these plants is sold to PPL EnergyPlus under FERC-jurisdictional power purchase agreements.

PPL's U.S. generation subsidiaries are EWGs, which sell electricity into the wholesale market. PPL's EWGs are subject to regulation by the FERC, which has authorized these EWGs to sell generation from their facilities at market-based prices.

PPL Susquehanna, a subsidiary of PPL Generation, owns a 90% undivided interest in each of the two nuclear-fueled generating units at its Susquehanna station; Allegheny Electric Cooperative, Inc. owns the remaining 10% undivided interest. PPL's 90% share of Susquehanna's generating capacity was 2,117 MW at December 31, 2007.

PPL Generation operates its Pennsylvania and Illinois power plants in conjunction with PJM. PPL Generation's Pennsylvania power plants, PPL Generation's Illinois 557 MW natural gas-fired generating station and PPL EnergyPlus are members of the RFC. Refer to "Pennsylvania Delivery Segment" for information regarding PJM's operations and functions and the RFC.

The Montana coal-fired and hydro-powered stations have a capacity of 1,287 MW. PPL Montana's power plants are parties to the Western Electricity Coordinating Council Agreement.

The Maine oil-fired and hydro-powered stations have a total capacity of 96 MW. The Maine generating assets are operated in conjunction with ISO New England and are parties to the Northeast Power Coordinating Council Agreement. See Note 9 for information on the possible sale of three hydroelectric dams.

The Connecticut natural gas-fired station has a total capacity of 243 MW and is operated in conjunction with ISO New England and is party to the Northeast Power Coordinating Council Agreement.

The New York natural gas-fired generating stations have a combined capacity of 159 MW. These generating stations are operated in connection with the New York ISO and are parties to the Northeast Power Coordinating Council Agreement.

PPL Generation has current plans to implement capital projects at certain of its generation facilities in Pennsylvania and Montana that would provide 331 MW of additional generation capacity by 2012. See "Item 2. Properties" for additional information regarding these capital projects.

In 2003, PPL finalized an agreement with the New Jersey DEP and the Pennsylvania DEP that included the shutdown of the two 150 MW coal-fired generating units at the Martins Creek generating facility. This shutdown occurred in September 2007.

Refer to the "Power Supply" section for additional information regarding electricity generated by the various power plants operated by PPL Generation and to the "Fuel Supply" section for a discussion of fuel requirements and contractual arrangements for fuel.

A subsidiary of PPL Energy Supply develops renewable energy plants on customer sites using technologies such as small turbines, reciprocating engines and photovoltaic solar panels. As of December 31, 2007, another subsidiary of PPL Energy Supply owned approximately 23 MW of installed capacity from these projects, serving commercial and industrial customers.

PPL Generation's subsidiaries are subject to the jurisdiction of certain federal, regional, state and local regulatory agencies with respect to air and water quality, land use and other environmental matters. PPL Susquehanna is subject to the jurisdiction of the NRC in connection with the operation of the Susquehanna units. Certain of PPL Generation's other subsidiaries, including PPL Montana, are subject to the jurisdiction of the NRC in connection with the operation of their fossil plants with respect to certain level and density monitoring devices.

Certain operations of PPL Generation's subsidiaries are subject to the Occupational Safety and Health Act of 1970 and comparable state statutes.

PPL EnergyPlus

PPL EnergyPlus markets or brokers the electricity produced by PPL Generation subsidiaries, along with purchased power, natural gas and oil, in competitive wholesale and deregulated retail markets in order to take advantage of opportunities in the competitive energy marketplace.

PPL EnergyPlus buys and sells energy at competitive prices. PPL EnergyPlus purchases electric capacity and energy at the wholesale level, and also sells electric capacity and energy at the wholesale level under FERC market-based tariffs. PPL EnergyPlus enters into these agreements to market available energy and capacity from PPL Generation's assets and to profit from market price fluctuations. PPL EnergyPlus actively manages its portfolios to maximize the value of PPL's generating assets and to limit exposure to price fluctuations. PPL EnergyPlus also purchases and sells energy forward and futures contracts as well as other commodity-based financial instruments in accordance with PPL's risk management policies, objectives and strategies.

PPL EnergyPlus has executed contracts to provide electricity to PPL Electric sufficient for it to meet its PLR obligation through 2009, at the predetermined capped rates PPL Electric is entitled to charge its customers during this period. This arrangement with PPL Electric accounted for 36% of PPL Energy Supply's operating revenues in 2007. See Note 16 to the Financial Statements for more information concerning these contracts.

PPL EnergyPlus currently is licensed to provide retail electric supply to customers in Delaware, Maine, Maryland, Montana, New Jersey and Pennsylvania. Beginning in 2008, PPL EnergyPlus also will be licensed to provide retail electric supply in Massachusetts. In 2007, PPL EnergyPlus provided energy to industrial and commercial customers in Montana. PPL EnergyPlus also is licensed to provide retail natural gas in Pennsylvania, Maryland and New Jersey.

PPL Synfuel Investments, LLC, a subsidiary of PPL EnergyPlus, indirectly owns, through its subsidiaries, two production facilities that until December 31, 2007, manufactured synthetic fuel from coal or coal byproducts. PPL has received federal tax credits for these qualified manufactured solid synthetic fuel products. PPL is in the process of retiring these facilities. See Note 15 to the Financial Statements for additional information.

In 2007, PPL sold PPL Telcom, LLC, an indirect subsidiary of PPL EnergyPlus, which offered fiber optic capacity to telecommunication companies and enterprise customers. See Note 9 to the Financial Statements for additional information.

- ***Pennsylvania Delivery Segment -***

Includes the regulated electric and gas delivery operations of PPL Electric and PPL Gas Utilities.

PPL Electric

PPL Electric delivers electricity to approximately 1.4 million customers in a 10,000-square mile territory in 29 counties of eastern and central Pennsylvania. The largest cities in this territory are Allentown, Bethlehem, Harrisburg, Hazleton, Lancaster, Scranton, Wilkes-Barre and Williamsport.

In addition to delivering electricity in its service territory in Pennsylvania, PPL Electric also provides electricity supply to retail customers in that territory as a PLR. As part of the PUC Final Order, PPL Electric agreed to supply this electricity at predetermined capped rates through 2009. PPL Electric has executed two contracts to purchase electricity from PPL EnergyPlus sufficient for PPL Electric to meet its PLR obligation through 2009, at the predetermined capped rates. PPL Electric's PLR obligation after 2009 will be determined by the PUC pursuant to PLR regulations and a policy statement regarding interpretation and implementation of those regulations. Both the regulations and the policy statement became effective in September 2007. Refer to "Power Supply" for additional information, as well as Notes 15 and 16 to the Financial Statements.

During 2007, about 95% of PPL Electric's operating revenues were derived from regulated electricity delivery and supply as a PLR. About 5% of 2007 operating revenues were from wholesale sales, primarily the sale to PPL EnergyPlus of power purchased from NUGs. During 2007, about 43% of electricity delivery and PLR revenues were from residential customers, 37% from commercial customers, 19% from industrial customers and 1% from other customer classes.

PPL Electric's transmission facilities are operated as part of PJM, which operates the electric transmission network and electric energy market in the mid-Atlantic and Midwest regions of the U.S. Bulk electricity is transmitted to wholesale users throughout a geographic area including all or part of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. As of January 1, 2006, PPL Electric became a member of the RFC. The purpose of the RFC is to preserve and enhance electric service reliability and security for the interconnected electric systems within its territory and to be a regional entity under the framework of the NERC. The RFC's key functions are the development of regional standards for reliable planning and operation of the bulk electric system and non-discriminatory compliance monitoring and enforcement of both NERC and regional standards.

PJM serves as a FERC-approved RTO in order to accommodate greater competition and broader participation in the region. An RTO, like an ISO, is a designation provided by the FERC to a FERC-approved independent entity that operates the transmission system and typically administers a competitive power market. PJM also administers regional markets for energy, capacity and ancillary services. A primary purpose of the RTO/ISO is to separate the operation of, and access to, the transmission grid from market participants that buy or sell electricity in the same markets. Electric utilities continue to own the transmission assets, but the RTO/ISO directs the control and operation of the transmission facilities. PPL Electric is entitled to fully recover from retail customers the charges that it pays to PJM for transmission-related services. PJM imposes these charges pursuant to its FERC-approved Open Access Transmission Tariff.

PPL Electric is subject to regulation as a public utility by the PUC, and certain of its activities are subject to the jurisdiction of the FERC under the Federal Power Act.

PPL Electric also is subject to the jurisdiction of certain federal, regional, state and local regulatory agencies with respect to land use and other environmental matters. Certain operations of PPL Electric are subject to the Occupational Safety and Health Act of 1970 and comparable state statutes.

In November 2004, Pennsylvania enacted the Alternative Energy Portfolio Standards legislation, which requires electric distribution companies, such as PPL Electric, and electric generation suppliers serving retail load to ultimately provide 18% of the electricity sold to retail customers in Pennsylvania from alternative sources within 15 years (by 2020). Under this new state legislation, alternative sources include hydro, wind, solar, waste coal, landfill methane and fuel cells. An electric distribution company will pay an alternative compliance payment of $45 for each MWh that it is short of its required alternative energy supply percentage. Since PPL Electric's PLR generation rates are capped through 2009 as described above and the legislation allows for a cost recovery exemption period, PPL Electric will not be subject to the requirements of this legislation until 2010. In that year, PPL Electric will have to supply about 9% of the total amount of electricity it delivers to its PLR customers from alternative energy sources. At this time, PPL Electric cannot predict the impact of this legislation on its future results of operations because the impact will depend on a number of factors that will not be known until 2010, including customer load requirements, PLR contract terms and available alternative energy sources in the market.

In February 2007, the Governor of Pennsylvania announced an Energy Independence Strategy (Strategy). The Strategy included initiatives aimed at encouraging the development of energy conservation, energy management and alternative energy resources and proposed the creation of an $850 million Energy Independence Fund (Fund) to support the Strategy objectives through rebates, grants and loans to qualifying programs. The Fund would be capitalized with revenue bonds and financed through a non-bypassable charge on retail electric bills. The Strategy also included three initiatives to address PLR issues, such as a proposal to phase-in over three years any initial generation rate increase approved by the PUC and a requirement that PLR providers obtain a "least cost portfolio" of supply by purchasing power in the spot market and through contracts of varying lengths. Additionally, providers would be required to procure energy conservation resources before acquiring additional power to meet load growth. In addition, PLR providers could enter into long-term contracts with large energy users and alternative energy developers. A special legislative session on energy issues began in September 2007 and is continuing in 2008. The announcement of this Strategy and the special legislative session are the first steps in an expected long legislative process involving all of the affected stakeholders. In 2007 and 2008, numerous bills have been introduced on issues incorporated in or related to those addressed by the Strategy, including demand-side management measures. It is uncertain at this time whether the details of implementing the Strategy, including the issues of deferral of costs and recovery of interest for the customer rate phase-in program and the timing of PUC approval for PLR supply portfolios, will be included in legislation or delegated to the PUC. At this time, PPL cannot predict the final outcome of this legislative and regulatory process or its ultimate impact. See PPL's "Results of Operations - Segment Results - Pennsylvania Delivery Segment - 2008 Outlook" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for additional information regarding PPL Electric's efforts to provide default electricity supply for periods after 2009.

PPL Gas Utilities

PPL Gas Utilities was formed in 1946, and PPL acquired it in 1998. PPL Gas Utilities operates a natural gas distribution and propane business in portions of various counties in Pennsylvania, as well as in a small area of Maryland and Delaware, providing natural gas and propane services to approximately 110,000 customers. PPL Gas Utilities provides natural gas services in Pennsylvania subject to the regulatory jurisdiction of the PUC. PPL Gas Utilities also provides intrastate and interstate natural gas storage service from storage fields in Pennsylvania. The intrastate storage service is regulated by the PUC and the interstate storage service is regulated by the FERC. However, under a 1992 FERC Order, rates for interstate storage services are the rates set by the PUC for intrastate service. The propane delivery service is not subject to the regulatory jurisdiction of the PUC or the FERC.

In July 2007, PPL completed a review of strategic options for PPL Gas Utilities and announced its intention to sell these businesses. PPL expects the sale to be completed in the second half of 2008, following execution of a sales agreement and receipt of necessary regulatory approvals. See Note 10 to the Financial Statements for additional information.

- ***International Delivery Segment -***

  Includes WPD, a regulated electricity distribution company in the U.K.

WPD, through indirect wholly-owned subsidiaries, operates two electric distribution companies that together serve approximately 2.6 million end-users in the U.K. WPD (South West) serves 1.5 million customers from Bristol to Bath in a 5,560 square mile area of southwest England. WPD (South Wales) serves an area of Wales opposite the Bristol Channel from WPD (South West)'s territory. Its 1.1 million customers occupy 4,550 square miles of Wales.

PPL Global had controlling interests in electric transmission and distribution companies serving customers in Chile, El Salvador and Bolivia until their respective sales in 2007. In March 2007, PPL completed a review of strategic options for its Latin American businesses and announced its intention to sell them. In May 2007, PPL completed the sale of its El Salvadoran business, DelSur, for $180 million in cash. In July 2007, PPL sold its Bolivian businesses, Elfec and Integra, to a group organized by local management and employees of the companies. In November 2007, PPL completed the sale of its entire interest in its Chilean business, Emel, for $660 million in cash. These Latin American businesses had served approximately 1.1 million customers. See Note 10 to the Financial Statements for additional information on these sales.

Seasonality

Demand for and market prices of electricity are affected by weather. As a result, PPL's overall operating results in the future may fluctuate substantially on a seasonal basis, especially when more severe weather conditions such as heat waves or winter storms make such fluctuations more pronounced. The pattern of this fluctuation may change depending on the nature and location of the facilities PPL owns and the terms of the contracts to purchase or sell electricity.

FINANCIAL CONDITION

See PPL's, PPL Energy Supply's and PPL Electric's "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for this information.

CAPITAL EXPENDITURE REQUIREMENTS

See "Financial Condition - Liquidity and Capital Resources" in PPL's, PPL Energy Supply's and PPL Electric's "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for information concerning estimated capital expenditure requirements for the years 2008-2012. See Note 15 to the Financial Statements for additional information concerning expected capital expenditures for environmental matters.

COMPETITION

The unregulated businesses and markets in which PPL and its subsidiaries participate are highly competitive. Over the last 15 years, there has been increased competition in U.S. energy markets because of federal and state deregulation initiatives. For instance, in 1992, the Energy Act amended the Federal Power Act to provide open access to electric transmission systems for wholesale transactions. In 1996, the Customer Choice Act was enacted in Pennsylvania to restructure the state's electric utility industry to create a competitive market for electricity generation. Certain other states in which PPL's subsidiaries operate have also adopted "customer choice" plans to allow customers to choose their electricity supplier. PPL and its subsidiaries believe that competition in deregulated energy markets will continue to be intense. See "Item

1A. Risk Factors" for more information concerning the risks PPL faces with respect to competition in the deregulated energy markets.

Pursuant to PPL Electric's authorizations from the Commonwealth of Pennsylvania and the PUC, PPL Electric operates a regulated distribution monopoly in its service area. Accordingly, PPL Electric does not face competition in its distribution business. Although WPD operates in non-exclusive concession areas in the U.K., it currently faces little or no competition with respect to residential customers. See "Franchises and Licenses" for more information.

POWER SUPPLY

PPL Generation's system capacity (winter rating) at December 31, 2007 was 11,418 MW. The capacity of generating units is based upon a number of factors, including the operating experience and physical condition of the units, and may be revised periodically to reflect changed circumstances. See "Item 2. Properties" for a description of PPL Generation's plants at December 31, 2007.

During 2007, PPL Generation's plants generated the following amounts of electricity.

State	Millions of kWh
Pennsylvania	44,032
Montana	8,441
Illinois	332
Maine	326
Connecticut	278
New York	232
Total	53,641

This generation represented a 2% increase above the output for 2006. Of this generation, 56% of the energy was generated by coal-fired stations, 31% from nuclear operations at the Susquehanna station, 8% from hydroelectric stations and 5% from oil/gas-fired stations.

PPL estimates that, on average, approximately 91% of its expected annual generation output for the period 2008 through 2009 will be used to meet:

- PPL EnergyPlus' obligation under two contracts to provide electricity for PPL Electric to satisfy its PLR obligation under the Customer Choice Act through 2009;
- PPL EnergyPlus' obligation under contracts to provide electricity to NorthWestern; and
- contractual sales to other counterparties for terms of various lengths.

PPL has started to and will continue to enter into new power sales contracts over the next few years to obtain firm commitments for a portion of the output of its generating facilities, in advance of the expiration of the PLR contracts. PPL has already entered into commitments of varying quantities and terms for the years 2010 and beyond. Based on developments in the wholesale markets over the last several years, PPL expects that new baseload output contracts are likely to continue to be of a shorter duration than the PLR contracts which, at inception, had terms of approximately nine years.

These contractual arrangements are consistent with, and are integral to, PPL's supply business strategy to capture profits while managing exposure to adverse movements in energy and fuel prices and counterparty credit risk. This strategy includes matching PPL's anticipated energy supply (including generation as well as purchase commitments) with load, or customer demand, under contracts of varying lengths with creditworthy counterparties. See Note 15 to the Financial Statements for more information regarding PPL's wholesale energy commitments and Note 16 for more information regarding the PLR contracts.

A subsidiary of PPL Energy Supply funds, develops, constructs, owns and operates plants that produce renewable energy. PPL EnergyPlus markets the energy produced by these plants and renewable energy credits to commercial, industrial and institutional customers.

Another subsidiary of PPL Energy Supply has existing projects throughout Pennsylvania, New York, New Jersey and Connecticut, with capacity of approximately 23 MW. During 2007, these projects generated 44 million kWh. PPL EnergyPlus purchases the output from two wind farms in Pennsylvania with a combined capacity of 50 MW. A subsidiary of PPL Energy Supply plans to invest at least $100 million in new renewable projects through 2011. In addition, PPL Generation is planning to expand by 156 MW the renewable energy provided by hydroelectric facilities. The cost of this expansion is expected to be $544 million.

FUEL SUPPLY

Coal and Synthetic Fuel

Pennsylvania

Through December 31, 2007, PPL Coal Supply, LLC (PPL Coal Supply) provided coal to Iris Energy LLC (Iris Energy) for the production of synthetic fuel. In 2007, synthetic fuel from Iris Energy provided 66% of the fuel requirements for three Pennsylvania power plants operated by PPL Generation. The contract to provide coal to Iris Energy and the contract for Iris Energy to supply synthetic fuel to PPL Generation, along with the IRS synthetic fuel tax credit program, terminated on December 31, 2007. As part of that termination, PPL purchased Iris Energy's membership interest in PPL Coal Supply for $7 million. PPL Generation's coal supply costs are expected to increase by approximately $20 million in 2008 as a result of the synthetic fuel supply contract ending.

Effective December 31, 2007, PPL Coal Supply, which provided the balance of the Pennsylvania plants' coal requirements, was merged into PPL Generation. PPL Generation, by and through its agent PPL EnergyPlus, actively manages PPL's coal requirements by purchasing coal principally from mines located in central and northern Appalachia.

During 2007, PPL Coal Supply purchased about 92% of the coal delivered to PPL Generation's wholly-owned Pennsylvania stations under short-term and long-term contracts and obtained 8% through spot market purchases. These contracts provided PPL Generation about 7.0 million tons of coal. Contracts currently in place are expected to provide approximately 7.3 million tons in 2008. At December 31, 2007, the wholly-owned Pennsylvania plants had sufficient supply for about 31 days of operations. The amount of coal in inventory varies from time to time depending on market conditions and plant operations.

In 2006, PPL Generation, by and through its agent PPL EnergyPlus, entered into a long-term coal purchase agreement with CONSOL Energy Inc. The contract will provide more than one-third of PPL Generation's projected annual coal needs for the Pennsylvania power plants from 2010 through 2018. PPL Generation has other contracts that, in total, will provide additional coal supply for PPL's projected annual needs from 2008 through 2012.

Also at December 31, 2007, a PPL Generation subsidiary owned a 12.34% interest in the Keystone station and a 16.25% interest in the Conemaugh station. The owners of the Keystone station had a long-term contract with a synthetic fuel supplier, which terminated at the end of 2007, and provided 4.4 million tons in 2007. The Keystone station contracts with Keystone Fuels, LLC for the balance of its requirements. The owners of the Conemaugh station also had a long-term contract with a synthetic fuel supplier, which terminated at the end of 2007 and provided 2.6 million tons in 2007. The balance of the Conemaugh station requirements is purchased under contract from Conemaugh Fuels, LLC. PPL's share of Keystone and Conemaugh coal supply costs are expected to increase by $4 million in 2008 due to termination of the synthetic fuel contracts.

Initial deliveries of limestone in preparation for startup of the scrubbers being installed at the Montour power plant began in October 2007. Contracts are in place for all the limestone requirements for the four planned scrubbers at PPL Generation's wholly-owned Pennsylvania stations for 2008 through 2010. When all four scrubbers are fully operational, it is projected that annual limestone requirements will be approximately 700,000 tons.

Montana

PPL Montana has a 50% leasehold interest in Colstrip Units 1 and 2, and a 30% leasehold interest in Colstrip Unit 3. PPL Montana, along with the other owners, is party to contracts to purchase 100% of its coal requirements with defined quality characteristics and specifications. The current coal supply contract for Units 1 and 2 is in effect through December 31, 2009. In 2007, PPL Montana entered into a new long-term purchase and supply agreement with the current supplier for Units 1 and 2 that will begin January 1, 2010. The new contract will provide these units with 100% of the coal requirements through December 31, 2014, and at least 85% of such requirements from January 1, 2015 through December 31, 2019. The coal supply contract for Unit 3 is in effect through December 31, 2019, and will provide 100% of the coal requirements of this unit.

Coal supply contracts are in place to purchase low-sulfur coal with defined quality characteristics and specifications for PPL Montana's Corette station. The contracts supplied 100% of the plant coal requirements in 2007. Similar contracts are currently in place to supply 100% of the expected coal requirements through 2010.

<u>Oil and Natural Gas</u>

PPL Generation's Martins Creek Units 3 and 4 burn both oil and natural gas. PPL EnergyPlus is responsible for procuring the oil and natural gas supply for all PPL Generation operations. During 2007, 100% of the physical oil and gas requirements for the Martins Creek units were purchased on the spot market. As of December 31, 2007, PPL EnergyPlus had no long-term agreements for these oil requirements.

As of December 31, 2007, there were no long-term delivery or supply agreements to purchase natural gas for the University Park facility.

PPL EnergyPlus has a long-term contract for approximately 40% of the expected pipeline transportation requirements of the Wallingford facility, but has no long-term supply agreement to purchase natural gas.

PPL EnergyPlus has a short-term and long-term gas transportation contract in place for approximately 30% of the maximum daily requirements of the Lower Mt. Bethel facility, but has no long-term supply agreement to purchase natural gas.

<u>Nuclear</u>

The nuclear fuel cycle consists of several material and service components: the mining and milling of uranium ore to produce uranium concentrates; the conversion of these concentrates into uranium hexafluoride, a gas component; the enrichment of the hexafluoride gas; the fabrication of fuel assemblies for insertion and use in the reactor core; and the temporary storage and final disposal of spent nuclear fuel.

PPL Susquehanna has a portfolio of supply contracts, with varying expiration dates, for nuclear fuel materials and services. These contracts are expected to provide sufficient fuel to permit Unit 1 to operate into the first quarter of 2012 and Unit 2 to operate into the first quarter of 2013. PPL Susquehanna anticipates entering into additional contracts to ensure continued operation of the nuclear units.

Federal law requires the federal government to provide for the permanent disposal of commercial spent nuclear fuel. Under the Nuclear Waste Policy Act (NWPA), the DOE initiated an analysis of a site in Nevada for a permanent nuclear waste repository. There is no definitive date by which this repository will be operational. As a result, it was necessary to expand Susquehanna's on-site spent fuel storage capacity. To support this expansion, PPL Susquehanna contracted for the design and construction of a spent fuel storage facility employing dry cask fuel storage technology. The facility is modular, so that additional storage capacity can be added as needed. The facility began receiving spent nuclear fuel in 1999. PPL Susquehanna estimates that there is sufficient storage capacity in the spent nuclear fuel pools and the on-site spent fuel storage facility at Susquehanna to accommodate spent fuel discharged through approximately 2017, under current operating conditions. If necessary, the on-site spent fuel storage facility can be expanded, assuming appropriate regulatory approvals are obtained, such that, together, the spent fuel pools and the expanded dry fuel storage facility will accommodate all of the spent fuel expected to be discharged through the current licensed life of the plant.

In 2002, President Bush approved the Congressional override of a veto by the State of Nevada, designating Yucca Mountain, Nevada, as the site for development of a permanent repository for high-level radioactive waste. The next step is for the DOE to submit a license application to the NRC to build and then operate the Yucca Mountain repository. The DOE currently plans to submit a license application by the end of 2008.

In 1996, the U.S. Court of Appeals for the District of Columbia Circuit ruled that the NWPA imposed on the DOE an unconditional obligation to begin accepting spent nuclear fuel on or before January 31, 1998. In 1997, the Court ruled that the contracts between the utilities and the DOE provide a potentially adequate remedy if the DOE failed to begin accepting spent nuclear fuel by January 31, 1998. The DOE did not, in fact, begin to accept spent nuclear fuel on that date. The DOE continues to contest claims that its breach of contract resulted in recoverable damages. In January 2004, PPL Susquehanna filed suit in the U.S. Court of Federal Claims for unspecified damages suffered as a result of the DOE's breach of its contract to accept and dispose of spent nuclear fuel. PPL cannot predict the outcome of these proceedings.

PROVIDER OF LAST RESORT SUPPLY

The Customer Choice Act requires electricity delivery companies, like PPL Electric, to act as a PLR of electricity and provides that electricity supply costs will be recovered by such companies pursuant to regulations to be established by the PUC. In May 2007, the PUC approved PPL Electric's plan to procure default electricity supply in 2010 -- after its current supply agreements with PPL EnergyPlus expire -- for retail customers who do not choose an alternative competitive supplier. Pursuant to this plan, PPL Electric has completed two of six competitive supply solicitations and has contracted for one-third of the 2010 electricity supply it expects to need for residential, small commercial and small industrial customers. See PPL's "Results of Operations - Segment Results - Pennsylvania Delivery Segment - 2008 Outlook" in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," for additional information regarding PPL Electric's efforts to provide default electricity supply for periods after 2009.

ENVIRONMENTAL MATTERS

Certain PPL subsidiaries, including PPL Electric and PPL Generation subsidiaries, are subject to certain present and developing federal, regional, state and local laws and regulations with respect to air and water quality, land use and other environmental matters. See PPL's and PPL Energy Supply's "Financial Condition - Liquidity and Capital Resources" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" for information concerning environmental expenditures during 2007 and estimated expenditures during 2008-2012. Certain environmental laws, regulations and developments that may have a substantial impact on PPL are discussed below. See "Environmental Matters" in Note 15 to the Financial Statements for information regarding these laws and regulations and the status of PPL's and its subsidiaries compliance and remediation activities, as well as legal and regulatory proceedings involving PPL and its subsidiaries.

Air

The Clean Air Act includes, among other things, provisions that: (a) restrict the construction of, and revise the performance standards for, new and substantially modified coal-fired and oil-fired generating stations; and (b) authorize the EPA to impose substantial per day noncompliance penalties for each facility found to be in violation of the requirements of an applicable state implementation plan. State agencies administer the EPA's air quality regulations through state implementation plans and have concurrent authority to impose penalties for noncompliance.

In 2005, the EPA finalized its Clean Air Interstate Rule (CAIR) requiring substantial reductions for sulfur dioxide and nitrogen oxides emissions in 28 midwestern and eastern states, including Pennsylvania. Pursuant to a separate rule finalized in 2005, the EPA also required mercury reductions nationwide. However, a federal appeals court has negated the EPA mercury rule. The ruling is not expected to affect PPL's current plans to comply with state regulations in Pennsylvania and Montana. PPL continues to review the federal court opinion to determine whether it has any effect on state regulations in the long term.

Global Climate Change

There is a growing concern nationally and internationally about global climate change and the contribution of greenhouse gas emissions including, most significantly, carbon dioxide. This concern has led to increased federal legislative proposals, actions at state or local levels, as well as litigation relating to greenhouse gas emissions, including an April 2007 U.S. Supreme Court decision holding that the EPA has the authority to regulate greenhouse gas emissions from new motor vehicles under the Clean Air Act. The EPA has also agreed, following this decision, to a remand of New Source Performance Standards (NSPS) applicable to stationary sources to reconsider its approach to including greenhouse gases under such rules. If the EPA concludes greenhouse gases from motor vehicles pose an endangerment to public health or welfare, this could lead to regulation of stationary source carbon dioxide emissions. The EPA might also proceed directly under the NSPS to regulate greenhouse gases from stationary sources. Also, increased pressure for carbon dioxide emissions reduction is being initiated by investor and environmental organizations and the international community. In addition, a nuisance claim brought by a number of states against other large electric generating companies was dismissed by a federal district court in New York but remains pending on appeal in the U.S. Court of

Appeals for the Second Circuit.

PPL believes that the regulation of greenhouse gas emissions may have a material impact on its capital expenditures and operations, but the costs are not now determinable. PPL also cannot predict the impact that any pending or future federal or state legislation regarding more stringent environmental standards could have on PPL or its subsidiaries.

Water

To implement the requirements of the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977 and the Water Quality Act of 1987, the EPA has adopted regulations on effluent standards for steam electric stations. The states administer the EPA's effluent standards through state laws and regulations relating to, among other things, effluent discharges and water quality. The standards adopted by the EPA pursuant to the Clean Water Act may have a significant impact on existing facilities of certain PPL subsidiaries, depending on the states' interpretation and future amendments to regulations. The EPA plans to finalize the 2008 Effluent Guidelines Plan by August 2008, in which the EPA will make a decision about whether to revise the steam electric effluent guidelines. The EPA is presently conducting a sampling study of industry discharges to obtain information needed to make that decision.

As a result of a U.S. Court of Appeals for the Second Circuit decision in January 2007, the EPA has withdrawn and is revising its rules for reducing the adverse impact to aquatic organisms during operation of cooling water intakes at existing facilities. While the EPA revises the rule, some states are moving forward to independently implement this section of the Clean Water Act. Changes the EPA will make to the rule in accordance with this decision and the actions of states will likely result in requirements to install technologies to reduce the impact to aquatic life. The cost of these technologies is not now determinable but could be significant.

Pursuant to the Surface Mining and Reclamation Act of 1977, the OSM has adopted effluent guidelines which are applicable to PPL subsidiaries as a result of their past coal mining and coal processing activities. The EPA and the OSM limitations, guidelines and standards also are enforced through the issuance of NPDES permits. In accordance with the provisions of the Clean Water Act and the Reclamation Act of 1977, the EPA and the OSM have authorized the states to implement the NPDES program. Compliance with applicable water quality standards is assured by state imposition of NPDES permit conditions and requirements to address acid mine drainage.

Solid and Hazardous Waste

The provisions of Superfund authorize the EPA to require past and present owners of contaminated sites and generators of any hazardous substance found at a site to clean-up the site or pay the EPA or the state for the costs of clean-up. The generators and past owners can be liable even if the generator contributed only a minute portion of the hazardous substances at the site. Present owners can be liable even if they contributed no hazardous substances to the site.

State laws such as the Pennsylvania and Montana Superfund statutes and the Pennsylvania Solid Waste Management Act also give state agencies broad authority to identify contaminated sites or sites with waste that has been improperly disposed of, and to order owners or responsible parties to clean-up the sites. If responsible parties cannot or will not perform the clean-up, the agency can hire contractors to clean-up the sites and then require reimbursement from the responsible parties after the clean-up is completed. Another Pennsylvania statute, the Land Recycling and Environmental Remediation Standards, encourages voluntary clean-ups by allowing responsible parties to choose from a menu of clean-up standards and providing liability protection commensurate with the clean-up standard chosen.

Furthermore, the EPA and several states, including Montana, are considering establishing regulations that could impact the disposal and management of coal combustion products including ash and scrubber wastes and other by-products. PPL cannot predict at this time what impact, if any, such regulations would have on its operating facilities.

Certain federal and state statutes, including federal and state Superfund statutes, also impose liability on the responsible parties for the lost value of damaged natural resources.

Low-Level Radioactive Waste

Under federal law, each state is responsible for the disposal of low-level radioactive waste generated in that state. States may join in regional compacts to jointly fulfill their responsibilities. The states of Pennsylvania, Maryland, Delaware and West Virginia are members of the Appalachian States Low-Level Radioactive Waste Compact. Efforts to develop a regional disposal facility in Pennsylvania were suspended by the Pennsylvania DEP in 1998. The Commonwealth retains the legal authority and may be required to resume the siting process should it be necessary. Low-level radioactive waste resulting from the operation of the Susquehanna facility is currently being sent to independently operated facilities in Barnwell, South Carolina, and Clive, Utah for disposal. In the event these or other emergent disposal options become unavailable or are no longer cost-effective, low-level radioactive waste will be stored on-site at Susquehanna, in a facility licensed for that purpose by the NRC. The Barnwell facility has announced that it will stop receiving waste from most states, including Pennsylvania, in June 2008. Beginning at that time, PPL will send most of its low-level radioactive waste to the Clive, Utah facility and the remainder will be stored at the Susquehanna storage facility. PPL Susquehanna cannot predict the future availability of independently operated low-level waste disposal facilities or the cost of disposal at such facilities. PPL believes that its licensed storage facility located at Susquehanna is sufficient for the foreseeable future to replace the portion of storage capability at the Barnwell facility that will not be shifted to Clive, Utah.

Electric and Magnetic Fields

Concerns have been expressed by some members of the public regarding potential health effects of power frequency EMFs, which are emitted by all devices carrying electricity, including electric transmission and distribution lines and substation equipment. Government officials in the

U.S. and the U.K. have reviewed this issue. The U.S. National Institute of Environmental Health Sciences concluded in 2002 that, for most health outcomes, there is no evidence that EMFs cause adverse effects. The agency further noted that there is some epidemiological evidence of an association with childhood leukemia, but that the evidence is difficult to interpret without supporting laboratory evidence. The U.K. National Radiological Protection Board (part of the U.K. Health Protection Agency) concluded in 2004 that, while the research on EMFs does not provide a basis to find that EMFs cause any illness, there is a basis to consider precautionary measures beyond existing exposure guidelines. In April 2007, the Stakeholder Group on Extremely Low Frequency EMF, set up by the U.K. Government, issued its interim assessment, which describes a number of options for reducing public exposure to EMFs. This assessment is being considered by the U.K. Government. PPL and its subsidiaries believe the current efforts to determine whether EMFs cause adverse health effects should continue and are taking steps to reduce EMFs, where practical, in the design of new transmission and distribution facilities. PPL and its subsidiaries are unable to predict what effect, if any, the EMF issue might have on their operations and facilities either in the U.S. or the U.K., and the associated cost, or what, if any, liabilities they might incur related to the EMF issue.

General

PPL and its subsidiaries are unable to predict the ultimate effect of evolving environmental laws and regulations upon their existing and proposed facilities and operations. In complying with statutes, regulations and actions by regulatory bodies involving environmental matters, including the areas of water and air quality, hazardous and solid waste handling and disposal and toxic substances, PPL's subsidiaries may be required to modify, replace or cease operating certain of their facilities. PPL's subsidiaries may also incur significant capital expenditures and operating expenses in amounts which are not now determinable, but could be significant.

FRANCHISES AND LICENSES

PPL Electric is authorized to provide electric public utility service throughout its service area as a result of grants by the Commonwealth of Pennsylvania in corporate charters to PPL Electric and companies to which it has succeeded and as a result of certification by the PUC. PPL Electric is granted the right to enter the streets and highways by the Commonwealth subject to certain conditions. In general, such conditions have been met by ordinance, resolution, permit, acquiescence or other action by an appropriate local political subdivision or agency of the Commonwealth.

See "Background - Supply Segment" for a discussion of PPL EnergyPlus' licenses in various states. PPL EnergyPlus also has an export license from the DOE to sell capacity and/or energy to electric utilities in Canada.

PPL Susquehanna operates Units 1 and 2 pursuant to NRC operating licenses. In September 2006, PPL Susquehanna applied to the NRC for 20-year license renewals for each of the Susquehanna units to extend their expiration dates, from 2022 to 2042 for Unit 1 and from 2024 to 2044 for Unit 2. PPL cannot predict whether or when NRC approval will be obtained.

In December 2007, PPL announced that PPL Susquehanna will ask the NRC to approve a COLA for a new nuclear generating unit to be built adjacent to the Susquehanna plant. See Note 9 to Financial Statements for additional information.

PPL Holtwood operates the Holtwood hydroelectric generating station pursuant to a license renewed by the FERC in 1980 and expiring in 2014. PPL Holtwood operates the Wallenpaupack hydroelectric generating station pursuant to a license renewed by the FERC in 2005 and expiring in 2044. PPL Holtwood also owns one-third of the capital stock of Safe Harbor Water Power Corporation (Safe Harbor), which holds a project license that extends the operation of its hydroelectric generating station until 2030. The total capacity of the Safe Harbor generating station is 420 MW, and PPL Holtwood is entitled by contract to one-third of the total capacity.

In December 2007, PPL asked the FERC for permission to expand its Holtwood plant by 125 MW. See Note 9 to the Financial Statements for additional information.

The 11 hydroelectric facilities and one storage reservoir purchased from Montana Power in 1999 are licensed by the FERC. These licenses expire periodically, and the generating facilities must be relicensed at such times. The current FERC license for the Mystic facility expires in 2009; the Thompson Falls and Kerr licenses expire in 2025 and 2035, respectively; and the licenses for the nine Missouri-Madison facilities expire in 2040. In December 2007, the FERC issued a new license for the Mystic facility for a 40-year term, effective January 1, 2010.

In connection with the relicensing of these generation facilities, the FERC may, under applicable law, relicense the original licensee or license a new licensee, or the U.S. government may take over the facility. If the original licensee is not relicensed, it is compensated for its net investment in the facility, not to exceed the fair value of the property taken, plus reasonable damages to other property affected by the lack of relicensing.

WPD is located in the U.K. and is authorized by the U.K. government to provide electric distribution services within its concession areas and service territories, subject to certain conditions and obligations. For instance, WPD is subject to governmental regulation of the prices it can charge and the quality of service it must provide, and WPD can be fined or even have its licenses revoked if it does not meet the mandated standard of service.

WPD operates under distribution licenses granted, and price controls set, by Ofgem. The price control formula that governs WPD's allowed revenue is normally determined every five years. The most recent review was completed in late-2004, and new prices became effective April 1, 2005.

EMPLOYEE RELATIONS

As of December 31, 2007, PPL and its subsidiaries had the following full-time employees.

PPL Energy Supply	
PPL Generation	2,674
PPL EnergyPlus	2,197 (a)
PPL Global	
Domestic	8
International (WPD)	2,334
Total PPL Energy Supply	7,213
PPL Electric	2,238
PPL Gas Utilities	373
PPL Services & Other	1,325
Total PPL	11,149

(a) Includes union employees of mechanical contracting subsidiaries, whose number tends to fluctuate due to the nature of this business.

Approximately 61%, or 5,339, of PPL's domestic workforce are members of labor unions, with four IBEW locals representing 3,643 employees. The other unions primarily represent employees of the mechanical contractors and gas utility employees in Pennsylvania. The bargaining agreement with the largest union was negotiated in May 2006 and expires in May 2010. Nine four-year contracts with smaller gas utility locals in Pennsylvania were negotiated in 2007. In June 2004, the IBEW representing 245 employees at the Montana Colstrip power plant approved a four-year labor agreement expiring in June 2008. In January 2008, a four-year contract expiring in April 2012 was negotiated with an IBEW local in Montana that represents 86 employees at the hydroelectric plants and at the Corette plant.

Approximately 84%, or 1,953, of PPL's international workforce are members of labor unions. WPD recognizes five unions, the largest of which represents 37% of union members. WPD's Electricity Business Agreement covers 1,897 union employees; it may be amended by agreement between WPD and the unions and is terminable with 12 months notice by either side.

AVAILABLE INFORMATION

PPL's Internet Web site is www.pplweb.com. On the Investor Center page of that Web site, PPL provides access to all SEC filings of PPL registrants free of charge, as soon as reasonably practicable after filing with the SEC. Additionally, PPL registrants' filings are available at the SEC's Web site (www.sec.gov) and at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549, or by calling 1-800-SEC-0330.

ITEM 1A. RISK FACTORS

PPL, PPL Energy Supply and PPL Electric face various risks associated with our businesses. While we have tried to identify below the risks we currently consider material, these risks are not the only risks that we face. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our businesses, financial condition, cash flows or results of operations could be materially adversely affected by any of these risks. In addition, this report also contains forward-looking and other statements that involve a number of risks and uncertainties. See "Forward-Looking Information," "Item 1. Business," "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 15 to the Financial Statements for more information concerning the risks described below and for other risks, uncertainties and factors that could impact our businesses and financial results.

As used in this Item 1A., the terms "we," "our" and "us" generally refer to PPL and its consolidated subsidiaries taken as a whole, or to PPL Energy Supply and its consolidated subsidiaries taken as a whole within the Supply and International Delivery segment discussions, or PPL Electric and PPL Gas Utilities and their consolidated subsidiaries taken as a whole within the Pennsylvania Delivery segment discussion.

Risks Related to Supply Segment

(*PPL and PPL Energy Supply*)

Adverse changes in commodity prices and related costs may decrease our future energy margins, which could adversely affect our earnings and cash flows.

Our energy margins, or the amount by which our revenues from the sale of power exceed our costs of supplying power, are impacted by changes in the market prices for electricity, as well as fluctuations in the prices for fuel, fuel transportation, emission allowances, renewable energy credits, electricity transmission and related congestion charges and other costs. Unlike most other commodities, there is limited ability to store electric power and it must be consumed at the time of production. As a result, the wholesale market prices for electricity may fluctuate substantially over relatively short periods of time and can be unpredictable. Among the factors that can influence such prices are:

- demand for electricity and supplies of electricity available from current or new generation resources;
- variable production costs, primarily fuel (and the associated fuel transportation costs) and emission allowance expense, for the generation resources used to meet the demand for electricity;
- transmission capacity and service into, or out of, markets served;
- changes in the regulatory framework for wholesale power markets;
- liquidity in the wholesale electricity market, as well as general credit worthiness of key participants in the market; and
- weather conditions impacting demand for electricity or the facilities necessary to deliver electricity.

2 8 62

CONSTELLATION EGY. NYSE-CEG

RECENT PRICE 62.62 | P/E RATIO 12.8 (Trailing: 14.3; Median: 15.0) | RELATIVE P/E RATIO 0.83 | DIV'D YLD 3.3% | VALUE LINE 155

TIMELINESS 3 Raised 8/1/08

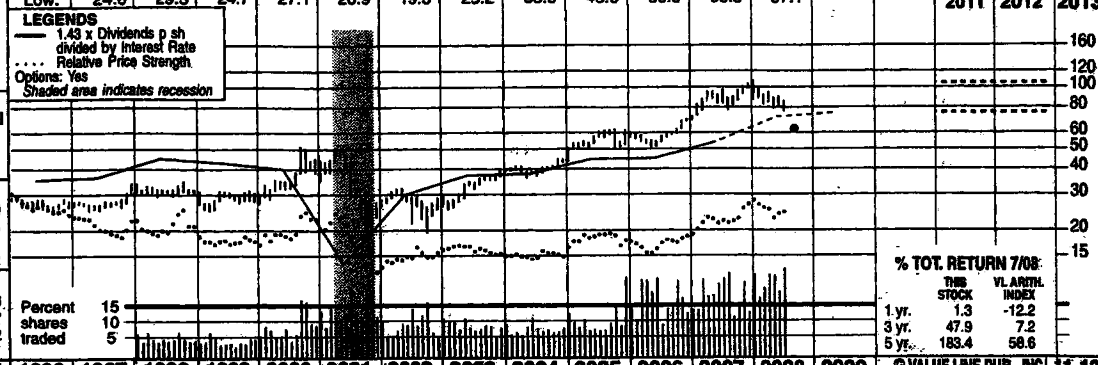
SAFETY 2 Lowered 3/20/92

TECHNICAL 4 Lowered 8/29/08

BETA .85 (1.00 = Market)

High:	34.3	35.3	31.5	52.1	50.1	32.4	39.6	44.9	62.6	70.2	104.3	108.0		Target Price Range 2011 2012 2013
Low:	24.8	29.3	24.7	27.1	20.9	19.3	25.2	35.9	43.0	50.6	68.8	57.1		

LEGENDS
— 1.43 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+70%)	16%
Low	75	(+20%)	8%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	1	0
Options	0	3	3	0	4	0	0	2	1
to Sell	0	6	3	0	8	0	0	3	2

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	169	223	207
to Sell	208	201	242
Hld's(000)	131440	126372	120891

Percent shares traded 15 10 5

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	1.3	-12.2
3 yr.	47.9	7.2
5 yr.	183.4	58.6

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
17.33	18.27	18.86	19.89	21.35	22.40	22.50	25.32	25.77	24.00	28.53	57.82	71.17	96.08	106.83	118.77	112.60	122.15	Revenues per sh	153.50
3.10	3.45	3.93	4.59	4.45	4.66	4.93	5.57	5.78	5.02	5.50	6.31	6.89	6.78	6.81	7.52	7.65	9.45	"Cash Flow" per sh	11.00
1.63	1.85	1.93	2.02	1.85	1.97	2.06	2.18	2.30	2.20	2.29	2.76	3.19	3.38	3.76	4.29	4.30	5.90	Earnings per sh A	6.75
1.43	1.47	1.51	1.55	1.59	1.63	1.67	1.68	1.68	.48	.96	1.04	1.14	1.34	1.51	1.74	1.91	2.10	Div'd Decl'd per sh B■	2.70
2.71	3.27	3.27	2.48	2.44	2.53	2.27	2.92	7.17	8.05	5.05	3.92	3.99	4.26	5.33	7.26	11.90	10.45	Cap'l Spending per sh	8.25
17.63	17.94	18.42	19.07	19.35	19.44	19.98	20.01	20.95	23.48	23.43	24.67	26.81	27.57	25.53	29.93	32.35	36.20	Book Value per sh C	48.50
143.78	146.03	147.53	147.53	147.67	147.67	149.25	149.56	150.53	163.71	164.84	167.82	176.33	178.30	180.52	178.44	178.50	174.00	Common Shs Outst'g D	180.00
13.6	13.8	11.8	12.4	14.7	14.0	15.3	13.2	15.8	16.4	12.1	11.8	12.5	16.0	15.6	20.5	Bold figures are		Avg Ann'l P/E Ratio	13.5
.82	.82	.77	.83	.92	.81	.80	.75	1.03	.84	.66	.67	.66	.85	.84	1.09	Value Line		Relative P/E Ratio	.90
6.5%	5.8%	6.6%	6.2%	5.9%	5.9%	5.3%	5.8%	4.6%	1.3%	3.5%	3.2%	2.9%	2.5%	2.6%	2.0%	estimates		Avg Ann'l Div'd Yield	3.0%

CAPITAL STRUCTURE as of 3/31/08
Total Debt $4919.5 mill. **Due in 5 Yrs** $1853.2 mill.
LT Debt $4686.7 mill. **LT Interest** $300.0 mill.
(LT interest earned: 5.3x)
Leases, Uncapitalized Annual rentals $505.6 mill.

Pension Assets-12/07 $1.26 bill. **Oblig.** $1.64 bill.
Pfd Stock $190.0 mill. **Pfd Div'd** $13.2 mill.
Incl. 1,900,000 shs. 6.70%-7.125% preference, callable at $102.68-$103.50, all $100 par, not subject to mandatory redemption.
Common Stock 178,381,136 shs.
as of 4/30/08.
MARKET CAP: $11 billion (Large Cap)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		11-13
3358.1	3786.2	3878.5	3928.3	4703.0	9703.0	12550	17132	19285	21193	20100	21800	Revenues ($mill)	28250
327.7	339.9	358.5	366.3	372.1	472.2	567.8	619.9	696.8	796.4	790	1075	Net Profit ($mill)	1260
35.2%	35.4%	39.1%	34.6%	40.3%	35.6%	27.1%	24.8%	31.0%	33.7%	36.0%	35.0%	Income Tax Rate	35.0%
4.1%	2.9%	--	15.7%	11.8%	2.9%	1.9%	1.6%	2.0%	2.4%	4.0%	2.0%	AFUDC % to Net Profit	2.0%
49.7%	44.7%	48.6%	40.2%	53.2%	53.8%	49.5%	46.1%	46.8%	45.7%	44.0%	42.5%	Long-Term Debt Ratio	40.5%
47.3%	52.0%	48.5%	57.0%	44.6%	44.2%	48.6%	51.9%	51.1%	52.4%	54.0%	56.0%	Common Equity Ratio	58.0%
6299.6	5758.4	6502.3	6746.1	8666.2	9369.7	9730.1	9474.8	9021.6	10191	10650	11550	Total Capital ($mill)	15300
5656.7	5523.1	6644.0	7700.4	7957.1	9601.5	10087	10067	9222.1	9767.1	11300	12550	Net Plant ($mill)	14800
6.9%	7.5%	7.1%	6.5%	5.9%	6.7%	7.4%	8.0%	9.3%	9.1%	9.0%	10.5%	Return on Total Cap'l	9.5%
10.3%	10.7%	10.7%	9.1%	9.2%	10.9%	11.5%	12.1%	14.5%	14.4%	13.0%	16.0%	Return on Shr. Equity	14.0%
10.3%	10.9%	11.0%	9.2%	9.3%	11.1%	11.7%	12.3%	14.8%	14.7%	13.5%	16.5%	Return on Com Equity E	14.0%
2.0%	2.5%	3.0%	6.0%	5.7%	7.0%	7.7%	7.7%	9.1%	8.9%	7.5%	10.5%	Retained to Com Eq	8.5%
81%	78%	74%	37%	41%	39%	36%	39%	40%	40%	45%	36%	All Div'ds to Net Prof	40%

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+3.0	-3.8	+3.3
Avg. Indust. Use (MWH)	762	677	647
Avg. Indust. Revs. per KWH (¢)	8.60	10.02	11.01
Capacity at Peak (Mw)	6410	NA	NA
Peak Load, Summer (Mw)	4000	NA	NA
Nuclear Capacity Factor (%)	94	NA	NA
% Change Customers (yr-end)	+1.1	+.8	+.9
Fixed Charge Cov. (%)	317	354	395

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	17.5%	32.5%	6.0%
"Cash Flow"	4.5%	5.5%	7.5%
Earnings	7.0%	11.0%	10.0%
Dividends	-.5%	8.0%	10.0%
Book Value	3.5%	4.0%	10.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	3572	3479	4922	5159	17132
2006	4859	4379	5393	4654	19285
2007	5111	4876	5857	5349	21193
2008	4827	5077	5400	4811	20100
2009	5200	5200	6200	5200	21800

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.66	.66	1.02	1.04	3.38
2006	.56	.41	1.69	1.10	3.76
2007	1.08	.59	1.24	1.38	4.29
2008	.81	.95	.85	1.69	4.30
2009	1.40	1.40	1.40	1.70	5.90

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.26	.285	.285	.285	1.12
2005	.285	.335	.335	.335	1.29
2006	.335	.378	.378	.378	1.47
2007	.378	.435	.435	.435	1.68
2008	.435	.478	.478		

BUSINESS: Constellation Energy Group, Inc. is a holding company for Baltimore Gas and Electric Company, which distributes electricity and gas in Baltimore and parts of central Maryland. Customers: 1.2 million electric, 646,000 gas. Has nonregulated businesses: Constellation Energy Commodities Group and Constellation NewEnergy. Owns 30% of Constellation Energy Partners. Electric revenue breakdown, '07: residential, 64%; commercial, 34%; industrial, 2%. Generating sources, '07: nuclear, 61%; coal, 35%; other, 4%. Fuel costs: 78% of revenues. '07 deprec. rate: 3.8%. Has 10,200 employees. Chairman, President & CEO: Mayo A. Shattuck III. Inc.: MD. Address: 750 East Pratt St., Baltimore, MD 21202. Tel.: 410-783-2800. Internet: www.constellation.com.

Constellation Energy stock is off sharply of late. In August, the share price fell precipitously after a rating agency cut the company's credit rating from BBB+ to BBB. Another agency soon followed suit. Maintaining an investment-grade rating is very important for a company that is as heavily involved in energy trading and marketing as is Constellation (which gets most of its profits from the nonregulated side of its business), because a company must provide more collateral as its credit rating declines. The latest rating is still two notches above a noninvestment-grade level, but if it falls below investment grade, Constellation would have to provide over $3 billion in additional collateral.

Even before the recent decline, the stock was performing poorly. In early 2008, the share price was more than $100. In late July, perhaps to address investors' concerns as Constellation reported June-quarter earnings, management stated that it is "considering various strategic alternatives for our commodities business." This might well result in a joint venture similar to the one that Sempra Energy (reviewed in Issue 11) entered into with Royal Bank of Scotland, although finding the right partner won't be easy.

We have reduced our earnings estimates for the second half of 2008 and all of 2009. Based on Constellation's guidance, it appears we overestimated the company's earning power over the remainder of 2008 by $0.50-$1.00 a share. Moreover, we have lowered our 2009 forecast by $0.65 a share, to $5.90. This would still be a record tally for Constellation, and by a wide margin. But this company has a lot of moving parts on the nonutility side of its operations, which makes its earnings much more unpredictable than its high Earnings Predictability Index suggests.

Investors with a long time horizon, who can swallow the inherent uncertainties of the energy-marketing business, should take advantage of the recent weakness in the share price as a buying opportunity. Even after we reduced our earnings expectations, the relative price-earnings ratio is lower than it has been for the past few years. Projected total returns to 2011-2013 are well above the industry average.

Paul E. Debbas, CFA *August 29, 2008*

(A) Diluted EPS. Excl. nonrecur. gains (losses): '02, 91¢; '03, ($1.09); '04, (8¢); '05, (4¢); '06, 36¢; '07, 22¢; gains (loss) from disc. ops.: '05, 13¢; '06, $1.04; '07, (1¢). Next earnings report due late Oct. (B) Div'ds historically paid in early Jan., Apr., July, and Oct. ■ Div'd reinvestment plan avail. (C) Incl. def'd charges. In '07: $4.69/sh. (D) In mill. (E) Rate base: Fair value. Rate all'd on com. eq. in '93 (elec.): none specified; in '05 (gas): 11%; earned on avg. com. eq., '07: 15.5%. Regulatory Climate: Avg.

Company's Financial Strength	A
Stock's Price Stability	90
Price Growth Persistence	85
Earnings Predictability	80

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

43.16 2009 projected
report ap

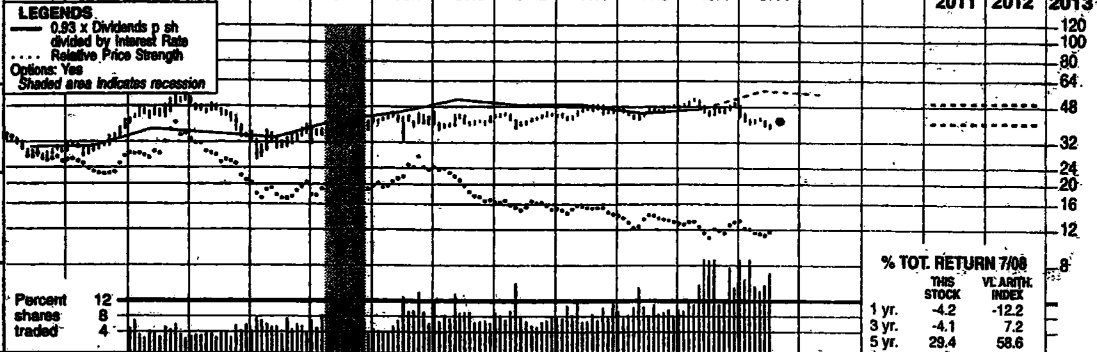
CON. EDISON NYSE-ED

RECENT PRICE 41.01 | P/E RATIO 13.5 (Trailing: 12.8 Median: 14.0) | RELATIVE P/E RATIO 0.88 | DIV'D YLD 5.7% | VALUE LINE 154

TIMELINESS 3 Raised 8/11/06
SAFETY 1 New 7/27/90
TECHNICAL 3 Raised 8/8/08
BETA .75 (1.00 = Market)

High:	41.5	56.1	53.4	39.5	43.4	45.4	46.0	45.6	49.3	49.3	52.9	49.3
Low:	27.0	39.1	33.6	26.2	31.4	32.7	36.6	37.2	41.1	41.2	43.1	37.4

Target Price Range 2011 | 2012 | 2013



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+20%)	10%
Low	40	(Nil)	5%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	2	0	0	1	0	0	1
Options	1	2	3	0	0	0	0	0	0
to Sell	1	2	3	0	0	0	0	0	0

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	162	224	183
to Sell	196	142	203
Hld's(000)	142085	133242	127910

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-4.2	-12.2
3 yr.	-4.1	7.2
5 yr.	29.4	58.6

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
25.36	26.73	27.13	27.82	29.62	30.24	30.46	35.04	44.48	45.41	39.65	43.51	40.24	47.66	47.14	48.23	*40.45*	*51.95*	Revenues per sh	*58.25*
4.06	4.38	4.77	4.87	4.97	5.08	5.29	5.74	5.51	5.70	5.44	5.12	4.54	5.27	5.28	5.77	*5.80*	*6.15*	"Cash Flow" per sh	*7.30*
2.46	2.66	2.98	2.93	2.93	2.95	3.04	3.13	2.74	3.21	3.13	2.83	2.32	2.99	2.95	3.48	*3.05*	*3.15*	Earnings per sh A	*3.30*
1.90	1.94	2.00	2.04	2.08	2.10	2.12	2.14	2.18	2.20	2.22	2.24	2.26	2.28	2.30	2.32	*2.34*	*2.36*	Div'd Decl'd per sh B ■	*2.42*
3.40	3.37	3.22	2.95	2.87	2.78	2.66	3.17	4.52	5.20	5.68	5.72	5.60	6.59	7.17	7.09	*9.85*	*9.55*	Cap'l Spending per sh	*6.95*
20.89	21.63	22.62	23.51	24.37	25.18	25.88	25.31	25.81	26.71	27.68	28.44	29.09	29.80	31.09	32.58	*34.20*	*34.85*	Book Value per sh C	*37.70*
233.93	234.37	234.91	234.96	234.99	235.49	232.83	213.81	212.03	212.15	213.93	225.84	242.51	245.29	257.46	272.02	*274.00*	*278.00*	Common Shs Outst'g	*284.00*
11.9	13.1	9.3	9.8	10.1	10.9	15.3	14.0	12.0	12.0	13.3	14.3	18.2	15.1	15.5	13.8	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.72	.77	.61	.66	.63	.63	.80	.80	.78	.61	.73	.82	.96	.80	.84	.72	*Value Line*		Relative P/E Ratio	*.90*
6.5%	5.6%	7.2%	7.1%	7.0%	6.5%	4.6%	4.9%	6.6%	5.7%	5.3%	5.5%	5.3%	5.0%	5.0%	4.8%	*estimates*		Avg Ann'l Div'd Yield	*5.4%*

CAPITAL STRUCTURE as of 6/30/08
Total Debt $9461 mill. Due in 5 Yrs $2128 mill.
LT Debt $8802 mill. LT Interest $480.0 mill.
(LT interest earned: 4.5x)
Pension Assets-12/07 $8.4 bill. Oblig. $8.7 bill.

Pfd Stock $212.6 mill. Pfd Div'd $12.5 mill.
1,915,319 shs. $5 cum. no par, call. $105 a sh.;
375,626 shs. 4.65% cum. $100 par, call. $101 to $102.50 a sh. Sinking Fund ends 2009.

Common Stock 273,190,866 shs.
MARKET CAP: $11.2 billion (Large Cap)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		11-13
7093.1	7491.3	9431.4	9634.0	8482.0	9827.0	9758.0	11690	12137	13120	*13830*	*14445*	Revenues ($mill)	*16550*
729.8	714.2	596.4	695.8	682.1	639.0	560.0	719.0	749.0	936.0	*845*	*880*	Net Profit ($mill)	*945*
35.8%	34.3%	34.8%	40.0%	36.9%	33.7%	34.3%	33.6%	35.2%	32.6%	*33.0%*	*33.0%*	Income Tax Rate	*33.0%*
.5%	.8%	1.2%	1.3%	2.2%	4.2%	7.7%	2.2%	1.6%	1.9%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
39.2%	44.4%	48.6%	48.2%	50.1%	50.4%	47.4%	49.6%	50.2%	45.6%	*50.0%*	*50.5%*	Long-Term Debt Ratio	*50.0%*
58.4%	53.1%	49.1%	49.6%	48.1%	48.0%	51.0%	49.0%	48.5%	53.1%	*49.0%*	*49.0%*	Common Equity Ratio	*49.5%*
10325	10186	11137	11417	12302	13369	13828	14921	16515	16687	*19195*	*19710*	Total Capital ($mill)	*21730*
11407	11354	11893	12248	13329	15225	16106	17112	18445	19914	*21070*	*22925*	Net Plant ($mill)	*26490*
8.6%	8.6%	7.0%	7.8%	7.1%	6.3%	5.6%	6.3%	6.0%	7.0%	*6.0%*	*6.0%*	Return on Total Cap'l	*5.5%*
11.6%	12.6%	10.4%	11.8%	11.1%	9.6%	7.7%	9.6%	9.1%	10.3%	*9.0%*	*9.0%*	Return on Shr. Equity	*8.5%*
11.8%	12.9%	10.7%	12.0%	11.3%	9.8%	7.8%	9.7%	9.2%	10.4%	*9.0%*	*9.0%*	Return on Com Equity D	*8.5%*
3.6%	4.1%	2.2%	3.8%	4.0%	2.9%	.8%	2.6%	2.6%	3.9%	*2.0%*	*2.5%*	Retained to Com Eq	*2.5%*
70%	69%	80%	69%	65%	71%	89%	74%	73%	63%	*77%*	*75%*	All Div'ds to Net Prof	*74%*

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	-1.8	-1.9	-1.6
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	565	565	565
Peak Load, Summer (Mw)	13059	13141	12807
Annual Load Factor (%)	NMF	NMF	NMF
% Change Customers (yr-end)	+.8	+.9	+.9
Fixed Charge Cov. (%)	312	291	339

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	5.0%	2.0%	*3.5%*
"Cash Flow"	1.0%	-.5%	*5.0%*
Earnings	.5%	.5%	*1.0%*
Dividends	1.0%	1.0%	*1.0%*
Book Value	2.5%	3.0%	*3.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	2801	2406	3375	3108	11690
2006	3317	2555	3441	2824	12137
2007	3357	2956	3579	3228	13120
2008	3577	3149	*3750*	*3354*	*13830*
2009	*3725*	*3320*	*3900*	*3500*	*14445*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.75	.48	1.17	.59	2.99
2006	.74	.51	.92	.78	2.95
2007	.99	.58	1.15	.76	3.48
2008	.87	.42	*1.10*	*.66*	*3.05*
2009	*.85*	*.45*	*1.15*	*.70*	*3.15*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.565	.565	.565	.565	2.26
2005	.57	.57	.57	.57	2.28
2006	.575	.575	.575	.575	2.30
2007	.58	.58	.58	.58	2.32
2008	.585	.585			

BUSINESS: Consolidated Edison, Inc., parent of Consolidated Edison Company of New York, Inc., sells electricity (75% of revs.), gas (19%), steam (6%) in most of New York City and Westchester County. Acquired Orange & Rockland Utilities 7/99. Commercial rev. ratio (52%) compares with 32% for the industry. Nonincome taxes and avg. price per kwh are among the highest in U.S. Fuel costs: 67% of revenues; labor costs, 14%. 2007 reported deprec. rate: 2.9%. In '07, purchased almost all energy it sold on firm contracts with nonutility generators. Has 15,214 employees. Chairman, Chief Executive Officer & President: Kevin Burke. Incorporated: N.Y. Add.: 4 Irving Place, New York, N.Y. 10003. Tel.: 212-460-3903. Internet: www.coned.com.

Consolidated Edison will spend $5.5 billion on capital improvements over the next three years. Though the economy remains soft, energy consumption in ED's service area continues to rise, albeit at a lesser rate than before. Increased demand requires the installation of several thousand miles of distribution cable and construction of new substations. Moreover, most of these wires must be strung underground, and that is five to 10 times more expensive than building overhead lines. Too, costs keep escalating for materials used in making these additions. In the past 18 months, copper and steel prices have jumped more than 20% and 70%, respectively. Con ED has also invested in new, sophisticated computer systems to keep better track of customer outages. To pay for these expenditures . . .

The company has filed for higher rates. The request follows closely on the heels of last March's order granting a disappointing hike for one year only. This led two major rating agencies to lower ED's bond ratings a notch and a third to put the utility on negative watch. The company also faces a $200 million increase in property taxes due to the rising value of its transmission system. To achieve reimbursement for these outlays, management offered regulators two proposals, one for an increase of $654 million, the other for $557 million. Both are for a three-year period. The first is more heavily loaded up front. The petition puts regulators in a difficult position as arbiters between utility investors and customers. We expect them to award an amount below the request.

Earnings may decline in 2008. Negatives include loss of income from the divestiture of profitable merchant plants, a first-quarter charge for last year's power outage, higher interest expense, and more shares outstanding. Despite last April's rate hike of $425 million, we estimate 2008 earnings will decline 12%, to $3.05 a share. Next year's results will depend on the decision in the pending rate case.

The stock offers more positives than negatives. The yield is above average, and ED's near-highest Financial Strength rating of A+ remains one of the industry's best. But investors seeking dividend growth will likely fare better elsewhere.

Arthur H. Medalie *August 29, 2008*

(A) EPS diluted. Excl. nonrecur. losses: '02, 11¢; '03, 45¢. Next egs. report due late Oct.
(B) Dividends historically paid in mid-Mar., mid-June, mid-Sept., and mid-Dec. ■ Div'd reinvest. plan avail. (C) Includes intangibles. In '07: $18.17/sh. (D) Rate base: net original cost. Rate all'd elec. common equity: '08, 9.1%; earned on '07 average common equity: 10.8%.

Regulatory Climate: Average.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	25
Earnings Predictability	85

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

41.88

DOMINION RES. NYSE-D

RECENT PRICE 42.76 | P/E RATIO 13.8 (Trailing: 17.6 Median: 18.0) | RELATIVE P/E RATIO 0.90 | DIV'D YLD 4.1% | VALUE LINE 156

High:	21.4	24.5	24.7	34.0	35.0	33.5	33.0	34.4	43.5	42.2	49.4	48.5	
Low:	16.6	18.9	18.3	17.4	27.6	17.7	25.9	30.4	33.3	34.4	39.8	38.6	

TIMELINESS 3 Raised 9/1/06
SAFETY 2 Raised 9/11/98
TECHNICAL 3 Lowered 5/23/08
BETA .75 (1.00 = Market)

2011-13 PROJECTIONS

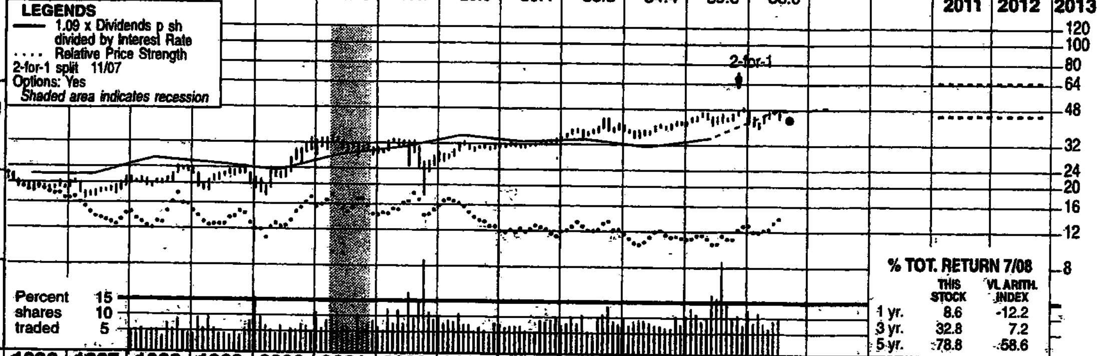
	Price	Gain	Ann'l Total Return
High	65	(+50%)	14%
Low	45	(+5%)	6%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	2	0	0	0	0
Options	3	5	6	0	5	0	0	6	0
to Sell	3	5	5	0	7	0	0	6	0

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	190	286	257
to Sell	418	299	336
Hld's(000)	334081	334721	340177



% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	8.6	-12.2
3 yr.	32.8	7.2
5 yr.	78.8	58.6

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
11.57	13.19	13.02	13.18	13.36	20.44	15.65	14.81	18.84	19.94	16.58	18.58	20.55	26.00	23.61	27.16	*26.60*	*26.90*	Revenues per sh	*29.50*
3.02	3.30	3.16	3.00	3.22	3.89	2.99	3.68	3.71	3.92	4.45	3.97	4.18	3.71	4.91	5.08	*4.80*	*5.05*	"Cash Flow" per sh	*6.00*
1.33	1.56	1.41	1.23	1.33	1.50	.86	1.50	1.25	1.49	2.41	1.96	2.13	1.50	2.40	2.13	*3.05*	*3.30*	Earnings per sh A	*4.00*
1.20	1.24	1.28	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.29	1.30	1.34	1.38	1.46	*1.63*	*1.80*	Div'd Decl'd per sh B ■ †	*2.20*
2.19	2.12	1.92	1.64	1.34	1.73	1.60	2.16	2.82	2.31	2.17	5.20	3.88	4.84	5.81	6.88	*6.35*	*6.80*	Cap'l Spending per sh	*6.75*
12.61	13.19	13.30	13.44	13.59	13.42	13.67	12.75	14.22	15.81	16.57	16.21	16.80	14.98	18.50	16.30	*18.40*	*20.85*	Book Value per sh C	*27.25*
327.69	336.25	344.81	352.83	362.44	375.60	388.92	372.64	491.60	529.40	616.20	650.00	680.00	694.00	698.00	577.00	*581.00*	*597.00*	Common Shs Outst'g D	*622.00*
14.3	14.3	13.8	15.4	14.8	12.5	24.6	14.5	19.4	20.9	12.0	15.2	15.1	24.9	16.0	20.6	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
.87	.84	.91	1.03	.93	.72	1.28	.83	1.26	1.07	.66	.87	.80	1.33	.86	1.09	*Value Line*		Relative P/E Ratio	*.95*
6.3%	5.6%	6.6%	6.9%	6.6%	6.9%	6.1%	5.9%	5.3%	4.1%	4.4%	4.3%	4.0%	3.6%	3.6%	3.3%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*

CAPITAL STRUCTURE as of 6/30/08
Total Debt $17397 mill. **Due in 5 Yrs** $6443 mill.
LT Debt $14204 mill. **LT Interest** $945.0 mill.
(LT interest earned: 3.4x)
Leases, Uncapitalized Annual rentals $81.0 mill.
Pension Assets-12/07 $5.10 bill. **Oblig.** $3.69 bill.

Pfd Stock $257.0 mill. **Pfd Div'd** $16.0 mill.
1,340,140 shs. $4.04-$7.05, $100 liq. pref., redeemable at $101.00-$112.50/sh.; 2,500,000 var. rate Money Market Pfd. shs. Excl. pfd. due within 1 year.
Common Stock 579,937,884 shs.

MARKET CAP: $25 billion (Large Cap)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		11-13
6086.2	5520.0	9260.0	10558	10218	12078	13972	18041	16482	15674	*15450*	*16050*	Revenues ($mill)	*18300*
400.0	639.0	624.0	775.0	1378.0	1261.0	1425.0	1050.0	1704.0	1414.0	*1785*	*1965*	Net Profit ($mill)	*2525*
29.0%	29.4%	31.7%	38.4%	33.1%	34.9%	35.4%	35.7%	35.5%	33.4%	*39.0%*	*38.0%*	Income Tax Rate	*38.0%*
.3%	4.7%	3.5%	5.3%	6.9%	7.9%	4.9%	9.7%	7.9%	7.3%	*8.0%*	*6.0%*	AFUDC % to Net Profit	*5.0%*
44.2%	55.1%	58.3%	60.2%	56.2%	59.4%	57.0%	57.9%	52.9%	57.8%	*55.0%*	*52.5%*	Long-Term Debt Ratio	*48.5%*
46.4%	37.8%	38.9%	38.0%	42.7%	39.7%	42.0%	41.1%	46.2%	41.1%	*44.0%*	*47.0%*	Common Equity Ratio	*50.5%*
11461	12582	17987	22003	23927	26571	27190	25307	27961	22898	*24400*	*26550*	Total Capital ($mill)	*33400*
10637	10764	14849	18681	20257	25850	26716	28940	29382	21352	*24025*	*27000*	Net Plant ($mill)	*35700*
5.7%	6.8%	5.9%	5.3%	7.7%	6.5%	6.9%	6.1%	7.9%	8.5%	*9.0%*	*9.0%*	Return on Total Cap'l	*9.0%*
6.3%	11.3%	8.3%	8.9%	13.2%	11.7%	12.2%	9.9%	12.9%	14.6%	*16.5%*	*15.5%*	Return on Shr. Equity	*14.5%*
6.3%	12.0%	8.0%	9.0%	13.3%	11.8%	12.3%	9.9%	13.1%	14.9%	*16.5%*	*15.5%*	Return on Com Equity E	*15.0%*
NMF	1.7%	NMF	1.2%	6.3%	4.0%	4.8%	1.1%	5.6%	5.0%	*7.5%*	*7.0%*	Retained to Com Eq	*7.0%*
NMF	88%	109%	87%	54%	67%	62%	89%	58%	67%	*54%*	*55%*	All Div'ds to Net Prof	*55%*

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+3.2	-1.8	+4.9
Avg. Indust. Use (MWH)	15704	16014	16221
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	18897	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.9	+1.7	+.6
Fixed Charge Cov. (%)	220	293	246

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	5.0%	7.0%	2.5%
"Cash Flow"	3.0%	2.5%	4.5%
Earnings	4.0%	3.0%	12.0%
Dividends	1.0%	1.5%	8.0%
Book Value	2.0%	1.5%	8.5%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	4736	3646	4564	5095	18041
2006	4951	3548	4016	3967	16482
2007	4661	3730	3589	3694	15674
2008	4389	3452	*3700*	*3909*	*15450*
2009	*4550*	*3600*	*3850*	*4050*	*16050*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.63	.49	.02	.38	1.50
2006	.78	.36	.94	.32	2.40
2007	.69	.48	.44	.51	2.13
2008	1.01	.47	*.87*	*.70*	*3.05*
2009	*1.05*	*.55*	*.95*	*.75*	*3.30*

Calendar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.323	.323	.323	.333	1.30
2005	.335	.335	.335	.335	1.34
2006	.345	.345	.345	.345	1.38
2007	.355	.355	.355	.395	1.46
2008	.395	.395			

BUSINESS: Dominion Resources, Inc. (DRI) is a holding company for Virginia Power, which serves 2.4 million customers in Virginia and northeastern North Carolina. Acquired Consolidated Natural Gas (1.7 million customers in Ohio, Pennsylvania, & West Virginia) 1/00. Nonutility operations include independent power production and gas & oil production. Electric revenue breakdown, '07: residential, 44%; commercial, 30%; industrial, 8%; other, 18%. Generating sources, '07: coal, 35%; nuclear, 29%; gas, 6%; oil, 2%; purchased, 28%. Fuel costs: 44% of revs. '07 deprec. rate: 4.6%. Has 17,000 employees. Chairman: Thos. E. Capps. President & CEO: Thomas F. Farrell II. Inc.: VA. Address: P.O. Box 26532, Richmond, VA 23261-6532. Tel.: 804-819-2000. Internet: www.dom.com.

Dominion Resources' earnings are likely to wind up much higher this year. The company did not fully recover its fuel costs until mid-2007; unrecovered fuel costs hurt net profit by $243 million in the first half of 2007. In addition, average shares outstanding are down sharply, and interest expense is lower. Dominion sold most of its oil and gas exploration and production assets in 2007 and used the proceeds to buy back stock and retire debt.

We expect profits to rise again in 2009. We assume higher prices from Dominion's fleet of nonregulated generating assets, an earnings benefit from one fewer refueling outage at the Millstone nuclear station, and rate relief at the company's gas utility in Ohio, which is seeking a $73 million rate increase.

The company has some key projects in various stages of development. Virginia Power has begun construction of a 585-megawatt coal-fired plant, at an estimated cost of $1.8 billion. The new facility should begin commercial operation in 2012. In addition, Dominion is expanding its liquefied natural gas terminal; building a 582-mw gas-fired plant; and constructing two transmission lines. Finally, the company has already begun the licensing process with the intent of adding a third unit (1,300-mw) at one of its nuclear stations.

Dominion has announced two big asset sales. The company reached another agreement to sell its gas utilities in Pennsylvania and West Virginia after a previous sale fell through. It expects the after-tax proceeds to be around $675 million. The deal should close in 2009. Dominion also sold some natural gas drilling rights, which should net the company $325 million. This transaction should close next month. Dominion will have a royalty interest on these properties. The utility sale will be dilutive to earnings; it's too early to tell about the drilling rights sale. Initially, the proceeds will be used to retire short-term debt; subsequently, this will offset the need for an equity issuance in 2009. We won't adjust our figures until after the deals have closed.

This stock's yield is about average for a utility. Rapid dividend growth should produce an above-average (for a utility) 3- to 5-year total return, however.

Paul E. Debbas, CFA *August 29, 2008*

(A) Excl. nonrec. gains (losses): '01, (42¢); '03, ($1.46); '04, (22¢); '06, (18¢); '07, $1.67; '08, 21¢; gain (losses) from disc. ops.: '04, (3¢); '05, 1¢; '06, (26¢); '07, (1¢). '05 & '07 EPS don't add due to change in shs. Next egs. due early Nov. (B) Div'ds historically paid in mid-Mar., June, Sept., and Dec. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. intang. In '07: $8.75/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost, adj. Rate all'd on com. eq. in '92: 11.4%; earned on avg. com. eq., '07: 12.9%. Regul. Climate: Avg.

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

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

17.36

DUKE ENERGY NYSE-DUK

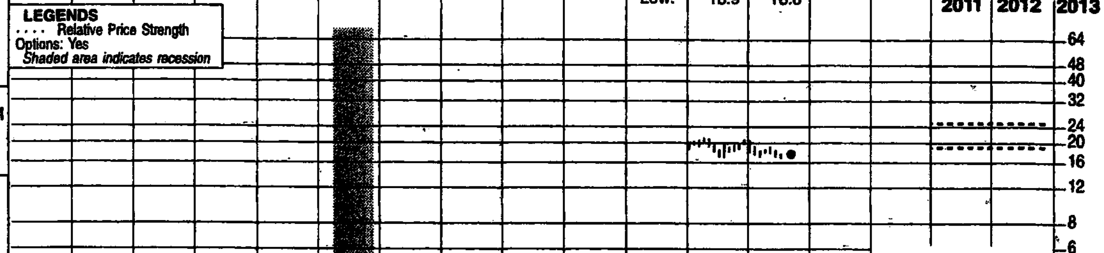
RECENT PRICE 17.69 | P/E RATIO 13.3 (Trailing: 13.2; Median: NMF) | RELATIVE P/E RATIO 0.86 | DIV'D YLD 5.3% | VALUE LINE 157

TIMELINESS –
SAFETY 2 New 6/1/07
TECHNICAL –
BETA NMF (1.00 = Market)

High: 21.3 20.6
Low: 16.9 16.8

Target Price Range 2011 | 2012 | 2013

LEGENDS
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	25	(+40%)	13%
Low	19	(+5%)	7%

Insider Decisions

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

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	331	364	359
to Sell	308	275	316
Hld's(000)	743605	759575	710165

Percent shares traded 15 10 5

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	8.2	-12.2
3 yr.	—	7.2
5 yr.	—	58.6

Duke Energy Corporation, in its current configuration, began trading on January 3, 2007, the day after it spun off its midstream gas operations into a new company, Spectra Energy (NYSE: SE), to shareholders. Duke Energy shareholders received half a share of Spectra Energy for each Duke share held. Data for the "old" Duke Energy are not shown because they are not comparable.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
--	--	--	--	--	--	--	--	8.44	10.08	*11.10*	*11.45*	Revenues per sh	*13.25*
--	--	--	--	--	--	--	--	2.62	2.70	*2.75*	*2.85*	"Cash Flow" per sh	*3.25*
--	--	--	--	--	--	--	--	.92	1.20	*1.30*	*1.35*	Earnings per sh A	*1.50*
--	--	--	--	--	--	--	--	--	.86	*.90*	*.94*	Div'd Decl'd per sh B ■ †	*1.06*
--	--	--	--	--	--	--	--	2.69	2.48	*4.05*	*3.70*	Cap'l Spending per sh	*2.50*
--	--	--	--	--	--	--	--	20.77	16.80	*17.20*	*17.65*	Book Value per sh C	*19.00*
--	--	--	--	--	--	--	--	1257.0	1262.0	*1262.00*	*1267.00*	Common Shs Outst'g D	*1285.00*
--	--	--	--	--	--	--	--	--	16.1	*Bold figures are*		Avg Ann'l P/E Ratio	*14.5*
--	--	--	--	--	--	--	--	--	.86	*Value Line*		Relative P/E Ratio	*.95*
--	--	--	--	--	--	--	--	--	4.4%	*estimates*		Avg Ann'l Div'd Yield	*4.8%*
--	--	--	--	--	--	--	--	10607	12720	*14000*	*14500*	Revenues ($mill)	*16950*
--	--	--	--	--	--	--	--	1080.0	1522.0	*1645*	*1720*	Net Profit ($mill)	*1950*
--	--	--	--	--	--	--	--	29.4%	31.9%	*33.0%*	*33.0%*	Income Tax Rate	*33.0%*
--	--	--	--	--	--	--	--	6.9%	7.2%	*13.0%*	*15.0%*	AFUDC % to Net Profit	*9.0%*
--	--	--	--	--	--	--	--	41.0%	30.9%	*35.5%*	*38.5%*	Long-Term Debt Ratio	*44.5%*
--	--	--	--	--	--	--	--	59.0%	69.1%	*64.5%*	*61.5%*	Common Equity Ratio	*55.5%*
--	--	--	--	--	--	--	--	44220	30697	*33600*	*36450*	Total Capital ($mill)	*43800*
--	--	--	--	--	--	--	--	41447	31110	*34400*	*37225*	Net Plant ($mill)	*43800*
--	--	--	--	--	--	--	--	3.1%	6.0%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
--	--	--	--	--	--	--	--	4.1%	7.2%	*7.5%*	*7.5%*	Return on Shr. Equity	*8.0%*
--	--	--	--	--	--	--	--	4.1%	7.2%	*7.5%*	*7.5%*	Return on Com Equity E	*8.0%*
--	--	--	--	--	--	--	--	4.1%	2.0%	*2.5%*	*2.5%*	Retained to Com Eq	*2.5%*
--	--	--	--	--	--	--	--	57%	72%	*69%*	*69%*	All Div'ds to Net Prof	*70%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $12102 mill. **Due in 5 Yrs** $5799.0 mill.
LT Debt $10083 mill. **LT Interest** $625.0 mill.
Incl. $108.0 mill. capitalized leases.
(LT interest earned: 4.3x)
Leases, Uncapitalized Annual rentals $121.0 mill.

Pension Assets-12/07 $4.32 bill. **Oblig.** $4.30 bill.

Pfd Stock None

Common Stock 1,264,614,744 shs. as of 5/2/08.

MARKET CAP: $22 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+2.3	+50.3	+17.8
Avg. Indust. Use (MWH)	3642	2956	2635
Avg. Indust. Revs. per KWH (¢)	4.31	5.00	4.32
Capacity at Peak (Mw) F	18828	18990	19645
Peak Load, Summer (Mw) F	17294	16623	17476
Annual Load Factor (%) F	56.0	58.0	57.0
% Change Customers (avg.)	+2.0	+72.7	+1.4
Fixed Charge Cov. (%)	NMF	211	345

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd 2007 to '11-'13
Revenues	--	--	5.5%
"Cash Flow"	--	--	4.0%
Earnings	--	--	4.5%
Dividends	--	--	4.5%
Book Value	--	--	2.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	--	--	--	--	--
2006	--	--	--	--	10607
2007	3035	2966	3688	3031	12720
2008	3337	3229	*4084*	*3350*	*14000*
2009	*3500*	*3300*	*4200*	*3500*	*14500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	--	--	--	--	--
2006	--	--	--	--	.92
2007	.26	.24	.45	.25	1.20
2008	.37	.27	*.43*	*.23*	*1.30*
2009	*.40*	*.25*	*.45*	*.25*	*1.35*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	--	--	--	--	--
2005	--	--	--	--	--
2006	--	--	--	--	--
2007	.21	.21	.22	.22	.86
2008	.22	.22	.23		

BUSINESS: Duke Energy Corporation is a holding company for utilities with 3.9 million electric customers in North Carolina, South Carolina, Ohio, Indiana, and Kentucky, and 500,000 gas customers in Ohio, Indiana, and Kentucky. Owns independent power plants & has a joint venture in real estate. Acquired Cinergy 4/06; spun off midstream gas operations 1/07. Electric rev. breakdown, '07: residential, 41%; commercial, 31%; industrial, 20%; other, 8%. Generating sources, '07: coal, 63%; nuclear, 30%; purchased & other, 7%. Fuel, gas & petroleum costs: 47% of revenues. Has 23,900 employees. Chairman, President & CEO: James E. Rogers. Inc.: North Carolina. Address: 526 South Church St., Charlotte, NC 28202-1802. Tel.: 704-594-6200. Internet: www.duke-energy.com.

Duke Energy has filed an electric regulatory plan in Ohio, as required under a new law pertaining to electric generation in the state. The plan requests a price increase of 6.2% in 2009, followed by smaller changes in 2010 and 2011. The increase in 2009 (along with a reduction in amortization) will boost pretax earnings by $150 million next year. An order from the Public Utilities Commission of Ohio (PUCO) is due by yearend.

The utility received a gas tariff hike in Ohio, and an electric distribution rate request is pending. The PUCO approved a settlement calling for a gas rate increase of $18.2 million (3%). Duke is seeking an electric rate boost of $86 million (5.5%). The company did not disclose the return on equity and common-equity ratio in either case. The PUCO's order is expected in the second quarter of 2009.

Two large generating projects are under construction. Duke is building an 800-megawatt coal-fired plant in North Carolina at a cost of $2.4 billion and a 630-mw coal gasification plant in Indiana at a cost of $2.35 billion. These are utility investments that will be recovered in rates. Each project is expected to enter commercial operation in 2012.

Higher earnings are likely in 2008 and 2009. This year, Duke's nonregulated generating subsidiary is benefiting from more favorable conditions, and its utility operations are benefiting from the end of most of the temporary rate reductions that it agreed to swallow as a condition of its acquisition of Cinergy in 2006. Comparisons in the second half of 2008 will be more difficult, however. Next year, the effects of rate relief in Ohio should outweigh an increase in interest expense that is resulting from Duke's sizable financing needs.

We continue to like this stock for its hefty yield, which is roughly one percentage point above the industry average. The balance sheet is in good shape, too. Earnings and dividend growth potential to 2011-2013 are solid and should provide investors with a decent (for a utility) total return over that time. Note that the stock is unranked for Timeliness due to its short trading history since the spinoff of its midstream gas assets into a new company, Spectra Energy, in early 2007.

Paul E. Debbas, CFA *August 29, 2008*

(A) Diluted EPS. Excl. loss from disc. ops.: '07, 1¢. Next earnings report due early November. (B) Div'ds historically paid in mid-Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. intangibles. In '07: $6.20/sh. (D) In mill. (E) Rate base: Net orig. cost. Rates allowed on com. eq. in '08: North Carolina, 11%; in '92: South Carolina, 12.25%; in '93: Ohio, 12.9% (electric); in '04: Indiana, 10.3%. Earned on avg. common equity, '07: 6.4%. Regulatory Climate: Average. (F) Duke Energy Carolinas only.

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

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

60·19

EXELON CORP. NYSE-EXC

RECENT PRICE **73.73** | P/E RATIO **17.3** (Trailing: 18.4; Median: NMF) | RELATIVE P/E RATIO **1.12** | DIV'D YLD **2.8%** | VALUE LINE **159**

TIMELINESS **3** Raised 5/23/08

SAFETY **1** Raised 6/3/05

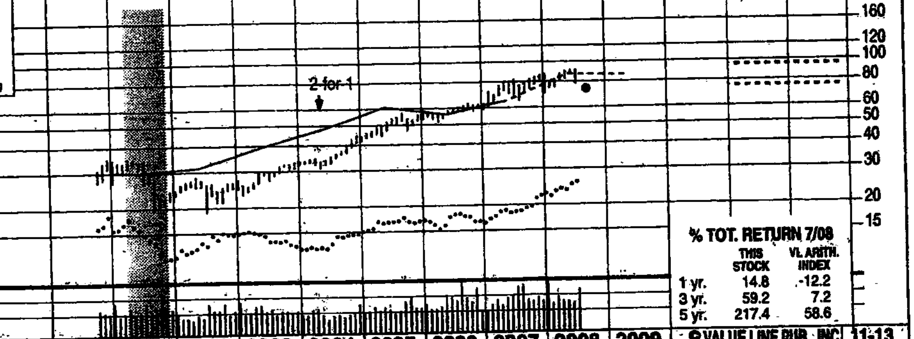
TECHNICAL **2** Raised 8/15/08

BETA .85 (1.00 = Market)

LEGENDS
— 1.64 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 5/04
Options: Yes
Shaded area indicates recession

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
High:			35.5	35.1	28.5	33.3	44.9	57.5	63.6	86.8	92.1	
Low:			26.9	19.4	18.9	23.0	30.9	41.8	51.1	58.7	70.0	

Target Price Range 2011 | 2012 | 2013



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	95	(+30%)	9%
Low	75	(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	0	5	0	11	3	0	0	3	0
to Sell	0	6	0	0	4	0	0	3	0

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	313	366	340
to Sell	303	278	333
Hld's(000)	452258	442191	434572

Percent shares traded 18 12 6

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	14.8	-12.2
3 yr.	59.2	7.2
5 yr.	217.4	58.6

Exelon Corp. was formed on October 20, 2000 upon a merger of equals between PECO Energy Co. and Unicom Corp. (Unicom was the holding company for Commonwealth Edison Co.) PECO Energy stockholders received one common share in Exelon for each common share held. Unicom investors exchanged each of their common shares for .875 of an Exelon share and $3.00 in cash. Data in 2000 reflect PECO Energy and the addition of Unicom as of October 20th.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
--	19.40	11.75	23.58	23.13	23.89	21.85	23.06	23.37	28.62	*29.25*	*31.00*	Revenues per sh	*39.50*
--	3.55	1.84	5.06	5.03	5.02	5.68	6.19	6.71	7.43	*7.70*	*7.95*	"Cash Flow" per sh	*10.00*
--	1.86	1.39	2.20	2.40	2.44	2.75	3.21	3.50	4.03	*4.15*	*4.30*	Earnings per sh A	*6.00*
--	--	--	.91	.88	.96	1.26	1.60	1.64	1.82	*2.02*	*2.10*	Div'd Decl'd per sh B ■	*2.40*
--	--	1.18	3.18	3.33	2.95	2.89	3.25	3.61	4.05	*4.80*	*5.10*	Cap'l Spending per sh	*6.50*
--	--	11.31	12.82	11.97	12.84	14.19	13.70	14.89	15.34	*16.25*	*17.90*	Book Value per sh C	*24.25*
--	630.20	638.01	642.01	646.63	662.00	664.20	666.00	670.00	661.00	*650.00*	*645.00*	Common Shs Outst'g D	*620.00*
--	--	22.4	13.2	10.5	11.8	13.0	15.4	16.5	18.2	*Bold figures are*	*Value Line*	Avg Ann'l P/E Ratio	*14.5*
--	--	1.46	.68	.57	.67	.69	.82	.89	.97	*estimates*		Relative P/E Ratio	*.95*
--	--	--	3.1%	3.5%	3.4%	3.5%	3.2%	2.8%	2.5%			Avg Ann'l Div'd Yield	*2.8%*
--	12225	7499.0	15140	14955	15812	14515	15357	15655	18916	*19000*	*20000*	Revenues ($mill)	*24500*
--	1233.0	590.0	1465.0	1599.0	1641.0	1844.0	2162.0	2370.0	2730.0	*2750*	*2840*	Net Profit ($mill)	*3865*
--	35.5%	36.6%	38.9%	36.7%	32.9%	27.5%	30.4%	33.7%	34.6%	*35.5%*	*37.0%*	Income Tax Rate	*37.0%*
--	--	.5%	1.2%	1.2%	1.9%	.9%	1.0%	1.6%	1.8%	*1.0%*	*1.0%*	AFUDC % to Net Profit	*1.0%*
--	35.5%	62.3%	59.3%	61.2%	61.1%	56.1%	56.1%	54.2%	53.9%	*55.5%*	*52.0%*	Long-Term Debt Ratio	*48.5%*
--	10.1%	34.7%	37.9%	36.1%	38.5%	43.5%	43.5%	45.4%	45.7%	*44.0%*	*47.5%*	Common Equity Ratio	*51.0%*
--	--	20803	21719	21464	22079	21658	20972	21971	22189	*23875*	*24400*	Total Capital ($mill)	*29400*
--	--	12936	13742	17134	20630	21482	21981	22775	24153	*25825*	*27525*	Net Plant ($mill)	*33200*
--	--	4.1%	9.0%	9.4%	9.2%	10.4%	12.1%	12.5%	14.1%	*13.0%*	*13.0%*	Return on Total Cap'l	*14.5%*
--	--	7.5%	16.6%	19.2%	19.1%	19.4%	23.5%	23.6%	26.7%	*26.0%*	*24.5%*	Return on Shr. Equity	*25.5%*
--	--	7.8%	17.2%	20.1%	18.8%	19.5%	23.6%	23.7%	26.9%	*26.0%*	*24.5%*	Return on Com Equity E	*26.0%*
--	--	7.8%	10.1%	12.8%	11.5%	10.7%	11.9%	13.0%	15.3%	*13.5%*	*13.0%*	Retained to Com Eq	*16.0%*
--	--	4%	43%	38%	40%	45%	50%	45%	43%	*48%*	*46%*	All Div'ds to Net Prof	*39%*

CAPITAL STRUCTURE as of 6/30/08
Total Debt $14754 mill. **Due in 5 Yrs** $6892 mill.
LT Debt $12641 mill. **LT Interest** $695 mill.
Includes $1548 mill. nonrecourse transition bonds.
(LT interest earned: 6.0x)
Leases, Uncapitalized Annual rentals $69.0 mill.
Pension Assets-12/07 $9.63 bill. **Oblig.** $10.4 bill.
Pfd Stock $87.0 mill. **Pfd Div'd** $4.0 mill.
Includes $87.0 mill. in preferred securities of subsidiaries.
Common Stock 657,332,170 shs.

MARKET CAP: $48 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+4.9	-1.7	+3.6
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	6.84	7.05	8.34
Capacity at Peak (Mw)	33520	33464	NA
Peak Load (Mw)	30261	32545	NA
Nuclear Capacity Factor (%)	93.5	93.9	94.5
% Change Customers (yr-end)	+.7	+1.1	NA
Fixed Charge Cov. (%)	461	466	516

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	--	5.0%	*8.0%*
"Cash Flow"	--	11.0%	*6.5%*
Earnings	--	12.5%	*9.0%*
Dividends	--	23.0%	*6.0%*
Book Value	--	4.0%	*9.0%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2005	3561	3484	4473	3839	15357
2006	3861	3697	4401	3696	15655
2007	4829	4501	5032	4554	18916
2008	4517	4622	*5250*	*4611*	*19000*
2009	*4800*	*4800*	*5600*	*4800*	*20000*

Calendar	EARNINGS PER SHARE A Mar.31	Jun. 30	Sep. 30	Dec. 31	Full Year
2005	.77	.76	1.07	.61	3.21
2006	.59	.95	1.09	.87	3.50
2007	1.01	1.03	1.15	.84	4.03
2008	.88	1.13	1.15	*.99*	*4.15*
2009	*1.00*	*1.05*	*1.20*	*1.05*	*4.30*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.275	.275	.305	.40	1.26
2005	.40	.40	.40	.40	1.60
2006	.40	.40	.40	.40	1.60
2007	.44	.44	.44	.44	1.76
2008	.50	.50			

BUSINESS: Exelon Corporation is a holding company for Commonwealth Edison, which serves 3.8 million electric customers in Illinois, and PECO Energy, which serves 1.6 million electric and 480,000 gas customers in Pennsylvania. Markets energy in the mid-Atlantic and Midwest regions. Electric revenue breakdown, '07: residential, 47%; small commercial & industrial, 27%; large commercial & industrial, 17%; other, 9%. Generating sources, '07: nuclear, 74%; other, 6%; purchased, 20%. Fuel costs: 40% of revenues. '07 depreciation rate: 6.8%. Has 17,800 employees. Chairman, President & CEO: John W. Rowe. Inc.: Pennsylvania. Address: 10 South Dearborn St., P.O. Box 805398, Chicago, Illinois 60680-5398. Tel.: 312-394-7398. Internet: www.exeloncorp.com.

Although Exelon is having a good year, we have reduced our earnings estimate for 2009. The company's plants are performing well, particularly its fleet of 17 nuclear units. Effective hedging has enabled the company to lock in an attractive margin on its power sales. In fact, almost all of the company's expected power sales for 2008 and 2009 are hedged, as are over half of its expected sales for 2010. We're sticking with our 2008 earnings estimate of $4.15 a share, which would be above even the company's stellar showing a year earlier. But Exelon's hedging strategy, while protecting the company's profits in case the power markets turn unfavorable, is also limiting its upside potential in the near term. In addition, Exelon is facing inflationary pressures. Thus, our previous share-earnings estimate of $4.55 for 2009 appears overly optimistic. We have lowered it by $0.25, to $4.30.

A big jump in earnings is likely in 2011. That's when the electric customers of PECO Energy in Pennsylvania are scheduled to begin paying market-based rates for their power. Exelon is now supplying that power at a below-market price.

Commonwealth Edison is asking the Illinois regulators for a rate hike. Based on the terms of a partial settlement with the Illinois Commerce Commission's staff, the utility is seeking an increase of $314 million based on a return of 10.75% on a common-equity ratio of 45.04%. The staff and an administrative law judge are recommending increases of $269 million and $218 million, respectively, based on a return of 10.3% on the same common-equity ratio. An order is due in September. **PECO Energy has a gas rate case pending.** The utility is requesting a tariff hike of $98.3 million (11.2%) based on an 11.5% return on a 54.34% common-equity ratio. A decision is due in time for new rates to take effect at the start of 2009.

We think this stock is fully valued. Exelon's heavy nuclear presence should produce much higher earnings in the long run as the higher cost of gas and coal generation drives market prices upward. But the market is aware of this, and the stock is trading within our 2011-2013 Target Price Range. Total return potential over that time is unexceptional.

Paul E. Debbas, CFA *August 29, 2008*

(A) Diluted earnings. Excludes nonrecurring gains (losses): '01, 2¢; '02, (18¢); '03, ($1.06); '04, 3¢ net; '05, ($1.85) net; '06, ($1.15); gain from discontinued operations: '07, 2¢. Next earnings report due late October. (B) Div'ds historically paid in early Mar., June, Sept., and Dec. ■ Div'd reinvestment program available. (C) Incl. deferred charges. In '07: $11.74/sh. (D) In mill., adj. for split. (E) Rate allowed on com. eq. in IL in '06: 10.045%; earned on avg. com. eq., '07: 26.7%. Regulatory Climate: PA, Average; IL, Below Average.

Company's Financial Strength	A+
Stock's Price Stability	90
Price Growth Persistence	90
Earnings Predictability	90

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for gen[illegible]ng any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

6101

FIRSTENERGY NYSE-FE

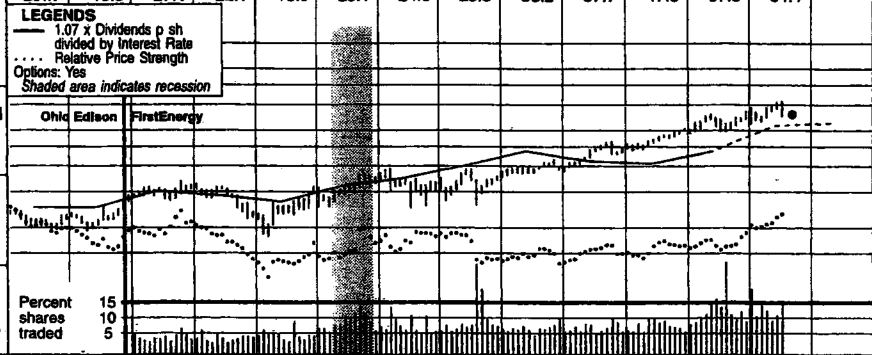
RECENT PRICE **72.00** | P/E RATIO **16.0** (Trailing: 18.2; Median: 14.0) | RELATIVE P/E RATIO **1.04** | DIV'D YLD **3.3%** | VALUE LINE **161**

TIMELINESS 3 Raised 5/5/06
SAFETY 2 Raised 6/2/06
TECHNICAL 3 Lowered 6/20/08
BETA .75 (1.00 = Market)

High:	29.0	34.1	33.2	32.1	37.0	39.1	38.9	43.4	53.4	61.7	75.0	84.0
Low:	19.3	27.1	22.1	18.0	25.1	24.8	25.8	35.2	37.7	47.8	57.8	64.4

Target Price Range 2011 | 2012 | 2013

LEGENDS
— 1.07 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+45%)	*13%*
Low	75	(+5%)	*5%*

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	2	2	0	21	1	2	3
to Sell	0	1	2	2	0	17	8	4	3

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	183	227	217
to Sell	201	189	210
Hld's(000)	221266	218058	221509

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	24.8	-12.2
3 yr.	62.8	7.2
5 yr.	154.8	58.6

FirstEnergy was formed through the affiliation of Ohio Edison Company and Centerior Energy in November of 1997. Ohio Edison stockholders received one share of FirstEnergy for every Ohio Edison share, and Centerior stockholders received .52 of a FirstEnergy share for each Centerior share. In November of 2001, FirstEnergy acquired GPU. GPU holders received $40 in cash or stock for each GPU share.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
24.72	27.19	31.31	26.88	40.83	37.31	37.76	36.35	36.03	42.00	*44.60*	*48.55*	Revenues per sh	*59.00*
5.33	6.89	7.28	5.48	6.45	4.79	7.60	7.55	7.22	8.34	*8.80*	*9.90*	"Cash Flow" per sh	*11.75*
1.95	2.50	2.69	2.84	2.54	1.47	2.77	2.84	3.82	4.22	*4.35*	*5.15*	Earnings per sh A	*6.75*
1.50	1.50	1.50	1.50	1.50	1.50	1.91	1.71	1.85	2.05	*2.25*	*2.45*	Div'd Decl'd per sh B ■	*3.05*
2.75	2.69	2.74	2.86	3.35	2.60	2.57	3.66	4.12	5.36	*7.10*	*5.80*	Cap'l Spending per sh	*5.25*
18.77	19.63	20.72	24.86	23.92	25.13	26.04	27.86	28.30	29.45	*31.35*	*34.05*	Book Value per sh C	*44.25*
237.07	232.45	224.53	297.64	297.64	329.84	329.84	329.84	319.21	304.84	*304.85*	*304.85*	Common Shs Outst'g D	*304.85*
15.4	11.3	9.2	10.9	13.0	22.5	14.1	16.1	14.2	15.6	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.80	.64	.60	.56	.71	1.28	.74	.86	.77	.83	*Value Line*		Relative P/E Ratio	*.90*
5.0%	5.3%	6.1%	4.8%	4.6%	4.5%	4.9%	3.7%	3.4%	3.1%	*estimates*		Avg Ann'l Div'd Yield	*3.4%*
5861.3	6319.6	7029.0	7999.4	12152	12307	12453	11989	11501	12802	*13600*	*14800*	Revenues ($mill)	*18000*
507.2	644.8	661.7	727.0	827.6	490.8	932.6	951.0	1265.0	1309.0	*1325*	*1570*	Net Profit ($mill)	*2075*
38.8%	38.0%	36.3%	39.5%	41.5%	43.9%	42.2%	42.1%	38.6%	40.3%	*40.0%*	*40.0%*	Income Tax Rate	*40.0%*
1.5%	2.1%	4.1%	4.9%	3.0%	6.5%	2.7%	2.0%	2.1%	2.4%	*3.0%*	*2.0%*	AFUDC % to Net Profit	*1.0%*
54.0%	52.3%	52.3%	60.1%	60.2%	53.1%	52.8%	46.5%	48.6%	49.7%	*49.0%*	*48.5%*	Long-Term Debt Ratio	*45.5%*
37.8%	39.8%	41.5%	37.2%	38.0%	45.0%	45.4%	52.4%	51.4%	50.3%	*51.0%*	*51.5%*	Common Equity Ratio	*54.5%*
11756	11470	11205	19907	18756	18414	18938	17527	17570	17846	*18825*	*20100*	Total Capital ($mill)	*24900*
9242.6	9093.3	7575.1	12428	12680	13269	13478	13998	14667	15383	*16350*	*16725*	Net Plant ($mill)	*17200*
6.4%	7.8%	7.9%	4.9%	6.3%	4.6%	6.5%	7.1%	9.0%	9.0%	*8.5%*	*9.0%*	Return on Total Cap'l	*9.5%*
9.4%	11.8%	12.4%	9.2%	11.1%	5.7%	10.4%	10.1%	14.0%	14.6%	*14.0%*	*15.0%*	Return on Shr. Equity	*15.5%*
9.9%	12.5%	12.9%	8.9%	10.5%	5.4%	10.6%	10.2%	13.9%	14.6%	*14.0%*	*15.0%*	Return on Com Equity E	*15.5%*
2.3%	5.0%	5.7%	4.3%	4.3%	NMF	4.9%	4.2%	7.4%	7.7%	*6.5%*	*8.0%*	Retained to Com Eq	*8.5%*
80%	65%	60%	56%	63%	101%	55%	59%	47%	47%	*52%*	*48%*	All Div'ds to Net Prof	*45%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $12164 mill. **Due in 5 Yrs** $6212.0 mill.
LT Debt $8332.0 mill. **LT Interest** $500.0 mill.
Incl. $284.8 mill. 9% ($25 par) cumulative mandatorily redeemable preferred securities.
(LT interest earned: 4.6x)

Leases, Uncapitalized Annual rentals $316.0 mill.
Pension Assets-12/07 $5.29 bill. **Oblig.** $4.75 bill.

Pfd Stock None

Common Stock 304,835,407 shs.
as of 5/8/08
MARKET CAP: $22 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+5.2	+6.7	+2.0
Avg. Indust. Use (MWH)	NMF	NMF	NMF
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	NA	NA	NA
Annual Load Factor (%)	62.1	NA	NA
% Change Customers (yr-end)	+.8	+.5	+1.0
Fixed Charge Cov. (%)	299	355	363

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	10.0%	3.0%	*7.5%*
"Cash Flow"	6.5%	4.0%	*7.5%*
Earnings	6.0%	6.0%	*11.0%*
Dividends	2.0%	4.5%	*8.5%*
Book Value	5.5%	4.5%	*7.5%*

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	2750	2843	3504	2892	11989
2006	2705	2751	3365	2680	11501
2007	2973	3109	3641	3079	12802
2008	3277	3245	*3850*	*3228*	*13600*
2009	*3500*	*3600*	*4200*	*3500*	*14800*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.42	.76	1.01	.65	2.84
2006	.67	.93	1.40	.84	3.82
2007	.92	1.10	1.34	.87	4.22
2008	.90	.85	*1.45*	*1.15*	*4.35*
2009	*1.05*	*1.20*	*1.65*	*1.25*	*5.15*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.375	.375	.375	.375	1.50
2005	.413	.413	.413	.43	1.67
2006	.45	.45	.45	.45	1.80
2007	.50	.50	.50	.50	2.00
2008	.55	.55			

BUSINESS: FirstEnergy Corp. is a holding company for Ohio Edison, Pennsylvania Power, Cleveland Electric, Toledo Edison, Metropolitan Edison, Penelec, and Jersey Central Power & Light. Provides electric service to 4.5 million customers in Ohio (58% of revenues), New Jersey (22%) and Pennsylvania (20%). Electric revenue breakdown by customer class not provided by company. Generating sources: coal, 44%; nuclear, 26%; purchased, 30%. Fuel costs: 39% of revenues. '07 reported deprec. rates: 2.1%-4.0%. Has 14,500 employees. Chairman: George M. Smart. President & CEO: Anthony J. Alexander. COO: Richard R. Grigg. Inc.: Ohio. Address: 76 South Main Street, Akron, Ohio 44308-1890. Tel.: 330-384-5100. Internet: www.firstenergycorp.com.

FirstEnergy has filed a regulatory plan with the Public Utilities Commission of Ohio. This was required under a new state law. Under the company's proposal, its nonregulated generating subsidiary would provide power to its three utilities in Ohio. In order to recover the rising cost of this power, customers' rates would increase by $0.006-$0.008 a kilowatt-hour in 2009. The regulatory plan would also resolve the three Ohio utilities' distribution rate cases, in which they are seeking a total of $332 million based on an 11.75% return on equity. They would settle for a $150 million increase ($50 million of which would be a pass-through of higher costs) based on a 10.5% ROE, plus a rate rider to recover reliability spending, which would amount to an estimated $110 million next year. FirstEnergy has asked the commission for an order by December 10th.

The regulatory plan, if adopted, would enhance FirstEnergy's earning power while keeping rate increases at a manageable level for customers. That's largely why we estimate such a sizable earnings increase in 2009, followed by strong profit growth through early next decade. The one negative feature of the plan is that it would force the company to write off some uncollected regulatory transition costs that Cleveland Electric is now scheduled to collect through the end of 2010. This $1.01-a-share charge would be *excluded* from our presentation.

FirstEnergy is finishing a generating plant. In early 2008, the company paid $253.6 million for a gas-fired plant that was 70% of the way to completion. It will take an estimated $208 million to finish the 707-megawatt facility. Commercial operation is expected in December of 2009. This will help FirstEnergy meet its target (specified in the regulatory plan) of adding 1,000 mw of generating capacity.

This stock has fallen back of late, after a run-up in the first half of 2008. We consider the recent slump nothing more than a correction after the market's exuberant response to the positive effect that the new regulatory law in Ohio will have on FirstEnergy's earnings. At the current quotation, we think that this equity is fairly valued for both the near term and the period to 2011-2013.

Paul E. Debbas, CFA *August 29, 2008*

(A) Dil. EPS. Excl. nonrec. losses: '02, 40¢; '03, 25¢; '04, 11¢; '05, 28¢; gains (losses) from disc. ops.: '03, (33¢); '04, 1¢; '05, 5¢; '06, (1¢). '06 EPS don't add due to chg. in shs., '07 due to rounding. Next egs. report due early Nov. (B) Div'ds paid early Mar., June, Sept., & Dec. Five div'ds decl. in '04. ■ Div'd reinv. plan avail. (C) Incl. intang.: In '07: $31.33/sh. (D) In mill. (E) Rate base: Depr. orig. cost. Rate all'd on com. eq. in NJ in '05: 9.75%; in PA in '07: 10.1%; earn. on avg. com. eq., '07: 14.6%. Regul. Climate: OH, Above Avg.; PA, NJ, Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	85
Earnings Predictability	60

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is [illegible] criber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generati[illegible] ny printed or electronic publication, service or product.
To subscribe call 1-800-833-0046.

35.9

PPL CORPORATION NYSE-PPL

RECENT PRICE	44.23	P/E RATIO	19.2 (Trailing: 17.1 / Median: 12.0)	RELATIVE P/E RATIO	1.25	DIV'D YLD	3.2%	VALUE LINE	164

TIMELINESS **4** Lowered 8/29/08

SAFETY **2** Raised 6/2/06

TECHNICAL **3** Raised 7/25/08

BETA .85 (1.00 = Market)

High:	12.1	14.5	16.0	23.1	31.2	20.0	22.2	27.1	33.7	37.3	54.6	55.2
Low:	9.5	10.4	10.2	9.2	15.5	13.0	15.8	19.9	25.5	27.8	34.4	42.4

Target Price Range 2011 | 2012 | 2013

2011-13 PROJECTIONS

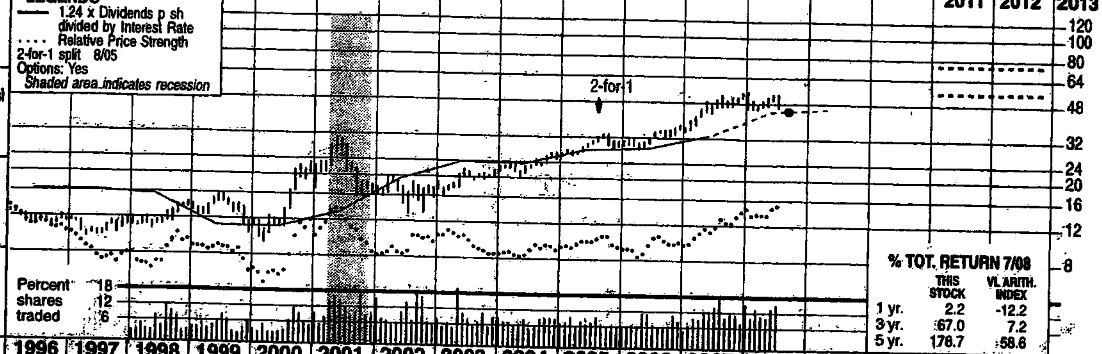
	Price	Gain	Ann'l Total Return
High	75	(+70%)	17%
Low	55	(+25%)	9%

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	1	8	1	1	1	2	1
to Sell	0	1	1	2	1	1	2	2	1

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	167	213	190
to Sell	214	217	246
Hld's(000)	219998	228067	234082



% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	2.2	-12.2
3 yr.	67.0	7.2
5 yr.	178.7	58.6

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
9.03	8.96	8.76	8.63	8.94	9.17	12.03	15.97	19.59	19.53	16.38	15.75	15.37	16.36	17.92	17.41	*16.05*	*17.95*	Revenues per sh	*24.25*
1.90	1.98	1.84	2.05	2.14	2.11	2.43	2.56	3.32	3.51	3.20	3.60	3.59	3.84	4.26	5.10	*5.00*	*5.00*	"Cash Flow" per sh	*8.75*
1.01	1.04	.84	.97	1.03	.99	1.12	1.01	1.64	1.79	1.54	1.84	1.87	1.92	2.29	2.63	*2.40*	*2.15*	Earnings per sh A	*5.00*
.80	.83	.84	.84	.84	.84	.67	.50	.53	.53	.72	.77	.82	.96	1.10	1.22	*1.34*	*1.46*	Div'd Decl'd per sh B ■	*2.40*
1.39	1.60	1.62	1.26	1.11	.93	.97	1.11	1.59	2.99	2.74	2.17	1.94	2.13	3.62	4.51	*4.30*	*3.95*	Cap'l Spending per sh	*3.75*
7.79	7.97	7.89	8.15	8.44	8.45	5.69	5.61	6.94	6.33	6.71	9.19	11.21	11.62	13.30	14.88	*16.00*	*16.20*	Book Value per sh C	*23.00*
303.77	304.26	310.96	318.81	325.33	332.50	314.82	287.39	290.08	293.16	331.47	354.72	378.14	380.15	385.04	373.27	*374.00*	*370.00*	Common Shs Outst'g D	*362.00*
12.9	14.1	13.0	10.8	11.4	10.8	10.9	13.4	8.9	12.4	11.1	10.6	12.5	15.1	14.1	17.3	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
.78	.83	.85	.72	.71	.62	.57	.76	.58	.64	.61	.60	.66	.80	.76	.91	*Value Line*		Relative P/E Ratio	*.85*
6.1%	5.7%	7.7%	8.0%	7.1%	7.8%	5.5%	3.7%	3.6%	2.4%	4.2%	4.0%	3.5%	3.3%	3.4%	2.7%	*estimates*		Avg Ann'l Div'd Yield	*3.6%*

CAPITAL STRUCTURE as of 6/30/08

Total Debt $8181.0 mill. **Due in 5 Yrs** $2351.0 mill.
LT Debt $7019.0 mill. **LT Interest** $441.0 mill.
Incl. 23 mill. units 7.75%, $25 liq. value; 82,000 units 8.23%, $1000 face value.
(LT interest earned: 3.5x)

Leases, Uncapitalized Annual rentals $52.0 mill.

Pension Assets-12/07 $5.60 bill. **Oblig.** $5.48 bill.

Pfd Stock $301.0 mill. **Pfd Div'd** $18.0 mill.
505,189 shs, 3.35%-6.75%, $100 par, cumulative, callable $102.00-$110.00; 10 mill. shs. 6.25%, $100 liq. preference, redeemable after 4/6/11.

Common Stock 374,491,269 shs. as of 7/25/08

MARKET CAP: $17 billion (Large Cap)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		11-13
3786.0	4590.0	5683.0	5725.0	5429.0	5587.0	5812.0	6219.0	6899.0	6498.0	*6000*	*6650*	Revenues ($mill)	*8800*
393.0	332.0	500.0	576.0	536.0	667.0	692.0	739.0	899.0	1031.0	*925*	*815*	Net Profit ($mill)	*1865*
40.7%	33.5%	36.3%	29.7%	25.7%	27.1%	22.8%	14.0%	23.2%	20.7%	*36.0%*	*36.0%*	Income Tax Rate	*36.0%*
2.3%	2.1%	4.0%	4.3%	3.4%	1.2%	.7%	--	2.6%	--	*Nil*	*Nil*	AFUDC % to Net Profit	*Nil*
59.1%	65.7%	65.4%	64.8%	66.5%	71.1%	61.6%	57.5%	55.4%	54.1%	*51.0%*	*53.5%*	Long-Term Debt Ratio	*44.0%*
34.2%	28.2%	29.5%	23.7%	25.1%	28.5%	37.9%	42.0%	42.2%	43.6%	*46.5%*	*44.0%*	Common Equity Ratio	*54.0%*
5229.0	5716.0	6826.0	7845.0	8868.0	11455	11171	10513	12151	12747	*12875*	*13575*	Total Capital ($mill)	*15400*
4480.0	5644.0	5948.0	6135.0	9566.0	10446	11209	10916	12069	12605	*13250*	*13650*	Net Plant ($mill)	*14300*
9.5%	7.9%	9.7%	9.6%	8.8%	7.6%	8.4%	9.3%	9.3%	9.8%	*9.0%*	*8.0%*	Return on Total Cap'l	*13.5%*
18.4%	16.9%	21.2%	20.8%	18.1%	20.2%	16.1%	16.5%	16.6%	17.6%	*14.5%*	*13.0%*	Return on Shr. Equity	*21.5%*
20.6%	19.0%	23.6%	28.2%	21.1%	19.6%	16.3%	16.7%	17.3%	18.2%	*15.0%*	*13.5%*	Return on Com Equity E	*22.0%*
6.4%	9.4%	16.1%	20.2%	12.4%	11.7%	9.3%	6.8%	9.3%	10.0%	*7.0%*	*4.0%*	Retained to Com Eq	*12.0%*
71%	54%	35%	35%	49%	43%	43%	47%	47%	46%	*56%*	*69%*	All Div'ds to Net Prof	*48%*

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+4.6	-1.8	+3.5
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Winter (Mw) F	7035	7554	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.1	+.9	+.7
Fixed Charge Cov. (%)	263	314	330

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	7.0%	1.5%	6.0%
"Cash Flow"	7.5%	5.5%	12.0%
Earnings	8.5%	6.5%	14.0%
Dividends	2.5%	13.0%	14.0%
Book Value	4.5%	15.0%	9.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	1600	1478	1643	1498	6219.0
2006	1781	1642	1752	1724	6899.0
2007	1546	1573	1774	1605	6498.0
2008	1526	1024	*1800*	*1650*	*6000*
2009	*1600*	*1600*	*1850*	*1600*	*6650*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.45	.46	.51	.50	1.92
2006	.73	.52	.58	.46	2.29
2007	.57	.62	.87	.57	2.63
2008	.65	.50	*.65*	*.60*	*2.40*
2009	*.55*	*.50*	*.55*	*.55*	*2.15*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.193	.205	.205	.205	.81
2005	.205	.23	.23	.25	.92
2006	.25	.275	.275	.275	1.08
2007	.275	.305	.305	.305	1.19
2008	.305	.335	.335		

BUSINESS: PPL Corporation (formerly PP&L Resources, Inc.) is a holding company for PPL Utilities (formerly Pennsylvania Power & Light Company), which distributes electricity to about 1.4 million customers in a 10,000-square-mile area in eastern & central Pennsylvania. Plans to sell gas distribution subsidiary. Also has subsidiaries in power generation & marketing, foreign electricity distribution in U.K. (2.6 million customers). Electric revenue breakdown & generating sources not provided by company. Fuel costs: 25% of revenues. '07 depreciation rate: 4.4%. Has 11,100 employees. Chairman, President & CEO: James H. Miller. Incorporated: Pennsylvania. Address: Two North Ninth St., Allentown, Pennsylvania 18101-1179. Tel.: 800-345-3085. Internet: www.pplweb.com.

PPL Corporation's earnings in 2010 are likely to be much higher than historical levels. That's because the customers of the company's utility subsidiary are scheduled to start paying market-based prices for the generation portion of their power. Through the end of 2009, customers are paying a rate, specified in a regulatory agreement, that is well below current market prices for power supply. Thus, PPL's generating assets will begin earning much higher margins in 2010. Ratepayers will have to dig deeper to pay their electric bills, so the Pennsylvania commission has approved a plan put forth by PPL that will allow customers to alleviate rate shock by phasing in the upcoming higher prices. The company continues to project earnings of $4.00-$4.60 a share in 2010, and we believe that this target is attainable.

Nearer-term earnings are likely to be weaker. In fact, PPL expects earnings to decline in 2008 and 2009. The company is experiencing higher coal and transportation prices that are squeezing its margins on power supply. This will increase its operating expenses by an estimated $40 million this year and $100 million in 2009. Also, a U.S. Court of Appeals ruling that overturned an EPA rule has made emissions allowances much less valuable. Thus, PPL will probably not book the pretax profit of $110 million it had expected next year on sales of these allowances, and the company might even have to take an impairment charge. We have lowered our 2008 share-earnings estimate by $0.05, to $2.40, and have slashed our 2009 forecast by $0.40, to $2.15. Despite these revisions, **we continue to expect a hefty dividend hike next year,** in view of the projected bottom-line improvement in 2010.

The sale of PPL's gas utility business is pending. The sale price is $268 million, plus a closing adjustment for working capital. This operation was not strategically significant and produced just 1% of the company's net profit in 2007. The sale should be completed by yearend.

The stock has fallen over 10% since our May report. It doesn't stand out for the year ahead, but its rapid earnings and dividend growth potential to 2011-2013 should produce a total return that's well above the norm for this industry.

Paul E. Debbas, CFA *August 29, 2008*

(A) Diluted EPS. Excl. nonrec. gains (losses): '00, 8¢; '01, ($1.18) '02, (89¢); '03, 24¢; '04, 3¢; '05, (2¢); '07, (12¢); gain (losses) on disc. ops.: '03, (6¢); '04, (1¢); '05, (12¢); '07, 19¢; '08, 4¢. Next earnings report due late Oct.
(B) Div'ds historically paid in early Jan., Apr., July, and Oct. ■ Div'd reinvestment plan avail.
(C) Incl. intang. In '07: $5.09/sh. (D) In mill., adj. for split. (E) Rate base: Fair value. Rate allowed on com. eq. in '08: none specified; earned on avg. com. eq., '07: 19.2%. Regulatory Climate: Average. (F) Summer peak in '06.

Company's Financial Strength	B++
Stock's Price Stability	95
Price Growth Persistence	90
Earnings Predictability	80

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

44.48

PROGRESS ENERGY NYSE-PGN

RECENT PRICE 44.20 | P/E RATIO 14.3 (Trailing: 14.7 Median: 15.0) | RELATIVE P/E RATIO 0.93 | DIV'D YLD 5.6% | VALUE LINE 166

High:	42.7	49.6	47.9	49.4	49.3	52.7	48.0	47.9	46.0	49.6	52.8	49.2
Low:	32.8	39.2	29.3	28.3	38.8	32.8	37.4	40.1	40.2	40.3	43.1	40.1

Target Price Range 2011 | 2012 | 2013

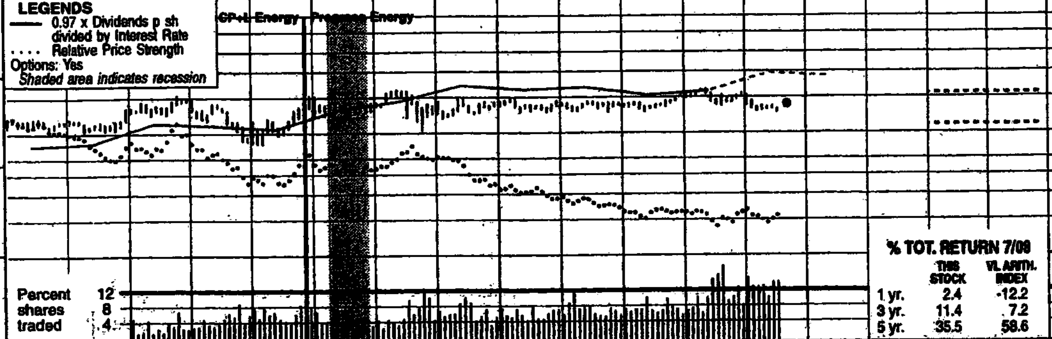
TIMELINESS 3 Lowered 7/27/07

SAFETY 2 Lowered 6/7/02

TECHNICAL 3 Raised 8/8/08

BETA .75 (1.00 = Market)

LEGENDS
— 0.97 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+15%)	6%
Low	35	(-20%)	-2%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	1	0	0	0	0	0	0	1
Options	0	0	1	0	0	0	0	0	0
to Sell	3	0	3	0	0	6	1	0	0

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	187	216	202
to Sell	204	191	198
Hld's(000)	159886	151947	151868

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	2.4	-12.2
3 yr.	11.4	7.2
5 yr.	35.5	58.6

Progress Energy was formed on November 30, 2000 through the merger of CP&L Energy and Florida Progress. Florida Progress common shareholders exchanged each share held for $54 in cash and/or CP&L common stock. They also received one Contingent Value Obligation for each share of Florida Progress stock, entitling them to payments when four synthetic fuel plants achieved certain economic levels from 2001 to 2007. Data prior to merger are for CP&L only and are not comparable with Progress Energy data.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
20.68	21.04	19.99	38.69	34.18	35.54	39.56	40.11	37.38	35.19	**35.25**	**35.45**	Revenues per sh	**36.00**
6.44	6.06	5.37	8.14	7.02	7.54	7.40	6.53	5.93	6.13	**6.40**	**6.50**	"Cash Flow" per sh	**6.60**
2.75	2.55	2.34	3.43	3.84	3.41	3.10	2.94	2.05	2.69	**3.00**	**3.10**	Earnings per sh A	**3.40**
1.96	2.02	2.08	2.14	2.18	2.26	2.32	2.38	2.42	2.44	**2.47**	**2.49**	Div'd Decl'd per sh B†■	**2.55**
2.80	4.32	4.61	5.56	5.05	4.14	4.04	4.29	5.56	7.59	**9.55**	**8.45**	Cap'l Spending per sh	**6.45**
19.49	21.38	26.32	27.45	28.73	30.26	30.90	31.90	32.37	32.38	**33.05**	**33.30**	Book Value per sh C	**35.75**
151.34	159.60	206.09	218.73	232.43	246.00	247.00	252.00	256.00	260.10	**264.00**	**268.00**	Common Shs Outst'g E	**280.00**
15.9	15.2	15.3	12.4	11.9	12.4	14.1	14.8	21.6	17.9	*Bold figures are*	*Value Line estimates*	Avg Ann'l P/E Ratio	**12.5**
.83	.87	.99	.64	.65	.71	.74	.79	1.17	.94			Relative P/E Ratio	**.85**
4.5%	5.2%	5.8%	5.0%	4.8%	5.3%	5.3%	5.5%	5.5%	5.1%			Avg Ann'l Div'd Yield	**6.1%**
3130.1	3357.6	4118.9	8461.5	7945.0	8743.0	9772.0	10108	9570.0	9153.0	**9300**	**9500**	Revenues ($mill)	**10100**
399.2	382.3	369.9	695.1	815.2	818.1	763.5	727.0	514.0	693.0	**790**	**830**	Net Profit ($mill)	**950**
39.2%	40.3%	35.4%	--	--	--	13.1%	--	28.4%	32.5%	**33.0%**	**33.0%**	Income Tax Rate	**33.0%**
1.7%	3.0%	5.6%	2.6%	1.0%	3.4%	.8%	1.8%	1.4%	2.5%	**3.0%**	**3.0%**	AFUDC % to Net Profit	**3.0%**
46.5%	46.6%	51.6%	60.9%	59.0%	56.1%	55.2%	56.2%	51.3%	50.6%	**53.0%**	**52.5%**	Long-Term Debt Ratio	**49.5%**
52.4%	52.5%	47.6%	38.5%	40.4%	43.4%	44.3%	43.3%	48.1%	48.8%	**46.5%**	**47.0%**	Common Equity Ratio	**50.0%**
5623.1	6500.6	11407	15580	16517	17162	17247	18577	17214	17252	**18750**	**18955**	Total Capital ($mill)	**20045**
6299.5	6764.8	10437	10915	10856	14434	14363	14442	15245	16605	**18050**	**19185**	Net Plant ($mill)	**20905**
8.6%	7.3%	4.3%	6.4%	6.8%	6.5%	6.2%	5.6%	4.8%	5.6%	**6.0%**	**6.0%**	Return on Total Cap'l	**6.5%**
13.3%	11.0%	6.7%	11.4%	12.0%	10.9%	9.9%	8.9%	6.1%	8.1%	**9.0%**	**9.0%**	Return on Shr. Equity	**9.5%**
13.4%	11.1%	6.7%	11.5%	12.1%	10.9%	9.9%	9.0%	6.1%	8.2%	**9.0%**	**9.0%**	Return on Com Equity D	**9.5%**
4.0%	2.5%	NMF	4.3%	5.0%	3.7%	2.6%	1.7%	NMF	.7%	**1.5%**	**1.5%**	Retained to Com Eq	**2.5%**
71%	78%	101%	63%	59%	67%	74%	81%	119%	91%	**82%**	**80%**	All Div'ds to Net Prof	**75%**

CAPITAL STRUCTURE as of 6/30/08
Total Debt $11350 mill. Due in 5 Yrs $3633 mill.
LT Debt $10157 mill. LT Interest $538 mill.
(LT interest earned: 2.9x)
Pension Assets-12/07 $2.00 bill. Oblig. $2.14 bill.
Pfd Stock $92.8 mill. Pfd Div'd $4.5 mill.
921,814 shs. $4.00 to $5.44 cum. no par. callable from $101 to $110 per sh. Sinking funds began in 1984 and 1986, respectively.
Common Stock 261,987,408 shs. as of 8/4/08
MARKET CAP: $11.6 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	1.4	-2.3	+3.5
Avg. Indust. Use (MWH)	2399	2328	2350
Avg. Indust. Revs. per KWH (¢)	5.74	6.38	6.58
Capacity at Peak (Mw)	24500	21322	21776
Peak Load, Summer (Mw)	21983	21717	22327
Annual Load Factor (%)	55.0	NA	NA
% Change Customers (yr-end)	+3.1	+2.0	+3.5
Fixed Charge Cov. (%)	198	204	249

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	6.5%	4.0%	-1.0%
"Cash Flow"	1.0%	-2.0%	1.5%
Earnings	--	-4.5%	5.0%
Dividends	3.0%	2.5%	1.0%
Book Value	6.0%	3.0%	1.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	2168	2295	3067	2578	10108
2006	2250	2316	2731	2273	9570.0
2007	2072	2129	2750	2202	9153.0
2008	2066	2244	**2760**	**2230**	**9300**
2009	**2120**	**2230**	**2850**	**2300**	**9500**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.43	.03	1.85	.63	2.94
2006	.34	.08	1.12	.51	2.05
2007	.62	.41	1.27	.39	2.69
2008	.58	.77	**1.25**	**.40**	**3.00**
2009	**.68**	**.57**	**1.35**	**.50**	**3.10**

Cal-endar	QUARTERLY DIVIDENDS PAID B■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.575	.575	.575	.575	2.30
2005	.59	.59	.59	.59	2.36
2006	.605	.605	.605	.605	2.42
2007	.61	.61	.61	.61	2.44
2008	.615	.615	.615		

BUSINESS: Progress Energy, parent of CP&L Energy and Florida Progress, supplies electricity to portions of North Carolina, South Carolina, and Florida. Other operations include coal mining, wholesale generation, and financial services. Electric revenues: residential, 45%; commercial, 26%; industrial, 13%; other, 16%. Power costs: 47% of revs; labor costs: 14%. Fuel sources: gas/oil/coal, 58%; nuclear, 27%; hydro, less than 1%; purch. power, 14%. Has 11,000 employees. '07 depreciation rate: 2.7%. Est'd plant age: 8 years. Chairman, CEO, and President: William D. Johnson. Incorporated: North Carolina. Address: 411 Fayetteville Street, Raleigh, North Carolina 27602. Telephone: 1-800-662-7232. Internet: www.progress-energy.com.

Progress Energy's second-quarter earnings rose a hefty 88% over those of a year ago. However, this increase might be a little skewed, due to adverse conditions in 2007, which included a fuel disallowance charge and some unfavorable weather. Accordingly, we have not changed our yearend earnings estimate of $3.00 a share.

The company's Florida service area remains a fast-growing region. Despite the current economic downturn, this subsidiary has recorded positive year-over-year increases in wholesale revenues, albeit at a lower rate than last year. Moreover, the state ranks third nationally in per-capita energy consumption. The average home uses 30% more energy than it did 30 years ago. That's the reason the company has been investing so much capital in this region.

Plant expenditures will likely continue to be high over the next few years. The company is involved in several projects, which are not expected to be cheap. In Florida, Crystal River plant 3 is getting a 180-megawatt uprate at a cost of $365 million. Crystal River units 4 and 5 are experiencing environmental upgrades that are estimated to cost a combined $1.2 billion. In the Carolinas, Progress is constructing two gas plants that will cost another $1.5 billion. These outlays will require frequent trips to the capital market, since cash flow from operations won't be sufficient to cover the expenditures.

The company seeks to continue involvement in alternative and renewable energy sources. Over the past few decades, Progress has been a pioneer in implementing energy-efficiency programs and adopting renewable energy technology. In fact, since 1981, PGN customers have saved more than $900 million through these programs. Currently, about 4% of the company's electricity is generated from alternative and renewable sources, making it a leader in this field.

These neutrally ranked shares may interest conservative investors, due to a consistent dividend that is likely to increase each year. However, the stock offers limited total return potential, as it is already trading well within our 2011-2013 Target Price Range.

Michael Ratty *August 29, 2008*

(A) EPS diluted. Next egs. report due early Nov. Excl. nonrecur.: '00, 69¢; '01, (75¢); '02, ($1.32); '03, (3¢); '05, (39¢); '07, (73¢).
(B) Div'ds historically paid in early Feb., May, Aug, and Nov. ■ Div'd reinvestment plan available. † Shareholder investment plan avail.
(C) Incl. def. charges in '07: $17.64/sh.
(D) Rate Base: orig. cost. Rate allowed on common equity. In '88 in N.C.: 12.75%; in '88 in S.C.: 12.75%; in '02 in Fla.: rev. sharing incentive plan; earn. on '07 avg. com. eq.: 8.3%. Regul. Clim.: Avg. (E) In millions.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	10
Earnings Predictability	70

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generation or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

37.52

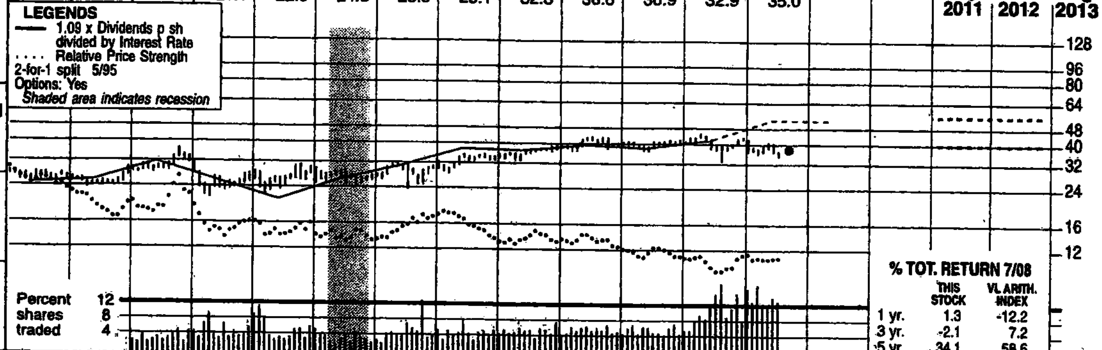
SCANA CORP. NYSE-SCG

RECENT PRICE 37.89 | P/E RATIO 12.6 (Trailing: 12.8; Median: 14.0) | RELATIVE P/E RATIO 0.82 | DIV'D YLD 5.0% | VALUE LINE 168

TIMELINESS 3 Raised 12/21/07
SAFETY 2 Lowered 9/10/99
TECHNICAL 3 Raised 7/25/08
BETA .80 (1.00 = Market)

High:	29.9	37.3	32.6	31.1	30.0	32.1	35.7	39.7	43.7	42.4	45.5	42.7	
Low:	23.4	27.9	21.1	22.0	24.3	23.5	28.1	32.8	36.6	36.9	32.9	35.0	

Target Price Range 2011 | 2012 | 2013



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+45%)	13%
Low	40	(+5%)	6%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	3	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	2	0	0	0	0	0	1

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	113	148	150
to Sell	121	116	120
Hld's(000)	50378	53086	54874

% TOT. RETURN 7/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	1.3	-12.2
3 yr.	-2.1	7.2
5 yr.	34.1	58.6

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
12.96	13.56	13.77	13.06	14.25	14.19	15.76	15.93	32.78	32.95	26.65	30.85	34.38	41.54	39.00	39.50	*44.90*	*43.35*	Revenues per sh	*47.75*
2.78	3.50	3.77	3.68	3.75	3.53	3.62	3.15	4.43	4.55	4.56	4.95	5.26	7.41	5.67	5.72	*5.85*	*5.95*	"Cash Flow" per sh	*6.75*
1.42	1.86	1.60	1.86	2.05	1.90	2.12	1.44	2.12	2.15	2.38	2.50	2.67	2.78	2.59	2.74	*3.00*	*3.10*	Earnings per sh A	*3.50*
1.34	1.37	1.41	1.44	1.47	1.51	1.54	1.32	1.15	1.20	1.30	1.38	1.46	1.56	1.68	1.76	*1.84*	*1.92*	Div'd Decl'd per sh B ■ †	*2.10*
3.16	3.46	4.21	3.09	2.34	2.45	2.87	2.37	3.28	4.99	6.41	6.94	4.84	3.37	4.50	6.20	*9.10*	*9.60*	Cap'l Spending per sh	*11.00*
13.23	14.30	14.69	15.00	15.86	16.66	16.86	20.27	19.40	20.95	19.64	20.82	21.69	23.28	24.32	25.30	*26.60*	*28.30*	Book Value per sh C	*33.50*
87.82	93.24	96.04	103.62	106.18	107.32	103.57	103.57	104.73	104.73	110.83	110.74	113.00	115.00	117.00	117.00	*118.00*	*124.00*	Common Shs Outst'g D	*134.00*
14.5	12.8	14.0	12.3	13.1	13.4	14.5	17.5	12.5	12.6	12.2	13.0	13.6	14.4	15.4	15.0	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.88	.76	.92	.82	.82	.77	.75	1.00	.81	.65	.67	.74	.72	.77	.83	.80	*Value Line*		Relative P/E Ratio	*.90*
6.5%	5.8%	6.3%	6.3%	5.5%	5.9%	5.0%	5.2%	4.3%	4.4%	4.5%	4.2%	4.0%	3.9%	4.2%	4.3%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $3865.0 mill. **Due in 5 Yrs** $1655.0 mill.
LT Debt $3276.0 mill. **LT Interest** $197.0 mill.
(LT interest earned: 3.3x)
Leases, Uncapitalized Annual rentals $16.0 mill.
Pension Assets-12/07 $929.5 mill. **Oblig.** $704.8 mill.
Pfd Stock $113.0 mill. **Pfd Div'd** $7.0 mill.
125,209 shs. 5% cum., $50 par., callable $52.50; 220,287 shs. 4.50% to 6.00% cum., $50 par, callable $50.50 to $51.00; 1,000,000 shs. 6.52% cum., $100 par, callable $100.00.
Common Stock 116,664,933 shs. **as of 4/30/08**
MARKET CAP: $4.4 billion (Mid Cap)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		11-13
1632.0	1650.0	3433.0	3451.0	2954.0	3416.0	3885.0	4777.0	4563.0	4621.0	*5300*	*5500*	Revenues ($mill)	*6400*
235.0	160.0	228.0	231.0	259.0	285.0	305.0	323.0	306.0	327.0	*360*	*380*	Net Profit ($mill)	*485*
35.8%	41.0%	38.2%	34.9%	32.2%	31.5%	32.5%	--	26.5%	29.2%	*36.5%*	*36.5%*	Income Tax Rate	*36.5%*
6.8%	4.4%	3.9%	11.3%	13.5%	10.5%	8.5%	.9%	2.6%	4.6%	*6.0%*	*8.0%*	AFUDC % to Net Profit	*8.0%*
45.9%	40.8%	57.4%	53.9%	55.7%	57.1%	55.4%	51.4%	50.9%	48.4%	*51.0%*	*50.0%*	Long-Term Debt Ratio	*50.0%*
49.4%	54.8%	40.3%	43.8%	42.1%	40.8%	42.6%	46.6%	47.2%	49.7%	*47.5%*	*48.5%*	Common Equity Ratio	*48.5%*
3536.0	3829.0	5048.0	5006.0	5176.0	5646.0	5752.0	5739.0	6027.0	5952.0	*6630*	*7230*	Total Capital ($mill)	*9225*
3764.0	3829.0	4475.0	4803.0	5474.0	6417.0	6762.0	6734.0	7007.0	7538.0	*8275*	*9105*	Net Plant ($mill)	*12225*
8.4%	5.9%	6.8%	6.9%	7.0%	6.9%	7.1%	7.4%	6.8%	7.3%	*7.0%*	*6.5%*	Return on Total Cap'l	*6.5%*
12.3%	7.1%	10.6%	10.0%	11.3%	11.8%	11.9%	11.6%	10.3%	10.6%	*11.0%*	*10.5%*	Return on Shr. Equity	*10.5%*
12.8%	7.1%	10.9%	10.2%	11.6%	12.1%	12.2%	11.8%	10.5%	10.8%	*11.0%*	*10.5%*	Return on Com Equity E	*10.5%*
3.4%	--	4.8%	4.6%	5.5%	5.5%	5.6%	5.3%	3.8%	4.0%	*4.5%*	*4.0%*	Retained to Com Eq	*4.5%*
74%	99%	57%	56%	54%	55%	55%	56%	65%	64%	*62%*	*63%*	All Div'ds to Net Prof	*59%*

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+.9	-1.4	+2.6
Avg. Indust. Use (MWH)	13249	12005	9815
Avg. Indust. Revs. per KWH (¢)	4.82	5.16	5.30
Capacity at Yearend (Mw)	5776	5749	5688
Peak Load, Summer (Mw)	4820	4747	4926
Annual Load Factor (%)	57.3	57.5	56.7
% Change Customers (yr-end)	+3.1	+2.2	+2.5
Fixed Charge Cov. (%)	190	261	272

BUSINESS: SCANA Corporation is a holding company for South Carolina Electric & Gas Company, which supplies electricity to 646,000 customers in South Carolina. Supplies gas and transmission service to 1.2 million customers in North and South Carolina and Georgia. Owns gas pipelines. Acquired PSNC Energy 2/00. Electric revenue breakdown, '07: residential, 41%; commercial, 31%; industrial, 17%; other, 11%. Generating sources, '07: coal, 61%; nuclear, 21%; oil & gas, 12%; hydro, 4%; purchased, 2%. Fuel costs: 62% of revenues. '07 reported deprec. rate: 3.1%. Has 5,700 employees. Chairman, President & CEO: William B. Timmerman. Inc.: South Carolina. Address: 1426 Main St., Columbia, SC 29201-2845. Tel.: 803-217-9000. Internet: www.scana.com.

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	11.0%	5.5%	*3.0%*
"Cash Flow"	5.5%	7.0%	*1.5%*
Earnings	3.5%	4.0%	*4.5%*
Dividends	1.0%	6.5%	*4.0%*
Book Value	4.5%	4.0%	*5.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	1266	891.0	1127	1493	4777.0
2006	1389	944.0	1062	1168	4563.0
2007	1363	1007	1079	1172	4621.0
2008	1533	1218	*1249*	*1300*	*5300*
2009	*1600*	*1250*	*1300*	*1350*	*5500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.89	.36	.88	.65	2.78
2006	.80	.46	.76	.57	2.59
2007	.73	.47	.79	.75	2.74
2008	.94	.48	*.88*	*.70*	*3.00*
2009	*.95*	*.50*	*.90*	*.75*	*3.10*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.345	.365	.365	.365	1.44
2005	.365	.39	.39	.39	1.54
2006	.39	.42	.42	.42	1.65
2007	.42	.44	.44	.44	1.74
2008	.44	.46	.46		

SCANA's South Carolina Electric & Gas subsidiary plans to build two nuclear units. The company's 55% stake in the plant would add 1,229 megawatts of base-load capacity at a projected cost (including transmission associated with the project) of $6.3 billion. SCE&G has asked the NRC for a Construction and Operating License, which the utility expects to receive by late 2011. SCE&G has also asked the South Carolina regulators for permission to build the plant, under the state's Base Load Review Act (BLRA). This Act will enable the utility to recover its construction costs as the units are being built. SCE&G estimates that this would result in base rate increases of 2.5% annually. The company expects a ruling from the state commission in February of 2009.

Wall Street appears to be concerned about the construction risk that SCE&G would assume. The provisions of the BLRA, along with federal incentives, would reduce the risk to the utility, but would not eliminate it. Moreover, any project of this size is a big undertaking for a mid-cap company. This stock has performed weakly since SCE&G made the BLRA filing in late May. As a result, its yield is now almost a full percentage point above the industry average.

Earnings are likely to rise significantly this year. SCE&G received a $76.9 million electric tariff hike at the start of 2008. Our profit estimate is within SCANA's targeted range of $2.90-$3.05 a share.

Two gas rate filings are pending. PSNC Energy has reached a settlement with the staff of the North Carolina commission (which must still approve the agreement) for a rate boost of $9.1 million (1.3%) based on a 10.6% return on a 54% common-equity ratio. SCE&G has filed for a $4.7 million (0.9%) increase under a state provision that allows it to request an increase whenever it is underearning its allowed ROE by half a percentage point. New tariffs in each state should be in place at the start of November. This should help lift SCANA's earnings in 2009.

Investors who don't mind assuming some nuclear-related risk should find this stock's yield attractive. Total return potential to 2011-2013 is a cut above average, for a utility.

Paul E. Debbas, CFA *August 29, 2008*

(A) Excl. nonrec. gains (losses): '95, (16¢); '97, 16¢; '99, 29¢; '00, 28¢; '01, $3.00; '02, ($3.72); '03, 31¢; '04, (23¢); '05, 3¢; '06, 9¢. Next earnings report due late Oct. (B) Div'ds historically paid in early Jan., Apr., July, and Oct. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. intang. In '07: $8.00/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in SC: 11% electric in '08, 10.25% gas in '05; in '06 in NC: none specified; earned on avg. com. eq., '07: 11.0%. Regulatory Climate: Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	50
Earnings Predictability	95

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

43,03

ALLETE NYSE-ALE

RECENT PRICE 45.15 | P/E RATIO 15.8 (Trailing: 15.2; Median: NMF) | RELATIVE P/E RATIO 0.97 | DIV'D YLD 3.9% | VALUE LINE 688

High:	37.5	51.7	49.3	51.3	46.1		Target Price Range
Low:	30.8	35.7	42.6	38.2	33.8		2011 / 2012 / 2013

TIMELINESS 3 Lowered 11/9/07

SAFETY 2 New 10/1/04

TECHNICAL 2 Raised 6/13/08

BETA .90 (1.00 = Market)

2011-13 PROJECTIONS

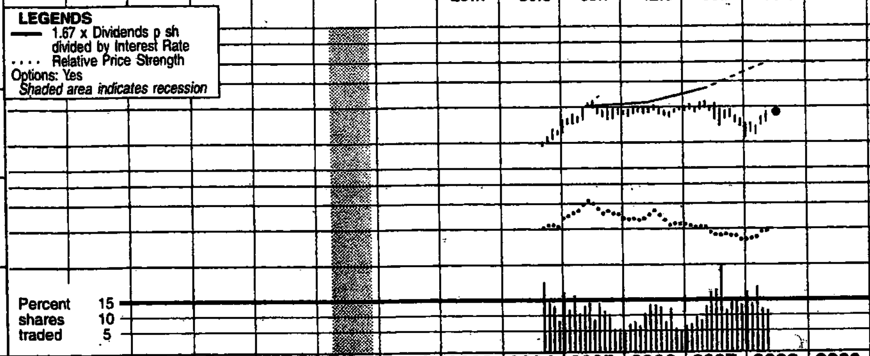
	Price	Gain	Ann'l Total Return
High	60	(+35%)	11%
Low	45	(Nil)	4%

Insider Decisions

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

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	80	83	62
to Sell	71	75	86
Hld's(000)	19001	18543	18034



% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-3.6	-9.7
3 yr.	2.6	27.3
5 yr.	75.5	85.8

ALLETE, in its current configuration, began trading on September 21, 2004, the day after it spun off its automotive services business, ADESA (NYSE: KAR), to shareholders and effected a 1-for-3 reverse stock split. ALLETE shareholders received one share of ADESA for each ALLETE share held. Data for the "old" ALLETE are not shown because they are not comparable.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
--	--	--	--	--	--	25.30	24.50	25.23	27.33	26.45	26.65	Revenues per sh	27.75
--	--	--	--	--	--	2.97	3.85	4.14	4.42	4.15	4.35	"Cash Flow" per sh	5.25
--	--	--	--	--	--	1.35	2.48	2.77	3.08	2.85	2.95	Earnings per sh A	3.25
--	--	--	--	--	--	.30	1.25	1.45	1.64	1.72	1.80	Div'd Decl'd per sh B ■ †	2.00
--	--	--	--	--	--	2.12	1.95	3.37	6.82	9.80	11.30	Cap'l Spending per sh	7.00
--	--	--	--	--	--	21.23	20.03	21.90	24.11	25.60	27.10	Book Value per sh C	32.50
--	--	--	--	--	--	29.70	30.10	30.40	30.80	32.30	33.60	Common Shs Outst'g D	36.50
--	--	--	--	--	--	25.2	17.9	16.5	14.8	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	15.5
--	--	--	--	--	--	1.33	.95	.89	.78			Relative P/E Ratio	1.05
--	--	--	--	--	--	.9%	2.8%	3.2%	3.6%			Avg Ann'l Div'd Yield	4.0%
--	--	--	--	--	--	751.4	737.4	767.1	841.7	855	895	Revenues ($mill)	1015
--	--	--	--	--	--	38.5	68.0	77.3	87.6	85.0	90.0	Net Profit ($mill)	110
--	--	--	--	--	--	38.8%	28.4%	37.5%	34.8%	38.0%	38.0%	Income Tax Rate	38.0%
--	--	--	--	--	--	1.8%	.4%	.8%	2.3%	6.0%	7.0%	AFUDC % to Net Profit	3.0%
--	--	--	--	--	--	38.2%	39.1%	35.1%	35.6%	41.0%	42.5%	Long-Term Debt Ratio	46.0%
--	--	--	--	--	--	61.8%	60.9%	64.9%	64.4%	59.0%	57.5%	Common Equity Ratio	54.0%
--	--	--	--	--	--	1020.7	990.6	1025.6	1153.5	1400	1600	Total Capital ($mill)	2200
--	--	--	--	--	--	883.1	860.4	921.6	1104.5	1370	1695	Net Plant ($mill)	2325
--	--	--	--	--	--	5.1%	8.0%	8.6%	8.6%	7.0%	7.0%	Return on Total Cap'l	6.5%
--	--	--	--	--	--	6.1%	11.3%	11.6%	11.8%	10.0%	10.0%	Return on Shr. Equity	9.5%
--	--	--	--	--	--	6.1%	11.3%	11.6%	11.8%	10.0%	10.0%	Return on Com Equity E	9.5%
--	--	--	--	--	--	4.7%	5.2%	5.0%	5.8%	3.5%	3.5%	Retained to Com Eq	3.5%
--	--	--	--	--	--	23%	54%	57%	51%	65%	65%	All Div'ds to Net Prof	64%

CAPITAL STRUCTURE as of 3/31/08
Total Debt $483.1 mill. **Due in 5 Yrs** $33.0 mill.
LT Debt $470.3 mill. **LT Interest** $25.2 mill.
(LT interest earned: 6.5x)
Leases, Uncapitalized Annual rentals $8.1 mill.

Pension Assets-12/07 $405.6 mill. **Oblig.** $420.4 mill.

Pfd Stock None

Common Stock 30,841,376 shs. as of 4/30/08

MARKET CAP: $1.4 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+2.0	+1.1	+.3
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	3.93	4.15	4.82
Capacity at Peak (Mw)	1512	1761	1701
Peak Load, Winter (Mw)	1543	1586	1614
Annual Load Factor (%)	80.0	80.0	80.0
% Change Customers (avg.)	+1.1	+1.3	+1.3
Fixed Charge Cov. (%)	461	503	503

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	--	--	1.5%
"Cash Flow"	--	--	4.0%
Earnings	--	--	2.5%
Dividends	--	--	5.5%
Book Value	--	--	6.5%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	193.3	174.4	177.4	192.3	737.4
2006	192.5	178.3	199.1	197.2	767.1
2007	205.3	223.3	200.8	212.3	841.7
2008	213.4	211.6	215	215	855
2009	225	220	225	225	895

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.64	.38	.58	.88	2.48
2006	.68	.49	.78	.82	2.77
2007	.93	.80	.58	.77	3.08
2008	.82	.63	.70	.70	2.85
2009	.85	.60	.75	.75	2.95

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	--	--	--	.30	.30
2005	.30	.315	.315	.315	1.25
2006	.363	.363	.363	.363	1.45
2007	.41	.41	.41	.41	1.64
2008	.43	.43			

BUSINESS: ALLETE, Inc. is the parent company of Minnesota Power, which supplies electricity to 141,000 customers in northeastern Minn., and Superior Water, Light & Power in northwestern Wisc. Electric revenue mix, '07: taconite mining/processing, 28%; paper/wood products, 11%; other industrial, 8%; residential, 12%; commercial, 13%; wholesale, 13% other, 15%. Has real estate operation in Florida. Discontinued water-utility ops. in '01. Spun off automotive remarketing ops. (ADESA) in '04. Generating sources, '07: coal & lignite, 62%; hydro, 3%; purchased, 35%. '07 deprec. rate: 2.5%. Has 1,500 employees. Chairman, President & CEO: Donald J. Shippar. Inc.: MN. Address: 30 West Superior St., Duluth, MN 55802-2093. Tel.: 218-279-5000. Internet: www.allete.com.

ALLETE's utility subsidiary has filed a general rate case. Minnesota Power's first such filing in 14 years seeks a tariff increase of $45 million (9.5%) based on an 11.15% return on a common-equity ratio of 54.8%. The utility is asking for an interim rate increase of $36 million (8%) to take effect in mid-2008. This includes $8 million that is already being recovered through rate riders, so the net effect on revenues in the second half of the year would be $14 million. The final order is due in mid-2009. **A wholesale rate hike took effect on March 1st.** The Federal Energy Regulatory Commission granted Minnesota Power an increase of $7.5 million, based on an 11.25% return on a 59% common-equity ratio.

Minnesota Power's heavy capital program will require additional rate cases. The utility plans to spend over $1.5 billion from 2008 through 2012. About half of this spending will be for environmental and renewable-energy projects that are recoverable through rate riders until they are rolled into base tariffs through a general rate application.

This year, a sharp decline in real estate income will outweigh the expected increase in utility profits. ALLETE is finally feeling the effects of the real estate slump in Florida, which has hurt the developers that buy property from the company. The company's earnings guidance for 2008 is $2.70-$2.90 a share, and even the upper end would be a 6% decline from the 2007 tally. (We've raised our estimate by $0.15 a share, to $2.85, due to ALLETE's better-than-expected March-quarter earnings.) The earnings growth we forecast for 2009 assumes a rise in utility income but no improvement in real estate. Even so, the company's real estate operation is well positioned to ride out the current turmoil, since it has very little debt and the market value of its land is well above the $63.1 million book value.

This stock is up over 15% since our late-March report. We think that this was a correction after investors overreacted to the disappointing prospects for ALLETE's real estate business. At the current quotation, the stock is fairly valued compared with the typical utility equity.

Paul E. Debbas, CFA *June 27, 2008*

(A) Diluted EPS. Excl. nonrec. gain (loss): '04, 2¢ net, '05, ($1.84); gain (losses) on discontinued operations: '04, $2.57, '05, (16¢); '06, (2¢); loss from accounting change: '04, 27¢. Next earnings report due late July. (B) Div'ds historically paid in early Mar., June, Sept., and Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '07: $2.49/sh. (D) In mill. (E) Rate base: Original cost deprec. Rate allowed on com. eq. in '95: 11.6%; earned on avg. com. eq., '07: 12.4%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	NMF
Earnings Predictability	NMF

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

ALLIANT ENERGY NYSE-LNT

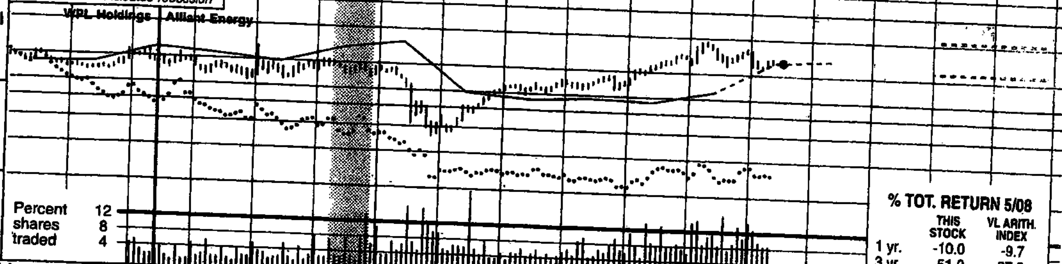
RECENT PRICE 37.06 | P/E RATIO 13.5 (Trailing: 13.5; Median: 14.0) | RELATIVE P/E RATIO 0.83 | DIV'D YLD 3.9% | VALUE LINE 689

31.08

TIMELINESS 3 Raised 2/15/08
SAFETY 2 Raised 9/28/07
TECHNICAL 3 Lowered 5/30/08
BETA .80 (1.00 = Market)

High:	34.4	34.9	32.4	37.8	33.2	31.0	25.1	28.8	30.6	40.0	46.5	42.4
Low:	26.8	28.0	25.2	25.8	27.5	14.3	15.0	23.5	25.6	27.5	34.9	34.0

LEGENDS
— 0.95 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



Target Price Range 2011 | 2012 | 2013

2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+35%)	11%
Low	35	(-5%)	3%

Insider Decisions

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

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	92	116	122
to Sell	146	108	115
Hld's(000)	62642	63027	63707

% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.0	-9.7
3 yr.	51.0	27.3
5 yr.	126.3	85.8

Alliant Energy, formerly called Interstate Energy Corporation, was formed on April 21, 1998 through the merger of WPL Holdings, IES Industries, and Interstate Power. WPL stockholders received one share of Interstate Energy stock for each WPL share, IES stockholders received 1.14 Interstate Energy shares for each IES share, and Interstate Power stockholders received 1.11 Interstate Energy shares for each Interstate Power share. Data prior to 1998 are for WPL Holdings only and are not comparable with Alliant Energy data.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
27.45	27.83	30.44	30.97	28.26	28.19	25.56	28.02	28.93	31.15	**33.25**	**34.75**	Revenues per sh	**27.80**
4.85	5.71	6.57	5.82	4.52	4.19	4.69	5.46	4.33	5.12	**5.55**	**6.10**	"Cash Flow" per sh	**7.55**
1.26	2.19	2.47	2.42	1.18	1.57	1.85	2.21	2.06	2.69	**2.75**	**2.90**	Earnings per sh A	**3.30**
2.00	2.00	2.00	2.00	2.00	1.00	1.02	1.05	1.15	1.27	**1.40**	**1.53**	Div'd Decl'd per sh B ■ †	**1.92**
4.79	6.06	13.50	9.13	7.12	7.69	5.55	4.51	3.42	4.91	**9.45**	**11.00**	Cap'l Spending per sh	**5.90**
20.69	27.29	25.79	21.39	19.89	21.37	22.13	20.85	22.83	24.30	**25.75**	**27.15**	Book Value per sh C	**31.95**
77.63	78.98	79.01	89.68	92.30	110.96	115.74	117.04	116.13	110.36	**111.00**	**112.00**	Common Shs Outst'g D	**119.00**
25.1	13.0	11.8	12.6	19.9	12.7	14.0	12.6	16.8	15.1	*Bold figures are*		Avg Ann'l P/E Ratio	**13.0**
1.31	.74	.77	.65	1.09	.72	.74	.67	.91	.80	*Value Line*		Relative P/E Ratio	**.85**
6.3%	7.0%	6.9%	6.6%	8.5%	5.0%	3.9%	3.8%	3.3%	3.1%	*estimates*		Avg Ann'l Div'd Yield	**4.4%**
2130.9	2198.0	2405.0	2777.3	2608.8	3128.2	2958.7	3279.6	3359.4	3437.6	**3690**	**3890**	Revenues ($mill)	**4500**
103.4	178.2	203.1	194.9	113.1	176.6	229.5	337.8	260.1	320.8	**325**	**340**	Net Profit ($mill)	**410**
36.0%	40.3%	54.0%	23.5%	24.2%	28.9%	26.7%	19.0%	43.8%	44.4%	**44.0%**	**44.0%**	Income Tax Rate	**44.0%**
6.6%	4.1%	4.3%	5.7%	6.8%	11.7%	8.1%	3.0%	3.1%	2.4%	**3.0%**	**3.0%**	AFUDC % to Net Profit	**3.0%**
47.3%	39.6%	47.0%	54.7%	56.4%	44.8%	45.0%	41.6%	31.4%	32.4%	**36.5%**	**40.0%**	Long-Term Debt Ratio	**41.0%**
49.2%	57.4%	50.2%	42.7%	39.2%	50.0%	50.2%	53.1%	62.9%	61.9%	**58.5%**	**55.5%**	Common Equity Ratio	**55.5%**
3262.9	3756.0	4061.4	4490.2	4679.1	4738.4	5104.7	4599.1	4218.4	4329.5	**4905**	**5485**	Total Capital ($mill)	**6850**
3101.7	3486.0	3719.3	3862.8	3729.2	4432.6	5284.6	4866.2	4944.9	4679.9	**5420**	**6290**	Net Plant ($mill)	**8380**
4.9%	6.1%	6.6%	6.2%	4.1%	5.7%	6.1%	8.9%	7.5%	8.6%	**8.0%**	**7.5%**	Return on Total Cap'l	**7.5%**
6.0%	7.9%	9.4%	9.6%	5.5%	6.8%	8.2%	12.6%	9.0%	11.0%	**10.5%**	**10.5%**	Return on Shr. Equity	**9.5%**
6.0%	8.0%	9.6%	9.8%	5.8%	6.7%	8.2%	13.1%	9.1%	11.3%	**11.5%**	**10.5%**	Return on Com Equity E	**10.0%**
NMF	.7%	1.9%	1.6%	NMF	2.5%	3.8%	8.1%	4.0%	5.9%	**5.0%**	**5.0%**	Retained to Com Eq	**4.5%**
NMF	92%	81%	85%	NMF	67%	58%	42%	59%	50%	**54%**	**55%**	All Div'ds to Net Prof	**60%**

CAPITAL STRUCTURE as of 3/31/08
Total Debt $1626.7 mill. Due in 5 Yrs $555.7 mill.
LT Debt $1403.6 mill. LT Interest $99.0 mill.
(LT interest earned: 5.8x)
Pension Assets-12/07 $890.0 mill. Oblig. $879.0 mill.
Pfd Stock $243.8 mill. Pfd Div'd $18.7 mill.
449,765 shs. $100 par; 8,199,460 shs. $25 par; 1,127,787 shs. $50 par.

Common Stock 110,436,824 shs.
MARKET CAP: $4.1 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+4.6	-1.7	+1.8
Avg. Indust. Use (MWH)	4215	4180	4282
Avg. Indust. Revs. per KWH (¢)	5.26	5.96	5.77
Capacity at Peak (Mw)	5446	4985	4902
Peak Load, Summer (Mw)	5932	5987	5751
Annual Load Factor (%)	55.6	52.0	53.0
% Change Customers (yr-end)	+1.3	+1.8	-1.8
Fixed Charge Cov. (%)	252	350	416

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	--	-.5%	4.5%
"Cash Flow"	-.5%	-2.5%	7.0%
Earnings	.5%	3.0%	6.0%
Dividends	-5.0%	-10.5%	9.0%
Book Value	1.5%	.5%	6.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	825.2	686.7	860.9	906.8	3279.6
2006	930.9	696.8	890.4	841.3	3359.4
2007	912.7	746.2	907.3	871.4	3437.6
2008	992.0	**800**	**970**	**928**	**3690**
2009	**1040**	**850**	**1020**	**980**	**3890**

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.23	.41	1.05	.52	2.21
2006	.56	.39	.75	.36	2.06
2007	.56	.43	1.05	.65	2.69
2008	.62	**.45**	**1.05**	**.63**	**2.75**
2009	**.65**	**.48**	**1.10**	**.67**	**2.90**

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.25	.25	.25	.263	1.01
2005	.263	.263	.263	.263	1.05
2006	.288	.288	.288	.288	1.15
2007	.318	.318	.318	.318	1.27
2008	.35	.35			

BUSINESS: Alliant Energy, formerly named Interstate Energy, is a holding company formed through the merger of WPL Holdings, IES Industries, and Interstate Power. Supplies elect. (73% of revs.), gas (19%), and other services (8%) in Wisconsin, Iowa, Minnesota, & Illinois. Elect. revs. by state: WI, 47%; IA, 49%; MN, 3%; IL, 1%. Elect. rev.: resid., 35%; comm'l, 22%; ind'l, 30%; wholesale, 7%; other, 6%. Fuel sources, '07: coal, 65%; gas, 28%; oil, 6%; other, under 1%. Fuel costs: 54% of revs. '07 deprec. rate: 2.6%. Est'd plant age: 10 yrs. Has 5,179 empls., Chrmn.: Erroll B. Davis, Jr. Pres. & CEO: William D. Harvey. Inc.: WI. Address: 4902 N. Biltmore Lane, P.O. Box 77007, Madison, WI 53707-1007. Tel.: 608-458-3391. Internet: www.alliant-energy.com.

Alliant Energy's Iowa operations were seriously disrupted by extreme flooding in mid-June. Three generating stations, totaling 380 megawatts of capacity, were forced offline. Too, customers receiving 280 megawatts (mw) of load have been unable to take electric service, and it's uncertain when they will be able to do so. Rail and barge coal deliveries continue to experience disruptions, and 14 substations in the hard-hit Cedar Rapids area have been flooded. To ease the financial impact, LNT has insurance with total limits of $100 million for covered flood losses and is evaluating regulatory options for recovery. In addition, incremental costs of replacement power needs should flow through LNT's energy adjustment clauses. At this time, management is unable to predict the flood's impact on 2008 earnings. The damage is not expected to have a material long-term adverse effect on profits.

The company awaits an order on its filing for higher rates in Wisconsin. It seeks a $93 million hike in retail electric rates and a nominal $1 million decrease in posted natural gas tariffs. Cost drivers on the electric side include increased spending on the generation infrastructure, environmental compliance, and investments in renewable energy. The small reduction in gas rates reflects lower costs forecast for 2009 and 2010. Whatever amount is awarded will take effect next January 1st. Separately, LNT received regulatory approval to discontinue customer credits of $26 million related to decommissioning funds from the sale of the Kewaunee, Wisconsin nuclear plant.

Our 2008 earnings estimate should be regarded as tentative. We won't take into account the effect of flooding or the amount of likely damage recovery until both are better known. For now, we estimate 2008 earnings will rise a nominal 2%, to $2.75 a share. An order on the aforementioned rate request suggests improvement next year.

The stock might interest income-oriented utility investors. A low payout ratio, coupled with our forecast of slow, but steady, earnings gains to 2011-2013, indicates above-average dividend growth over the same time frame. What's more, finances are strong.

Arthur H. Medalie *June 27, 2008*

(A) Diluted EPS. Excl. nonrecur. gains (losses): '96, net 7¢; '99, 32¢; '00, $2.56; '01, (28¢); '03, net 24¢; '04, (58¢); '05, ($1.05); '06, 84¢; '07, $1.11. Next egs. rpt. due late July. (B) Div'ds historically paid in mid-Feb., May, Aug., and Nov.. ■ Div'd reinvest. plan avail. † shareholder invest. plan avail. (C) Incl. deferred chgs. in '07: $307.9 mill., $2.79/sh. (D) In mill. (E) Rate base: Orig. cost. Rate allowed on com. eq.: in '05, WI, 10.8%; in '07, IA., 10.7%; earned on avg. com. eq., '07: 11.3%. Regul. Clim.: WI, Above Avg.; IA, Below Avg.

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

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be r[...]ovided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for [...], non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marke[ting any printed] or electronic publication, service or product.

To subscribe call 1-800-833-0046.

86.65

ENTERGY CORP. NYSE-ETR

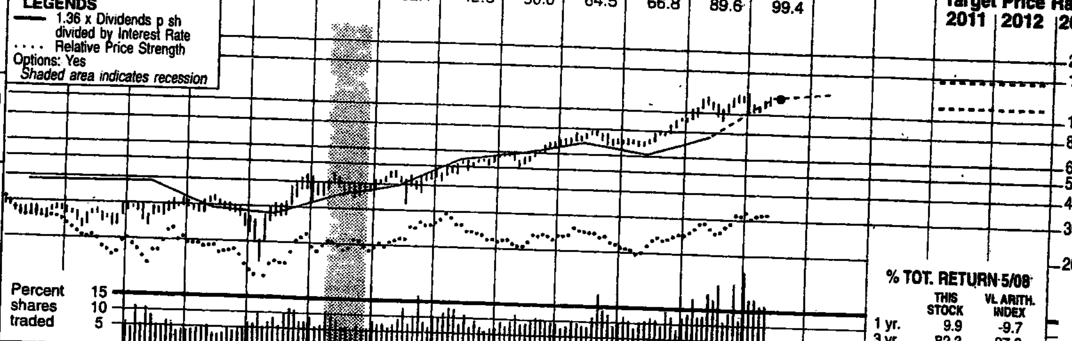
RECENT PRICE **120.03** | P/E RATIO **18.2** (Trailing: 19.6; Median: 14.0) | RELATIVE P/E RATIO **1.12** | DIV'D YLD **2.7%** | VALUE LINE **699**

TIMELINESS **2** Raised 6/6/08
SAFETY **2** New 3/31/06
TECHNICAL **3** Lowered 5/9/08
BETA .85 (1.00 = Market)

High:	30.3	32.4	33.5	43.9	44.7	46.8	57.2	68.7	79.2	94.0	125.0	127.5
Low:	22.4	23.3	23.7	15.9	32.6	32.1	42.3	50.6	64.5	66.8	89.6	99.4

Target Price Range 2011 | 2012 | 2013

LEGENDS
— 1.36 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	155	(+30%)	10%
Low	115	(-5%)	3%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	2	0	0	1	0	0	0	0	0
to Sell	3	0	0	1	0	0	0	0	0

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	178	204	217
to Sell	217	215	225
Hld's(000)	157155	156325	154792

% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	9.9	-9.7
3 yr.	82.3	27.3
5 yr.	170.1	85.8

Entergy Corp. (formerly Middle South Utilities) is a registered holding company. On 12/31/93, the company merged with Gulf States Utilities. Entergy shareholders received stock in the new company on a one-for-one basis. Since a cash cap of $250 million was exceeded, GSU shareholders asking for cash were given a 25% cash/75% stock disbursement. The remaining GSU stockholders received .558 share of the new company for each share held.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
46.57	35.51	45.61	43.59	37.34	40.17	46.69	46.61	53.94	59.47	*64.20*	*65.30*	Revenues per sh	*72.35*
6.11	5.06	6.49	6.41	7.62	7.43	8.33	8.18	9.83	10.86	*12.45*	*13.25*	"Cash Flow" per sh	*16.05*
2.22	2.25	2.97	3.08	3.68	3.69	3.93	4.40	5.36	5.60	*6.60*	*7.20*	Earnings per sh A	*9.00*
1.50	1.20	1.22	1.28	1.34	1 60	1.89	2.16	2.16	2.58	*3.20*	*3.60*	Div'd Decl'd per sh B■	*4.80*
4.63	4.84	6.80	6.25	6.88	6.85	6.51	6.72	7.83	8.17	*11.70*	*9.95*	Cap'l Spending per sh	*7.55*
28.79	28.81	31.89	33.78	35.24	38.02	38.26	35.71	40.45	40.71	*42.20*	*48.00*	Book Value per sh C	*62.25*
246.83	247.08	219.60	220.73	222.42	228.90	216.83	216.83	202.67	193.12	*187.00*	*193.00*	Common Shs Outst'g E	*199.00*
12.9	13.2	10.1	12.5	11.5	13.8	15.1	16.3	14.3	19.3	*Bold figures are*		Avg Ann'l P/E Ratio	*15.0*
.67	.75	.66	.64	.63	.79	.80	.87	.77	1.02	*Value*	*Line*	Relative P/E Ratio	*1.00*
5.2%	4.1%	4.1%	3.3%	3.2%	3.1%	3.2%	3.0%	2.8%	2.4%	*estimates*		Avg Ann'l Div'd Yield	*3.6%*
11495	8773.2	10016	9621.0	8305.0	9195.0	10124	10106	10932	11484	*12010*	*12600*	Revenues ($mill)	*14400*
570.9	595.0	710.9	716.8	878.4	874.2	933.1	943.1	1133.0	1160.0	*1325*	*1485*	Net Profit ($mill)	*1905*
37.3%	37.5%	40.3%	38.9%	25.1%	35.9%	28.2%	37.2%	28.1%	30.7%	*31.0%*	*31.0%*	Income Tax Rate	*31.0%*
4.1%	8.7%	7.9%	6.6%	6.4%	8.7%	7.0%	8.0%	5.6%	5.8%	*6.0%*	*6.0%*	AFUDC % to Net Profit	*6.0%*
47.0%	45.6%	50.4%	47.7%	45.7%	44.8%	44.7%	51.9%	50.7%	54.3%	*54.0%*	*52.0%*	Long-Term Debt Ratio	*49.0%*
50.6%	49.1%	45.6%	48.6%	50.6%	53.2%	52.9%	45.5%	47.2%	43.9%	*44.0%*	*46.5%*	Common Equity Ratio	*50.0%*
14042	14505	15351	15353	15499	16361	15696	17013	17351	17902	*17930*	*19875*	Total Capital ($mill)	*24800*
15329	15501	16497	17264	17195	18299	18696	19197	19438	20974	*22130*	*22950*	Net Plant ($mill)	*24040*
6.7%	5.7%	6.2%	6.4%	7.3%	6.8%	7.4%	6.8%	8.0%	7.9%	*9.0%*	*8.5%*	Return on Total Cap'l	*9.0%*
7.7%	7.5%	9.3%	8.9%	10.4%	9.7%	10.8%	11.5%	13.2%	14.2%	*16.0%*	*15.5%*	Return on Shr. Equity	*15.0%*
7.4%	7.7%	9.7%	9.3%	10.9%	9.8%	11.0%	11.9%	13.5%	14.4%	*16.5%*	*16.0%*	Return on Com Equity D	*15.0%*
2.1%	3.7%	5.8%	5.7%	7.1%	5.6%	5.8%	6.0%	8.0%	8.0%	*8.5%*	*8.0%*	Retained to Com Eq	*7.0%*
74%	56%	43%	41%	37%	44%	48%	51%	42%	46%	*49%*	*51%*	All Div'ds to Net Prof	*54%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $10839 mill. **Due in 5 Yrs** $5623 mill.
LT Debt $9928 mill. **LT Interest** $506 mill.
(LT int. earned: 4.4x)
Pension Assets-12/07 $2764 mill. **Oblig.** $3248 mill.
Pfd Stock $311.2 mill. **Pfd Div'd** $24.8 mill.
6,115,105 shs. $4.20 to $7.88, $100 par; 1,000,000 shs. 11.50%, all without sinking fund.

Common Stock 191,897,389 shs.
MARKET CAP: $23.0 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	-6.7	-.4	+.6
Avg. Indust. Use (MWH)	957	909	920
Avg. Indust. Revs. per KWH(¢)	6.43	6.86	6.75
Capacity at Peak (Mw)	22696	21727	22087
Peak Load, Summer (Mw)	22000	22887	22540
Annual Load Factor (%)	59.0	60.0	62.0
% Change Customers (yr-end)	- 6	-9.1	+2.0
Fixed Charge Cov. (%)	318	281	288

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	5.0%	5.0%	*5.0%*
"Cash Flow"	5.5%	7.0%	*9.0%*
Earnings	8.5%	9.5%	*10.0%*
Dividends	2.5%	12.5%	*13.0%*
Book Value	3.5%	3.0%	*8.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	2022	2410	3021	2653	10106
2006	2568	2629	3255	2480	10932
2007	2600	2769	3289	2826	11484
2008	2865	*2920*	*3420*	*2805*	*12010*
2009	*3000*	*3070*	*3570*	*2960*	*12600*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.84	1.38	1.70	.48	4.40
2006	.92	1.33	1.83	1.28	5.36
2007	1.03	1.32	2.29	.96	5.60
2008	1.56	*1.55*	*2.55*	*.94*	*6.60*
2009	*1.45*	*1.80*	*2.80*	*1.15*	*7.20*

Cal-endar	QUARTERLY DIVIDENDS PAID B■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.45	.45	.45	.54	1.89
2005	.54	.54	.54	.54	2.16
2006	.54	.54	.54	.54	2.16
2007	.54	.54	.75	.75	2.58
2008	.75	.75			

BUSINESS: Entergy Corporation has five subsidiaries that supply electricity to portions of Arkansas, Louisiana, Mississippi, Texas, and New Orleans. 2007 revs.: Electric & Gas, 81%; nonutility, 19%. Merged with Gulf States Utilities 12/93. '07 electric revenues: residential, 36%; commercial, 27%; industrial, 28%; other, 9%. Chemical processing, allied products, petroleum refining, paper, and food products industries are main customers. Fuels: gas & oil, 18%; nuclear, 33%; coal, 12%; purchased power, 37%. '07 depreciation rate: 2.7%. Has 14,100 employees, Chairman: Robert Luft. Chief Executive Officer: J. Wayne Leonard. President: Richard Smith. Inc.: DE. Address: 639 Loyola Avenue, New Orleans, Louisiana 70113. Telephone: 504-529-5262. Internet: www.entergy.com.

Entergy's planned spinoff of its unregulated nuclear plants should be finalized shortly. The company owns 11 nuclear units, of which six are free of commission oversight. It expects to separate the six units into a new company named Enexus Energy. ETR shareholders would retain their stake in Entergy and would receive all Enexus shares. The deal calls for Enexus to borrow $4.5 billion, from which it would pay Entergy $4 billion. The pact also provides for formation of a company named EquaGen, which would operate nuclear assets of Entergy and Enexus and would be owned equally by both. The spinoff requires various commission approvals. Closing is expected in September.

Meanwhile, the company is adding fossil-fueled capacity. Earlier this year, it purchased the Calcasieu peaking unit for $56.4 million. And it has agreed to buy the Quachita 789-mw gas-fired plant for $210 million, on which it will invest another $436 million in upgrades. Also on the agenda is repowering of the 538-mw Little Gypsy gas-fired plant to burn petroleum coke and other solid fuels. Work here has been delayed pending a study of mercury emissions. The project's cost is estimated at $1.5 billion. But $2 billion in fuel savings over Little Gypsy's expected life would more than compensate for the expenditure.

Earnings are poised for another record year in 2008. Wider margins on nuclear operations and a full year of the June, 2007 purchase of the Palisades nuclear plant will trigger most of the gain. Other pluses include fewer common shares outstanding and higher rates in three jurisdictions. All told, we estimate 2008 earnings will rise 18%, to $6.60 a share. Further gains are likely in the coming 3 to 5 years. The stock is timely.

The separation provides investors with good growth potential. Enexus will be able to engage in mergers and acquisitions more easily than it could as part of Entergy. Though the spinoff will reduce Entergy's cash flow, the $4 billion payment from Enexus will permit it to buy recently built merchant capacity and make transmission upgrades to access low-cost fuel. On balance, we rate the two parts greater than the whole.

Arthur H. Medalie *June 27, 2008*

(A) Dil. egs. Next egs. report due late July. Excl. nonrecur. gains (losses): '97, ($1.22); '98, 78¢; '01, 15¢; '02, ($1.04); '03, net 33¢; '05, (21¢). (B) Div'ds historically paid in early Mar., early June, early Sept., and early Dec. ■ Div. rein. plan avail. (C) Incl. def. chgs. In '07: $26.02/sh. (D) Rate base: net orig. cost. Rates allowed on com. eq.: 10.0%-13.0%. Earned on avg. com. eq. in '07: 14.1%. Reg. Clim.: Avg. (E) In mill.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	95
Earnings Predictability	80

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or inted or electronic publication, service or product.

To subscribe call 1-800-833-0046.

22.32

GREAT PLAINS EN'GY NYSE-GXP

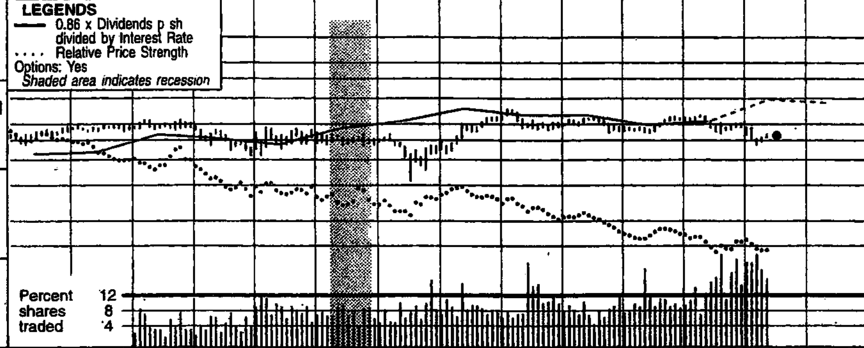
RECENT PRICE 26.46 | P/E RATIO 16.5 (Trailing: NMF; Median: 15.0) | RELATIVE P/E RATIO 1.01 | DIV'D YLD 6.3% | VALUE LINE 700

TIMELINESS 3 Lowered 5/16/08
SAFETY 2 Raised 7/16/93
TECHNICAL 4 Lowered 6/13/08
BETA .80 (1.00 = Market)

High:	29.9	31.8	29.6	29.0	27.6	27.0	32.8	35.7	32.8	32.8	33.4	29.3
Low:	27.4	28.0	20.8	20.9	23.2	15.7	21.4	27.9	27.1	27.1	26.9	23.6

Target Price Range 2011 | 2012 | 2013

LEGENDS
— 0.86 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	30	(+15%)	9%
Low	25	(-5%)	5%

Insider Decisions

	A	S	O	N	D	J	F	M	A
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

	3Q2007	4Q2007	1Q2008
to Buy	95	115	104
to Sell	111	99	113
Hld's(000)	42390	43943	42424

Percent shares traded 12 8 4

% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-10.5	-9.7
3 yr.	-1.3	27.3
5 yr.	20.2	85.8

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
12.97	13.85	14.03	14.31	14.60	14.47	15.17	14.50	18.02	23.61	26.91	31.04	33.13	34.85	33.30	37.89	*15.25*	*16.20*	Revenues per sh	*20.25*
3.36	3.73	3.69	4.06	3.90	3.91	4.21	3.63	4.63	4.70	4.40	4.69	4.75	4.54	3.86	4.24	*3.75*	*3.95*	"Cash Flow" per sh	*5.00*
1.35	1.66	1.64	1.92	1.69	1.69	1.89	1.26	2.05	1.59	2.04	2.27	2.46	2.18	1.62	1.85	*1.60*	*1.70*	Earnings per sh A	*2.00*
1.43	1.46	1.50	1.54	1.59	1.62	1.64	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.66	*1.66*	*1.66*	Div'd Decl'd per sh B ■ †	*1.66*
2.09	2.09	2.02	2.20	1.66	2.05	1.97	2.97	6.67	4.38	1.91	2.19	2.66	4.49	6.05	6.15	*8.05*	*7.90*	Cap'l Spending per sh	*3.50*
13.79	13.99	14.13	14.50	14.71	14.19	14.41	13.97	14.88	12.59	13.58	13.82	15.35	16.37	16.70	18.18	*17.90*	*17.95*	Book Value per sh C	*18.50*
61.91	61.91	61.91	61.91	61.91	61.91	61.91	61.91	61.91	61.91	69.20	69.26	74.37	74.74	80.35	86.23	*94.00*	*94.00*	Common Shs Outst'g D	*94.00*
16.5	14.5	13.2	12.2	15.9	17.0	15.7	20.0	12.4	15.9	11.1	12.2	12.6	14.0	18.3	16.3	*Bold figures are*		Avg Ann'l P/E Ratio	*14.0*
1.00	.86	.87	.82	1.00	.98	.82	1.14	.81	.81	.61	.70	.67	.75	.99	.86	*Value Line*		Relative P/E Ratio	*.95*
6.4%	6.1%	6.9%	6.5%	5.9%	5.6%	5.5%	6.6%	6.5%	6.6%	7.3%	6.0%	5.4%	5.5%	5.6%	5.5%	*estimates*		Avg Ann'l Div'd Yield	*6.0%*
						938.9	897.4	1115.9	1461.9	1861.9	2149.5	2464.0	2604.9	2675.3	3267.1	*1435*	*1525*	Revenues ($mill)	*1900*
						133.2	94.4	128.6	100.0	129.2	159.0	178.8	164.2	127.6	159.2	*145*	*160*	Net Profit ($mill)	*195*
						19.8%	3.3%	29.2%	16.6%	27.2%	34.2%	24.1%	18.7%	27.0%	30.7%	*30.0%*	*30.0%*	Income Tax Rate	*30.0%*
						4.7%	6.4%	12.6%	12.8%	1.0%	1.8%	2.0%	2.1%	8.4%	10.6%	*21.0%*	*19.0%*	AFUDC % to Net Profit	*5.0%*
						39.9%	39.4%	55.4%	53.1%	53.5%	53.8%	44.8%	47.5%	30.6%	40.7%	*46.0%*	*47.5%*	Long-Term Debt Ratio	*48.0%*
						47.4%	49.7%	42.8%	44.6%	44.7%	44.4%	53.4%	50.9%	67.5%	57.9%	*53.0%*	*51.5%*	Common Equity Ratio	*51.0%*
						1880.1	1739.6	2152.3	1747.4	2102.8	2154.6	2137.1	2403.3	1988.4	2709.8	*3175*	*3280*	Total Capital ($mill)	*3450*
						2316.4	2298.9	2527.8	2623.7	2604.1	2700.9	2734.5	2765.6	3066.2	3444.5	*3990*	*4525*	Net Plant ($mill)	*5025*
						8.6%	6.9%	7.7%	7.5%	7.7%	9.0%	10.1%	8.2%	7.9%	7.5%	*6.0%*	*6.5%*	Return on Total Cap'l	*7.5%*
						11.8%	9.0%	13.4%	12.2%	13.2%	16.0%	15.1%	13.0%	9.2%	9.9%	*8.5%*	*9.5%*	Return on Shr. Equity	*11.0%*
						13.1%	9.0%	13.8%	12.6%	13.6%	16.4%	15.5%	13.3%	9.4%	10.1%	*8.5%*	*9.5%*	Return on Com Equity E	*11.0%*
						1.7%	NMF	2.6%	NMF	2.3%	4.4%	5.1%	3.2%	NMF	.9%	*NMF*	*Nil*	Retained to Com Eq	*2.0%*
						89%	NMF	81%	104%	83%	73%	68%	76%	104%	91%	*106%*	*98%*	All Div'ds to Net Prof	*81%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $1685.1 mill. **Due in 5 Yrs** $394.6 mill.
LT Debt $1452.9 mill. **LT Interest** $86.5 mill.
Incl. $150 mill. 8.3% mandatorily redeemable preferred securities.
(LT interest earned: 3.4x)
Leases, Uncapitalized Annual rentals $18.6 mill.
Pension Assets-12/07 $400.1 mill. **Oblig.** $512.9 mill.
Pfd Stock $39.0 mill. **Pfd Div'd** $1.6 mill.
390,000 shs. 3.80% to 4.50% (all $100 par & cum.), callable from $101 to $103.70.
Common Stock 86,365,262 shs. as of 5/5/08
MARKET CAP: $2.3 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+6.3	+.9	+3.6
Avg. Indust. Use (MWH)	977	981	940
Avg. Indust. Revs. per KWH (¢)	4.66	4.65	4.94
Capacity at Peak (Mw)	4054	4053	4392
Peak Load, Summer (Mw)	3512	3721	3638
Annual Load Factor (%)	51.8	49.2	52.0
% Change Customers (avg.)	+1.0	+1.0	+.6
Fixed Charge Cov. (%)	360	294	287

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	9.5%	9.0%	*NMF*
"Cash Flow"	.5%	-1.5%	*3.0%*
Earnings	.5%	--	*1.0%*
Dividends	.5%	--	*Nil*
Book Value	1.5%	4.5%	*1.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	545.1	631.7	782.9	645.2	2604.9
2006	559.2	642.1	818.5	655.5	2675.3
2007	664.3	804.6	992.0	806.2	3267.1
2008	297.6	*350*	*457.4*	*330*	*1435*
2009	*325*	*375*	*475*	*350*	*1525*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.27	.34	1.19	.38	2.18
2006	d.02	.49	.69	.42	1.62
2007	.28	.29	.72	.56	1.85
2008	d.07	*.40*	*.90*	*.37*	*1.60*
2009	*Nil*	*.41*	*.91*	*.38*	*1.70*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.415	.415	.415	.415	1.66
2005	.415	.415	.415	.415	1.66
2006	.415	.415	.415	.415	1.66
2007	.415	.415	.415	.415	1.66
2008	.415	.415			

BUSINESS: Great Plains Energy Incorporated is a holding company for Kansas City Power & Light, which supplies electricity to about 506,000 customers in western Missouri (57% of revs.) & eastern Kansas (43%). Elec. rev. breakdown, '07: residential, 34%; commercial, 38%; industrial, 8%; other, 20%. Generating sources, '07: coal, 67%; nuclear, 22%; other, 4%; purchased, 7%. Has interests in affordable housing credits. Sold Strategic Energy (energy-marketing subsidiary) in '08. Fuel costs: 67% of revs. '07 reported deprec. rate (utility): 3.0%. Has 2,500 employees. Chairman & CEO: Michael J. Chesser. President & COO: William H. Downey. Inc.: MO. Address: 1201 Walnut St., Kansas City, MO 64106-2124. Tel.: 816-556-2200. Internet: www.greatplainsenergy.com.

Great Plains Energy is awaiting a decision from the Missouri commission regarding its proposed takeover of Aquila. Under terms of the agreement, Great Plains would pay around $1.5 billion (55% in stock, 45% in cash) and assume $1 billion in debt for Aquila's two electric utilities in Missouri. The deal would probably be dilutive to earnings in 2008 but accretive beginning in 2009. The commission's ruling was expected shortly after this report went to press.

Great Plains has completed the sale of its Strategic Energy subsidiary. We have adjusted our figures to exclude this business. After taxes, the company expects to receive $270 million in cash (subject to post-closing adjustments). Great Plains will use the proceeds to help finance its capital spending. Strategic Energy, which markets energy to commercial, industrial, and institutional users, is profitable, but earnings are volatile. The divestiture of this low-margin business affects revenues much more than net profit, where it will have a dilutive effect on earnings. (Its share net was $0.45 in 2007.)

The utility has run into some problems. As expected, Kansas City Power & Light had to significantly raise the estimated cost of the 850-megawatt Iatan 2 coal-fired unit due to the rising cost of labor and materials. (This issue is hardly unique to KCPL.) The project is now budgeted at $1.77 billion-$1.87 billion, up from the expected $1.45 billion-$1.59 billion 18 months ago. KCPL also had some operating difficulties with its power plants in the first quarter, which caused a poor bottom-line showing. Finally, the utility is feeling the effect of the slowdown in the economy.

The upcoming months will be eventful. KCPL will file general rate cases in Missouri and Kansas this year, probably around late summer or early fall. Great Plains plans to have a stock sale sometime in the second half of 2008. The company has not been specific about the timing or amount of the offering.

This stock is of interest solely for its yield, which is among the highest of any equity in this industry. The lack of dividend-growth potential makes it an unexceptional selection for the 3- to 5-year period, however.

Paul E. Debbas, CFA *June 27, 2008*

(A) Excl. nonrec. gains (losses): '97, (52¢); '00, 49¢; '01, ($2.01); '02, (5¢); '03, 29¢; '04, (7¢); gain (losses) on disc. ops.: '03, (13¢); '04, 10¢; '05, (3¢); '08, 62¢. '05 EPS don't add due to rounding, '06 due to change in shs. Next egs. due early Aug. (B) Div'ds historically paid in mid-Mar., June, Sept., & Dec. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. intang. In '07: $5.66/sh. (D) In mill. (E) Rate base: Fair val. Rate all'd on com. eq. in '08: 10.75% (MO); none spec. (KS); earned on avg. com. eq., '07: 10.7%. Reg. Clim.: Avg.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	30
Earnings Predictability	75

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

50·03

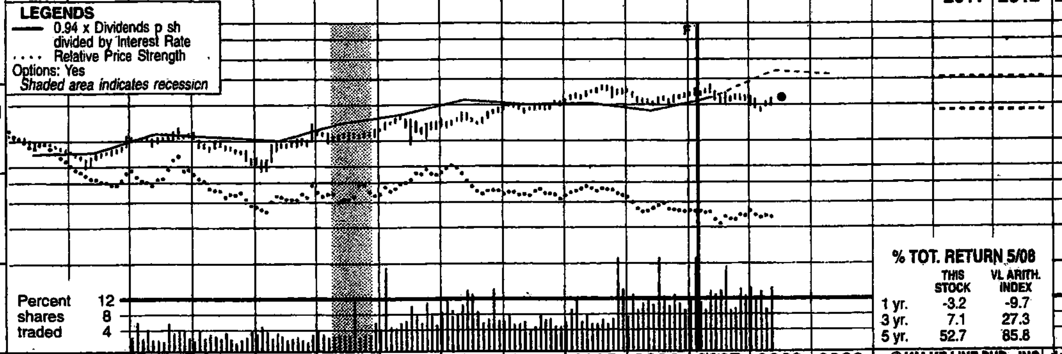
INTEGRYS ENERGY NYSE-TEG

RECENT PRICE **52.12** | P/E RATIO **14.3** (Trailing: 20.4; Median: 14.0) | RELATIVE P/E RATIO **0.88** | DIV'D YLD **5.2%** | VALUE LINE **702**

TIMELINESS – Suspended 3/30/07
SAFETY 2 Lowered 4/4/03
TECHNICAL – Suspended 3/30/07
BETA .85 (1.00 = Market)

High:	34.3	37.5	35.8	39.0	36.8	42.7	46.8	50.5	60.0	57.8	60.6	53.3
Low:	23.4	29.9	24.4	22.6	31.0	30.5	36.8	43.5	47.7	47.4	48.1	44.0

Target Price Range 2011 | 2012 | 2013



2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	65	(+25%)	10%
Low	45	(-15%)	2%

Insider Decisions

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

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	123	146	136
to Sell	145	124	145
Hld's(000)	40302	39075	37215

% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-3.2	-9.7
3 yr.	7.1	27.3
5 yr.	52.7	85.8

Integrys Energy Group was created as a holding company on February 21, 2007 to oversee the entire operations of the recently merged WPS Resources and Peoples Energy. WPS acquired Peoples in an agreement under which each common share of Peoples was converted into .825 share of WPS common. The combination took the new name of Integrys Energy Group. All data on this page prior to 2/21/07 are for WPS only.

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
40.06	40.91	72.68	85.80	83.55	117.07	131.26	173.37	158.82	134.67	*153.90*	*161.65*	Revenues per sh	*179.75*
5.01	5.34	6.11	5.27	5.91	6.23	6.98	7.40	5.87	4.88	*6.75*	*7.30*	"Cash Flow" per sh	*8.80*
1.76	2.24	2.43	2.74	2.74	2.76	4.07	4.09	3.54	2.47	*3.65*	*3.85*	Earnings per sh A	*4.35*
1.96	2.00	2.04	2.08	2.12	2.16	2.20	2.24	2.28	2.56	*2.68*	*2.72*	Div'd Decl'd per sh B■†	*2.84*
3.57	4.93	5.94	7.98	7.16	4.77	7.78	10.31	7.88	5.14	*7.10*	*7.05*	Cap'l Spending per sh	*6.20*
19.48	19.97	20.21	22.96	24.45	27.18	29.30	32.47	35.35	42.34	*43.40*	*44.60*	Book Value per sh C	*48.55*
26.55	26.85	26.85	31.18	32.01	36.91	37.26	40.16	43.39	76.42	*77.20*	*78.00*	Common Shs Outst'g D	*80.40*
18.9	13.2	12.2	12.5	14.0	14.9	11.5	13.4	14.6	21.5	*Bold figures are*		Avg Ann'l P/E Ratio	*12.5*
.98	.75	.79	.64	.76	.85	.61	.71	.79	1.13	*Value Line*		Relative P/E Ratio	*.85*
5.9%	6.7%	6.9%	6.1%	5.5%	5.3%	4.7%	4.1%	4.4%	4.8%	*estimates*		Avg Ann'l Div'd Yield	*5.2%*
1063.7	1098.5	1951.6	2675.5	2674.9	4321.3	4890.6	6962.7	6890.7	10292	*11880*	*12610*	Revenues ($mill)	*14450*
49.8	62.7	67.4	80.7	94.4	94.5	156.2	157.4	151.6	181.0	*285*	*300*	Net Profit ($mill)	*350*
32.3%	32.2%	6.7%	5.6%	20.8%	26.3%	16.1%	22.9%	22.9%	32.2%	*32.0%*	*32.0%*	Income Tax Rate	*32.0%*
--	--	--	--	3.2%	2.5%	1.7%	1.0%	.4%	.5%	*2.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
35.7%	47.8%	50.6%	47.1%	48.3%	45.3%	43.1%	39.0%	44.8%	40.8%	*45.0%*	*45.0%*	Long-Term Debt Ratio	*47.0%*
53.8%	43.9%	41.6%	46.3%	45.8%	52.1%	54.4%	58.7%	53.4%	58.3%	*54.0%*	*54.0%*	Common Equity Ratio	*52.5%*
961.4	1222.0	1303.9	1544.8	1708.3	1926.2	2008.6	2222.4	2871.9	5552.0	*6205*	*6425*	Total Capital ($mill)	*7460*
820.1	863.7	905.1	1463.6	1610.2	1828.7	2002.6	2049.4	2534.8	4463.8	*4775*	*5055*	Net Plant ($mill)	*5615*
6.4%	6.2%	6.8%	6.8%	7.0%	6.1%	8.8%	8.0%	6.4%	4.5%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
8.0%	9.8%	10.5%	9.9%	10.7%	9.0%	13.7%	11.6%	9.6%	5.5%	*8.5%*	*8.5%*	Return on Shr. Equity	*9.0%*
9.0%	11.1%	11.9%	10.8%	11.7%	9.1%	14.0%	11.8%	9.7%	5.5%	*8.5%*	*8.5%*	Return on Com Equity E	*9.0%*
NMF	1.2%	1.9%	2.7%	3.1%	2.0%	6.6%	5.3%	3.4%	--	*2.0%*	*2.5%*	Retained to Com Eq	*3.0%*
102%	85%	80%	76%	74%	79%	54%	56%	65%	100%	*74%*	*71%*	All Div'ds to Net Prof	*66%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $2448 mill. **Due in 5 Yrs** $716 mill.
LT Debt $2263 mill. **LT Interest** $133.6 mill.
(LT interest earned: 3.4x)
Leases, Uncapitalized Annual rentals $8.3 mill.
Pension Assets-12/07 $1220 mill. **Oblig.** $1110 mill.
Pfd Stock $51.1 mill. **Pfd Div'd** $3.1 mill.
510,626 shs. 5.00% to 6.88%, callable $101 to $107.50; sinking fund began 11/1/79. All cumulative, $100 par.

Common Stock 76,424,095 shs. as of 5/6/08
MARKET CAP: $4.0 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+7.4	+6.0	+.4
Avg. Indust. Use (KWH)	15851	16390	14680
Avg. Indust. Revs. per KWH (¢)	4.53	4.82	6.93
Capacity at Peak (Mw)	2681	2936	2184
Peak Load, Summer (Mw)	2189	2360	2305
Annual Load Factor (%)	75.0	75.0	73.5
% Change Customers (yr-end)	+.8	+1.0	+.8
Fixed Charge Cov. (%)	234	236	215

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	16.5%	14.0%	*2.5%*
"Cash Flow"	2.0%	1.0%	*6.5%*
Earnings	4.5%	5.0%	*4.5%*
Dividends	2.5%	2.5%	*3.0%*
Book Value	6.5%	10.5%	*5.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	1486.9	1327.5	1757.3	2391.0	6962.7
2006	1995.7	1475.3	1555.1	1864.6	6890.7
2007	2747	2362	2123	3060	10292
2008	3989	*2460*	*2225*	*3206*	*11880*
2009	*4140*	*2600*	*2370*	*3500*	*12610*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	1.73	.62	1.25	.49	4.09
2006	1.44	.97	.63	.50	3.54
2007	1.67	d.53	.14	1.19	2.47
2008	1.77	*.20*	*.15*	*1.53*	*3.65*
2009	*1.85*	*.23*	*.17*	*1.60*	*3.85*

Cal-endar	QUARTERLY DIVIDENDS PAID B■† Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.545	.545	.555	.555	2.20
2005	.555	.555	.565	.565	2.24
2006	.565	.565	.575	.575	2.28
2007	.583	.66	.66	.66	2.56
2008	.67	.67			

BUSINESS: Integrys Energy Group is a holding company for WPS Resources and Peoples Energy. Provides products and services in regulated and nonregulated markets. Regulated operations comprise four natural gas utilities, and one electric utility in Wisconsin, Illinois, Michigan, and Minnesota. Also conducts nonregulated energy-related businesses in the United States and Canada. Has about 1.6 million natural gas distribution customers, 485,000 electric customers. '07 depreciation rate: 3.4%. Estimated plant age: 11 years. Has 5,231 employees. Chairman. President, & Chief Executive Officer: Larry L. Weyers. Incorp.: WI. Address: 130 East Randolph Drive, Chicago, Illinois 60601. Telephone: 800-236-1551. Internet: www.integrysgroup.com.

Integrys' WPS Resources subsidiary has filed for higher rates. It seeks $106 million in increased electric rates and $11.7 million in higher posted gas tariffs. A major part of the request is for return of refunds paid to customers in 2006 and 2007 for which credit had been deferred. The application also asks to place the $752 million cost of the Weston 4 coal-fired unit in the rate base. Too, recovery is sought for expenses related to the environmental compliance program, which has installed emission control equipment that reduced the need to purchase nitrogen oxide credits. Finally, the petition asks for reimbursement of the $34 million purchase-power and O&M cost stemming from last December's Weston 3's outage due to a lightning strike. New rates should be effective on January 1, 2009.

The company is adding wind power generation. Management projects it will need more than 200 megawatts (mw) of renewable energy by 2015 to comply with regulatory requirements. To meet the deadline, it has signed a letter of intent to acquire a 150-megawatt portion of a wind project in Minnesota. Construction will start as soon as an interconnection schedule is established with the Midwest Independent System Operator. TEG has further agreed to pay $251 million for a 99-mw wind farm in an area of Iowa, where high capacity offsets costs. The sale is expected to close shortly. Operation is targeted for late 2009.

We look for solid earnings in the merged company's first full year of operation. Synergy savings of $70 million will replace 2007's costs related to the acquisition of Peoples. Rate hikes in Illinois and Wisconsin are another plus. On the down side, increased debt offerings were necessary to achieve the merger. All told, we estimate 2008 earnings will rise more than 45%, to $3.65 a share. Single-digit gains are likely to 2011-2013. We have assigned the stock no Timeliness rank because of its short trading history.

These shares offer an above-average yield. And dividend growth prospects are in line with those of the group. Moreover, the stock's Safety rank is 2 (Above Average). Utility investors might take a look here.

Arthur H. Medalie *June 27, 2008*

(A) Diluted EPS. Excl. gains, (losses): '97, 12¢; '00, 10¢; '02, 68¢; '03, 10¢; '04, (35¢); '06, (32¢); '07, $1.02. Next egs. rpt due late July. (B) Div'ds historically paid late Mar., June, Sept., and Dec. 1Q'07 pay't pro-rata to 2/21/07. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. intang. In '07, $948.3 mill., $12.41/sh. (D) In millions. (E) Rate base: Net orig. cost. Rate all'd in Wisc. on com. eq. in '07: 10.9%; earned on avg. com. eq, '07: 7.4%. Reg. Clim.: Wisc., Above Avg. Ill., Below Avg. (F) Prior data for WPS only.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	60

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

29.95

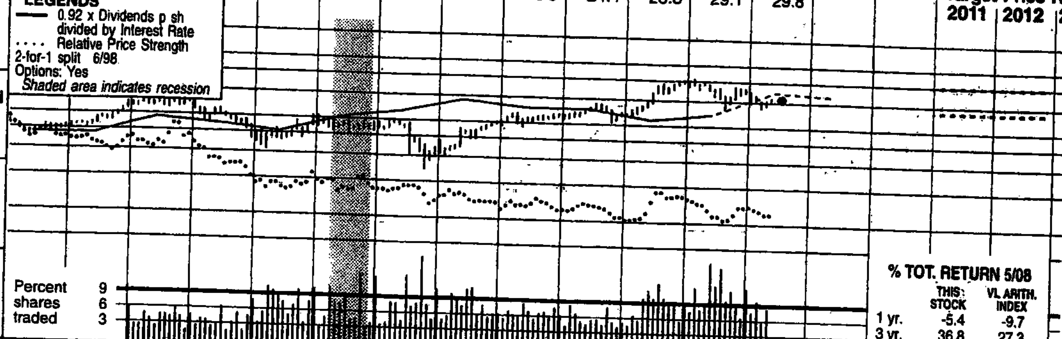
OGE ENERGY CORP. NYSE-OGE

RECENT PRICE 33.27 | P/E RATIO 13.3 (Trailing: 12.8 Median: 14.0) | RELATIVE P/E RATIO 0.82 | DIV'D YLD 4.2% | VALUE LINE 705

TIMELINESS 3 Raised 6/27/08
SAFETY 2 Raised 7/1/05
TECHNICAL 3 Lowered 5/9/08
BETA .90 (1.00 = Market)

High:	27.4	30.0	29.1	24.8	24.7	24.2	24.3	27.0	30.6	40.6	41.3	36.2
Low:	20.3	25.6	18.4	16.5	20.0	13.7	16.0	22.8	24.4	26.3	29.1	29.8

LEGENDS
— 0.92 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 6/98
Options: Yes
Shaded area indicates recession



Target Price Range 2011 | 2012 | 2013

2011-13 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+20%)	9%
Low	30	(-10%)	2%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	3	0	0	0	0	0
to Sell	0	0	0	4	0	0	0	1	0

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	84	97	90
to Sell	143	112	114
Hld's(000)	44580	47002	45103

Percent shares traded 9 6 3

% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-5.4	-9.7
3 yr.	36.8	27.3
5 yr.	100.2	85.8

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
16.30	17.94	16.79	16.13	17.18	18.23	20.02	27.90	42.33	40.80	38.52	43.24	54.74	65.65	43.92	41.37	44.70	44.60	Revenues per sh	52.25
2.58	2.87	3.07	3.16	3.31	3.38	3.90	4.06	4.15	3.61	3.75	3.65	3.74	3.89	4.47	4.79	4.70	4.75	"Cash Flow" per sh	5.50
1.21	1.39	1.51	1.52	1.62	1.61	2.04	1.94	1.89	1.29	1.43	1.73	1.78	1.83	2.45	2.64	2.50	2.55	Earnings per sh A	3.00
1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.33	1.34	1.37	1.40	1.43	Div'd Decl'd per sh B ■ †	1.55
1.76	1.58	1.87	1.75	2.00	2.03	1.86	2.33	2.30	2.89	2.99	2.07	3.02	3.30	5.34	6.08	7.05	7.40	Cap'l Spending per sh	6.00
11.18	11.24	11.41	11.61	11.91	12.19	12.91	13.09	13.66	13.34	12.53	13.75	14.28	15.19	17.59	18.31	19.70	21.30	Book Value per sh C	25.50
80.66	80.69	80.71	80.75	80.76	80.77	80.80	77.86	77.92	77.99	78.50	87.40	90.00	90.60	91.20	91.80	94.00	97.50	Common Shs Outst'g D	100.50
14.7	12.8	11.1	11.9	12.3	14.0	13.3	12.1	10.6	17.4	14.1	11.8	14.1	14.9	13.7	13.8	Bold figures are		Avg Ann'l P/E Ratio	11.5
.89	.76	.73	.80	.77	.81	.69	.69	.69	.89	.77	.67	.74	.79	.74	.73	Value Line		Relative P/E Ratio	.75
7.5%	7.5%	8.0%	7.4%	6.7%	5.9%	4.9%	5.7%	6.6%	5.9%	6.6%	6.5%	5.3%	4.9%	4.0%	3.8%	estimates		Avg Ann'l Div'd Yield	4.4%

CAPITAL STRUCTURE as of 3/31/08
Total Debt $1810.6 mill. Due in 5 Yrs $667.3 mill.
LT Debt $1543.3 mill. LT Interest $99.5 mill.
(LT interest earned: 5.0x)

Leases, Uncapitalized Annual rentals $5.6 mill.

Pension Assets-12/07 $514.0 mill. **Oblig.** $518.0 mill.

Pfd Stock None

Common Stock 91,974,496 shs.

MARKET CAP: $3.1 billion (Mid Cap)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		11-13
1617.7	2172.4	3298.7	3182.4	3023.9	3779.0	4926.6	5948.2	4005.6	3797.6	4200	4350	Revenues ($mill)	5250
165.9	151.3	147.0	100.6	111.7	141.8	157.8	166.1	226.1	244.2	235	245	Net Profit ($mill)	295
39.6%	37.3%	34.2%	34.3%	36.4%	35.4%	34.5%	30.2%	34.8%	32.3%	33.5%	33.5%	Income Tax Rate	33.5%
.6%	.5%	1.5%	.7%	.8%	.4%	1.1%	1.3%	3.8%	1.6%	3.0%	2.0%	AFUDC % to Net Profit	2.0%
47.3%	52.8%	60.8%	59.5%	60.4%	54.4%	52.6%	49.5%	45.6%	44.4%	48.0%	42.5%	Long-Term Debt Ratio	48.5%
52.7%	47.2%	39.2%	40.5%	39.6%	45.6%	47.4%	50.5%	54.4%	55.6%	52.0%	57.5%	Common Equity Ratio	51.5%
1979.0	2159.9	2712.8	2566.9	2485.8	2637.7	2709.7	2726.6	2950.1	3025.5	3545	3620	Total Capital ($mill)	4950
2526.6	3242.0	3219.5	3263.7	3204.3	3309.5	3581.0	3567.4	3867.5	4246.3	5140	5645	Net Plant ($mill)	6725
9.9%	8.8%	7.6%	6.2%	6.6%	7.1%	7.4%	7.6%	9.1%	9.5%	8.0%	8.0%	Return on Total Cap'l	7.5%
15.9%	14.8%	13.8%	9.7%	11.4%	11.8%	12.3%	12.1%	14.1%	14.5%	13.0%	12.0%	Return on Shr. Equity	11.5%
15.8%	14.8%	13.8%	9.7%	11.4%	11.8%	12.3%	12.1%	14.1%	14.5%	13.0%	12.0%	Return on Com Equity E	11.5%
5.5%	4.7%	4.1%	NMF	1.2%	3.6%	3.4%	3.4%	6.6%	7.1%	6.0%	5.0%	Retained to Com Eq	5.5%
65%	68%	70%	103%	89%	70%	73%	72%	53%	51%	55%	56%	All Div'ds to Net Prof	53%

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+5.3	+1.5	--
Avg. Indust. Use (MWH)	762	748	738
Avg. Indust. Revs. per KWH (¢)	4.94	4.86	5.22
Capacity at Peak (Mw)	6739	6688	6800
Peak Load, Summer (Mw)	6145	6473	6317
Annual Load Factor (%)	47.6	53.9	53.7
% Change Customers (yr-end)	+1.4	+1.3	+1.0
Fixed Charge Cov. (%)	357	431	483

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	11.5%	4.5%	.5%
"Cash Flow"	3.0%	2.5%	4.0%
Earnings	4.0%	8.5%	4.5%
Dividends	--	--	2.5%
Book Value	3.5%	5.5%	7.0%

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	1274.5	1339.1	1681.5	1653.1	5948.2
2006	1109.8	934.3	1130.6	830.9	4005.6
2007	881.5	913.4	1044.5	958.2	3797.6
2008	994.7	1005.3	1200	1000	4200
2009	1000	1025	1300	1025	4350

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.05	.40	1.18	.20	1.83
2006	.27	.63	1.32	.24	2.45
2007	.19	.68	1.37	.40	2.64
2008	.14	.75	1.41	.20	2.50
2009	.18	.72	1.45	.20	2.55

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.333	.333	.333	.333	1.33
2005	.333	.333	.333	.333	1.33
2006	.333	.333	.333	.333	1.33
2007	.34	.34	.34	.34	1.36
2008	.348	.348			

BUSINESS: OGE Energy Corp. is a holding company for Oklahoma Gas and Electric Company (OG&E), which supplies electricity to 765,000 customers in Oklahoma (87% of electric revenues) and western Arkansas (9%); wholesale is (4%). Owns Enogex pipeline subsidiary. Acquired Transok 6/99. Electric revenue breakdown, '07: residential, 38%; commercial, 25%; industrial, 20%; other, 17%. Generating sources, '07: coal, 51%; gas, 29%; wind, 2%; purchased, 18%. Fuel costs: 69% of revenues. '07 reported depreciation rate (utility): 2.7%. Has 3,200 employees. Chairman, President & CEO: Peter B. Delaney. COO: Danny P. Harris. Inc.: Oklahoma. Address: 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321. Tel.: 405-553-3000. Internet: www.oge.com.

OGE Energy's utility subsidiary has asked the Oklahoma Corporation Commission (OCC) to approve the purchase of a stake in a gas-fired plant. Oklahoma Gas and Electric has agreed to pay $435 million for a 51% share of the 1,230-megawatt Redbud facility. At less than $700 a kilowatt, the purchase price is well below what it would cost to build a similar plant today. Initially, OG&E would recover the cost through a rider on customers' bills. Once the utility files a general rate case and receives an order, Redbud would be rolled into base tariffs. An order is due by mid-November.

Some other regulatory matters are pending or upcoming. OG&E is asking the OCC to allow it to recover $14.7 million of costs associated with a proposed coal-fired plant that was canceled. The utility wants to retain the proceeds from the sale of sulfur dioxide allowances in order to pay for this. Instead, the OCC's staff wants OG&E to use these monies to offset part of the $35 million of storm-related costs that the company incurred last year. OG&E has proposed recovery of the storm costs as part of a general rate case that it plans to file in 2009. The utility also wants the OCC to approve the construction of a transmission line that is needed to facilitate the development of wind power, along with another rider to recover this cost until the next general rate case. Finally, in August OG&E plans to file a rate case in Arkansas, with new tariffs to take effect in mid-2009.

OGE's Enogex subsidiary is benefiting from higher commodity spreads. The price of natural gas liquids typically tracks oil prices, which have risen even more than gas prices of late. (OGE wants to spin off a portion of Enogex into a master limited partnership, but market conditions aren't right.) Our 2008 share-net estimate is at the midpoint of OGE's targeted range of $2.40-$2.60. We look for an uptick in 2009, assuming that OG&E gets a rate rider for Redbud, even though average shares outstanding will be higher. OGE plans to sell up to six million common shares in the next two years.

This stock's yield isn't much better than the utility average. Total return potential to 2011-2013 is below average.

Paul E. Debbas, CFA *June 27, 2008*

(A) Diluted EPS. Excl. nonrec. losses: '02, 39¢; '03, 14¢; '04, 6¢; gains on discont. ops.: '02, 12¢; '04, 1¢; '05, 8¢; '05, 49¢; '06, 39¢. '06 EPS don't add to total due to rounding. Next earnings report due early Aug. (B) Div'ds historically paid in late Jan., Apr., July, and Oct. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. deferred charges. In '07: $2.52/sh. (D) In mill., adj. for split. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in '06: OK, 10.75%; in '07: AR, 10.0%; earned on avg. com. eq., '07: 14.9%. Reg. Clim.: Avg.

Company's Financial Strength	A
Stock's Price Stability	95
Price Growth Persistence	75
Earnings Predictability	85

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or nted or electronic publication, service or product.

To subscribe call 1-800-833-0046.

78,51

OTTER TAIL CORP. NDQ-OTTR

RECENT PRICE	P/E RATIO	(Trailing / Median)	RELATIVE P/E RATIO	DIV'D YLD	VALUE LINE
39.46	21.9	(Trailing: 23.2) (Median: 16.0)	1.34	3.0%	706

TIMELINESS 3 Raised 6/13/08

SAFETY 2 New 7/27/90

TECHNICAL 3 Lowered 5/30/08

BETA .95 (1.00 = Market)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
High:					19.2	21.4	22.8	29.0	31.0	34.9	28.9	27.5	32.0	31.9	39.4	40.9
Low:					15.0	15.1	17.0	17.8	23.0	22.8	23.8	23.8	24.0	25.8	29.0	31.3

Target Price Range 2011 | 2012 | 2013

2011-13 PROJECTIONS

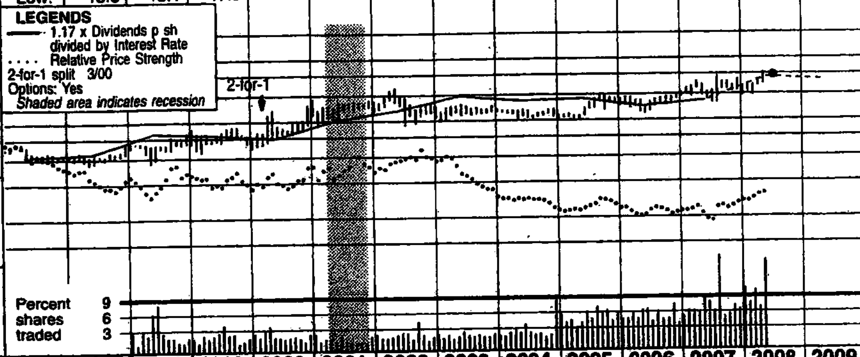
	Price	Gain	Ann'l Total Return
High	35	(-10%)	1%
Low	25	(-35%)	-6%

Insider Decisions

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	4	0	0	0	0	0	0	3	3
to Sell	4	0	0	0	0	0	0	3	3

Institutional Decisions

	3Q2007	4Q2007	1Q2008
to Buy	47	37	45
to Sell	39	47	35
Hld's(000)	14105	13790	13984



% TOT. RETURN 5/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	18.7	-9.7
3 yr.	64.5	27.3
5 yr.	62.1	85.8

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
9.37	11.86	12.86	14.70	16.13	16.80	18.14	19.48	23.45	26.53	27.75	29.28	30.45	35.59	37.43	41.50	*42.40*	*44.20*	Revenues per sh	*46.75*
2.03	2.25	2.33	2.47	2.78	2.95	2.75	2.91	3.21	3.40	3.44	3.30	2.88	3.35	3.39	3.55	*3.60*	*3.80*	"Cash Flow" per sh	*4.25*
1.09	1.12	1.17	1.19	1.24	1.29	1.29	1.45	1.60	1.68	1.79	1.51	1.50	1.78	1.69	1.78	*1.80*	*1.90*	Earnings per sh A	*2.25*
.82	.84	.86	.88	.90	.93	.96	.99	1.02	1.04	1.06	1.08	1.10	1.12	1.15	1.17	*1.19*	*1.21*	Div'd Decl'd per sh B ■	*1.27*
1.01	1.38	1.36	1.66	2.85	1.79	1.23	1.37	1.85	2.17	2.95	1.97	1.72	2.04	2.35	5.43	*8.85*	*5.65*	Cap'l Spending per sh	*5.75*
7.36	7.62	7.90	8.24	8.61	8.96	9.47	10.30	10.87	11.33	12.25	12.98	14.81	15.80	16.67	17.55	*18.30*	*19.05*	Book Value per sh C	*22.00*
22.36	22.36	22.36	22.36	22.43	23.46	23.76	23.85	23.85	24.65	25.59	25.72	28.98	29.40	29.52	29.85	*31.00*	*31.10*	Common Shs Outst'g D	*33.00*
15.5	15.6	13.8	14.2	14.0	12.8	14.4	13.9	13.5	16.4	16.0	17.8	17.3	15.4	17.3	19.0	*Bold figures are*		Avg Ann'l P/E Ratio	*13.0*
.94	.92	.91	.95	.88	.74	.75	.79	.88	.84	.87	1.01	.91	.82	.93	1.00	*Value Line*		Relative P/E Ratio	*.85*
4.9%	4.8%	5.3%	5.2%	5.2%	5.6%	5.2%	4.9%	4.7%	3.8%	3.7%	4.0%	4.2%	4.1%	3.9%	3.5%	*estimates*		Avg Ann'l Div'd Yield	*4.3%*
						431.1	464.6	559.4	654.1	710.1	753.2	882.3	1046.4	1105.0	1238.9	*1315*	*1375*	Revenues ($mill)	*1540*
						32.6	36.9	40.2	43.6	46.1	39.7	40.0	52.9	50.8	54.0	*55.0*	*60.0*	Net Profit ($mill)	*75.0*
						33.5%	32.2%	30.3%	31.5%	30.3%	27.4%	29.8%	34.6%	34.8%	34.1%	*31.0%*	*31.0%*	Income Tax Rate	*31.0%*
						.3%	.7%	.8%	3.1%	5.7%	5.0%	2.4%	1.7%	1.9%	4.2%	*9.0%*	*13.0%*	AFUDC % to Net Profit	*11.0%*
						40.7%	38.7%	39.5%	43.5%	44.0%	43.2%	37.1%	35.0%	33.5%	38.9%	*45.5%*	*49.0%*	Long-Term Debt Ratio	*50.0%*
						50.6%	53.9%	53.5%	53.5%	53.4%	54.3%	60.7%	62.9%	64.5%	59.4%	*53.0%*	*49.5%*	Common Equity Ratio	*49.0%*
						445.0	455.6	484.4	522.2	587.2	614.6	706.5	738.2	763.0	882.1	*1075*	*1195*	Total Capital ($mill)	*1475*
						500.2	503.0	515.9	543.0	587.9	633.3	682.1	697.1	718.6	854.0	*1075*	*1190*	Net Plant ($mill)	*1575*
						9.0%	9.7%	9.6%	9.3%	9.0%	7.8%	6.8%	8.3%	7.7%	7.2%	*6.5%*	*6.5%*	Return on Total Cap'l	*6.5%*
						12.4%	13.2%	13.7%	14.8%	14.0%	11.4%	9.0%	11.0%	10.0%	10.0%	*9.5%*	*10.0%*	Return on Shr. Equity	*10.0%*
						13.5%	14.1%	14.8%	14.9%	14.5%	11.7%	9.1%	11.2%	10.2%	10.2%	*10.0%*	*10.0%*	Return on Com Equity E	*10.0%*
						3.4%	4.5%	5.4%	5.8%	6.0%	3.2%	2.5%	4.2%	3.3%	3.5%	*3.5%*	*4.0%*	Retained to Com Eq	*4.0%*
						77%	70%	65%	63%	60%	73%	73%	63%	68%	66%	*66%*	*63%*	All Div'ds to Net Prof	*59%*

CAPITAL STRUCTURE as of 3/31/08
Total Debt $468.0 mill. **Due in 5 Yrs** $231.6 mill.
LT Debt $342.5 mill. **LT Interest** $21.1 mill.
(LT interest earned: 4.6x)

Leases, Uncapitalized Annual rentals $43.3 mill.
Pension Assets-12/07 $170.9 mill. **Oblig.** $185.2 mill.
Pfd Stock $15.5 mill. **Pfd Div'd** $.7 mill.
155,000 shs. $3.60-$6.75, cum., no par ($100 liquidating value).
Common Stock 30,056,148 shs. as of 4/30/08
MARKET CAP: $1.2 billion (Mid Cap)

ELECTRIC OPERATING STATISTICS

	2005	2006	2007
% Change Retail Sales (KWH)	+3.2	+2.5	+3.3
Avg. Indust. Use (MWH)	29379	30169	31458
Avg. Indust. Revs. per KWH (¢)	4.96	5.04	5.20
Capacity at Peak (Mw)	714	711	NA
Peak Load, Winter (Mw)	665	690	705
Annual Load Factor (%)	66.5	66.2	NA
% Change Customers (yr-end)	+.2	+.5	+.2
Fixed Charge Cov. (%)	483	446	410

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	9.0%	8.0%	3.5%
"Cash Flow"	2.5%	.5%	3.5%
Earnings	3.5%	.5%	4.5%
Dividends	2.5%	2.0%	1.5%
Book Value	7.0%	7.5%	4.5%

Calendar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	232.1	256.4	272.7	285.2	1046.4
2006	257.8	279.9	280.6	286.7	1105.0
2007	301.1	305.9	302.2	329.7	1238.9
2008	300.2	*334.8*	*340*	*340*	*1315*
2009	*340*	*340*	*345*	*350*	*1375*

Calendar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.37	.37	.61	.42	1.78
2006	.50	.37	.45	.37	1.69
2007	.34	.53	.44	.46	1.78
2008	.27	*.50*	*.56*	*.47*	*1.80*
2009	*.30*	*.50*	*.60*	*.50*	*1.90*

Calendar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.275	.275	.275	.275	1.10
2005	.28	.28	.28	.28	1.12
2006	.288	.288	.288	.288	1.15
2007	.293	.293	.293	.293	1.17
2008	.298	.298			

BUSINESS: Otter Tail Corporation is the parent of Otter Tail Power Company, which supplies electricity to 129,000 customers in a mainly rural area in Minnesota (50% of retail elec. revs.), North Dakota (41%), and South Dakota (9%). Elec. rev. breakdown, '07: residential, 28%; commercial & farms, 35%; industrial, 21%; other, 16%. Generating sources: coal, 52%; other, 1%; purchased, 47%. Fuel costs: 11% of revs. Has operations in manufacturing, plastics, health services, food ingredients, & others (55% of '07 net inc.). '07 reported deprec. rate (utility): 2.8%. Has 4,300 employees. Chairman: John MacFarlane. Pres. & CEO: John D. Erickson. Inc.: MN. Address: 215 South Cascade St., P.O. Box 496, Fergus Falls, MN 56538-0496. Tel.: 218-739-8479. Internet: www.ottertail.com.

Otter Tail Corporation's utility subsidiary is awaiting an order on its rate case in Minnesota. Otter Tail Power filed for a tariff hike of $14.5 million (11%). Under the utility's proposal, the net effect on customers would be an increase of $8.8 million (6.7%) because some of its profits on wholesale power sales would be shared with ratepayers. An interim rate increase of $7.1 million (5.4%) went into effect last November 30th, subject to refund. The commission's order is expected by August 1st. Otter Tail will put forth applications in North Dakota by yearend and in South Dakota in 2009.

Otter Tail went a long time without filing a general rate case. The rate application in Minnesota was the company's first in that state since 1986. The utility hasn't filed in North or South Dakota since the early 1980s. Since that time, costs have risen to the point where Otter Tail had no choice but to petition the regulators for higher tariffs.

The utility wants to build a coal-fired plant with some partners. It would be in South Dakota but would need transmission lines through Minnesota. That state's commission has yet to rule on this matter.

We have reduced our 2008 and 2009 share-earnings estimates by $0.15 and $0.20, respectively. The company's disappointing March-quarter tally prompted our revision. The weakening economy is hurting some of Otter Tail's nonregulated subsidiaries. Our revised 2008 forecast is near the low end of management's targeted range of $1.75-$2.00 a share. We still expect decent earnings growth in 2009, thanks to higher income at the utility and a nonutility operation that builds equipment used in wind-power projects.

We do not see any justification for the current stock price. It is actually *up* slightly since Otter Tail released first-quarter earnings, even though the company lowered its guidance by $0.10 a share at that time. At the current quotation, the stock is trading at a market premium, despite the fact that roughly half of Otter Tail's profits come from its regulated utility operations and most of its nonutility income comes from cyclical businesses. The stock is trading well above our 2011-2013 Target Price Range.

Paul E. Debbas, CFA *June 27, 2008*

(A) Diluted earnings. Excl. nonrecurring gains: '98, 7¢; '99, 34¢; gains from discontinued operations: '04, 8¢; '05, 33¢; '06, 1¢. '05 & '07 earnings don't add to full-year total due to rounding. Next earnings report due early Aug. (B) Div'ds historically paid in early March, June, Sept., and Dec. ■ Div'd reinvestment plan available. (C) Incl. intangibles. In '07: $5.55/sh. (D) In mill., adj. for split. (E) Est'd rate allowed on com. eq.: 12.0%; earned on avg. com. eq., '07: 10.5%. Regulatory Climate: MN, ND, Average; SD, Above Average.

Company's Financial Strength	A
Stock's Price Stability	85
Price Growth Persistence	45
Earnings Predictability	85

© 2008, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.