# DOW THEORY FORECASTS®

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## Utilities don't look their best

Down 9.8% so far in 2015, the Dow Jones U.S. Utilities Index is the worst-performing sector index. This year's rise in interest rates is only partly to blame.

The sector entered 2015 with stretched valuations. Utility stocks in the Dow Jones U.S. Index traded at nearly 20 times trailing earnings, a 19% premium to the sector's average P/E of 16.6 since 1995. Today, the P/E is 17.9.

With the Federal Reserve expected to raise interest rates this year, bond yields have bounced higher. Higher yields increase the relative attractiveness of bonds, tempering enthusiasm for dividend-paying stocks, particularly utilities.

As a group, utility stocks aren't too appealing. But investors sometimes overdo their pessimism.

For one thing, though utility stocks generally underperform when rates are rising, the sector still fares reasonably well. Consider the table at the top of page 2, which shows the average return for utility stocks in the Dow Jones U.S. Index in periods of rising interest rates over the past 25 years. Utilities outperformed the broad index during

*Continued on page 2*

## Pick the high-hanging fruit

Some subscribers can't get enough about the inner workings of our Quadrix® system — such as how it uses nearly 100 statistics in six categories to compute percentile rankings for roughly 5,000 stocks. Those who wish to learn more should visit **www.DowTheory.com/Go/Quadrix**. For the rest of you, we'll sum up our findings in three key points:

➤ **Quadrix works.** Stocks with high Quadrix Overall scores tend to outperform the average stock.

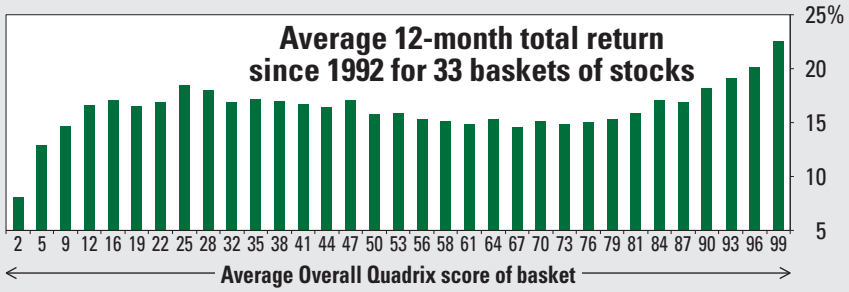
➤ **Higher is better.** Our research suggests that while stocks scoring above 80 Overall deliver market-beating returns, those scoring above 90 return even more, while stocks earning scores above 95 or 97 are stronger still.

➤ **Quadrix is versatile.** Our Overall score aggregates statistics from six categories — Momentum (recent operating results), Value (price/earnings and other valuation ratios), Quality (long-term growth and returns on assets, investment, and equity), Financial Strength (debt levels, interest coverage, and profit margins), Earnings Estimates (analysts' revision trends), and Performance (stock returns).

However, investors can tilt their analysis to favor a particular type of stock by focusing on companies with high scores in both Overall and their preferred category. See the story on page 4 for more on this strategy.

We've long limited our new Buys to stocks scoring above 80 Overall, but we prefer those with much higher ranks. Twelve of the 15 stocks on our Focus List, or 80%, earn Overall scores of at least 90, with seven topping 95.

### TOP OVERALL SCORERS SHINE




We divided our research universe into 33 equal-numbered baskets based on Quadrix Overall scores. In a back-test since 1992, the highest-scoring basket, which always contains stocks with Overall ranks of 97 or higher, averaged 12-month returns of 22.6%, versus 16.3% for the average stock in the universe. The three baskets with the best Overall scores generated the strongest returns, while the lowest scorers lagged by a wide margin.

Dow Theory Forecasts is an independent investment adviser and makes no commissions on the stock transactions of its subscribers.

# Utilities don't look their best

*Continued from page 1*

the most recent period of rising rates and had pockets of strong gains in the period ending July 2000.

While utility stocks remain expensive versus their own history using P/E ratios, the sector seems reasonably valued relative to bond yields. The middle chart on the right shows the group's earnings yield, or earnings/price ratio, relative to government and corporate bond yields.

For example, the recent earnings yield of 5.6% is 132% higher than the 10-year Treasury yield of 2.4%, outstripping the average premium of 64% over the last 20 years. The earnings yield is at a 10% premium to Baa-rated corporate bonds, versus a discount of 7% over the past 20 years.

**UTILITY REVIEW**

Relative dividend yields, shown in the bottom chart, paint a similar picture. Utilities yield an average of 3.5%, a 45% premium to Treasury-note yields — well above the 20-year norm of a 6% premium.

## Look for rebound plays in Quadrix

While the utility sector has come back to earth after an impressive 2014, smart investors can benefit from sifting through the group for high-potential stocks. Our Top 15 Utilities Portfolio is home to several Quadrix® standouts, including these two timely picks:

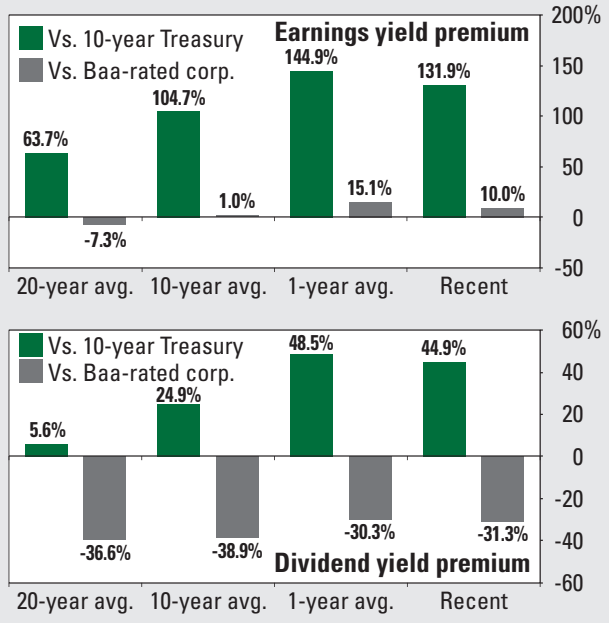
- **Public Service Enterprise Group** *($40; PEG)* earns an Overall rank of 84 and scores of 93 or higher for both sector-specific scores. The company operates mostly in mid-Atlantic and Northeastern states. Trading at 14 times trailing earnings, Public Service yields 3.9%.
- **WGL's** *($55; WGL)* Overall score of 86 places it second among the 22 natural-gas utilities in our research universe, which earn an average score of 55. The stock boasts particularly strong scores for Momentum (84) and Value (74). Up 2.6% so far this year, WGL yields 3.4%.

## PERFORMANCE WHILE RATES RISE

Utilities in the Dow Jones U.S. Index have had mixed success in periods of rising interest rates over the past 25 years. The sector beat the broad index during the most recent upturn.

| | — Avg. Returns When Interest Rates Rise — | | | | |
|---|---|---|---|---|---|
| *Time Period* | *Electric* | *Gas* | *Water* | *All Utilities* | *Dow Jones U.S. Index* |
| Dec. 2003 to July 2007 | 50.2% | 53.5% | 67.3% | 50.1% | 43.0% |
| June 1999 to July 2000 | 4.7 | 14.0 | 18.8 | 7.1 | 9.5 |
| Dec. 1993 to April 1995 | -3.0 | 3.2 | -2.3 | -1.6 | 11.7 |

## UTILITIES REASONABLY VALUED




Utility stocks in the Dow Jones U.S. Index average earnings yields 132% higher than the 10-year Treasury and above the average premium of 64% over the last 20 years. The dividend yield is 45% higher than the Treasury yield. Utility yields are also high relative to corporate bonds.

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# Market Commentary

## Bubble talk premature

Helped by optimism that politicians will engineer at least a temporary fix for Greece's debt troubles and that the U.S. Federal Reserve will be gradual in its interest-rate increases, the Dow Industrials and S&P 500 Index have moved within 2% of the all-time highs reached in mid-May.

The Dow Transports have bounced from a low reached on May 29 but remain more than 10% from the December all-time high of 9,217.44. A close above that level is necessary to reconfirm the bullish primary trend. But the Dow Theory is already in the bullish camp, and we continue to find reasonably valued growers. The stock-market exposure of our buy lists remains near 85%.

### Bubble trouble?

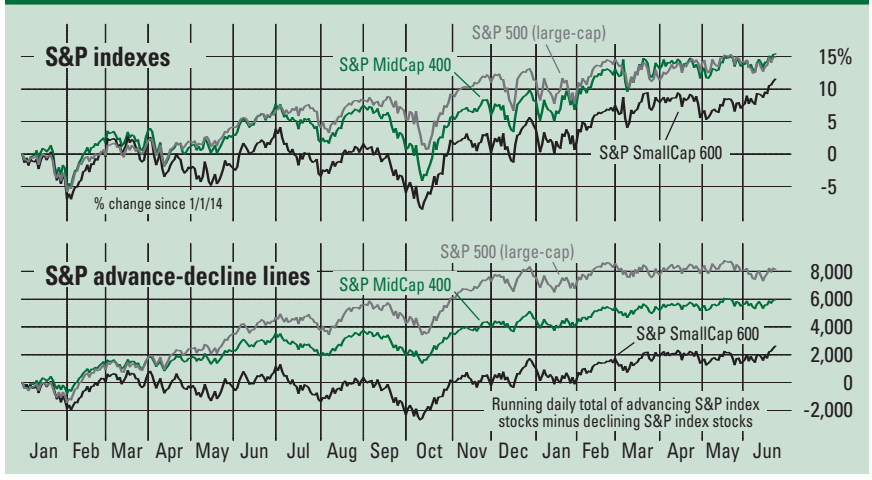
Dow Theorists like to divide bull markets into three stages. In the first stage, stocks rebound as investor confidence rebounds from depressed levels. In the second, stocks advance with corporate earnings. In the third, stocks discount best-case scenarios as a speculative fever takes hold of investors.

The second stage often features the longest and most deceptive secondary corrections, and the transition from stage two to stage three is often mistaken for the beginning of a bear market.

So, does this year's extended trading range represent a transition to a speculative final run-up? That question is impossible to answer in advance, but a recent Credit Suisse report summarized by *Barron's* highlighted eight factors useful in recognizing an equity bubble. To paraphrase:

1) New paradigm talk emerges, with investors proclaiming this time is different.

**S&P INDEXES AND ADVANCE-DECLINE LINES**




2) Earnings become irrelevant.

3) Investors begin talking about the equity risk premium (the extra return stocks provide compared to bonds) going to zero.

4) Market breadth collapses, as fewer and fewer stocks lead the advance.

5) Buying becomes dominated by retail investors.

6) The number of mergers and acquisitions surges.

7) Earnings slump while per-share earnings rise.

8) Companies begin to overinvest, with high capital spending.

Of these eight factors, only No. 6 and No. 7 are happening now, and No. 7 mostly reflects the downturn in oil prices. In fact, today there is very little talk of a new era, and stocks continue to rise and fall with quarterly earnings. The equity risk premium is unusually high. Market breadth is decent, with advance-decline lines near recent peaks. Retail investors are mostly on the sidelines, judging from mutual fund inflows. And capital spending is restrained relative to sales.

Stocks are not cheap, but valuations are not at the extreme levels reached at bubble peaks. According to Credit Suisse, four of the last nine major U.S. bull-market peaks ended in bubbles. In all four, the S&P 500 Index's price/earnings ratio reached a level at least two standard deviations above the average of the previous 10 years. Today, the P/E is about one standard deviation above the 10-year average, according to Credit Suisse.

### Our game plan

History suggests that timing the stock market with precision is difficult. History also suggests that even partly sidestepping a major, post-bubble bear market — like the more than 48% declines that ended in 1974 and 2009 — can be hugely impactful to your wealth.

Unless inflation and interest rates rise sharply, which is certainly possible, we tend to think any bear market from present levels is likely to be a garden-variety decline of 20% to 35%. With continued modest inflation and a resumption of earnings growth, the bull market's second stage could be extended for years. And if profits stall yet stocks advance on hopes and speculations, we're going to have a hard time finding reasonably valued growers.

For now, rather than make predictions, we're going to hold some extra cash and watch how things play out.

# QUADRIX SPOTLIGHT

## For a winning hand, play a high pair

Using history as a guide, our Quadrix® stock-rating system tells a simple story: The higher the score, the higher the return. Pairing a high Overall score with a high score in key Quadrix categories can lead to even better results.

Stocks in our Quadrix research universe, a group that now encompasses more than 5,000 stocks, have produced an average 12-month return of 16.3%, based on the 269 rolling periods since January 1992. Stocks with Overall scores of at least 80 have averaged 12-month returns of 18.5%, versus 20.2% for those with scores of at least 90 and 22.0% for those with scores of 97 or higher. See the nearby chart for more details.

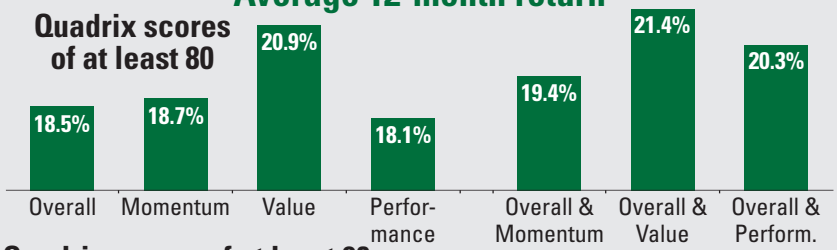
Returns tend to improve further when stocks also earn high ranks for certain Quadrix categories. Stocks that score at least 80 for both Overall and Value have produced an average return of 21.4%. When they score 97 or higher for both Quadrix ranks, the return rises to 26.9%.

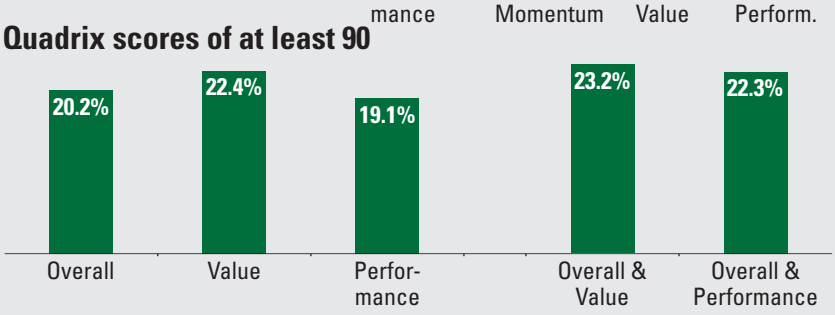
Especially among the highest scorers, sample sizes for Quadrix pair portfolios tend to be small. On average, 27 stocks scored at least 97 for both Overall and Value in a given period, while 21 stocks scored at least 95 for Overall and Performance.

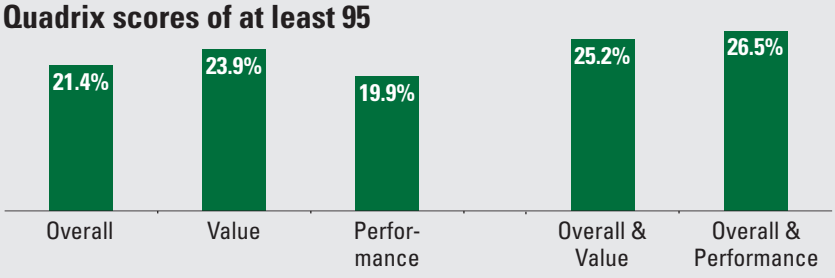
We review below four Focus List recommendations scoring at least 90 Overall and 80 for other key Quadrix categories.

### QUADRIX PAIRS PAY OFF

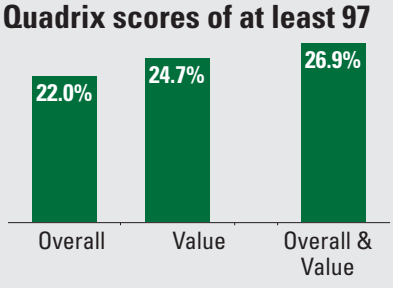
**Average 12-month return**




In rolling periods since January 1992, stocks in our Quadrix universe have averaged total returns of 16.3%. Stocks with high Overall scores delivered above-average returns. Stocks with high Overall ranks that also score well in certain Quadrix categories — especially Value — have performed even better.




**Ameriprise Financial** *($128; AMP)* scores above 80 in Quadrix for both Overall and Value. The stock looks cheap from most angles, with more than three-fourths of individual Value factors exceeding 50.

Low interest rates, foreign-currency headwinds, and the sluggish stock market contributed to Ameriprise missing profit estimates last quarter. Sales growth slowed to 2%, the company's weakest quarterly gain since the three months ended September 2012.

However, the advice-and-wealth-management business continues to attract new clients, generating net inflows for assets under management and administration. Free cash flow jumped 33% in the 12 months ended March, emboldening Ameriprise to hike its quarterly dividend 16% in April. The dividend has risen by double-digits in five straight years. *Ameriprise, yielding 2.1%, is a Buy and a Long-Term Buy.*

**Gilead Sciences** *($122; GILD)* is being upgraded to the Focus List. The stock earns the maximum rank of 100 for Overall and Momentum, while also scoring above 85 for

both Value and Performance.

Hepatitis C drugs Sovaldi and Harvoni, two drugs so effective at curing patients that some investors question the sustainability of their revenues, now account for about 60% of Gilead's sales. Complicating matters further, China and India have rejected Gilead's patent application for Sovaldi, and other countries could follow suit in retaliation for the drug's high price tag. So even though the shares have risen 51% over the past year and 2015 per-share profits are projected to jump 33%, Gilead's forward P/E ratio of 11 lags the S&P 1500 biotechnology industry's median of 24.

Free cash flow surged to $16.43 billion in the 12 months ended March, up from $3.69 billion one year earlier. Gilead has plenty of flexibility to make a large deal, possibly seeking to acquire a portfolio of experimental drugs late in development. *Gilead is also a Long-Term Buy.*

**Lam Research's** *($83; LRCX)* revenue surged 23% in calendar 2014, nearly double its industry's growth for spending on wafer-fabrication equipment. Lam's semiconductor-equipment business enjoys relatively high exposure to 3D NAND, a type of flash memory that is becoming increasingly popular. Lam expects industrywide spending on wafer-fabrication equipment to rise 6% to $34 billion in calendar 2015, driven by higher demand for 3D NAND, which could continue to accelerate through 2016.

Although Lam's operating profit margin has slipped in each of the past two quarters, management seems confident it can improve profitability through increased scale and cost discipline. Rising analyst estimates project Lam will increase per-share profits 18% in the next 12 months, well above median growth of 4% for S&P 1500 semiconductor-equipment stocks.

Despite its growth, Lam's stock fetches less than 15 times estimated year-ahead earnings, versus its industry median of 18. *Lam is a Focus List Buy and a Long-Term Buy.*

**United Rentals** *($92; URI)* offers an attractive blend of strong operating momentum and low valuation. It scores at least 85 in Quadrix for both Momentum and Value, a feat matched by just 23 other stocks in the S&P 1500 Index, including one other Focus List Buy, Gilead.

In April, United Rentals trimmed the high end of its 2015 profit and sales targets, citing weaker-than-expected growth in rental rates. Last month, management cautioned that May results were a "little softer" than anticipated, leading some investors to fear another warning.

A heavy dose of pessimism already appears baked into the stock. United Rentals' trailing price/earnings ratio of 13 lingers near its lowest level since 2012 and well short of its five-year average of 19. Should the P/E ratio rise to 15 and United Rentals merely meet the most pessimistic 2015 profit target of $6.65, its shares will climb 8% by early 2016. *United Rentals is a Focus List Buy and a Long-Term Buy.*

## QUADRIX STUDS

Below we screened for recommended stocks scoring 80 or higher for Overall and at least one of the following: Momentum, Value, or Performance. **Gilead Sciences** *($122; GILD)* scores above 80 for all three of these categories.

| | — 12-Month Change — | | | Est. 12- | — P/E Ratio — | | – Total Return – | | ——— Quadrix Scores ——— | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Company (Price; Ticker)* | *EPS* | *Sales* | *Operating Cash Flow* | *Mo. EPS Growth* | *Trailing* | *Forward* | *Year-To-Date* | *1 Year* | *Momentum* | *Value* | *Performance* | *Overall* |
| Alaska Air *($66; ALK)* | 50% | 7% | 29% | 24% | 14 | 11 | 11% | 43% | **84** | **83** | 69 | 96 |
| Ameriprise Financial *($128; AMP)* | 22 | 7 | 27 | 15 | 15 | 13 | -2 | 10 | 74 | **87** | 33 | 93 |
| Apple *($128; AAPL)* | 35 | 21 | 41 | 14 | 16 | 14 | 17 | 44 | **95** | 78 | 72 | 99 |
| CBRE *($37; CBG)* | 12 | 22 | 35 | 13 | 21 | 19 | 9 | 18 | **83** | 60 | 53 | 91 |
| Comcast *($60; CMCSa)* | 23 | 4 | 24 | 11 | 20 | 18 | 6 | 18 | **85** | 77 | 61 | 96 |
| Community Health Sys. *($55; CYH)* | 117 | 41 | 36 | 13 | 15 | 13 | 3 | 20 | **82** | **92** | 61 | 93 |
| Disney *($114; DIS)* | 18 | 8 | 9 | 15 | 24 | 21 | 21 | 39 | 76 | 35 | **80** | 83 |
| F5 Networks *($126; FFIV)* | 29 | 16 | 24 | 11 | 21 | 19 | -3 | 16 | **84** | 60 | 59 | 91 |
| Gilead Sciences *($122; GILD)* | 220 | 101 | 324 | 11 | 13 | 11 | 30 | 52 | **100** | **88** | **92** | 100 |
| Goodyear Tire & Rubber *($31; GT)* | 0 | -8 | 388 | 13 | 11 | 10 | 10 | 15 | 60 | **94** | 77 | 98 |
| HCA Holdings *($83; HCA)* | 50 | 9 | 48 | 1 | 16 | 16 | 14 | 44 | **97** | 76 | **82** | 93 |
| J.P. Morgan Chase *($69; JPM)* | 8 | 0 | NA | 5 | 12 | 12 | 12 | 22 | 59 | **83** | **80** | 83 |
| Jones Lang LaSalle *($172; JLL)* | 46 | 21 | 29 | 1 | 19 | 18 | 15 | 37 | **83** | 60 | 73 | 93 |
| Lam Research *($83; LRCX)* | 31 | 16 | 14 | 18 | 17 | 15 | 5 | 24 | **85** | 64 | 67 | 96 |
| Lear *($117; LEA)* | 59 | 7 | 30 | 16 | 14 | 12 | 20 | 33 | **84** | **90** | 77 | 99 |
| Lincoln National *($61; LNC)* | 15 | 11 | 95 | 4 | 10 | 10 | 6 | 18 | 68 | **94** | 63 | 97 |
| Magna International *($58; MGA)* | 25 | 2 | -10 | 4 | 12 | 12 | 7 | 8 | 26 | **86** | 64 | 83 |
| Shire *($251; SHPG)* | 35 | 20 | 193 | 5 | 23 | 22 | 19 | 11 | **82** | 52 | 64 | 90 |
| Skyworks Solutions *($108; SWKS)* | 101 | 51 | 58 | 27 | 25 | 20 | 50 | 128 | **98** | 27 | **93** | 92 |
| Southwest Airlines *($34; LUV)* | 73 | 6 | 24 | 32 | 14 | 10 | -19 | 28 | 64 | **90** | 15 | 86 |
| United Rentals *($92; URI)* | 43 | 16 | 19 | 18 | 13 | 11 | -9 | -12 | **85** | **89** | 21 | 92 |
| **S&P 1500 Median** | **10** | **5** | **7** | **7** | **20** | **19** | **4** | **10** | **53** | **56** | **53** | **60** |

*Note: Quadrix scores are percentile ranks, with 100 the best. NA Not available.*

# New names and rank changes

Both **Gilead Sciences** *($122; GILD)*, reviewed on page 4, and **Comcast** *($60; CMCSa)*, reviewed on page 8, are joining the Focus List. Both were already rated Buy and Long-Term Buy. The other rank changes are as follows:

## New stocks and upgrades

■ **Community Health Systems** *($55; CYH)*, which operates about 200 hospitals in 29 states, is being initiated as a Buy and a Long-Term Buy. Per-share profits, sales, and operating cash flow all rose more than 35% in the 12 months ended March. The $7.3 billion acquisition of Health Management Associates in January 2014 and an influx of newly insured patients via federal health reform contributed to recent growth. Same-hospital admissions are on the rise.

Community Health has a fairly large presence in states that rely on the federal government to run their health exchanges. That means the stock should rally if the Supreme Court votes to keep health subsidies for states that rely on federal exchanges. Should the subsidies be struck down, management says operating profits could slip 2% to 3% in the absence of a nationwide fix. Shares trade at 14 times estimated 2015 earnings, a 27% discount to the median for S&P 1500 health-care facility stocks.

■ **Disney** *($114; DIS)* is being upgraded to the Long-Term Buy List. At 24 times trailing earnings, the shares are not cheap. But we like Disney's fundamentals: sales growth of at least 7% in seven straight quarters, cash from operations up in eight of the past nine quarters, and expansion of profit margins over the last four years.

Disney's business model allows it to pay up for premium entertainment franchises — it has acquired Pixar, Marvel Entertainment, and Lucasfilm over the past decade — because it milks content through retail stores and theme parks. Per-share profits are projected to rise 12% in the June quarter and 29% in the September quarter, which would mark nine straight quarters of double-digit growth. In June, Disney declared a first-half dividend of $0.66 per share payable July 29, up 15% on an annualized basis. The company, which has long paid dividends annually, is switching to a semiannual schedule.

■ **Goodyear Tire & Rubber** *($31; GT)*, the largest U.S. manufacturer of tires, is being initiated as a Long-Term Buy. Goodyear, an aggressive pick that tends to deliver volatile results, seems positioned for growth over the next one to three years and still looks cheap, considering its Value rank of 94.

Despite declining sales, operating profit margins are expanding and cash from operations has increased in three straight quarters. In June, Goodyear said it will dissolve a global joint venture, a move that should reduce sales but boost per-share profits.

■ **HCA Holdings** *($83; HCA)* is being added to the Focus List. The stock is hitting all-time highs yet looks attractively valued from multiple angles. The stock scores 67 or higher for more than half of the factors that comprise its Value rank of 76. Cash from operations jumped 48% and free cash flow 95% in the 12 months ended March. The upcoming Supreme Court decision on federal health subsidies presents some risk to the stock, but HCA's business would have limited exposure to an adverse ruling. *HCA was already a Buy and a Long-Term Buy.*

## Downgrades

◆ **ADT** *($34; ADT)* is being removed from the Focus, Buy, and Long-Term Buy lists. The stock has slumped 16% since we first recommended it in the March 30 issue. ADT posted disappointing March-quarter results, and eroding earnings estimates bode poorly for the current quarter. The stock looks cheap with a Value rank of 89 but could be dead money without a rebound in profit growth. *With an Overall rank of just 66, ADT is being dropped from coverage and should be sold.*

◆ **Aetna** *($128; AET)* is being dropped from the Focus List but remains a Buy and a Long-Term Buy. The stock has surged 44% so far in 2015, including 8% in June alone. Aetna's valuation now appears somewhat stretched following the wave of merger speculation in the managed-care industry.

**UnitedHealth** *($119; UNH)* has reportedly approached Aetna about a deal, but there is uncertainty over

## RANK CHANGES

**Comcast** *($60; CMCSa)*, **HCA Holdings** *($83; HCA)*, and **Gilead Sciences** *($122; GILD)* are being added to the Focus List. **Aetna** *($128; AET)* is being dropped from the Focus List but remains a Buy and a Long-Term Buy. **ADT** *($34; ADT)* is being dropped from the Focus, Buy, and Long-Term Buy lists and from coverage. **Community Health Systems** *($55; CYH)* is being initiated as a Buy and a Long-Term Buy. **Disney** *($114; DIS)* and **Goodyear Tire & Rubber** *($31; GT)* are joining the Long-Term Buy List. **Schlumberger** *($88; SLB)* and **Travelers** *($99; TRV)* are being dropped from the Long-Term Buy List. In the wake of these changes, **Vanguard Short-Term Corporate Bond** *($80; VCSH)* ETF accounts for 14.5% of the Buy List and 14.7% of the Long-Term Buy List.

* * * * *

Check for rank changes and market updates on our twice-weekly hotlines, updated Wednesdays after the market's close and Fridays around noon Central time. Go to **www.DowTheory.com** or call (800) 931-2295. **For June, the passcode for the telephone hotline is 445. For July, the passcode is 405.**

whether Aetna is a takeover target or potential acquirer. Aetna has proposed to acquire Humana *($184; HUM)*. Meanwhile, **Anthem** *($168; ANTM)* reaffirmed its $47.5 billion bid to acquire **Cigna** *($166; CI)*, which itself appears interested in Humana.

Given the uncertainty over its takeover prospects, a rich valuation, and middling Overall score of 68, Aetna no longer ranks among our very favorites for year-ahead gains. *Aetna remains a Buy and Long-Term Buy. Anthem, Cigna, and UnitedHealth are rated A (above average).*

◆ We are dropping **Schlumberger** *($88; SLB)* from the Long-Term Buy List; it retains its Monitored List rating of A (above average). Schlumberger remains our favorite energy stock, but the energy sector has rallied ahead of any rebound in fundamentals. Up 16% from its January low, Schlumberger now trades at a lofty 25 times estimated 2015 earnings. *Earning an Overall rank of 68, the stock no longer ranks among our top picks for two- to three-year gains and should be sold.*

◆ **Travelers** *($99; TRV)* is being removed from the Long-Term Buy list and is now rated B (average). The Overall score has fallen to 72, hurt by slowing operating momentum and declining profit estimates. Cash from operations has fallen more than 40% and lagged net income in each of the past two quarters. *The stock should be sold.*

## Corporate roundup

**Kroger** *($73; KR)* grew April-quarter earnings per share 15% to $1.25, topping the consensus by $0.03. Total revenue was essentially flat at $33.05 billion, though it rose more than 6% excluding fuel. Same-store sales excluding fuel rose 5.7%, topping expectations. Kroger also raised its full-year guidance for same-store sales excluding fuel, now projecting growth of 3.5% to 4.5%. *Kroger is a Focus List Buy and a Long-Term Buy . . .* **Skyworks Solutions** *($108; SWKS)* doubled its quarterly dividend to $0.26 per share, payable Aug. 27. *Skyworks is a Buy and a Long-Term Buy . . .* Teva Pharmaceutical Industries *($59; TEVA)* has increased its stake in **Mylan** *($71; MYL)* to 4.6%, the threshold required to challenge Mylan's takeover defense in the Dutch courts. *Mylan is a Buy and a Long-Term Buy.*

## BUYS AND LONG-TERM BUYS

The Buy List represents our top choices for 12-month gains. Focus List stocks, listed in **bold**, represent the best picks among that group. Long-Term Buys are our top choices for 24- to 48-month gains.

Our recommendations depend importantly on Quadrix **Overall** scores, which are percentile ranks based on scores for **Momentum** (recent operating results), **Value** (price/earnings and other valuation ratios), **Quality** (long-term growth and returns on assets, investment, and equity), **Financial Strength** (debt levels, interest coverage, and profit margins), **Earnings Estimates** (trends in analyst estimates), and **Performance** (stock returns).

If you want your equity portfolio to track the Buy List or Long-Term Buy List, purchase each of the stocks below in the proportion suggested by the target weight. To represent the cash portion of your equity portfolio, hold 14.5% (Buy List) or 14.7% (Long-Term Buy List) in the **Vanguard Short-Term Corporate Bond** *($80; VCSH)* exchange-traded fund. If you are copying the Focus List, hold a 14.5% fund position and put the rest into equal-dollar positions in the Focus List stocks.

| | Target – Weight – | | | Quadrix Scores | | | | |
|---|---|---|---|---|---|---|---|---|
| *Company (Price; Ticker)* | *Buy List* | *LT Buy List* | *Div. Yield* | *Momentum* | *Value* | *Quality* | *Overall* | *52-Week Range* |
| • **Gilead Sciences** *($122; GILD)* † | 3.7% | 2.9% | 1.4% | 100 | 88 | 100 | **100** | $122 - $80 |
| • **Apple** *($128; AAPL)* | 3.7 | 2.9 | 1.6 | 95 | 78 | 98 | **99** | 135 - 90 |
| **Lear** *($117; LEA)* | 3.7 | 2.9 | 0.9 | 84 | 90 | 91 | **99** | 119 - 75 |
| Goodyear Tire *($31; GT)* NEW | | 2.2 | 0.8 | 60 | 94 | 94 | **98** | 33 - 19 |
| Lincoln National *($61; LNC)* | | 2.2 | 1.3 | 68 | 94 | 84 | **97** | 62 - 45 |
| **Alaska Air** *($66; ALK)* | 3.7 | 2.9 | 1.2 | 84 | 83 | 97 | **96** | 71 - 41 |
| • **Comcast** *($60; CMCSa)* † | 3.7 | 2.9 | 1.7 | 85 | 77 | 88 | **96** | 61 - 49 |
| **Foot Locker** *($66; FL)* | 3.7 | 2.9 | 1.5 | 72 | 67 | 94 | **96** | 66 - 47 |
| • **Lam Research** *($83; LRCX)* | 3.7 | 2.9 | 1.4 | 85 | 64 | 92 | **96** | 86 - 66 |
| Ameriprise Financial *($128; AMP)* | 3.0 | 2.2 | 2.1 | 74 | 87 | 89 | **93** | 138 - 105 |
| Community Health *($55; CYH)* NEW | 3.0 | 2.2 | 0.0 | 82 | 92 | 50 | **93** | 58 - 42 |
| **HCA Holdings** *($83; HCA)* † | 3.7 | 2.9 | 0.0 | 97 | 76 | 64 | **93** | 85 - 54 |
| **Jones Lang LaSalle** *($172; JLL)* | 3.7 | 2.9 | 0.3 | 83 | 60 | 95 | **93** | 175 - 119 |
| • Skyworks Solutions *($108; SWKS)* | 3.0 | 2.2 | 1.0 | 98 | 27 | 99 | **92** | 113 - 44 |
| **United Rentals** *($92; URI)* | 3.7 | 2.9 | 0.0 | 85 | 89 | 94 | **92** | 120 - 81 |
| CBRE *($37; CBG)* | 3.0 | 2.2 | 0.0 | 83 | 60 | 95 | **91** | 40 - 27 |
| • **F5 Networks** *($126; FFIV)* | 3.7 | 2.9 | 0.0 | 84 | 60 | 97 | **91** | 136 - 107 |
| • CDW *($37; CDW)* | 3.0 | 2.2 | 0.7 | 71 | 73 | 88 | **90** | 39 - 28 |
| • **Shire** *($251; SHPG)* | 3.7 | 2.9 | 0.3 e | 82 | 52 | 99 | **90** | 265 - 156 |
| **Affiliated Managers** *($226; AMG)* | 3.7 | 2.9 | 0.0 | 49 | 68 | 97 | **89** | 231 - 174 |
| Macy's *($70; M)* | | 2.2 | 2.1 | 33 | 76 | 90 | **87** | 71 - 55 |
| Southwest Airlines *($34; LUV)* | | 2.2 | 0.9 | 64 | 90 | 97 | **86** | 47 - 26 |
| Disney *($114; DIS)* NEW | | 2.2 | 1.0 | 76 | 35 | 92 | **83** | 115 - 79 |
| J.P. Morgan Chase *($69; JPM)* | 3.0 | 2.2 | 2.5 | 59 | 83 | 65 | **83** | 70 - 54 |
| **Magna Int'l** *($58; MGA)* | 3.7 | 2.9 | 1.5 e | 26 | 86 | 96 | **83** | 59 - 41 |
| **Kroger** *($73; KR)* | 3.7 | 2.9 | 1.0 | 66 | 53 | 92 | **79** | 78 - 49 |
| • Nvidia *($21; NVDA)* | | 2.2 | 1.9 | 55 | 70 | 86 | 73 | 24 - 17 |
| U.S. Bancorp *($45; USB)* | | 2.2 | 2.3 | 49 | 70 | 77 | **69** | 46 - 38 |
| Aetna *($128; AET)* † | 3.0 | 2.2 | 0.8 | 47 | 56 | 80 | **68** | 130 - 72 |
| • Google *($559; GOOGL)* | 3.0 | 2.2 | 0.0 | 62 | 50 | 92 | **68** | 609 - 491 |
| Corning *($21; GLW)* | | 2.2 | 2.3 | 43 | 84 | 68 | **64** | 25 - 17 |
| Wells Fargo *($58; WFC)* | | 2.2 | 2.6 | 29 | 71 | 71 | **63** | 58 - 46 |
| CVS Health *($105; CVS)* | 3.0 | 2.2 | 1.3 | 53 | 46 | 80 | **62** | 107 - 75 |
| • Mylan *($71; MYL)* | 3.0 | 2.2 | 0.0 | 50 | 37 | 86 | **57** | 77 - 45 |

• *Nasdaq Stock Exchange.* *Notes: Quadrix scores are percentile ranks, with 100 the best.*
e *Dividend yield estimated.* † *Recent rank change.* NEW *Added to list.*

# Analysts' Choice

| Recent Price | Dividend | Yield | P/E Ratio | Shares (Millions) | Long-Term Debt as % of Capital | 52-Week Price Range |
|---|---|---|---|---|---|---|
| $60 | $1.00 | 1.7% | 20 | 2,556 | 44% | $60.90 - $49.26 |

## Video just the tip of Comcast iceberg

**Comcast** *($60; CMCSa)* is best known for its cable-TV service, but there's a lot more to the company than meets the screen.

At the end of March, Comcast served 22.4 million video customers, a similar amount of broadband-internet customers, and about 11.3 million voice customers. Those customers equate to a total of 27.2 million, as 69% take more than one product.

That huge subscriber count is just one example of how Comcast, which is being added to the Focus List this week, doesn't do anything small.

➤ Earlier this month, Universal Pictures' *Jurassic World* became the first movie to gross more than $500 million at the box office in its first weekend.

➤ Comcast's February 2014 bid for Time Warner Cable *($176; TWC)* made big news — as did its April 2015 retreat from that $45 billion takeover attempt in the wake of regulatory opposition.

➤ Comcast is the largest U.S. pay-TV company (roughly 23% of the market, according to the researcher Macquarie Capital) and either the biggest or one of the biggest broadband providers, depending on whose definition of "high speed" you use. CEO Brian Roberts also envisions Comcast as a global technology titan. In a March 2014 interview, Roberts said, "We want to be a tech company, not a wire company" and named **Google** *($559; GOOGL)*, **Amazon.com** *($441; AMZN)*, **Facebook** *($89; FB)*, and **Apple** *($128; AAPL)* as key competitors.

### Business breakdown

Last year, the Cable Communications unit generated $44.14 billion in sales, 63% of total company revenue. Video accounted for 47% of Cable Communications revenue, with most of the rest coming from internet (26%), voice (8%), business services (9%), and advertising (6%). The NBCUniversal unit (37% of Comcast revenue) operates in four segments: cable networks (37% of NBCUniversal revenue), broadcast TV (33%), films (19%), and theme parks (11%).

Comcast's diverse operational mix both within and beyond the core household-subscription business should help it keep customers' attention in a changing environment. However, even the biggest and the strongest must constantly evolve to survive.

◆ In May, responding to customer-service complaints, Comcast pledged to "reinvent" its customer experience, simplify billing, and hire more than 5,500 new representatives. Sounds great, but time will tell whether management adjusts the sales-focused approach of its customer-service staff.

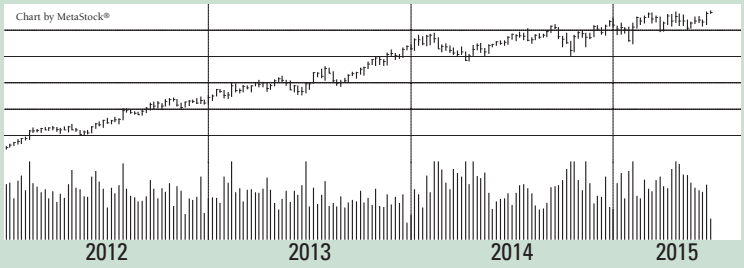
◆ As part of its aggressive move into dynamic and addressable advertising, Comcast in June agreed to acquire Visible World, a targeted-advertising company. This and other investments in "ad-tech" should attract advertisers looking for a clearer, more direct path to high-potential customers.

Comcast has responded aggressively to changes in the way people consume video, with its X1 system, internet initiatives, and advertising-related investments like those mentioned above. If the company keeps adapting to new TV-viewing trends, consensus targets for per-share-profit gains of 4% this year and 14% next year could prove conservative.

You can obtain an annual report for Comcast Corp. at One Comcast Center, Philadelphia, PA 19103, (215) 286-1700, www.comcast.com.

For six pages of statistical reports on Comcast, visit **www.DowTheory.com/Go/Page8**.

## COMCAST




| Quarter | Per-Share Earnings* | Sales Change | Quarterly Price Range | P/E Ratio Range |
|---|---|---|---|---|
| Mar '15 | $0.79 vs $0.68 | 3% | $60.70 - $52.45 | 21 - 18 |
| Dec '14 | 0.77 vs 0.66 | 5 | 59.30 - 49.33 | 21 - 17 |
| Sep '14 | 0.73 vs 0.65 | 4 | 57.49 - 52.52 | 21 - 19 |
| Jun '14 | 0.75 vs 0.65 | 4 | 54.26 - 47.74 | 21 - 18 |

| Year (Dec.) | Sales (Bil.) | Per-Share Earnings* | Per-Share Dividend | 52-Week Price Range | P/E Ratio Range |
|---|---|---|---|---|---|
| 2014 | $68.78 | $2.93 | $0.62 | $59.30 - $47.74 | 20 - 16 |
| 2013 | 64.66 | 2.47 | 0.50 | 52.09 - 37.21 | 21 - 15 |
| 2012 | 62.57 | 1.93 | 0.43 | 38.22 - 24.28 | 20 - 13 |
| 2011 | 55.84 | 1.58 | 0.39 | 27.16 - 19.19 | 17 - 12 |

** Earnings exclude special items. † Quadrix scores are percentile ranks.*

**Quadrix Scores†**

| | |
|---|---|
| Overall | 96 |
| Momentum | 85 |
| Value | 77 |
| Quality | 88 |
| Fin'l Strength | 74 |
| Earnings Ests. | 70 |
| Performance | 61 |

DOW THEORY FORECASTS

# UTILITY UPDATE

The *Forecasts* divides utilities into three categories: A (above average), B (average), and C (below average). Ratings reflect Quadrix® scores, competitive positions, valuations, and regulatory environments.

With utility stocks, the *Forecasts* pays extra attention to Quality, Value, and Financial Strength scores. Because of slow growth rates and debt-heavy balance sheets, utilities tend to score poorly in Quadrix for Quality and Financial Strength. In addition, Value is by far the most effective category score for identifying stocks likely to outperform in the utility sector.

Quadrix scores are percentile ranks relative to more than 4,500 U.S.-traded stocks. However, comparisons to industry averages are also useful. The 12-Factor Sector rank considers 12 statistics that work well for utility stocks, while the Reranked Overall reranks the category scores based on what works best with utilities.

For investors seeking at least 5% to 10% exposure to utility stocks, we recommend purchasing equal-dollar amounts of the companies in our Top 15 Utilities portfolio (**www.DowTheory.com/Go/Top15**), presented in **bold** in the tables below and on page 10.

| Company (Price; Ticker) | Dividend | Div. Yield | Div. Payout Ratio | Trailing P/E Ratio | S&P Credit Rating | Quadrix Scores * Momentum | Value | Quality | Fin'l Strength | Earns. Ests. | Performance | 12-Factor Overall | 12-Factor Sector | Reranked Overall | Rating |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Electric Utilities** | | | | | | | | | | | | | | | |
| **Allete** *($48; ALE)* | $2.02 | 4.2% | 66% | 16 | BBB+ | 39 | 84 | 45 | 74 | 13 | 25 | 52 | 63 | 44 | A |
| **Alliant Energy** *($58; LNT)* | 2.20 | 3.8 | 65 | 17 | A- | 53 | 69 | 53 | 76 | 93 | 23 | 68 | 34 | 59 | A |
| Ameren *($38; AEE)* | 1.64 | 4.3 | 67 | 15 | BBB+ | 40 | 86 | 28 | 77 | 50 | 18 | 53 | 29 | 51 | B |
| American Electric Power *($53; AEP)* | 2.12 | 4.0 | 59 | 15 | BBB | 42 | 81 | 41 | 71 | 91 | 26 | 66 | 40 | 74 | B |
| Cleco *($54; CNL)* | 1.60 | 2.9 | 57 | 19 | BBB+ | 74 | 55 | 47 | 73 | 57 | 41 | 59 | 26 | 38 | C |
| Consolidated Edison *($58; ED)* | 2.60 | 4.5 | 66 | 15 | A- | 40 | 81 | 31 | 54 | 54 | 30 | 52 | 73 | 48 | B |
| Duke Energy *($71; DUK)* | 3.18 | 4.5 | 71 | 16 | A- | 31 | 84 | 40 | 57 | 13 | 25 | 45 | 58 | 34 | B |
| Edison International *($56; EIX)* | 1.67 | 3.0 | 37 | 12 | BBB+ | 49 | 83 | 57 | 61 | 22 | 23 | 61 | 82 | 53 | A |
| El Paso Electric *($35; EE)* | 1.18 | 3.4 | 53 | 16 | BBB | 63 | 80 | 48 | 68 | 73 | 18 | 72 | 60 | 77 | B |
| Empire District Electric *($22; EDE)* | 1.04 | 4.7 | 74 | 16 | BBB | 46 | 85 | 39 | 72 | 67 | 13 | 62 | 45 | 62 | B |
| Entergy *($71; ETR)* | 3.32 | 4.7 | 64 | 14 | BBB | 35 | 87 | 27 | 54 | 42 | 15 | 47 | 44 | 37 | A |
| FirstEnergy *($33; FE)* | 1.44 | 4.4 | 52 | 12 | BBB- | 54 | 69 | 12 | 39 | 21 | 25 | 33 | 14 | 8 | C |
| Great Plains Energy *($24; GXP)* | 0.98 | 4.0 | 64 | 16 | BBB+ | 35 | 83 | 40 | 75 | 65 | 25 | 58 | 85 | 58 | B |
| Hawaiian Electric *($30; HE)* | 1.24 | 4.1 | 78 | 19 | BBB- | 25 | 61 | 33 | 53 | 12 | 38 | 30 | 60 | 3 | B |
| IDACORP *($57; IDA)* ↘ | 1.88 | 3.3 | 50 | 15 | BBB | 71 | 75 | 54 | 63 | 78 | 19 | 75 | 10 | 78 | B |
| ITC *($33; ITC)* | 0.65 | 2.0 | 35 | 17 | A- | 59 | 72 | 76 | 80 | 68 | 14 | 76 | 0 | 63 | B |
| MGE Energy *($39; MGEE)* | 1.13 | 2.9 | 54 | 19 | AA- | 16 | 69 | 53 | 72 | 77 | 21 | 49 | 1 | 25 | B |
| NextEra Energy *($99; NEE)* | 3.08 | 3.1 | 57 | 18 | A- | 95 | 73 | 57 | 71 | 88 | 31 | 88 | 67 | 92 | B |
| NorthWestern *($50; NWE)* | 1.92 | 3.9 | 71 | 18 | BBB | 77 | 72 | 51 | 59 | 65 | 24 | 71 | 74 | 70 | A |
| OGE Energy *($29; OGE)* | 1.00 | 3.4 | 51 | 15 | A- | 31 | 79 | 47 | 66 | 11 | 13 | 43 | 30 | 21 | C |
| Pepco Holdings *($27; POM)* | 1.08 | 4.0 | 92 | 23 | BBB+ | 35 | 63 | 20 | 42 | 58 | 46 | 37 | 71 | 19 | ‡ |
| PG&E *($50; PCG)* | 1.82 | 3.7 | 48 | 13 | BBB | 58 | 88 | 36 | 64 | 22 | 38 | 62 | 96 | 82 | A |
| Pinnacle West Capital *($57; PNW)* | 2.38 | 4.2 | 66 | 16 | A- | 46 | 82 | 39 | 76 | 79 | 20 | 65 | 16 | 73 | A |
| PNM Resources *($25; PNM)* | 0.80 | 3.2 | 53 | 17 | BBB | 55 | 86 | 52 | 66 | 47 | 13 | 68 | 12 | 68 | A |
| **Portland General** *($33; POR)* ↗ | 1.20 | 3.6 | 58 | 16 | BBB | 34 | 81 | 43 | 75 | 42 | 21 | 53 | 60 | 40 | A |
| Southern *($42; SO)* | 2.17 | 5.2 | 80 | 15 | A | 29 | 81 | 35 | 71 | 59 | 25 | 51 | 19 | 41 | B |
| TECO Energy *($18; TE)* | 0.90 | 5.0 | 84 | 17 | BBB+ | 63 | 74 | 27 | 64 | 45 | 28 | 53 | 51 | 45 | B |
| **Westar Energy** *($34; WR)* | 1.44 | 4.2 | 65 | 16 | BBB+ | 10 | 77 | 43 | 75 | 12 | 19 | 36 | 15 | 10 | A |
| Xcel Energy *($32; XEL)* | 1.28 | 4.0 | 65 | 16 | A- | 62 | 77 | 41 | 51 | 64 | 30 | 65 | 70 | 67 | A |
| **Average** | | **3.9** | **62** | **16** | | **47** | **77** | **42** | **65** | **51** | **24** | **57** | **45** | **50** | |
| **Utility/Energy Hybrids** | | | | | | | | | | | | | | | |
| EQT *($84; EQT)* | $0.12 | 0.1% | 4% | 27 | BBB | 50 | 65 | 68 | 94 | 43 | 41 | 66 | 25 | 62 | B |
| National Fuel Gas *($61; NFG)* | 1.58 | 2.6 | 47 | 18 | BBB | 29 | 76 | 47 | 91 | 31 | 27 | 50 | 33 | 36 | B |
| Oneok *($40; OKE)* | 2.42 | 6.0 | NA | 28 | BB+ | 14 | 54 | 40 | 49 | 8 | 8 | 21 | 33 | 32 | C |
| **Average** | | **2.2** | **19** | **28** | | **28** | **57** | **43** | **80** | **42** | **32** | **40** | **26** | **34** | |

| Company (Price; Ticker) | Dividend | Div. Yield | Div. Payout Ratio | Trailing P/E Ratio | S&P Credit Rating | Quadrix Scores * Momentum | Value | Quality | Fin'l Strength | Earns. Ests. | Performance | 12-Factor Overall | 12-Factor Sector | Reranked Overall | Rating |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Natural-Gas Utilities** | | | | | | | | | | | | | | | |
| **AGL Resources** *($47; GAS)* | $2.04 | 4.3% | 59% | 14 | BBB+ | 63 | 88 | 48 | 61 | 99 | 27 | 84 | 99 | 93 | A |
| AmeriGas *($47; APU)* | 3.68 | 7.8 | 128 | 16 | NA | 46 | 55 | 35 | 51 | 11 | 51 | 35 | 56 | 7 | B |
| **Atmos Energy** *($52; ATO)* | 1.56 | 3.0 | 53 | 18 | A- | 64 | 74 | 49 | 61 | 84 | 31 | 73 | 92 | 81 | A |
| **Laclede Group** *($53; LG)* | 1.84 | 3.5 | 50 | 14 | A- | 38 | 78 | 33 | 47 | 53 | 56 | 55 | 97 | 66 | A |
| **New Jersey Resources** *($28; NJR)* ↗ | 0.90 | 3.2 | 56 | 17 | NA | 16 | 71 | 47 | 40 | 36 | 29 | 39 | 23 | 12 | A |
| NiSource *($47; NI)* | 1.04 | 2.2 | 59 | 27 | BBB+ | 41 | 32 | 47 | 65 | 60 | 82 | 39 | 21 | 14 | C |
| Northwest Natural Gas *($43; NWN)* | 1.86 | 4.3 | 87 | 20 | A+ | 20 | 70 | 23 | 58 | 25 | 21 | 29 | 8 | 4 | C |
| Piedmont Natural Gas *($36; PNY)* | 1.32 | 3.7 | 73 | 20 | A | 33 | 63 | 38 | 59 | 46 | 37 | 41 | 64 | 18 | C |
| Questar *($21; STR)* | 0.84 | 3.9 | 65 | 17 | A | 26 | 72 | 55 | 81 | 32 | 17 | 46 | 5 | 22 | B |
| South Jersey Industries *($25; SJI)* | 1.00 | 4.0 | 71 | 18 | BBB+ | 77 | 82 | 47 | 61 | 39 | 23 | 72 | 22 | 79 | C |
| Southwest Gas *($53; SWX)* | 1.62 | 3.1 | 53 | 18 | BBB+ | 48 | 81 | 48 | 66 | 12 | 26 | 55 | 64 | 42 | A |
| **Star Gas Partners** *($9; SGU)* NEW | 0.38 | 4.3 | 79 | 19 | B+ | 78 | 98 | 82 | 52 | NA | 95 | 99 | NA | NA | A |
| Suburban Propane *($40; SPH)* | 3.55 | 8.9 | 190 | 21 | BB- | 72 | 74 | 26 | 43 | 50 | 27 | 55 | 53 | 49 | B |
| UGI *($35; UGI)* ↘ | 0.91 | 2.6 | 48 | 18 | NA | 57 | 62 | 41 | 50 | 66 | 49 | 56 | 86 | 47 | B |
| **WGL Holdings** *($55; WGL)* | 1.85 | 3.4 | 61 | 18 | A+ | 84 | 74 | 52 | 55 | 80 | 66 | 86 | 95 | 96 | A |
| **Average** | | **4.1** | **76** | **18** | | **51** | **72** | **45** | **57** | **50** | **42** | **58** | **56** | **45** | |
| **Water Utilities** | | | | | | | | | | | | | | | |
| American States Water *($38; AWR)* | $0.85 | 2.3% | 53% | 24 | A+ | 50 | 44 | 67 | 81 | 53 | 43 | 52 | 16 | 16 | B |
| Aqua America *($25; WTR)* | 0.66 | 2.6 | 53 | 20 | NA | 51 | 54 | 66 | 77 | 76 | 30 | 60 | 32 | 33 | B |
| Artesian Resources *($21; ARTNA)* | 0.87 | 4.1 | 79 | 19 | NA | 62 | 68 | 38 | 71 | 65 | 38 | 60 | 79 | 56 | B |
| California Water Service *($23; CWT)* | 0.67 | 2.9 | 52 | 18 | NA | 89 | 75 | 52 | 74 | 48 | 30 | 79 | 74 | 86 | B |
| Connecticut Water Svc. *($34; CTWS)* | 1.03 | 3.0 | 53 | 18 | A | 40 | 64 | 55 | 78 | 57 | 25 | 53 | 23 | 29 | B |
| Middlesex Water *($23; MSEX)* | 0.77 | 3.4 | 85 | 25 | A- | 62 | 59 | 51 | 81 | 77 | 53 | 67 | 49 | 71 | B |
| SJW *($32; SJW)* | 0.78 | 2.5 | 29 | 12 | NA | 95 | 85 | 80 | 71 | 64 | 41 | 96 | 90 | 99 | A |
| **Average** | | **3.0** | **58** | **19** | | **64** | **64** | **58** | **76** | **63** | **37** | **67** | **52** | **56** | |
| **Independent Power Producers** | | | | | | | | | | | | | | | |
| NRG Energy *($25; NRG)* | $0.58 | 2.3% | NA | NA | BB- | 34 | 70 | 28 | 27 | 6 | 25 | 30 | 27 | 1 | C |
| Ormat Technologies *($39; ORA)* | 0.24 | 0.6 | 22% | 35 | NA | 23 | 33 | 40 | 71 | 59 | 89 | 34 | 78 | 5 | B |
| **Average** | | **1.5** | **22** | **35** | | **29** | **52** | **34** | **49** | **33** | **57** | **32** | **53** | **3** | |
| **Diversified Utilities** | | | | | | | | | | | | | | | |
| AES *($14; AES)* | $0.40 | 2.9% | 31% | 10 | BB- | 83 | 91 | 51 | 38 | 99 | 57 | 94 | 100 | 100 | A |
| **Avista** *($31; AVA)* | 1.32 | 4.2 | 69 | 16 | BBB | 48 | 80 | 36 | 43 | 68 | 24 | 57 | 52 | 52 | A |
| Black Hills *($44; BKH)* | 1.62 | 3.7 | 56 | 15 | BBB | 31 | 88 | 44 | 65 | 83 | 11 | 62 | 36 | 60 | B |
| CenterPoint Energy *($19; CNP)* | 0.99 | 5.2 | 85 | 16 | A- | 61 | 85 | 40 | 52 | 89 | 18 | 72 | 55 | 84 | C |
| **CMS Energy** *($32; CMS)* | 1.16 | 3.7 | 66 | 18 | BBB+ | 25 | 70 | 55 | 65 | 53 | 26 | 50 | 42 | 26 | A |
| Dominion Resources *($68; D)* | 2.59 | 3.8 | 77 | 20 | A- | 65 | 53 | 37 | 57 | 50 | 24 | 43 | 4 | 11 | C |
| DTE Energy *($74; DTE)* | 2.76 | 3.7 | 60 | 16 | BBB+ | 46 | 84 | 49 | 63 | 59 | 21 | 65 | 47 | 64 | A |
| Exelon *($33; EXC)* | 1.24 | 3.8 | 50 | 13 | BBB | 88 | 94 | 32 | 52 | 87 | 34 | 88 | 89 | 97 | B |
| Integrys Energy *($70; TEG)* | 2.72 | 3.9 | 91 | 24 | A- | 12 | 35 | 28 | 58 | 68 | 34 | 22 | 11 | 0 | ‡ |
| MDU Resources Group *($20; MDU)* | 0.73 | 3.6 | 61 | 17 | BBB+ | 32 | 86 | 21 | 28 | 49 | 15 | 42 | 88 | 27 | B |
| Otter Tail *($27; OTTR)* ↘ | 1.23 | 4.6 | 79 | 17 | BBB | 45 | 75 | 39 | 55 | 54 | 15 | 51 | 67 | 32 | B |
| PPL *($30; PPL)* | 1.49 | 5.0 | 62 | 12 | A- | 90 | 93 | 55 | 53 | 7 | 30 | 82 | 41 | 90 | A |
| **Public Service Enterprise** *($40; PEG)* | 1.56 | 3.9 | 56 | 14 | BBB+ | 73 | 86 | 46 | 81 | 69 | 40 | 84 | 93 | 95 | A |
| **Scana** *($51; SCG)* | 2.18 | 4.3 | 58 | 13 | BBB+ | 52 | 90 | 56 | 72 | 95 | 21 | 83 | 84 | 89 | A |
| Sempra Energy *($101; SRE)* | 2.80 | 2.8 | 52 | 19 | BBB+ | 50 | 57 | 54 | 69 | 45 | 26 | 48 | 7 | 15 | C |
| UIL Holdings *($48; UIL)* | 1.73 | 3.6 | 75 | 21 | BBB | 49 | 54 | 31 | 55 | 52 | 61 | 43 | 38 | 30 | B |
| Unitil *($33; UTL)* | 1.40 | 4.2 | 75 | 18 | BBB+ | 74 | 84 | 42 | 55 | 72 | 30 | 77 | 81 | 88 | B |
| Vectren *($39; VVC)* | 1.52 | 3.9 | 65 | 17 | A- | 64 | 81 | 46 | 69 | 86 | 22 | 75 | 48 | 85 | B |
| Wisconsin Energy *($46; WEC)* | 1.69 | 3.7 | 65 | 17 | A- | 20 | 71 | 61 | 63 | 50 | 21 | 49 | 3 | 23 | B |
| **Average** | | **3.9** | **65** | **17** | | **53** | **77** | **43** | **58** | **65** | **28** | **62** | **52** | **56** | |

** Percentile ranks, with 100 the best and 0 the worst. Sector rank considers 12 statistics that work well for utility stocks.*
*↗ Rating upgrade. ↘ Rating downgrade. NEW Added to list . NA Not available. ‡ Rating suspended. Company has agreed to be acquired.*
*S&P Credit Rating, from Compustat, reflecting company's overall creditworthiness. From best to worst, ratings are: AAA, AA, A, BBB, BB, B.*