

North Shore Gas CompanyCost of Capital Summary (1)

Pro Forma Test Year Ending December 31, 2010						
Class of Capital	Amount (2)	Percent of Total	Percent Cost	Cost Reference	Weighted Cost	
(A)	(B)	(C)	(D)	(E)	(F) = (C X D)	
13 Long-term Debt (3)	\$ -	44.00%	5.48%	D-3	2.41%	1
14 Common Equity	-	56.00%	11.87% (4)		6.65%	2
15 Total Capital	\$ -				9.06%	3

Notes: (1) The weights and costs of the components of the capital structure do not differ from total company data.

(2) Long Term Debt balances at year-end current proceeds. Common Equity balances based on year-end balances, excluding Accumulated Other Comprehensive Income.

(3) No redeemable long-term debt due within one year.

(4) Cost of common equity requested in this filing.

The Peoples Gas Light and Coke CompanyCost of Capital Summary (1)

		Pro Forma Test Year Ending December 31, 2010					
Class of Capital	Amount (2)	Percent of Total	Percent Cost	Cost Reference	Weighted Cost		
(A)	(B)	(C)	(D)	(E)	(F) = (C X D)		
13 Long-term Debt (3)	\$ -	44.00%	5.95%	D-3	2.62%	1	
14 Common Equity	-	56.00%	11.87% (4)		6.65%	2	
15 Total Capital	\$ -				9.27%	3	

Notes: (1) The weights and costs of the components of the capital structure do not differ from total company data.

(2) Long Term Debt balances at year-end current proceeds. Common Equity balances based on year-end balances, excluding Accumulated Other Comprehensive Income.

(3) No redeemable long-term debt due within one year.

(4) Cost of common equity requested in this filing.

North Shore Gas Company

Embedded Cost of Long-Term Debt

Line No.	Debt Issue Type, Coupon Rate [A]	Date Issued [B]	Maturity Date [C]	Date Reacquired [D]	Principal Amount [E]	Face Amount Outstanding [F]	Unamortized Discount or (Premium) [G]	Unamortized Debt Expense (Gain) [H]	Carrying Value [I]=[F-G-H]	Annual Coupon Interest [J]=[A*F]	Annualized Amort. of Discount or (Premium) (2) [K]	Annualized Amort. of Debt Expense (2) [L]	Annualized Interest Expense [M]=[J+K+L]	Line No.
### Historical Year Ended December 31, 2007														
1	First Mortgage Bonds:													1
2	Series M - 5.00%	(1) 12/18/1998	12/1/2028		\$30,035,000	\$29,060,000	\$0	\$986,702	\$28,073,298	\$ 1,453,000	\$0	47,133	\$1,500,133	2
3	Series N-2- 4.600%	4/29/2003	5/1/2013		40,000,000	40,000,000	17,075	225,862	39,757,063	1,840,000	3,199	42,320	1,885,520	3
4	Sub-Total				\$70,035,000	\$69,060,000	\$17,075	\$1,212,564	\$67,830,361	\$3,293,000	\$3,199	\$89,454	\$3,385,653	4
5	Less: Amortization of Losses on Reacquired Bonds													5
6	Series J - 8.00%	11/1/1990	11/1/2020	12/05/02	\$0	\$0	\$0	\$692,491	(\$692,491)	\$0	\$0	53,905	\$53,905	6
7	Series K - 6.375%	(1) 10/1/1992	10/1/2028	01/19/99	0	0	0	1,193,261	(1,193,261)	0	0	57,459	57,459	7
8	Series M - 5.00%	(1) 12/18/1998	12/1/2028	Various	0	0	0	13,416	(13,416)	0	0	641	641	8
9	Sub-Total				0	0	0	1,899,168	(1,899,168)	0	0	112,005	112,005	9
10	Total				\$70,035,000	\$69,060,000	\$17,075	\$3,111,732	\$65,931,193	\$3,293,000	\$3,199	\$201,458	\$3,497,658	10
11	Embedded Cost of Long-Term Debt (M / I)												5.31%	11
### Forecasted Year Ending December 31, 2008 (3)														
12	First Mortgage Bonds:													12
13	Series M - 5.00%	(1) 12/18/1998	12/1/2028		\$30,035,000	\$28,805,000	\$0	\$939,529	\$27,865,471	\$1,440,250	\$0	47,138	\$1,487,388	13
14	Series N-2- 4.570%	04/29/2003	5/1/2013		40,000,000	40,000,000	13,874	347,235	39,638,891	1,828,000	3,201	80,114	1,911,315	14
15	Series O - 6.88%	11/3/2008	11/1/2013		6,500,000	6,500,000	0	150,902	6,349,098	446,875	0	31,189	478,064	15
16	Sub-Total				\$76,535,000	\$75,305,000	\$13,874	\$1,437,666	\$73,853,460	\$3,715,125	\$3,201	\$158,441	\$3,876,767	16
17	Less: Amortization of Losses on Reacquired Bonds													17
18	Series J - 8.00%	11/1/1990	11/1/2020	12/05/02	\$0	\$0	\$0	\$639,000	(\$639,000)	\$0	\$0	53,952	\$53,952	18
19	Series K - 6.375%	(1) 10/1/1992	10/1/2028	01/19/99	0	0	0	1,136,000	(1,136,000)	0	0	57,477	57,477	19
20	Series M - 5.00%	(1) 12/18/1998	12/1/2028	Various	0	0	0	13,000	(13,000)	0	0	652	652	20
21	Sub-Total				0	0	0	1,788,000	(1,788,000)	0	0	112,081	112,081	21
22	Total				\$76,535,000	\$75,305,000	\$13,874	\$3,225,666	\$72,065,460	\$3,715,125	\$3,201	\$270,522	\$3,988,848	22
23	Embedded Cost of Long-Term Debt (M / I)												5.54%	23
### Forecasted Year Ending December 31, 2009 (4)														
24	First Mortgage Bonds:													24
25	Series M - 5.00%	(1) 12/18/98	12/01/28		\$30,035,000	\$28,805,000	\$0	\$892,391	\$27,913,000	\$1,440,250	\$0	47,138	\$1,487,388	25
26	Series N-2- 4.570%	04/29/03	05/01/13		40,000,000	40,000,000	10,673	267,121	39,722,000	1,828,000	3,201	80,114	1,911,315	26
27	Series O - 6.88%	11/03/08	11/1/2013		6,500,000	6,500,000	0	119,713	6,380,000	446,875	0	31,189	478,064	27
28	Sub-Total				\$76,535,000	\$75,305,000	\$10,673	\$1,279,225	\$74,015,000	\$3,715,125	\$3,201	\$158,441	\$3,876,767	28
29	Less: Amortization of Losses on Reacquired Bonds													29
30	Series J - 8.00%	11/01/90	11/01/20	12/05/02	\$0	\$0	\$0	\$585,048	(\$585,048)	\$0	\$0	53,952	\$53,952	30
31	Series K - 6.375%	(1) 10/01/92	10/1/2028	01/19/99	0	0	0	1,078,523	(1,078,523)	0	0	57,477	57,477	31
32	Series M - 5.00%	(1) 12/18/98	12/01/28	Various	0	0	0	12,348	(12,348)	0	0	652	652	32
33	Sub-Total				0	0	0	1,675,919	(1,675,919)	0	0	112,081	112,081	33
34	Total				\$76,535,000	\$75,305,000	\$10,673	\$2,955,144	\$72,339,081	\$3,715,125	\$3,201	\$270,522	\$3,988,848	34
35	Embedded Cost of Long-Term Debt (M / I)												5.51%	35
### Forecasted Year Ending December 31, 2010 (4)														
36	First Mortgage Bonds:													36
37	Series M - 5.00%	(1) 12/18/98	12/01/28		\$30,035,000	\$28,805,000	\$0	\$845,253	\$27,959,747	\$1,440,250	\$0	47,138	\$1,487,388	37
38	Series N-2- 4.570%	04/29/03	05/01/13		40,000,000	40,000,000	7,472	187,006	39,805,522	1,828,000	3,201	80,114	1,911,315	38
39	Series O - 6.75%	0 11/03/08	11/01/13		6,500,000	6,500,000	0	88,525	6,411,475	438,750	0	31,189	469,939	39
40	Sub-Total				\$76,535,000	\$75,305,000	\$7,472	\$1,120,784	\$74,176,744	\$3,707,000	\$3,201	\$158,441	\$3,868,642	40
41	Less: Amortization of Losses on Reacquired Bonds													41
42	Series J - 8.00%	11/01/90	11/01/20	12/05/02	\$0	\$0	\$0	\$531,096	(\$531,096)	\$0	\$0	53,952	\$53,952	42
43	Series K - 6.375%	(1) 10/01/92	10/1/2028	01/19/99	0	0	0	1,021,046	(1,021,046)	0	0	57,477	57,477	43
44	Series M - 5.00%	(1) 12/18/98	12/01/28	Various	0	0	0	11,696	(11,696)	0	0	652	652	44
45	Sub-Total				0	0	0	1,563,837	(1,563,837)	0	0	112,081	112,081	45
46	Total				\$76,535,000	\$75,305,000	\$7,472	\$2,684,621	\$72,612,907	\$3,707,000	\$3,201	\$270,522	\$3,980,723	46
47	Embedded Cost of Long-Term Debt (M / I)												5.48%	47
### Average 2010 (4)														
48	First Mortgage Bonds:													48
49	Series M - 5.00%	(1) 12/18/98	12/01/28		\$30,035,000	\$28,805,000	\$0	\$868,822	\$27,936,178	\$1,440,250	\$0	\$47,138	\$1,487,388	49
50	Series N-2- 4.570%	04/29/03	05/01/13		40,000,000	40,000,000	\$9,072	\$227,064	39,763,864	1,828,000	\$3,201	\$80,114	1,911,315	50
51	Series O - 6.75%	0 11/03/08	12/01/28		6,500,000	6,500,000	\$0	\$104,119	6,395,881	438,750	\$0	\$31,189	469,939	51
52	Sub-Total				\$76,535,000	\$75,305,000	\$9,072	\$1,200,005	\$74,095,923	\$3,707,000	\$3,201	\$158,441	\$3,868,642	52
53	Less: Amortization of Losses on Reacquired Bonds													53
54	Series J - 8.00%	11/01/90	11/01/20	12/05/02	\$0	\$0	\$0	\$558,072	(\$558,072)	\$0	\$0	\$53,952	\$53,952	54
55	Series K - 6.375%	(1) 10/01/92	10/1/2028	01/19/99	0	0	\$0	\$1,049,784	(1,049,784)	0	\$0	\$57,477	57,477	55
56	Series M - 5.00%	(1) 12/18/98	12/01/28	Various	0	0	\$0	\$12,022	(12,022)	0	\$0	\$652	652	56
57	Sub-Total				0	0	0	\$1,619,878	(1,619,878)	0	0	\$112,081	\$112,081	57
58	Total				\$76,535,000	\$75,305,000	\$9,072	\$2,819,883	\$72,476,045	\$3,707,000	\$3,201	\$270,522	\$3,980,723	58
59	Embedded Cost of Long-Term Debt (M / I)												5.49%	59

Notes: (1) Tax-exempt bond.
(2) All annualized amounts were calculated using straight line depreciation.
(3) Based on Company's 2008 FORM 21 ILCC
(4) Based on zero months of actual data and twelve months of forecasted data.

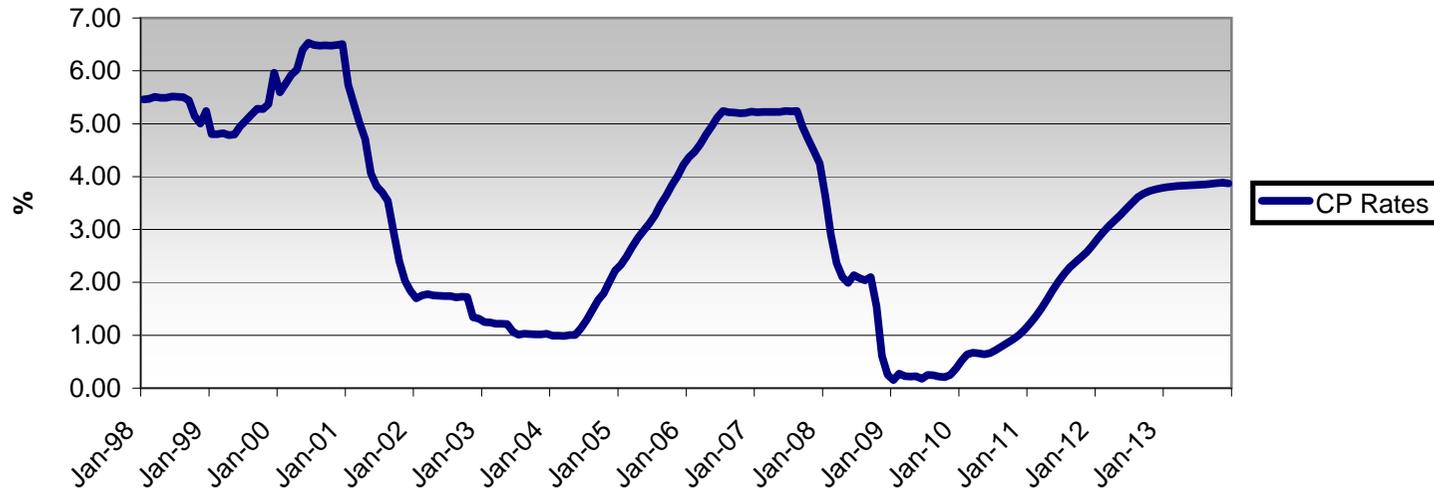
Peoples Gas Light & Coke Company
 Embedded Cost of Long-term Debt
 December 31, 2009

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Debt Discount or (Premium) (H)	Unamortized Debt Expense (Gain) (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)	
1 First and Refunding Mortgage Bonds:												
2 Series HH	4.75%	3/1/2000	3/1/2030	50,000,000	50,000,000		1,443,774	48,556,226	2,375,000		71,552	2,446,552
3 Series KK	5.00%	2/6/2003	2/1/2033	50,000,000	50,000,000	530,665	1,253,727	48,215,608	2,500,000	22,968	54,264	2,577,233
4 Series LL	3.75%	2/20/2003	2/1/2033	50,000,000	50,000,000		887,531	49,112,469	1,875,000		38,414	1,913,414
5 Series MM	3.94%	2/27/2003	3/1/2010	50,000,000	50,000,000	8,037	14,005	49,977,958	1,970,000	48,890	85,198	2,104,088
6 Series NN	4.57%	4/29/2003	5/1/2013	75,000,000	75,000,000	20,012	504,898	74,475,090	3,426,250	6,002	151,428	3,583,680
7 Series OO	7.16%	10/9/2003	10/1/2037	51,000,000	51,000,000		983,895	50,016,105	3,651,600		35,430	3,687,030
8 Series QQ	4.88%	11/25/2003	11/1/2038	75,000,000	75,000,000		1,380,233	73,619,767	3,656,250		47,834	3,704,084
9 Series RR	4.30%	6/1/2005	6/1/2035	50,000,000	50,000,000		800,466	49,199,534	2,150,000		31,474	2,181,474
10 Series SS	6.75%	11/3/2008	11/1/2013	45,000,000	45,000,000		435,637	44,564,363	3,037,500		113,496	3,150,996
11 Series TT	7.70%	11/3/2008	11/1/2018	5,000,000	5,000,000		55,639	4,944,361	385,000		6,293	391,293
12 New Issue	7.43%	10/1/2009	10/1/2019	50,000,000	50,000,000		439,000	49,561,000	3,712,500		44,997	3,757,497
13												-
14 ICC Issuance Fees for Long-Term debt							50,000	(50,000)	-			-
15 Total General Mortgage Bonds				551,000,000	551,000,000	558,713	8,248,805	542,192,481	28,739,100	77,861	680,380	29,497,341
17 Required Debt												
18 Series X	6.88%	3/1/1985	2/1/2033				1,338,085	(1,338,085)			\$57,915	\$57,915
19 Series Y	7.50%	3/1/1985	2/1/2033				606,739	(606,739)			\$26,261	\$26,261
20 Series Z	7.50%	3/1/1985	3/1/2015				340,167	(340,167)			\$65,833	\$65,833
21 Series AA	10.25%	3/1/1985	6/1/2035				1,313,360	(1,313,360)			\$51,640	\$51,640
19 Series BB	8.10%	5/1/1990	10/1/2037				632,233	(632,233)			\$22,767	\$22,767
20 Series DD	5.-3/4	12/1/1993	11/1/2038				2,012,262	(2,012,262)			\$69,738	\$69,738
21 Series EE	Variable Rate	12/1/1993	10/1/2037				207,527	(207,527)			\$7,473	\$7,473
22 Series FF	6.10%	6/1/1995	6/1/2035				1,264,289	(1,264,289)			\$49,711	\$49,711
23 Series GG	Variable Rate	3/1/2000	2/1/2033				1,143,506	(1,143,506)			\$49,494	\$49,494
24 Series II	Variable Rate	3/1/2000	10/1/2037				713,313	(713,313)			\$25,687	\$25,687
25 Series JJ	Variable Rate	3/1/2000	10/1/2037				713,313	(713,313)			\$25,687	\$25,687
26 Total--Required Debt							\$10,284,795	-\$10,284,795			\$452,205	\$452,205
27				\$551,000,000	\$551,000,000	\$558,713	\$18,533,601	\$531,907,686	\$28,739,100	\$77,861	\$1,132,585	\$29,949,545
28												

Peoples Gas Light & Coke Company
 Embedded Cost of Long-term Debt
 Average 2010

Debt Issue Type, Coupon Rate (A)	Date Issued (B)	Maturity Date (C)	Original Principal Amount (D)	Face Amount Outstanding (F)	Debt Discount or (Premium) (H)	Unamortized Debt Expense (Gain) (I)	Carrying Value (J)	Coupon Interest Expense (K)	Amortization of Debt Discount or (Premium) (L)	Amortization of Debt Expense (M)	Total Expense (N)	
1 First and Refunding Mortgage Bonds:												
2 Series HH	4.75%	3/1/2000	3/1/2030	50,000,000	50,000,000		1,407,999	48,592,001	2,375,000		71,552	2,446,552
3 Series KK	5.00%	2/6/2003	2/1/2033	50,000,000	50,000,000	500,425	1,231,874	48,267,701	2,500,000	22,139	54,503	2,576,642
4 Series LL	3.75%	2/20/2003	2/1/2033	50,000,000	50,000,000		870,080	49,129,920	1,875,000		38,494	1,913,494
5 Series MM	3.94%	2/27/2003	3/1/2010	50,000,000	10,416,667	670	1,167	10,414,830	410,417	8,037	14,005	432,459
6 Series NN	4.51%	4/29/2003	5/1/2013	75,000,000	75,000,000	17,011	429,184	74,553,805	3,385,000	6,002	151,428	3,542,430
7 Series OO	7.16%	10/9/2003	10/1/2037	51,000,000	51,000,000		966,180	50,033,820	3,651,600		35,430	3,687,030
8 Series QQ	4.88%	11/25/2003	11/1/2038	75,000,000	75,000,000		1,360,483	73,639,517	3,656,250		47,983	3,704,233
9 Series RR	4.30%	6/1/2005	6/1/2035	50,000,000	50,000,000		786,184	49,213,816	2,150,000		31,533	2,181,533
10 Series SS	6.50%	11/3/2008	11/1/2013	45,000,000	45,000,000		378,889	44,621,111	2,925,000		113,496	3,038,496
11 Series TT	7.40%	11/3/2008	11/1/2018	5,000,000	5,000,000		52,492	4,947,508	370,000		6,293	376,293
12 New Issue	7.11%	10/1/2009	10/1/2019	50,000,000	50,000,000		416,501	49,583,499	3,552,500		44,997	3,597,497
13 New Issue	7.26%	3/1/2010	3/1/2020	50,000,000	39,583,333		341,029	39,242,305	2,871,771		45,025	2,916,796
14 ICC Issuance Fees for Long-Term debt							50,000	(50,000)	-			-
15 Sub-Total				601,000,000	551,000,000	518,106	8,292,063	542,189,831	29,722,538	36,178	654,740	30,413,455
16 Reaquired Debt												
17 Series X	6.88%	3/1/1985	2/1/2033				1,309,127	(1,309,127)			\$57,915	\$57,915
18 Series Y	7.50%	3/1/1985	2/1/2033				593,608	(593,608)			\$26,261	\$26,261
19 Series Z	7.50%	3/1/1985	3/1/2015				307,251	(307,251)			\$65,833	\$65,833
20 Series AA	10.25%	3/1/1985	6/1/2035				1,287,540	(1,287,540)			\$51,640	\$51,640
21 Series BB	8.10%	5/1/1990	10/1/2037				620,850	(620,850)			\$22,767	\$22,767
22 Series DD	5.-3/4	12/1/1993	11/1/2038				1,977,394	(1,977,394)			\$69,738	\$69,738
23 Series EE	Variable Rate	12/1/1993	10/1/2037				203,790	(203,790)			\$7,473	\$7,473
24 Series FF	6.10%	6/1/1995	6/1/2035				1,239,434	(1,239,434)			\$49,711	\$49,711
25 Series GG	Variable Rate	3/1/2000	2/1/2033				1,118,760	(1,118,760)			\$49,494	\$49,494
26 Series II	Variable Rate	3/1/2000	10/1/2037				700,470	(700,470)			\$25,687	\$25,687
27 Series JJ	Variable Rate	3/1/2000	10/1/2037				700,470	(700,470)			\$25,687	\$25,687
28 Sub-Total							\$10,058,693	-\$10,058,693			\$452,205	\$452,205
29				\$601,000,000	\$551,000,000	\$518,106	\$18,350,755	\$532,131,139	\$29,722,538	\$36,178	\$1,106,945	\$30,865,660
30												5.80%

**PGL-NSG BAJ Ex. 2.3P&N
Monthly Average 1-month AA
Commercial Paper Rates
January 1998 through December 2013**



PGL-NSG BAJ Ex. 2.4 P&N
Adjusted Short-Term Debt Rates

Historical Comparison of AA CP Rates to Actual Peoples Gas CP Rates

	30-Day AA Nonfinancial Commercial Paper Interest Rate	Actual Peoples Gas CP Rates	Spread
Jun-07	5.240	5.379	0.139
Jul-07	5.234	5.407	0.173
Aug-07	5.242	5.908	0.666
Sep-07	4.943	5.841	0.898
Oct-07	4.702	5.302	0.600
Nov-07	4.479	5.054	0.575
Dec-07	4.251	5.297	1.046
Jan-08	3.614	4.641	1.027
Feb-08	2.896	3.621	0.725
Mar-08	2.365	3.421	1.057
Apr-08	2.101	-	
May-08	1.992	2.611	0.619
Jun-08	2.136	2.882	0.747
Jul-08	2.083	2.738	0.655
Aug-08	2.037	2.822	0.785
Sep-08	2.098	3.583	1.485
Oct-08	1.546	5.913	4.366
Nov-08	0.611	5.574	4.963
Dec-08	0.251	4.052	3.801
Jan-09	0.152	2.400	2.248
Feb-09	0.276	1.659	1.383
Mar-09	0.223	0.949	0.726
			1.366 Average Spread

Forecasted Peoples Gas CP Rates Adjusted for Historical Spread Between AA CP Rates and Peoples Gas Rates

	30-Day AA Nonfinancial Commercial Paper Interest Rate	Average Historical Spread	Adjusted Rate
Jan-10	0.525	1.3660	1.891
Feb-10	0.637	1.3660	2.003
Mar-10	0.671	1.3660	2.037
Apr-10	0.655	1.3660	2.021
May-10	0.639	1.3660	2.005
Jun-10	0.662	1.3660	2.028
Jul-10	0.718	1.3660	2.084
Aug-10	0.786	1.3660	2.152
Sep-10	0.851	1.3660	2.217
Oct-10	0.917	1.3660	2.283
Nov-10	0.995	1.3660	2.361
Dec-10	1.093	1.3660	2.459
			2.128 Average 2010 Rate

Interest Rate Adjustment for Bank Commitment Fees

	Peoples Gas	North Shore
Average ST Debt per Staff	45,660,875	10,452,167
Credit Facility Fees & Amort	1,525,393	344,005
Rate Adjustment for Bank Fees	3.341%	3.291%
Average 2010 Forecasted Rate	2.128%	2.128%
Utilities' 2010 ST Debt Rate	5.469%	5.420%
Current Forecast		
a Credit Facility Fees	571,612	125,784
b Credit Facility Upfront Fee Amort	953,781	218,221
Total	1,525,393	344,005

Total PGL Before Alloc of Fees to NSG	PGL Facility	PGL 80%	NSG 20%	PGL's Share of IEG	NSG's Share of IEG
665,452	469,201	375,361	93,840	196,251	31,944
1,112,559	793,889	635,111	158,778	318,670	59,443
1,778,011	1,263,090	1,010,472	252,618	514,921	91,387
		66%		34%	

- a Beginning in 2009 recorded as bank service charges, budgeted as interest expense in Fall 2008
b Budgeted and recorded as interest expense

PGL-NSG Ex. BAJ-2.5P
Historical Auction Rates

Historical 35-Day Auction Rates for PGL Series OO 2003C Bonds

	30-Day Tele/BBA LIBOR Reference Rate	Closing Auction Rate	Auction Results
12/06/06	5.350	3.600	Successful
01/10/07	5.320	3.600	Successful
02/14/07	5.320	3.600	Successful
03/21/07	5.320	3.580	Successful
04/25/07	5.320	3.700	Successful
05/30/07	5.320	3.769	Successful
07/03/07	5.320	3.850	Successful
08/08/07	5.350	3.550	Successful
09/12/07	5.800	4.470	Successful
10/17/07	5.021	4.400	Successful
11/21/07	4.783	4.500	Successful
12/26/07	4.855	5.250	Successful
01/30/08	3.264	5.500	Successful
03/05/08	3.075	5.381	Failed
04/09/08	2.727	4.772	Failed
05/14/08	2.505	4.384	Failed
06/18/08	2.482	4.343	Failed
07/23/08	2.461	4.307	Failed
08/27/08	2.469	4.320	Failed
10/01/08	4.003	13.930	Failed
11/05/08	1.956	3.423	Failed
12/10/08	1.439	2.518	Failed
01/14/09	0.329	1.033	Failed
02/18/09	0.470	0.963	Failed
03/25/09	0.520	0.998	Failed
04/29/09	0.418	0.998	Failed
06/03/09	0.319	0.683	Failed
Average Rate - All Auctions		3.905	
Average Rate-Successful Auctions		4.105	
Average Rate-Failed Auctions		3.7181	

2 ■ BLUE CHIP FINANCIAL FORECASTS ■ JUNE 1, 2009

Consensus Forecasts Of U.S. Interest Rates And Key Assumptions¹

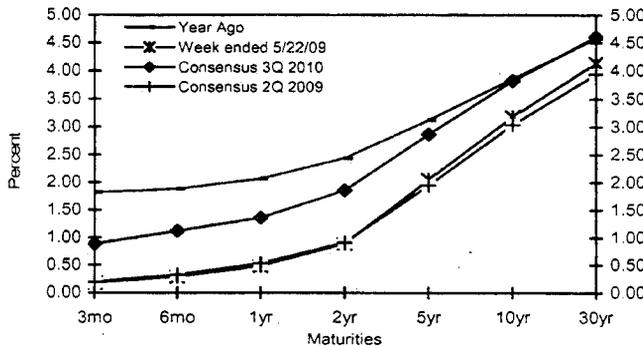
Interest Rates	History								Consensus Forecasts-Quarterly Avg						
	Average For Week End				Average For Month				Latest Q	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010
	May 22	May 15	May 8	May 1	Apr.	Mar.	Feb.	1Q 2009							
Federal Funds Rate	0.16	0.17	0.21	0.17	0.15	0.18	0.22	0.18	0.2	0.2	0.2	0.3	0.5	0.8	
Prime Rate	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.2	3.2	3.2	3.3	3.5	3.8	
LIBOR, 3-mo.	0.79	0.94	0.98	1.04	1.12	1.26	1.24	1.25	1.0	0.9	0.9	1.0	1.2	1.5	
Commercial Paper, 1-mo.	0.19	0.22	0.25	0.24	0.22	0.22	0.28	0.22	0.3	0.3	0.4	0.5	0.7	1.0	
Treasury bill, 3-mo.	0.18	0.18	0.19	0.13	0.16	0.22	0.30	0.22	0.2	0.2	0.3	0.4	0.6	0.9	
Treasury bill, 6-mo.	0.29	0.29	0.32	0.30	0.35	0.43	0.46	0.40	0.3	0.4	0.4	0.6	0.8	1.1	
Treasury bill, 1 yr.	0.48	0.52	0.53	0.50	0.55	0.64	0.62	0.57	0.5	0.6	0.7	0.8	1.1	1.4	
Treasury note, 2 yr.	0.89	0.89	0.9	0.92	0.93	0.93	0.98	0.91	0.9	1.0	1.1	1.3	1.6	1.9	
Treasury note, 5 yr.	2.05	2.01	2.09	1.98	1.86	1.82	1.87	1.76	2.0	2.1	2.2	2.4	2.6	2.9	
Treasury note, 10 yr.	3.18	3.14	3.23	3.10	2.93	2.82	2.87	2.74	3.0	3.2	3.3	3.4	3.6	3.8	
Treasury note, 30 yr.	4.14	4.12	4.15	3.99	3.76	3.64	3.59	3.45	3.9	4.1	4.1	4.3	4.4	4.6	
Corporate Aaa bond	5.46	5.44	5.50	5.46	5.39	5.50	5.27	5.27	5.4	5.4	5.4	5.5	5.6	5.7	
Corporate Baa bond	8.04	8.00	8.14	8.26	8.39	8.42	8.08	8.21	8.2	8.0	7.9	7.9	7.9	7.9	
State & Local bonds	4.58	4.54	4.63	4.70	4.76	4.99	4.90	4.99	4.7	4.7	4.7	4.7	4.8	4.9	
Home mortgage rate	4.88	4.86	4.84	4.78	4.81	5.00	5.13	5.06	4.9	4.9	5.0	5.2	5.3	5.5	

Key Assumptions	History								Consensus Forecasts-Quarterly Avg					
	2Q 2007	3Q 2007	4Q 2007	1Q 2008	2Q 2008	3Q 2008	4Q 2008	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010
Major Currency Index	79.3	77.0	73.3	72.0	70.9	73.5	81.3	82.7	81.1	81.2	81.5	81.6	81.3	80.9
Real GDP	4.8	4.8	-0.2	0.9	2.8	-0.5	-6.3	-6.1	-2.0	0.4	1.7	2.2	2.6	2.8
GDP Price Index	2.0	1.5	2.8	2.6	1.1	3.9	0.5	2.9	0.9	1.3	1.4	1.6	1.5	1.7
Consumer Price Index	4.2	2.4	5.8	4.5	4.5	6.2	-8.3	-2.4	0.7	1.6	1.6	1.7	1.7	2.0

Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal*. Definitions reported here are same as those in FRSR H.15. Treasury yields are reported on a constant maturity basis. Historical data for the U.S. Federal Reserve Board's Major Currency Index is from FRSR H.10 and G.5. Historical data for Real GDP and GDP Chained Price Index are from the Bureau of Economic Analysis (BEA). Consumer Price Index (CPI) history is from the Department of Labor's Bureau of Labor Statistics (BLS).

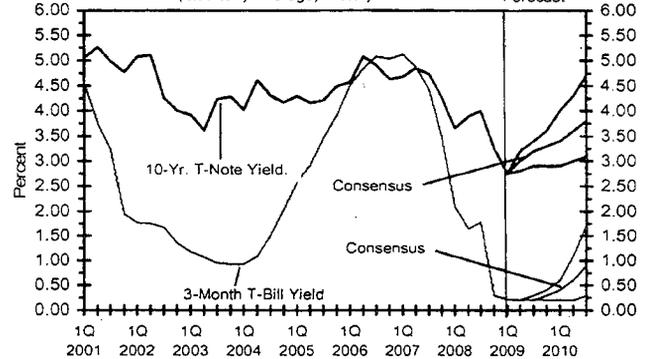
U.S. Treasury Yield Curve

Week ended May 22, 2009 and Year Ago vs. 2Q 2009 and 3Q 2010 Consensus Forecasts



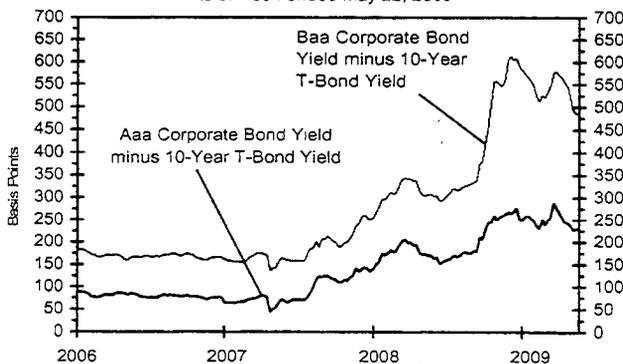
U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield

(Quarterly Average) History Forecast



Corporate Bond Spreads

As of week ended May 22, 2009



U.S. Treasury Yield Curve

As of week ended May 22, 2009

