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BLUE CHIP FINANCIAL FORECASTS®

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TABLE OF CONTENTS

Treasuries Take A Hit On Increased Supply And Decreased Risk Aversion

Domestic Commentary Our panelists grew a bit more optimistic over the past month about the pace of U.S. economic activity in the second half of 2009 and beyond despite the recent release of a few weaker-than-expected reports. While our May 20th-21st survey revealed that the consensus continues to predict real GDP will contract at an annualized rate of 2.0% in the current quarter, the economy now is expected to post positive growth of 0.4% in Q3 and 1.7% in Q4 of this year, 0.1 of a percentage point better than forecast a month ago. That compares with annualized contractions in real GDP of 6.1% in Q1 of this year and 6.3% and 0.5%, respectively, in Q4 and Q3 of last year. The consensus forecasts real GDP will grow at a 2.2% rate in Q1 of next year, also 0.1 of a point faster than thought a month ago. Consensus estimates of real GDP growth rates in Q2 and Q3 2010 remained at 2.6% and 2.8%, respectively. Consensus forecasts of inflation this quarter and next increased a smidgen from low levels this month, most likely reflecting the rebound in gasoline prices, estimates of inflation in 2010 continued to inch lower.

Real GDP is expected to contract much less this quarter than over the past two due to diminishing drag from business inventories and residential investment, coupled with a rebound in government spending. Total private business inventory levels plunged in Q1, subtracting 2.8 percentage points from GDP's growth rate. That was the most since the Q1 2000 and rivaled the largest negative contributions from inventories since the early 1980s. With inventories now more closely aligned with demand and Institute of Supply Management survey data somewhat better order flow, inventories should exert much less if any drag on GDP in Q2 and begin contributing a bit to growth in the second half.

Residential investment fell at an annual rate of 38% in Q1, subtracting 1.4 percentage points from GDP's growth rate. Although new housing starts fell to a fresh low in April, the drop was attributable to a plunge in multi-family units. Starts of single-family homes rose and are essentially flat since the start of the year. This hints residential investment will fall by far less in Q2 than in Q1 and might begin contributing slightly to GDP growth by year's end.

Government spending fell a sharp 3.9% in Q1, the first decline since 2005 and the largest since 1995. Leading the decline was a sharp drop in federal defense spending and a contraction in spending by state and local governments as they grappled with shrinking tax revenues. Federal spending seems destined to rebound over the next couple of quarters as the effects of the federal stimulus package passed earlier this year kick in but state and local spending may contract further due to balanced budget requirements.

Real nonresidential fixed investment fell for a third consecutive quarter in Q1, plunging at an annual rate of 37.9%. With the capacity utilization rate at a record low there is little incentive for firms to invest in new equipment and software. As a result, capital spending is widely expected to continue shrinking over the next few quarters, but at a more muted pace than in Q1. The same cannot be said for real investment in business structures, where declines are expected by many to grow larger over the next few quarters.

Real personal consumption expenditures (PCE) grew at a stronger-than-expected rate of 2.2% in Q1, snapping steep back-to-back quarterly contractions in the second half of last year that were the worst in 60-plus years. However, core retail sales fell in both March and April, suggesting little if any growth in real PCE during Q2. Consumer spending is widely expected to pick up in the second half of this year, but continued job losses, rising unemployment, sluggish wage and salary gains, tight credit and a desire by households to rebuild balance sheets are expected to restrain the recovery.

Real net exports contributed nearly two percentage points to real GDP's growth rate in Q1, but only because the huge contraction in imports was even sharper than the decline in imports. A great many analysts do not believe net exports will contribute to GDP growth over the remaining quarters of this year or in 2010.

Central to the consensus assumption that the beginnings of an economic recovery will emerge this summer or early fall is continued healing in the financial markets. The stock market has bounced remarkably higher since early March as investors began to assume the worst of the downturn was behind us. Conditions in parts of the credit markets also have improved. The TED spread has plunged to near normal levels, suggesting a heart-beat has returned to the interbank lending market. Issuance of corporate bonds has improved noticeably. And, prices for below-investment grade bonds have rallied nicely over the past few months. Nonetheless, credit availability remains quite tight for many household and business borrowers and will serve to restrain economic growth for the foreseeable future.

The flip side of the improvement in the equity and credit markets has been a serious slide in Treasury prices. As investors sought out riskier, potentially more profitable investments, Treasury prices have been hard hit, with longer-term yields rebounding to their highest level since last November. The sell-off has been compounded by the growing flood of fresh supply as federal deficits balloon to record levels, and more recently, by jitters among some investors that surging federal deficits could jeopardize the U.S.'s AAA credit rating. Although most analysts tend to discount this possibility in the near-term, the recent decision by Standard & Poor's to cut its outlook on the U.K.'s AAA credit rating appeared to serve as a wake-up call for the markets.

The Federal Reserve seems unlikely to accelerate or expand its purchases of longer-dated Treasury paper unless the rise in yields threatens to halt the ongoing improvement in prices for spread product. Although minutes of the late-April FOMC meeting hinted that "some members" favored further expansion of the Fed's balance sheet through additional asset purchases, the majority may prefer to wait until more of the already announced program purchases have been undertaken. As of May 20th, the Fed had bought just 35% of the $1.75 trillion in intended purchases of agency MBS, agency coupons and Treasury debt. The Fed also continues to alter its Troubled Asset Lending Facility (TALF), most recently expanding it to include commercial MBS issued before January 1st.

The Treasury Department's Public-Private Investment Program (PPIP) is finally expected to be up and running by early-July. Designed to facilitate investor purchases of banks' toxic loans and securities, it is hoped that the program also will free up room on banks' balance sheets for new loans. Nonetheless, most analysts assume banks and other lending institutions will need to raise many tens of billions of additional capital over the next few quarters, further diluting existing shareholders' stakes.

Consensus Forecast The consensus predicts the FOMC will leave its target federal funds rate unchanged until at least Q2 2010. Increased investor demand for riskier assets and exploding supply will continue to exert upward pressure on longer-term Treasury yields higher over the forecast horizon, further steepening the yield curve. However, the consensus appears to assume the rise will be contained by low levels of inflation brought on by the recession's creation of a huge output gap. Credit spreads are expected to continue narrowing over coming quarters, but at a slower pace than seen recently. Despite its recent drubbing, the consensus does not foresee a sharp, sustained slide in the trade-weighted value of the U.S. dollar over coming quarters *(see page 2 for U.S. consensus forecasts)*.

Special Questions On page 14 you will find results of our twice-yearly long-range survey with forecasts for the years 2011 through 2015 and averages for the 5-year periods 2011-2015 and 2016-2020.

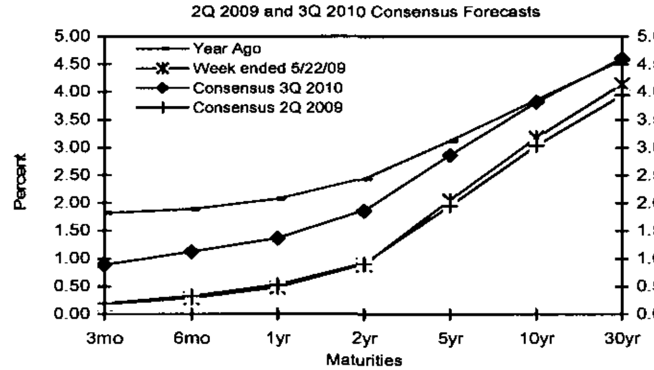
Consensus Forecasts Of U.S. Interest Rates And Key Assumptions[1]

	History								Consensus Forecasts-Quarterly Avg.					
	Average For Week End				Average For Month			Latest Q						
Interest Rates	May 22	May 15	May 8	May 1	Apr.	Mar.	Feb.	1Q 2009	2Q 2009	3Q 2009	4Q 2009	1Q 2010	2Q 2010	3Q 2010
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
	History								Consensus Forecasts-Quarterly Avg.					
Key Assumptions	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

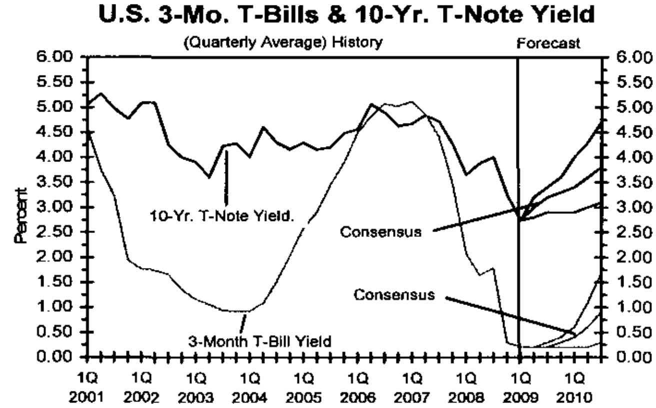
Individual panel members' forecasts are on pages 4 through 9. Historical data for interest rates except LIBOR is from Federal Reserve Release (FRSR) H.15. LIBOR quotes available from *The Wall Street Journal.* Definitions reported here are same as those in FRSR H.15. Treasury yields are reported on a 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

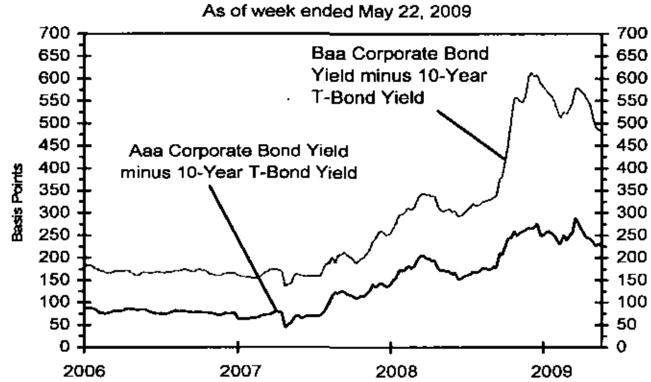


U.S. 3-Mo. T-Bills & 10-Yr. T-Note Yield



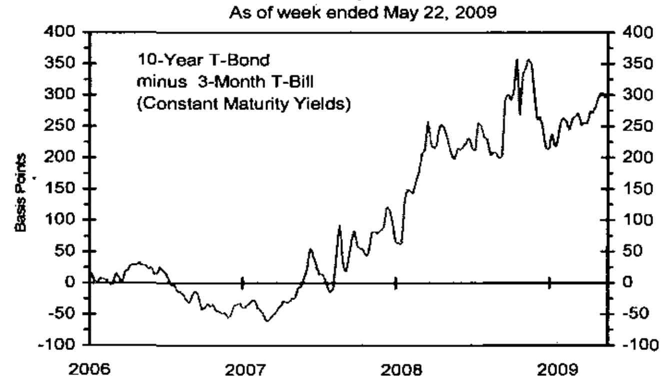
Corporate Bond Spreads

As of week ended May 22, 2009



U.S. Treasury Yield Curve

As of week ended May 22, 2009



3-Month Interest Rates[1]

	History: Latest:	Month Ago:	Year Ago:	Consensus Forecasts Months From Now: 3	6	12
U.S.	1.06	1.45	2.82	0.75	0.68	0.59
Japan	0.58	0.65	1.13	0.50	0.49	0.63
U.K.	1.32	1.74	5.97	1.20	1.15	1.38
Switzerland	0.55	0.62	2.78	0.40	0.37	0.87
Canada	0.70	0.90	3.37	0.97	0.87	0.93
Australia	3.80	3.80	7.80	3.50	3.50	3.80
Eurozone	1.30	1.54	4.86	1.15	1.10	1.26

10-Yr. Government Bond Yields[1]

	History: Latest:	Month Ago:	Year Ago:	Consensus Forecasts Months From Now: 3	6	12
U.S.	3.45	2.96	3.85	3.10	3.25	3.48
Germany	3.58	3.21	4.26	3.23	3.19	3.29
Japan	1.44	1.43	1.70	1.40	1.44	1.55
U.K.	3.72	3.45	4.93	3.35	3.51	3.90
France	3.91	3.65	4.47	3.58	3.53	3.59
Italy	4.48	4.37	4.69	4.35	4.28	4.30
Switzerland	2.39	2.10	3.07	2.18	2.08	2.50
Canada	3.27	2.96	3.83	2.60	2.65	3.23
Australia	5.38	4.65	6.53	5.13	5.03	4.88
Spain	4.25	4.05	4.48	4.00	3.96	4.01
Eurozone	4.29	4.19	4.53	3.47	3.42	3.47

Foreign Exchange Rates[1]

	History: Latest:	Month Ago:	Year Ago:	Consensus Forecasts Months From Now: 3	6	12
U.S.	79.03	82.56	69.873	83.7	85.2	86.9
Japan	96.66	97.86	103.22	99.7	102.7	106.3
U.K.	1.5878	1.4623	1.9818	1.52	1.49	1.48
Switzerland	1.0872	1.1561	1.0235	1.18	1.22	1.31
Canada	1.1253	1.2274	0.9883	1.22	1.25	1.33
Australia	0.7874	0.7105	0.9608	0.75	0.75	0.74
Euro	1.3990	1.3072	1.5784	1.28	1.26	1.24

Consensus 3-Month Rates vs. U.S. Rate

	Now	In 12 Mo.
Japan	-0.48	0.04
U.K.	0.26	0.79
Switzerland	-0.51	0.28
Canada	-0.36	0.35
Australia	2.74	3.21
Eurozone	0.24	0.68

Consensus 10-Year Gov't Yields vs. U.S. Yield

	Now	In 12 Mo.
Germany	0.13	-0.19
Japan	-2.01	-1.93
U.K.	0.27	0.43
France	0.46	0.11
Italy	1.03	0.83
Switzerland	-1.06	-0.98
Canada	-0.18	-0.24
Australia	1.93	1.40
Spain	0.80	0.54
Eurozone	0.84	-0.01

Forecasts of individual panel members are on pages 10 and 11. Definitions of variables are as follows: [1]Three month currency interest rates. Short term rates are call for the US Dollar and Yen, others: two day's notice. Government bonds are yields to maturity. Foreign exchange rate forecasts for U.K., Australia and the Euro are currencies per U.S. dollar. For the U.S dollar, forecasts are of the U.S. Federal Reserve Board's Major Currency Index.

International Commentary Increasing investor appetite for riskier assets and fears of exploding supplies of government debt continued to weigh on sovereign debt markets over the past month pushing longer-term yields markedly higher. While many industrialized economies suffered staggering contractions in real GDP during Q1, on top of those registered in the second half of last year, investors are focused on tentative evidence that the free-fall in economic activity began to abate as Q2 began. Although most analysts concede global GDP may contract again this quarter, the rate of decline is expected to ease considerably amid signs that business and consumer sentiment in many nations has bottomed and that the massive liquidation of business inventories has essentially run its course. Exacerbating the sell-off in some government debt markets was the downgrading of U.K. sovereign debt and speculation that the same could happen to the U.S.

The Bank of England (BoE) left rates unchanged as expected on May 7th but announced a 50 billion pound addition to its program of asset purchases to 125 billion, just 25 billion shy of the government imposed cap. Little in the way of fresh news is expected at the BoE's June 4th meeting. Real GDP contracted by a huge 1.9% q/q in Q1, the largest decline since 1979. However, surveys of purchasing managers have bounced off their recent lows, providing some optimism that the contraction in Q2 real GDP will be substantially smaller. The manufacturing PMI indicated that activity contracted at its slowest pace in eight months during April and the April PMI for the service sector jumped the most since 1999. Unemployment is now at its highest level since 1997 and is projected by many to reach the highs set in the early 1990s, dampening consumer spending in the process.

At its early May meeting, the European Central Bank (ECB) cut its refi rate by 25 basis points to 1.0%, left the deposit rate at 0.25%, and announced it would purchase up to $80 billion in covered bonds. Real GDP in the Eurozone plunged at a breath-taking 2.5% q/q rate in Q1 as the economies of Germany and Italy contracted at respective rates of 3.8% and 2.4%. Eurozone real GDP contracted at a 1.6% rate in Q4 2008. Like in the U.K., however, purchasing manager indexes for the manufacturing and service sectors increased more than expected in April and factory orders in Germany, the region's largest economy, unexpectedly rose in March, leading many to assume the downturn in economic activity would slow markedly in the current quarter despite sharp continued increases in unemployment. Weak demand is producing a sharp retreat in inflation. The y/y change in consumer price inflation in the currency zone fell to just 0.6% in April and producer prices are contracting on a 12-month basis. Most analysts believe the ECB will be extremely reluctant to cut its refi rate any further but might employ additional unconventional measures to bolster activity if signs of economic stabilization peter out this summer.

The Bank of Japan (BoJ) left its target overnight call rate at 0.10% on May 22nd and slightly upgraded its economic assessment for the first time since July 2006, noting the economy was still deteriorating but that exports and output were leveling out. The move came against the backdrop of news that real GDP in Q1 contracted at an unprecedented rate of 4% q/q (15.2% annualized) after falling at a q/q pace of 3.8% in Q4 2008. A Q1 contraction in the domestic demand deflator and a y/y decline in consumer prices (excluding fresh food) during March, suggests the economy is again flirting with deflation. Most analysts anticipate better exports, government handouts of cash, and a stabilization of business inventories will produce slightly positive real GDP growth in Q2.

The Bank of Canada (BoC) is expected to leave its benchmark overnight rate at 0.25% on June 4th. Policymakers may recommit to leaving it there until at least Q2 of next year (conditional on the outlook for inflation) but few analysts anticipate a move toward quantitative easing despite expectations that real GDP contracted at an annualized rate of about 7% in Q1, about double the pace of decline in Q4 2008 *(see 10 and 11 for individual panel members' forecasts).*

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Second Quarter 2009

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum – Average For Quarter: Short-Term: 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term: 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	Long-Term: 11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For —Qtr.— A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR): B. Real GDP	C. GDP Price Index	D. Cons. Price Index
Woodworth Holdings	0.3 H	3.3 H	1.5 H	0.6	0.2	0.3 L	0.5	0.9	2.0	2.5 L	3.5 L	5.5	8.0	4.6	4.9	80.0	-5.0 L	0.8	1.0
Swiss Re	0.3 H	3.3 H	1.1	0.9 H	0.2	0.3 L	0.5	1.0 H	1.3 L	2.9	3.8	5.5	8.4	na	5.1	na	-0.7	-0.9	-0.7
Bank of Toyko-Mitsubishi UFJ	0.3 H	3.3 H	0.5	0.3	0.2	0.3 L	0.4 L	1.0 H	2.0	3.1	4.1	5.4	7.9	4.8	4.8	79.0	0.0	2.9 H	2.2
Scotiabank	0.3 H	3.3 H	na	na	0.2	na	na	0.8	1.9	2.8	3.8	5.3	8.2	3.8 L	4.8	na	-2.5	0.5	0.6
Moody's Economy.com	0.2	3.2	1.3	0.2 L	0.2	0.4	0.5	1.0 H	2.0	2.9	3.6	5.1 L	7.8 L	na	4.6 L	na	-2.4	-1.4 L	-0.3
Stone Harbor Investment Partners	0.2	3.3 H	1.0	0.4	0.2	0.3 L	0.5	1.0 H	2.0	3.0	3.9	5.6 H	8.5	na	5.3 H	82.0	-2.0	0.5	0.8
ClearView Economics	0.2	3.3 H	1.4	0.2 L	0.2	0.3 L	0.5	0.9	2.0	3.1	4.0	5.5	8.2	4.6	4.8	81.0	-3.4	2.5	2.5
PNC Financial Services Corp.	0.2	3.3 H	1.3	0.4	0.2	0.3 L	0.5	0.9	1.8	2.6	3.7	5.4	8.4	4.9	4.8	84.0	-2.0	1.3	1.7
MacroFin Analytics	0.2	3.3 H	1.0	0.3	0.2	0.3 L	0.5	0.9	2.0	3.2	4.1	5.4	8.2	5.0	4.9	81.0	-1.3	0.8	0.5
RDQ Economics	0.2	3.3 H	0.8	0.2 L	0.3 H	0.3 L	0.6	0.9	2.0	3.0	3.9	5.5	8.2	4.6	4.8	80.7	-1.5	2.1	1.2
Action Economics	0.2	3.3 H	1.1	0.3	0.2	0.3 L	0.5	0.9	2.1	3.3 H	4.1	5.6 H	8.3	4.8	5.0	80.5	-3.0	0.3	1.6
ING Investment Mgt.	0.2	3.3 H	1.0	0.4	0.2	0.3 L	0.4	0.8 L	2.0	3.0	4.0	5.3	8.2	4.8	5.0	81.0	-2.0	0.5	0.2
Russell Investments	0.2	3.3 H	1.0	0.4	0.2	0.3 L	0.5	0.9	2.0	3.1	4.1	5.5	8.1	4.9	4.9	80.1	-2.4	1.8	0.5
Societe Generale	0.2	3.3 H	1.0	na	0.2	0.3 L	na	0.9	2.0	3.1	4.0	5.5	8.2	na	5.1	81.0	-1.0	1.2	1.0
Daiwa Securities America	0.2	3.3 H	1.0	0.4	0.2	0.5 H	0.7 H	1.0 H	2.0	3.2	4.1	5.4	8.2	4.5	4.9	78.0 L	-1.5	1.3	1.2
Wachovia	0.2	3.3 H	0.7	0.3	0.2	0.3 L	0.4 L	0.8 L	2.0	3.2	4.2	5.4	8.0	4.5	4.8	83.3	-2.4	-0.6	-0.4
Mesirow Financial	0.2	3.2	1.2	0.4	0.2	0.3	0.6	1.0 H	2.0	3.1	3.8	5.5	8.4	4.6	5.0	81.3	-0.4	0.2	0.6
Kellner Economic Advisers	0.2	3.2	1.2	0.5	0.3 H	0.4	0.6	0.9	1.8	2.9	3.5 L	5.3	8.2	5.0	5.0	82.0	-2.0	1.0	1.0
Cycledata Corp.	0.2	3.2	0.9	0.3	0.1 L	0.3 L	0.5	0.9	1.9	3.0	4.0	5.4	8.1	4.7	4.9	82.0	-1.5	0.9	0.3
Thredgold Economic Assoc.	0.2	3.2	0.9	0.4	0.2	0.3 L	0.5	0.8	1.9	3.0	4.0	5.2	7.9	4.7	4.9	81.0	-2.0	1.0	0.5
Wayne Hummer Investments	0.2	3.2	0.2 L	0.4	0.2	0.3 L	0.5	0.9	2.2 H	3.2	4.0	5.3	8.1	4.7	4.8	83.0	-1.2	1.1	0.5
Fannie Mae	0.2	3.2	na	na	0.2	na	0.5	na	na	3.2	4.0	5.4	na	na	4.9	na	-1.7	0.6	0.6
The Northern Trust Company	0.2	3.3 H	1.0	na	0.3 H	na	0.5	0.9	na	3.1	na	na	na	na	na	na	-3.6	0.5	0.7
Woodley Park Research	0.2	3.3 H	0.9	0.2 L	0.2	0.3 L	0.5	0.9	2.0	3.1	4.0	5.5	8.2	4.7	4.8	na	-1.4	-0.7	-0.4
Moody's Capital Markets	0.2	3.3 H	0.8	0.3	0.2	0.3 L	0.6	0.9	2.0	3.0	4.0	5.4	8.4	4.4	4.7	80.8	-1.1	0.9	0.7
RBS Securities	0.2	3.3 H	0.8	0.3	0.2	0.3 L	0.5	0.9	2.0	3.2	4.1	5.5	8.2	4.6	4.9	80.4	-2.3	1.2	1.3
DePrince & Assoc.	0.2	3.2	1.4	0.3	0.2	0.3 L	0.6	1.0 H	2.0	3.1	4.0	5.4	8.0	4.6	4.9	79.3	-1.6	1.5	1.4
SunTrust Banks	0.2	3.2	0.8	0.3	0.2	0.3 L	0.5	0.9	2.0	3.2	4.3 H	5.5	8.8 H	4.7	4.8	80.2	-0.9	2.2	0.5
Chmura Economics & Analytics	0.2	3.3 H	1.4	0.3	0.2	0.4	0.6	1.0 H	2.0	3.1	3.9	5.5	na	na	4.9	81.9	-1.8	0.9	0.7
Goldman Sachs & Co.	0.2	3.3 H	1.2	na	0.3 H	na	na	1.0 H	1.8	2.8	3.6	5.1 L	na	na	5.1	na	-3.0	0.9	-0.1
Loomis, Sayles & Company	0.2	3.3 H	1.1	0.2 L	0.2	0.4	0.6	0.9	1.9	3.0	3.9	5.5	8.4	4.9	4.9	82.9	-1.9	0.2	0.3
Nomura Securities, Inc.	0.2	3.3 H	0.9	0.2 L	0.2	0.4	0.6	1.0 H	2.0	3.1	3.9	5.5	8.4	na	4.9	82.0	-1.0	0.1	0.7
Barclays Capital	0.2	3.3 H	0.9	0.3	0.2	0.3 L	0.5	0.8 L	1.8	2.9	4.2	5.4	8.2	4.9	4.8	na	-2.0	1.5	1.2
Wells Capital Management	0.1	3.3 H	0.7	0.3	0.2	0.3 L	0.6	0.9	2.0	3.1	4.0	5.4	8.1	4.8	4.9	81.3	-1.8	1.7	0.7
Standard & Poor's Corp.	0.1	3.3	1.0	0.2 L	0.2	0.3 L	0.5	1.0 H	2.0	3.1	na	5.6 H	8.4	4.7	4.9	80.8	-2.5	-0.2	0.2
Banc of America-Merrill Lynch	0.1	3.3 H	1.4	na	na	na	na	1.0 H	1.9	2.8	3.7	na	na	na	na	na	-3.5	-0.2	-0.5
UBS	0.1	3.3 H	1.1	na	0.2	na	na	1.0 H	2.0	2.9	3.7	na	na	na	na	na	-2.0	1.9	0.9
BMO Capital Markets	0.1	3.3 H	1.0	0.4	0.2	0.3 L	0.5	0.9	2.0	3.1	4.0	5.4	8.0	4.6	4.8	80.5	-1.7	0.4	1.1
GLC Financial Economics	0.1	3.3 H	0.9	0.3	0.2	0.3 L	0.5	0.9	2.0	3.1	4.1	5.6 H	8.3	4.7	5.1	79.8	-2.6	1.1	-0.9 L
Comerica Bank	0.1	3.3 H	0.8	0.3	0.2	0.3 L	0.6	0.9	2.0	3.1	3.9	5.4	8.1	4.7	4.9	80.0	-3.0	1.0	0.4
J.W. Coons Advisors LLC	0.1	3.2	1.0	0.2 L	0.2	0.3 L	0.5	0.9	2.0	3.1	4.0	5.4	8.1	na	4.8	84.5 H	-2.7	1.7	3.4 H
JPMorgan Private Wealth Mgt.	0.1	3.1	1.3	0.3	0.2	0.3 L	0.5	0.9	2.1	3.3 H	4.2	5.5	8.0	5.0	4.9	79.4	-2.5	1.0	0.7
Economist Intelligence Unit	0.1	3.1	1.0	0.4	0.2	0.4	0.5	0.9	1.9	3.0	3.9	na	na	na	4.8	na	-1.8	na	0.0
J.P. Morgan Chase	0.1	na	1.0	na	0.2	na	na	0.9	1.8	2.8	3.7	na	na	na	na	na	-0.5	1.3	1.2
Nat'l Assn. of Realtors	0.1	3.3 H	1.3	0.3	0.2	0.3 L	0.5	0.9	2.0	3.1	4.2	5.5	8.1	5.1 H	4.9	na	-1.6	0.6	1.0
Georgia State University	0.1	3.2	na	na	0.2	0.4	0.6	0.9	1.9	3.0	3.8	5.5	8.5	na	4.9	na	-5.0	0.0	-0.1
Naroff Economic Advisors	0.0 L	3.3 H	1.0	0.4	0.2	0.4	0.6	0.9	2.0	3.1	4.0	5.5	8.1	4.7	4.8	80.0	0.8 H	1.1	2.0
Argus Research	0.0 L	3.0 L	1.3	0.3	0.2	0.3 L	0.5	0.9	2.0	3.1	4.0	5.4	8.3	4.6	4.8	81.3	-2.3	1.9	1.4
June Consensus	**0.2**	**3.2**	**1.0**	**0.3**	**0.2**	**0.3**	**0.5**	**0.9**	**2.0**	**3.0**	**3.9**	**5.4**	**8.2**	**4.7**	**4.9**	**81.1**	**-2.0**	**0.9**	**0.7**
Top 10 Avg.	0.2	3.3	1.3	0.5	0.2	0.4	0.6	1.0	2.0	3.2	4.2	5.5	8.4	4.9	5.1	82.8	-0.6	2.0	1.9
Bottom 10 Avg.	0.1	3.2	0.7	0.2	0.2	0.3	0.5	0.8	1.8	2.8	3.6	5.3	8.0	4.5	4.8	79.6	-3.5	-0.3	-0.3
May Consensus	0.2	3.2	1.2	0.4	0.2	0.4	0.6	0.9	1.8	2.8	3.6	5.3	8.2	4.8	4.9	82.3	-2.0	0.9	0.6
Number of Forecasts Changed From A Month Ago:																			
Down	7	1	35	18	20	28	31	14	4	2	2	3	18	15	9	23	14	16	17
Same	32	40	8	15	19	11	10	21	6	4	5	12	4	7	16	5	15	19	14
Up	9	5	1	6	8	2	1	12	36	42	39	28	14	7	19	5	19	12	17
Diffusion Index	52 %	54 %	11 %	35 %	37 %	18 %	14 %	48 %	85 %	92 %	90 %	79 %	44 %	36 %	61 %	23 %	55 %	46 %	50 %

Third Quarter 2009

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter: Short-Term 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	Long-Term 11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For —Qtr.— A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR) B. Real GDP	C. GDP Price Index	D. Cons. Price Index
Moody's Economy.com	0.3 H	3.3 H	1.2	0.2 L	0.3	0.4	0.5	1.1	2.1	3.0	3.7	5.3	7.7	na	4.9	na	0.6	-0.8 L	1.2
ClearView Economics	0.3 H	3.3 H	1.3 H	0.2 L	0.2	0.3 L	0.5	0.9	2.0	3.2	4.1	5.5	8.0	4.6	4.9	82.0	1.7	2.8	5.0 H
Swiss Re	0.3 H	3.3 H	1.0	0.7 H	0.2	0.3 L	0.5	1.1	1.5 L	3.1	4.0	5.5	8.2	na	5.2	na	-0.5	-0.7	-0.5 L
Woodworth Holdings	0.3 H	3.3 H	1.0	0.5	0.2	0.3 L	0.8 H	1.3 H	2.3	3.2	4.2	5.8	8.1	4.6	5.5	81.0	-1.2	1.0	1.4
Russell Investments	0.3 H	3.3 H	1.0	0.4	0.3	0.4	0.6	0.9	2.1	3.1	4.2	5.4	7.8	5.0	4.9	77.8 L	0.2	2.0	1.5
Stone Harbor Investment Partners	0.3 H	3.3 H	0.9	0.4	0.2	0.3 L	0.6	1.1	2.3	3.4	4.3	6.0 H	8.9 H	na	5.9 H	84.0	0.0	1.0	1.2
Moody's Capital Markets	0.3 H	3.3 H	0.6	0.3	0.2	0.3 L	0.6	1.0	2.1	3.2	4.1	5.4	8.1	4.5	4.7	80.9	0.6	1.2	1.6
Bank of Toyko-Mitsubishi UFJ	0.3 H	3.3 H	0.5	0.3	0.2	0.3 L	0.4 L	1.0	2.0	3.3	4.3	4.5	7.9	4.8	5.0	80.0	1.5	2.8	2.2
Scotiabank	0.3 H	3.3 H	na	na	0.3	na	na	0.9	2.0	2.9	3.9	5.2	8.1	3.9 L	4.9	na	1.0	1.0	1.3
PNC Financial Services Corp.	0.2	3.3 H	1.3 H	0.4	0.3	0.4	0.6	1.0	1.9	2.7	3.8	5.4	8.4	4.9	4.8	85.0	0.0	1.6	2.1
MacroFin Analytics	0.2	3.3 H	1.1	0.3	0.3	0.4	0.7	1.0	2.0	3.3	4.2	5.3	8.1	4.9	4.8	81.5	0.5	0.7	0.4
RDQ Economics	0.2	3.3 H	0.7	0.3	0.4 H	0.4	0.7	1.0	2.2	3.3	4.3	5.7	8.3	4.9	5.1	80.7	0.3	2.3	1.8
Daiwa Securities America	0.2	3.3 H	1.1	0.6	0.4 H	0.6 H	0.8	1.3 H	2.2	3.2	4.1	5.5	8.3	4.2	4.8	78.0	0.8	1.3	1.5
ING Investment Mgt.	0.2	3.3 H	1.0	0.4	0.2	0.3 L	0.5	0.8 L	2.0	3.1	4.0	5.3	8.0	4.7	5.0	81.0	-1.0	0.5	1.0
The Northern Trust Company	0.2	3.3 H	1.0	na	0.3	na	0.6	1.0	na	3.2	na	na	na	na	na	na	-1.9 L	1.8	2.0
Action Economics	0.2	3.3 H	1.0	0.3	0.3	0.5	0.5	1.1	2.3	3.5 H	4.0	5.4	7.8	4.7	4.9	81.3	1.0	2.1	2.8
Woodley Park Research	0.2	3.3 H	0.8	0.3	0.3	0.3 L	0.6	1.0	2.1	3.3	4.1	5.5	7.8	4.6	4.9	na	1.7	0.3	0.2
Wachovia	0.2	3.3 H	0.6	0.3	0.2	0.3 L	0.4 L	1.0	2.1	3.3	4.3	5.5	8.0	4.5	4.9	86.5 H	-0.2	0.3	0.5
Societe Generale	0.2	3.3 H	0.6	na	0.2	0.3 L	na	1.0	2.4 H	3.4	4.2	5.6	8.1	na	5.1	80.0	1.5	1.6	1.1
RBS Securities	0.2	3.3 H	0.5	0.3	0.3	0.5	0.7	1.1	2.1	3.5 H	4.5 H	5.6	8.3	4.6	5.0	80.0	1.1	1.8	2.5
Mesirow Financial	0.2	3.2	1.2	0.4	0.2	0.5	0.8	1.3 H	2.0	3.1	3.9	5.5	8.3	4.6	4.9	82.4	1.5	0.9	2.2
Kellner Economic Advisers	0.2	3.2	1.2	0.4	0.3	0.5	0.7	1.0	1.9	2.9	3.7	5.5	8.2	5.0	5.1	82.0	2.0	2.0	2.3
Thredgold Economic Assoc.	0.2	3.2	0.9	0.4	0.2	0.3 L	0.5	0.8 L	2.0	3.0	4.0	5.2	7.9	4.7	4.9	81.0	0.4	1.2	1.3
Cycledata Corp.	0.2	3.2	0.8	0.3	0.2	0.3 L	0.5	0.9	2.1	3.3	4.3	5.5	8.3	4.8	5.0	81.0	0.2	1.3	0.6
Wayne Hummer Investments	0.2	3.2	0.2 L	0.5	0.2	0.4	0.7	1.1	2.3	3.3	4.1	5.5	8.1	4.7	4.9	82.7	0.3	1.2	1.5
Fannie Mae	0.2	3.2	na	na	0.2	na	0.5	na	na	3.2	4.0	5.3	na	na	4.9	na	-0.6	1.1	1.4
DePrince & Associates	0.2	3.2	1.3 H	0.5	0.2	0.4	0.7	1.1	2.2	3.3	4.2	5.4	6.9 L	4.4	5.0	78.8	-0.8	1.7	1.5
SunTrust Banks	0.2	3.2	0.8	0.3	0.2	0.3 L	0.5	1.0	2.1	3.2	4.2	5.4	8.7	4.7	4.6 L	79.6	2.5 H	2.3	2.1
Chmura Economics & Analytics	0.2	3.3 H	1.1	0.4	0.2	0.4	0.7	1.0	2.0	3.1	4.0	5.5	na	na	4.9	79.5	-0.4	1.1	1.7
Barclays Capital	0.2	3.3 H	0.9	0.3	0.2	0.3 L	0.6	0.9	2.0	3.0	4.3	5.4	8.1	4.9	4.9	na	2.0	1.7	3.6
Loomis, Sayles & Company	0.2	3.3 H	0.9	0.2 L	0.2	0.4	0.6	1.0	2.1	3.1	4.1	5.4	7.9	4.7	4.9	82.7	0.5	0.9	1.6
Nomura Securities, Inc.	0.2	3.3 H	0.7	0.2 L	0.2	0.5	0.6	1.1	2.2	3.3	4.1	5.5	8.2	na	5.0	83.0	1.3	0.0	1.6
Banc of America-Merrill Lynch	0.1	3.3 H	1.1	na	na	na	na	0.9	1.8	2.6 L	3.5 L	na	na	na	na	na	0.5	0.9	1.6
Goldman Sachs & Co.	0.1	3.3 H	1.1	na	0.3	na	na	1.0	1.9	2.8	3.6	3.9 L	na	na	4.8	na	1.0	0.5	1.2
Standard & Poor's Corp.	0.1	3.3 H	1.0	0.3	0.2	0.3 L	0.6	1.1	2.3	3.5	na	5.9	8.7	5.0	5.2	81.0	-0.2	1.0	1.4
UBS	0.1	3.3 H	1.0	na	0.2	na	na	1.3 H	2.4 H	3.0	3.8	na	na	na	na	na	2.0	1.7	3.1
GLC Financial Economics	0.1	3.3 H	0.9	0.3	0.1 L	0.3 L	0.4 L	0.8 L	1.9	3.1	4.1	5.7	8.2	4.7	5.1	79.2	-0.4	2.1	1.4
BMO Capital Markets	0.1	3.3 H	0.8	0.3	0.2	0.3 L	0.5	0.8 L	1.9	3.0	3.9	5.3	7.9	4.5	4.7	81.0	-1.3	-0.2	2.1
Comerica Bank	0.1	3.3 H	0.6	0.3	0.2	0.4	0.7	1.0	2.1	3.3	4.1	5.3	7.5	4.6	5.0	79.0	-1.0	0.9	1.0
JPMorgan Private Wealth Mgt.	0.1	3.1	1.3 H	0.3	0.2	0.3 L	0.5	0.9	2.1	3.3	4.2	5.5	8.0	5.0	4.9	79.3	0.5	0.9	1.2
Wells Capital Management	0.1	3.1	0.9	0.4	0.4 H	0.5	0.8 H	0.9	2.1	3.3	4.2	5.3	7.8	4.4	5.0	81.8	-0.5	2.4	1.9
J.W. Coons Advisors LLC	0.1	3.1	0.9	0.2 L	0.2	0.3 L	0.4 L	0.8 L	1.9	3.0	4.0	5.2	7.6	na	4.8	85.9	0.4	1.9	2.7
Economist Intelligence Unit	0.1	3.1	0.8	0.3	0.2	0.3	0.5	0.9	2.0	3.2	4.1	na	na	na	4.7	na	1.1	na	0.4
J.P. Morgan Chase	0.1	na	0.8	na	0.2	na	na	0.9	1.9	3.0	3.8	na	na	na	na	na	1.0	1.1	1.3
Nat'l Assn. of Realtors	0.1	3.3 H	1.3 H	0.3	0.2	0.3 L	0.5	1.0	2.1	3.2	4.2	5.5	8.1	5.2 H	5.0	na	0.3	0.9	1.3
Georgia State University	0.1	3.2	na	na	0.2	0.4	0.6	0.9	2.0	3.1	3.9	5.5	8.5	na	5.0	na	-1.7	0.6	0.6
Naroff Economic Advisors	0.0 L	3.3 H	0.7	0.4	0.3	0.5	0.7	1.2	2.1	3.3	4.2	5.2	7.6	4.6	4.9	79.0	1.8	1.2	2.1
Argus Research	0.0 L	3.0 L	1.1	0.3	0.2	0.3	0.6	0.9	2.0	3.3	4.2	5.3	7.8	4.5	4.9	80.8	0.7	3.2 H	3.4
June Consensus	**0.2**	**3.2**	**0.9**	**0.3**	**0.2**	**0.4**	**0.6**	**1.0**	**2.1**	**3.2**	**4.1**	**5.4**	**8.0**	**4.7**	**4.9**	**81.2**	**0.4**	**1.3**	**1.6**
Top 10 Avg.	0.2	3.3	1.2	0.5	0.3	0.5	0.7	1.2	2.3	3.4	4.3	5.7	8.5	5.0	5.2	83.6	1.8	2.4	3.0
Bottom 10 Avg.	0.1	3.1	0.6	0.2	0.2	0.3	0.5	0.9	1.9	2.9	3.7	5.0	7.6	4.4	4.7	79.0	-1.1	0.1	0.5
May Consensus	0.2	3.2	1.1	0.4	0.3	0.4	0.6	1.0	1.9	2.9	3.7	5.3	8.1	4.7	4.9	82.6	0.3	1.2	1.4
Number of Forecasts Changed From A Month Ago:																			
Down	3	2	33	20	22	29	23	11	6	2	1	3	16	17	6	23	9	10	10
Same	38	41	10	13	20	11	15	20	9	7	5	12	7	7	15	7	21	23	17
Up	7	3	1	6	5	1	4	16	31	39	40	28	17	9	23	3	18	14	21
Diffusion Index	54 %	51 %	14 %	32 %	32 %	16 %	27 %	55 %	77 %	89 %	92 %	79 %	51 %	38 %	69 %	20 %	59 %	54 %	61 %

Staff Group Cross Ex. 1-M

Fourth Quarter 2009

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter: Short-Term: 1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	Intermediate-Term: 8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	Long-Term: 11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	Avg. For --Qtr.-- A. Fed's Major Currency $ Index	(Q-Q % Change) (SAAR): B. Real GDP	C. GDP Price Index	D. Cons. Price Index
ClearView Economics	0.4 H	3.4 H	1.7	0.5	0.4	0.8 H	1.1 H	1.6 H	2.5	3.6	4.4	5.7	8.2	4.7	5.1	83.0	4.7	2.4	3.0
Kellner Economic Advisers	0.3	3.3	1.1	0.4	0.3	0.6	0.7	1.0	2.0	3.2	3.9	5.7	8.3	5.2	5.2	82.0	2.2	2.2	2.5
Wayne Hummer Investments	0.3	3.3	0.3 L	0.4	0.3	0.5	0.8	1.3	2.4	3.4	4.2	5.6	8.0	4.8	5.1	82.4	1.6	1.4	1.8
Societe Generale	0.3	3.3	0.6	na	0.3	0.4	na	1.1	2.6	3.6	4.3	5.7	8.2	na	5.3	83.0	1.8	1.4	1.1
Moody's Economy.com	0.3	3.3	1.1	0.3	0.3	0.4	0.6	1.1	2.1	3.1	3.8	5.5	7.8	na	5.0	na	0.3	1.0	1.0
Swiss Re	0.3	3.3	1.0	0.6	0.2	0.3 L	0.5	1.1	1.5 L	3.0	4.0	5.5	8.2	na	5.1	na	1.5	0.5	0.7
Russell Investments	0.3	3.3	1.0	0.4	0.3	0.4	0.6	0.9	2.1	3.1	4.2	5.4	7.8	5.0	4.9	77.8	0.2	2.0	1.5
Woodworth Holdings	0.3	3.3	0.9	0.5	0.3	0.4	0.9	1.4	2.4	3.3	4.3	5.7	7.8	4.5	5.6	83.0	-0.3	1.3	1.7
Stone Harbor Investment Partners	0.3	3.3	0.9	0.4	0.2	0.4	0.7	1.3	2.5	3.5	4.5	5.5	8.1	na	5.9 H	85.0	0.9	2.0	1.7
Moody's Capital Markets	0.3	3.3	0.6	0.3	0.2	0.3 L	0.8	1.3	2.3	3.3	4.2	5.4	8.0	4.5	4.8	80.9	1.8	1.5	1.5
Bank of Toyko-Mitsubishi UFJ	0.3	3.3	0.5	0.3	0.2	0.3 L	0.4 L	1.3	2.3	3.6	4.6	4.8	7.6	4.7	5.4	81.0	2.7	2.7	2.0
Scotiabank	0.3	3.3	na	na	0.3	na	na	1.1	2.3	3.0	4.0	5.2	7.9	4.0 L	4.9	na	1.5	1.0	1.5
DePrince & Assoc.	0.2	3.2	1.9 H	0.6	0.3	0.4	0.8	1.2	2.4	3.4	4.2	5.4	6.4 L	4.3	5.1	79.5	1.5	1.7	1.6
RBS Securities	0.2	3.3	0.6	0.3	0.4	0.6	0.9	1.3	2.4	3.8	4.9 H	5.7	8.3	4.6	5.2	82.0	2.2	1.8	1.9
PNC Financial Services Corp.	0.2	3.3	1.3	0.4	0.3	0.4	0.6	1.0	1.9	2.7	3.8	5.3	8.3	4.9	4.8	87.0	1.0	1.6	2.1
MacroFin Analytics	0.2	3.3	1.2	0.4	0.3	0.5	0.9	1.2	2.1	3.3	4.2	5.2	8.0	4.9	4.7	82.0	1.0	0.6	0.4
RDQ Economics	0.2	3.3	0.7	0.3	0.5 H	0.6	0.9	1.1	2.5	3.8	4.8	6.1	8.5	5.1	5.6	80.6	1.0	2.5	2.0
Daiwa Securities America	0.2	3.3	1.1	0.7 H	0.5 H	0.7	0.9	1.6 H	2.3	3.3	4.2	5.5	8.4	4.0 L	4.8	76.0 L	2.4	1.2	1.4
ING Investment Mgt.	0.2	3.3	1.0	0.4	0.2	0.4	0.5	0.9	2.1	3.2	4.1	5.4	7.8	4.6	5.0	80.0	3.0	1.0	1.2
The Northern Trust Company	0.2	3.3	0.9	na	0.3	na	0.6	1.0	na	3.3	na	na	na	na	na	na	2.5	2.0	2.2
Action Economics	0.2	3.3	0.9	0.3	0.4	0.5	0.6	1.2	2.4	3.6	4.0	5.2	7.1	4.4	4.8	81.0	2.0	2.0	1.7
Woodley Park Research	0.2	3.3	0.8	0.4	0.4	0.4	0.7	1.2	2.1	3.2	3.9	5.4	7.6	4.5	5.0	na	2.2	0.8	1.5
Wachovia	0.2	3.3	0.5	0.3	0.3	0.4	0.5	1.2	2.3	3.4	4.3	5.6	8.1	4.5	5.0	89.0 H	1.7	0.6	1.0
Mesirow Financial	0.2	3.2	1.2	0.4	0.2	0.5	0.8	1.4	2.1	3.1	3.9	5.4	8.1	4.5	4.9	82.9	2.6	-0.1	1.0
J.W. Coons Advisors LLC	0.2	3.2	1.1	0.4	0.3	0.4	0.6	1.0	2.1	3.1	4.0	5.3	7.6	na	4.9	86.4	1.7	2.1	3.2 H
Thredgold Economic Assoc.	0.2	3.2	0.9	0.4	0.2	0.4	0.6	0.9	2.0	3.1	4.1	5.2	7.9	4.7	4.9	81.0	1.5	1.4	1.5
Cycledata Corp.	0.2	3.2	0.8	0.3	0.2	0.4	0.6	1.0	2.2	3.4	4.4	5.6	8.4	4.8	5.0	80.0	1.5	1.5	1.6
Fannie Mae	0.2	3.2	na	na	0.2	na	0.7	na	na	3.3	4.1	5.4	na	na	5.0	na	1.7	1.2	1.5
SunTrust Banks	0.2	3.2	0.9	0.4	0.3	0.4	0.6	1.0	2.1	3.2	4.3	5.5	8.8	4.7	4.5 L	80.5	3.0	3.3 H	2.9
Barclays Capital	0.2	3.3	1.0	0.3	0.3	0.4	0.6	1.0	2.3	3.5	4.3	5.4	8.1	5.0	5.1	na	3.0	1.8	2.1
Chmura Economics & Analytics	0.2	3.3	0.8	0.3	0.2	0.4	0.7	1.0	2.0	3.1	4.0	5.5	na	na	4.7	78.4	-0.3	0.4	1.1
Nomura Securities, Inc.	0.2	3.3	0.6	0.2 L	0.3	0.5	0.6	1.2	2.3	3.4	4.2	5.5	7.9	na	5.0	83.5	1.6	0.2	1.3
Loomis, Sayles & Company	0.2	3.2	0.8	0.2 L	0.2	0.4	0.6	1.1	2.4	3.4	4.4	5.4	7.8	5.0	5.1	82.7	1.9	-0.2 L	1.6
Standard & Poor's Corp.	0.1	3.3	1.1	0.5	0.3	0.4	0.6	1.3	2.7 H	3.9 H	na	6.2 H	8.9 H	5.4 H	5.6	81.1	0.8	0.8	1.6
Banc of America-Merrill Lynch	0.1	3.3	1.1	na	na	na	na	0.8 L	1.6	2.4 L	3.3 L	na	na	na	na	na	1.5	0.0	3.1
UBS	0.1	3.3	1.0	na	0.3	na	na	1.6	2.5	3.1	3.8	na	na	na	na	na	2.5	1.2	0.3 L
Goldman Sachs & Co.	0.1	3.3	1.0	na	0.4	na	na	1.0	2.0	2.9	3.7	4.0 L	na	na	4.9	na	1.0	1.5	0.6
GLC Financial Economics	0.1	3.3	0.9	0.3	0.1 L	0.3 L	0.5	0.9	1.9	3.0	4.0	5.7	8.5	4.6	4.9	79.1	2.3	1.9	2.1
BMO Capital Markets	0.1	3.3	0.7	0.3	0.2	0.5	0.8	1.1	2.1	3.0	3.9	5.3	7.8	4.5	4.7	80.0	1.7	0.8	0.9
Comerica Bank	0.1	3.3	0.6	0.3	0.3	0.4	0.8	1.2	2.2	3.4	4.1	5.2	6.9	4.4	5.1	81.0	2.0	1.0	1.1
JPMorgan Privare Wealth Mgt.	0.1	3.1	1.3	0.3	0.2	0.3 L	0.5	0.9	2.1	3.3	4.2	5.5	8.1	5.0	5.0	79.2	1.5	1.2	1.4
Wells Capital Management	0.1	3.1	1.0	0.5	0.5 H	0.6	0.8	1.0	2.3	3.3	4.3	5.4	7.8	4.2	5.0	82.3	0.9	2.5	2.1
Economist Intelligence Unit	0.1	3.1	0.8	0.3	0.2	0.3 L	0.5	0.9	2.0	3.4	4.2	na	na	na	4.7	na	0.9	na	0.8
J.P. Morgan Chase	0.1	na	0.8	na	0.2	na	na	0.9	1.9	2.8	3.6	na	na	na	na	na	2.0	0.9	1.1
Nat'l Assn. of Realtors	0.1	3.3	1.3	0.3	0.2	0.4	0.7	1.2	2.2	3.2	4.2	5.5	8.0	5.2	5.0	na	0.8	1.0	1.3
Georgia State University	0.1	3.2	na	na	0.3	0.4	0.6	1.0	2.0	3.2	4.0	5.5	8.5	na	5.1	na	-1.0 L	0.6	0.6
Naroff Economic Advisors	0.0 L	3.3	0.8	0.6	0.4	0.6	0.9	1.4	2.2	3.5	4.3	4.7	6.6	4.5	5.0	76.5	5.8 H	1.4	2.0
Argus Research	0.0 L	3.0 L	1.2	0.4	0.3	0.4	0.7	0.9	2.1	3.5	4.4	5.2	7.6	4.5	4.9	81.0	0.9	3.1	2.8
June Consensus	**0.2**	**3.2**	**0.9**	**0.4**	**0.3**	**0.4**	**0.7**	**1.1**	**2.2**	**3.3**	**4.1**	**5.4**	**7.9**	**4.7**	**5.0**	**81.5**	**1.7**	**1.4**	**1.6**
Top 10 Avg.	0.3	3.3	1.3	0.5	0.4	0.6	0.9	1.4	2.5	3.6	4.5	5.8	8.5	5.1	5.4	84.5	3.2	2.5	2.6
Bottom 10 Avg.	0.1	3.2	0.6	0.3	0.2	0.3	0.5	0.9	1.9	2.9	3.8	5.0	7.3	4.3	4.7	78.7	0.3	0.3	0.7
May Consensus	0.2	3.2	1.1	0.4	0.3	0.5	0.7	1.1	2.1	3.0	3.8	5.3	7.9	4.7	4.9	82.5	1.6	1.3	1.6
Number of Forecasts Changed From A Month Ago:																			
Down	5	3	30	18	20	25	24	14	6	1	1	10	12	12	6	21	13	9	14
Same	36	38	11	15	21	13	14	21	12	10	6	11	7	7	16	7	17	22	19
Up	7	5	3	6	6	3	4	12	28	37	39	22	21	14	22	5	18	16	15
Diffusion Index	52 %	52 %	19 %	35 %	35 %	23 %	26 %	48 %	74 %	88 %	91 %	64 %	61 %	53 %	68 %	26 %	55 %	57 %	51 %

Staff Group Cross Ex. 1-M

First Quarter 2010

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum – Average For Quarter: Short-Term							Intermediate-Term			Long-Term					Avg. For Qtr.	(Q-Q % Change) (SAAR)		
	1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	A. Fed's Major Currency $ Index	B. Real GDP	C. GDP Price Index	D. Cons. Price Index
ClearView Economics	1.0 H	4.0 H	2.2 H	1.0 H	0.9 H	1.3 H	1.6 H	2.1 H	2.9	3.8	4.6	5.9	8.4	4.8	5.4	82.0	4.1 H	2.5	3.0
Argus Research	0.8	3.8	1.4	0.6	0.6	0.5	0.9	1.0	2.1	3.5	4.4	5.1	7.5	4.4	4.9	81.5	1.3	3.2	3.3
J.W. Coons Advisors LLC	0.7	3.7	1.6	0.8	0.7	0.9	1.1	1.5	2.5	3.5	4.3	5.5	7.7	na	5.2	84.7	2.7	2.0	2.9
Thredgold Economic Assoc.	0.5	3.5	1.2	0.7	0.6	0.8	1.1	1.3	2.4	3.4	4.3	5.3	7.9	4.9	5.1	81.5	2.0	1.6	1.7
Daiwa Securities America	0.5	3.5	1.2	0.7	0.6	0.8	1.0	2.1 H	2.8	3.6	4.4	5.7	8.6	4.0 L	4.9	76.0	2.9	1.1	1.3
Woodworth Holdings	0.5	3.5	1.0	0.8	0.6	0.7	1.2	1.7	2.7	3.6	4.6	5.8	7.8	4.5	5.8	85.0	1.9	1.4	1.7
SunTrust Banks	0.5	3.5	1.0	0.4	0.4	0.5	0.6	1.3	2.4	3.5	4.6	5.8	9.1	5.0	4.3 L	81.0	3.5	3.4 H	4.0 H
DePrince & Assoc.	0.4	3.4	1.6	0.6	0.5	0.6	1.0	1.4	2.6	3.5	4.3	5.4	6.3	4.3	5.2	80.2	2.1	1.8	1.8
Kellner Economic Advisers	0.4	3.4	1.1	0.6	0.4	0.7	0.8	1.2	2.1	3.4	4.1	5.9	8.5	5.3	5.3	82.0	2.3	2.5	2.7
Cycledata Corp.	0.4	3.4	1.0	0.5	0.5	0.7	1.0	1.4	2.5	3.7	4.7	5.9	8.7	4.9	5.3	80.0	2.0	1.7	2.2
Wayne Hummer Investments	0.4	3.4	0.4 L	0.6	0.4	0.6	0.8	1.5	2.5	3.5	4.3	5.7	8.1	4.8	5.1	82.0	1.8	1.6	1.8
Societe Generale	0.3	3.3	0.5	na	0.3	0.5	na	1.1	2.9	3.6	4.3	5.8	8.2	na	5.3	87.0	2.5	1.1	1.1
Moody's Economy.com	0.3	3.3	1.1	0.4	0.2	0.6	0.7	1.6	2.1	3.7	4.4	6.0	7.9	na	5.4	na	1.5	-0.4 L	2.2
Naroff Economic Advisors	0.3	3.5	1.0	0.7	0.6	0.9	1.2	1.6	2.5	3.7	4.5	4.9	5.7 L	4.6	5.1	73.0 L	3.2	1.7	1.9
Swiss Re	0.3	3.3	0.9	0.6	0.2 L	0.3	0.5	1.1	1.6	3.1	4.0	5.4	8.1	na	5.1	na	1.6	1.1	1.1
Action Economics	0.3	3.3	0.9	0.3	0.4	0.6	1.1	1.6	2.8	3.9	4.3	5.0	6.4	4.4	4.9	81.0	2.3	2.2	1.5
RBS Securities	0.3	3.3	0.8	0.3	0.6	0.9	1.3	1.9	3.1 H	4.2	5.2	5.8	8.4	4.8	5.6	85.0	2.9	2.8	2.3
Stone Harbor Investment Partners	0.3	3.3	0.8	0.5	0.2 L	0.4	0.8	1.4	2.6	3.7	4.6	5.3	7.7	na	5.9	82.0	1.6	0.9	2.0
Moody's Capital Markets	0.3	3.3	0.7	0.3	0.2 L	0.4	0.9	1.3	2.3	3.3	4.2	5.4	7.8	4.4	4.8	81.0	2.3	1.5	2.1
Russell Investments	0.3	3.3	0.6	0.3	0.3	0.6	0.8	1.3	2.5	3.5	4.6	5.4	7.4	5.1	5.1	76.3	2.0	2.0	2.0
Bank of Toyko-Mitsubishi UFJ	0.3	3.3	0.5	0.3	0.2 L	0.3 L	0.4 L	1.7	2.7	3.8	4.7	5.0	7.3	4.6	5.6	83.0	2.9	2.8	2.3
Scotiabank	0.3	3.3	na	na	0.3	na	na	1.2	2.5	3.2	4.1	5.3	7.8	4.1	5.1	na	2.0	1.5	1.5
MacroFin Analytics	0.2	3.3	1.3	0.6	0.4	0.7	1.1	1.4	2.2	3.4	4.2	5.1	7.8	4.8	4.7	82.0	2.0	1.0	0.8
PNC Financial Services Corp.	0.2	3.3	1.3	0.4	0.3	0.4	0.6	1.0	1.9	2.7	3.9	5.2	8.1	4.9	4.8	88.0	2.0	3.0	2.2
RDQ Economics	0.2	3.3	0.7	0.3	0.5	0.8	1.0	1.2	2.8	4.3 H	5.3 H	6.5	8.8	5.7	6.0 H	80.1	1.1	2.6	2.2
ING Investment Mgt.	0.2	3.3	1.0	0.4	0.2 L	0.4	0.6	1.2	2.3	3.2	4.2	5.4	7.8	4.7	5.5	80.0	2.0	1.0	1.5
Woodley Park Research	0.2	3.3	0.8	0.3	0.4	0.5	0.8	1.3	2.1	3.2	3.8	5.3	7.6	4.5	5.1	na	2.3	1.2	1.9
Wachovia	0.2	3.3	0.5	0.3	0.3	0.4	0.5	0.1 L	2.4	3.4	4.3	5.6	8.1	4.5	5.0	89.8 H	1.9	1.1	1.1
Mesirow Financial	0.2	3.2	1.1	0.4	0.3	0.5	0.9	1.5	2.2	3.2	4.0	5.4	8.0	4.6	4.9	82.5	3.5	0.2	-0.5 L
Fannie Mae	0.2	3.2	na	na	0.3	na	1.0	na	na	3.4	4.2	5.3	na	na	5.0	na	1.9	1.5	1.6
Barclays Capital	0.2	3.3	1.0	0.3	0.3	0.4	0.6	1.3	2.9	4.3 H	5.0	5.4	8.1	5.0	5.2	na	3.0	1.7	2.2
Chmura Economics & Analytics	0.2	3.3	0.8	0.3	0.2 L	0.4	0.8	1.0	2.1	3.1	4.0	5.5	na	na	4.6	79.2	1.7	1.8	1.5
Nomura Securities, Inc.	0.2	3.3	0.6	0.2 L	0.3	0.5	0.7	1.5	2.4	3.5	4.3	5.6	7.6	na	5.1	83.0	2.1	0.9	0.6
Loomis, Sayles & Company	0.2	3.2	0.7	0.2 L	0.2 L	0.4	0.7	1.4	2.6	3.5	4.5	5.2	7.2	5.0	5.2	82.7	2.3	0.5	1.6
Wells Capital Management	0.1 L	3.2	0.9	0.6	0.6	0.6	0.8	1.1	2.4	3.5	4.4	5.5	7.8	4.2	5.2	82.4	2.0	2.3	2.1
Standard & Poor's Corp.	0.1 L	3.3	1.2	0.5	0.4	0.5	0.7	1.4	3.0	4.3 H	na	6.6 H	9.3 H	5.7 H	6.0 H	81.2	1.2	0.8	1.4
Goldman Sachs & Co.	0.1 L	3.3	1.0	na	0.5	na	na	1.0	2.1	3.0	3.7	4.1 L	na	na	5.0	na	1.5	1.0	0.4
UBS	0.1 L	3.3	1.0	na	0.4	na	na	2.0	2.7	3.4	4.0	na	na	na	na	na	2.6	1.6	0.9
GLC Financial Economics	0.1 L	3.3	0.9	0.4	0.2 L	0.4	0.5	0.9	1.8	2.8	3.7	5.5	8.5	4.4	4.8	79.0	1.3	1.7	3.0
Banc of America-Merrill Lynch	0.1 L	3.3	0.9	na	na	na	na	0.7 L	1.5 L	2.3 L	3.1 L	na	na	na	na	na	3.0	0.5	1.9
BMO Capital Markets	0.1 L	3.3	0.8	0.4	0.2 L	0.7	1.0	1.5	2.4	3.2	4.1	5.4	7.8	4.6	4.9	79.5	2.5	1.2	1.5
Comerica Bank	0.1 L	3.3	0.7	0.3	0.4	0.7	1.0	1.4	2.5	3.7	4.3	5.3	6.8	4.4	5.4	82.0	4.0	2.0	1.2
JPMorgan Privare Wealth Mgt.	0.1 L	3.1 L	1.3	0.3	0.2 L	0.3 L	0.5	0.9	2.1	3.3	4.2	5.5	8.1	5.0	5.0	79.0	2.0	1.2	1.7
Economist Intelligence Unit	0.1 L	3.1 L	1.1	0.4	0.2 L	0.4	0.5	1.0	2.0	3.4	4.3	na	na	na	4.9	na	1.2	na	0.8
J.P. Morgan Chase	0.1 L	na	0.8	na	0.2 L	na	na	0.9	1.9	2.9	3.7	na	na	na	na	na	3.0	0.8	0.9
Nat'l Assn. of Realtors	0.1 L	3.3	1.4	0.4	0.4	0.7	1.0	1.5	2.2	3.3	4.2	5.5	8.0	5.3	5.2	na	1.4	1.1	1.5
Georgia State University	0.1 L	3.2	na	na	0.3	0.4	0.6	1.1	2.3	3.5	4.2	5.7	8.7	na	5.3	na	-0.2 L	1.6	1.0
June Consensus	**0.3**	**3.3**	**1.0**	**0.5**	**0.4**	**0.6**	**0.8**	**1.3**	**2.4**	**3.4**	**4.3**	**5.5**	**7.9**	**4.7**	**5.2**	**81.6**	**2.2**	**1.6**	**1.7**
Top 10 Avg.	0.6	3.6	1.4	0.7	0.6	0.8	1.2	1.8	2.8	4.0	4.8	6.0	8.7	5.2	5.7	85.1	3.3	2.7	2.8
Bottom 10 Avg.	0.1	3.2	0.6	0.3	0.2	0.4	0.5	0.9	1.9	2.9	3.8	5.0	7.0	4.3	4.7	78.2	1.2	0.6	0.7
May Consensus	0.3	3.3	1.2	0.5	0.4	0.6	0.9	1.3	2.2	3.2	4.0	5.4	7.9	4.8	5.1	82.3	2.1	1.6	1.8
Number of Forecasts Changed From A Month Ago:																			
Down	9	7	29	18	20	26	24	13	5	2	2	10	16	13	7	18	14	11	20
Same	35	34	12	16	19	11	12	20	15	11	8	10	6	6	15	9	17	25	21
Up	3	4	2	5	7	4	5	13	26	34	36	23	18	14	22	6	16	10	6
Diffusion Index	44 %	47 %	19 %	33 %	36 %	23 %	27 %	50 %	73 %	84 %	87 %	65 %	53 %	52 %	67 %	32 %	52 %	49 %	35 %

Second Quarter 2010

Interest Rate Forecasts

Key Assumptions

Blue Chip Financial Forecasts Panel Members	Percent Per Annum -- Average For Quarter: Short-Term							Intermediate-Term			Long-Term					Avg. For —Qtr.—	(Q-Q % Change) (SAAR)		
	1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	A. Fed's Major Currency $ Index	B. Real GDP	C. GDP Price Index	D. Cons. Price Index
ClearView Economics	1.3 H	4.3 H	2.6 H	1.3	1.3	1.6	1.9	2.3	3.1	4.0	4.7	6.1	8.5	4.9	5.6	80.0	4.3	2.5	3.0
Cycledata Corp.	1.3	4.3 H	1.9	1.4	1.5	1.7	2.0	2.3	3.3	4.5	5.5	6.5	9.2	5.0	6.0	80.0	2.1	2.0	2.5
Naroff Economic Advisors	1.3	4.3 H	1.9	1.7 H	1.7 H	1.9 H	2.2 H	2.6 H	3.3	4.0	4.9	5.0	5.9 L	4.7	5.6	74.5 L	2.2	2.0	2.2
J.W. Coons Advisors LLC	1.2	4.2	2.1	1.3	1.2	1.4	1.6	1.9	2.9	3.7	4.5	5.7	7.8	na	5.5	78.0	2.3	1.2	2.8
ING Investment Mgt.	1.0	4.0	2.0	1.5	0.8	1.0	1.2	1.5	2.5	3.5	4.2	5.5	8.0	4.8	5.5	79.0	2.0	1.2	1.5
Daiwa Securities America	1.0	4.0	1.6	1.2	1.1	1.3	1.4	2.6 H	3.2	3.9	4.8	6.0	6.8	4.0 L	5.0	75.0	3.3	1.0	1.2
Argus Research	1.0	4.0	1.5	0.9	1.0	0.7	1.0	1.1	2.2	3.8	4.5	5.2	7.4	4.5	4.9	81.7	2.3	3.5 H	3.1
SunTrust Banks	1.0	4.0	1.4	0.9	0.8	0.9	1.0	1.9	3.0	4.1	5.2	6.4	9.4	5.6	4.3 L	81.6	3.5	3.5 H	4.1 H
Thredgold Economic Assoc.	0.8	3.8	1.5	1.0	0.9	1.1	1.4	1.8	2.8	3.7	4.5	5.5	8.0	5.0	5.4	81.5	2.2	1.8	1.9
Bank of Toyko-Mitsubishi UFJ	0.8	3.8	1.5	0.8	0.7	0.8	0.9	1.9	2.9	4.0	4.8	5.2	7.0	4.5	5.8	85.0	2.8	2.9	2.0
Action Economics	0.8	3.8	1.3	0.8	0.9	1.1	1.5	2.0	3.1	4.1	4.5	5.1	6.3	4.5	4.9	81.0	2.8	1.9	1.5
Woodworth Holdings	0.8	3.8	1.2	1.0	0.8	0.9	1.4	1.9	2.9	3.8	4.8	5.9	7.8	4.5	6.1	87.0	3.3	1.5	1.8
Kellner Economic Advisers	0.7	3.7	1.4	0.8	0.8	0.9	1.0	1.4	2.3	3.6	4.3	6.2	8.7	5.4	5.4	82.0	2.4	2.7	2.9
DePrince & Associates	0.7	3.7	1.5	0.9	0.7	0.9	1.3	1.7	2.8	3.6	4.3	5.5	6.3	4.4	5.4	80.7	2.4	1.9	2.0
Wayne Hummer Investments	0.6	3.6	0.6	0.8	0.6	0.8	1.0	1.7	2.7	3.6	4.4	5.8	8.2	4.9	5.2	81.9	2.3	1.6	2.0
MacroFin Analytics	0.5	3.8	1.5	0.7	0.7	1.0	1.2	1.5	2.4	3.4	4.3	5.0	7.7	4.8	4.8	82.1	2.2	1.3	1.0
Nat'l Assn. of Realtors	0.5	3.5	1.5	0.7	0.9	1.1	1.3	1.8	2.3	3.3	4.3	5.6	8.0	5.4	5.3	na	2.6	1.3	1.9
Moody's Capital Markets	0.5	3.5	1.0	0.6	0.6	0.8	1.1	1.4	2.5	3.4	4.2	5.4	7.5	4.4	5.0	81.2	2.6	1.7	2.1
Stone Harbor Investment Partners	0.5	3.5	1.0	0.7	0.4	0.7	1.0	1.8	2.7	4.0	4.9	5.3	7.5	na	6.0	79.0	3.5	2.1	2.4
Comerica Bank	0.4	3.4	1.1	0.5	0.5	0.8	1.2	1.6	2.7	3.9	4.5	5.4	6.7	4.3	5.6	84.0	6.0 H	1.1	1.2
Wells Capital Management	0.4	3.4	1.1	0.9	0.9	0.9	1.1	1.4	2.7	3.8	4.7	5.8	8.0	4.4	5.4	82.6	2.5	2.6	2.3
BMO Capital Markets	0.3	3.3	0.9	0.6	0.4	1.0	1.3	1.9	2.7	3.4	4.3	5.6	7.9	4.7	5.1	79.0	2.8	1.6	2.1
UBS	0.3	3.3	1.1	na	0.6	na	na	2.5	3.1	3.6	4.2	na	na	na	na	na	2.6	1.6	0.2
Societe Generale	0.3	3.3	0.5 L	na	0.3	0.6	na	1.3	3.1	3.7	4.4	5.8	8.1	na	5.5	88.0	3.0	0.8	1.1
RBS Securities	0.3	3.3	1.1	0.6	0.8	1.2	1.7	2.5	3.5 H	4.5	5.4	5.8	8.1	5.0	6.0	88.0	3.6	2.0	2.6
Moody's Economy.com	0.3	3.3	1.1	0.4	0.2 L	0.5	0.7	1.8	2.6	4.3	5.0	6.3	7.9	na	6.0	na	2.4	0.7	2.3
Economist Intelligence Unit	0.3	3.3	1.4	0.6	0.4	0.6	0.8	1.3	2.3	3.6	4.4	na	na	na	4.9	na	1.4	na	0.8
Swiss Re	0.3	3.3	0.9	0.7	0.2 L	0.3 L	0.5 L	1.2	1.6	3.2	4.0	5.4	7.9	na	5.2	na	2.2	1.4	1.6
Russell Investments	0.3	3.3	0.6	0.3	0.4	0.7	0.9	1.5	2.7	3.6	4.7	5.4	7.2	5.1	5.1	75.8	2.4	2.0	2.0
Scotiabank	0.3	3.3	na	na	0.4	na	na	1.5	2.8	3.5	4.2	5.5	7.8	4.2	5.3	na	2.5	1.5	1.5
PNC Financial Services Corp.	0.2	3.3	1.4	0.5	0.4	0.5	0.7	1.1	2.0	2.8	4.0	5.3	8.0	5.0	4.8	87.0	2.5	1.8	2.4
RDQ Economics	0.2	3.3	0.7	0.3	0.5	0.9	1.1	1.3	3.0	4.6 H	5.6 H	6.7	8.9	6.0 H	6.3 H	79.6	1.7	2.6	2.4
Wachovia	0.2	3.3	0.6	0.3	0.3	0.4	0.5 L	1.4	2.5	3.5	4.4	5.6	8.1	4.6	5.1	88.7 H	2.6	1.2	1.3
Mesirow Financial	0.2	3.2	1.1	0.4	0.3	0.6	1.0	1.5	2.3	3.2	4.1	5.3	7.8	4.6	4.9	81.6	3.9	-0.6 L	-0.7 L
Woodley Park Research	0.2	3.2	0.8	0.4	0.5	0.5	0.9	1.3	2.1	3.1	3.7	5.3	7.5	4.4	5.1	na	3.5	1.3	2.5
Fannie Mae	0.2	3.2	na	na	0.3	na	1.3	na	na	3.5	4.3	5.2	na	na	5.1	na	2.1	1.6	1.8
GLC Financial Economics	0.2	3.3	1.0	0.4	0.3	0.5	0.6	1.0	1.7	2.7	3.5	5.2	8.2	4.2	4.5	78.6	1.8	1.5	2.1
Barclays Capital	0.2	3.3	1.0	0.3	0.3	0.4	0.6	1.3	2.9	4.3	5.0	5.4	8.1	5.0	5.2	na	3.5	1.4	-0.3
Chmura Economics & Analytics	0.2	3.3	0.8	0.3	0.2 L	0.4	0.8	1.1	2.1	3.2	4.0	5.5	na	na	4.6	76.2	2.0	1.0	2.4
Nomura Securities, Inc.	0.2	3.3	0.5 L	0.2 L	0.3	0.5	0.7	1.6	2.5	3.5	4.3	5.5	7.5	na	5.1	82.0	2.6	0.4	0.6
Loomis, Sayles & Company	0.2	3.2	0.7	0.3	0.2 L	0.4	0.8	1.5	2.8	3.5	4.6	5.0	6.7	4.6	5.2	82.7	2.5	-0.4	1.4
Standard & Poor's Corp.	0.1 L	3.3	1.2	0.5	0.5	0.6	0.8	1.6	3.2	4.6 H	na	6.9 H	9.6 H	6.0 H	6.3 H	80.4	2.8	1.0	1.9
Goldman Sachs & Co.	0.1 L	3.3	1.0	na	0.5	na	na	1.1	2.2	3.0	3.7	4.1 L	na	na	5.0	na	1.5	0.2	0.2
Banc of America-Merrill Lynch	0.1 L	3.3	0.9	na	na	na	na	0.6 L	1.4 L	2.2 L	3.0 L	na	na	na	na	na	2.3	0.0	-0.1
JPMorgan Privare Wealth Mgt.	0.1 L	3.1 L	1.3	0.4	0.3	0.4	0.6	1.0	2.2	3.3	4.3	5.6	8.1	5.1	5.1	78.0	2.2	1.4	1.7
Georgia State University	0.1 L	3.2	na	na	0.3	0.4	0.6	1.2	2.5	3.7	4.4	5.9	8.9	na	5.5	na	0.9 L	1.4	1.2
June Consensus	**0.6**	**3.5**	**1.2**	**0.7**	**0.6**	**0.8**	**1.1**	**1.6**	**2.6**	**3.6**	**4.4**	**5.6**	**7.9**	**4.8**	**5.3**	**81.3**	**2.6**	**1.6**	**1.7**
Top 10 Avg.	1.1	4.1	1.8	1.2	1.1	1.3	1.6	2.3	3.2	4.3	5.1	6.3	8.8	5.4	6.0	85.5	3.8	2.6	2.8
Bottom 10 Avg.	0.1	3.2	0.7	0.3	0.2	0.4	0.6	1.0	2.0	3.0	3.8	5.0	6.8	4.3	4.7	77.3	1.8	0.4	0.4
May Consensus	0.5	3.6	1.4	0.8	0.7	0.9	1.1	1.6	2.5	3.4	4.2	5.5	7.9	4.8	5.2	81.8	2.6	1.6	1.9
Number of Forecasts Changed From A Month Ago:																			
Down	13	11	22	21	18	24	23	10	5	2	4	11	16	12	8	17	13	15	21
Same	29	30	18	12	20	11	13	22	18	15	9	14	8	8	17	8	16	19	20
Up	4	4	2	6	7	6	5	13	22	29	32	18	15	12	19	6	17	11	5
Diffusion Index	40 %	42 %	26 %	31 %	38 %	28 %	28 %	53 %	69 %	79 %	81 %	58 %	49 %	50 %	63 %	32 %	54 %	46 %	33 %

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Third Quarter 2010

Interest Rate Forecasts — Key Assumptions

Blue Chip Financial Forecasts Panel Members	1 Federal Funds Rate	2 Prime Bank Rate	3 LIBOR Rate 3-Mo.	4 Com. Paper 1-Mo.	5 Treas. Bills 3-Mo.	6 Treas. Bills 6-Mo.	7 Treas. Bills 1-Yr.	8 Treas. Notes 2-Yr.	9 Treas. Notes 5-Yr.	10 Treas. Notes 10-Yr.	11 Treas. Bond 30-Yr.	12 Aaa Corp. Bond	13 Baa Corp. Bond	14 State & Local Bonds	15 Home Mtg. Rate	A. Fed's Major Currency $ Index	B. Real GDP	C. GDP Price Index	D. Cons. Price Index
	Percent Per Annum -- Average For Quarter: Short-Term							Intermediate-Term			Long-Term					Avg. For Qtr.	(Q-Q % Change) (SAAR)		
Naroff Economic Advisors	2.5 H	5.5 H	3.1	2.8 H	2.8 H	3.0 H	3.0 H	3.4 H	4.1	4.9	5.7	5.1	6.0 L	5.2	6.5	76.0	2.4	2.2	2.6
ClearView Economics	2.2	5.2	3.4 H	2.1	2.0	2.3	2.5	2.9	3.5	4.3	4.9	6.3	8.9	5.1	6.0	78.0	3.8	2.9	3.6
Cycledata Corp.	2.0	5.0	2.6	2.1	2.0	2.2	2.5	2.8	3.8	5.0 H	6.0 H	7.0	9.7	5.4	6.5	79.0	2.1	2.3	2.8
SunTrust Banks	1.8	4.8	1.9	1.3	1.2	1.3	1.4	2.5	3.6	4.7	5.8	7.0	10.0 H	6.2	4.5 L	81.8	3.7	3.7 H	4.2 H
J.W. Coons Advisors LLC	1.7	4.7	2.6	1.7	1.6	1.8	2.0	2.4	3.3	4.0	4.7	5.9	7.9	na	5.8	76.5	2.4	2.0	2.8
Daiwa Securities America	1.5	4.5	2.0	1.6	1.6	1.8	1.9	3.1	3.6	4.3	5.2	6.3	9.0	4.1 L	5.1	74.0 L	3.3	1.0	1.2
Nat'l Assn. of Realtors	1.5	4.5	1.9	1.7	1.6	1.8	1.9	2.1	2.4	3.3	4.3	5.7	8.0	5.5	5.5	na	2.5	1.8	2.3
RBS Securities	1.3	4.3	2.4	1.7	1.7	2.3	2.8	3.0	4.3 H	4.8	5.5	6.0	8.0	5.2	6.3	90.0 H	4.2 H	2.2	2.8
Bank of Toyko-Mitsubishi UFJ	1.3	4.3	1.8	1.4	1.2	1.3	1.4	2.3	3.3	3.8	4.5	5.0	6.8	4.5	5.6	82.0	2.7	2.6	2.2
Action Economics	1.3	4.3	1.6	1.3	1.2	1.5	1.8	2.3	3.3	4.3	4.6	5.2	6.4	4.6	4.9	81.0	3.2	2.0	1.6
Comerica Bank	1.1	4.1	1.6	1.1	1.1	1.5	1.8	2.2	3.1	4.2	4.7	5.6	6.9	4.5	5.9	85.0	4.0	1.2	1.4
MacroFin Analytics	1.0	4.2	1.7	1.0	1.1	1.3	1.5	1.8	2.6	3.5	4.5	5.0	7.7	4.7	4.9	82.5	2.5	1.4	1.3
ING Investment Mgt.	1.0	4.0	2.0	1.5	0.8	1.0	1.2	1.5	2.5	3.5	4.3	5.6	8.0	4.8	5.5	78.0	3.0	1.2	1.8
DePrince & Assoc.	1.0	4.0	1.8	1.4	1.1	1.2	1.6	2.1	3.1	3.7	4.4	5.6	6.4	4.4	5.5	81.2	2.9	2.0	2.4
Thredgold Economic Assoc.	1.0	4.0	1.7	1.2	1.2	1.4	1.7	2.1	3.0	3.8	4.6	5.6	8.0	5.0	5.5	81.5	2.5	2.0	2.1
Kellner Economic Advisers	1.0	4.0	1.7	1.1	0.9	1.3	1.1	1.6	2.5	3.6	4.7	6.4	8.9	5.5	5.5	82.0	2.5	2.9	3.1
Argus Research	1.0	4.0	1.6	1.0	1.1	0.8	1.1	1.2	2.3	4.0	4.6	5.3	7.3	4.5	4.9	82.0	1.8	3.5	3.1
Stone Harbor Investment Partners	1.0	4.0	1.5	1.2	0.9	1.1	1.4	2.0	3.3	4.4	5.3	5.5	7.5	na	6.4	75.0	3.6	2.4	2.7
Woodworth Holdings	1.0	4.0	1.4	1.3	1.1	1.2	1.7	2.2	3.2	4.1	5.1	6.1	7.9	4.5	6.3	89.0	3.4	1.5	1.8
Wayne Hummer Investments	0.9	3.9	0.8	0.9	0.8	0.9	1.1	2.0	3.0	3.9	4.6	5.9	8.3	4.9	5.3	81.8	2.7	1.7	2.7
Economist Intelligence Unit	0.8	3.8	1.8	0.9	0.8	0.9	1.2	1.6	2.5	3.9	4.5	na	na	na	5.0	na	1.7	na	0.8
BMO Capital Markets	0.8	3.8	1.3	1.0	0.8	1.2	1.7	2.2	3.0	3.6	4.8	5.7	8.0	4.8	5.6	78.5	2.9	1.7	2.3
Moody's Capital Markets	0.8	3.8	1.3	0.8	0.8	1.0	1.3	1.5	2.7	3.6	4.3	5.3	7.3	4.3	5.2	81.2	2.7	1.7	2.2
PNC Financial Services Corp.	0.7	3.7	1.8	0.9	0.8	0.9	1.1	1.5	2.4	3.2	4.4	5.4	8.0	5.3	5.1	85.0	3.0	1.8	2.4
Chmura Economics & Analytics	0.7	3.7	1.0	0.8	0.6	0.8	1.1	1.4	2.3	3.4	4.2	5.6	na	na	5.2	76.7	2.7	1.9	1.9
UBS	0.6	3.6	1.4	na	0.9	na	na	2.8	3.3	3.8	4.4	na	na	na	na	na	2.6	1.6	1.2
Wells Capital Management	0.6	3.6	1.2	1.0	1.1	1.1	1.1	1.4	2.5	3.6	4.6	5.9	7.9	4.6	5.3	83.1	3.0	2.7	2.8
Moody's Economy.com	0.5	3.5	1.1	0.6	0.3	0.7	0.9	2.1	2.9	4.6	5.3	6.5	8.0	na	6.4	na	3.4	0.7	2.4
GLC Financial Economics	0.4	3.4	1.2	0.7	0.4	0.8	1.0	1.3	1.8	2.7	3.5	5.3	8.3	4.2	4.6	78.4	1.8	1.8	2.4
Russell Investments	0.4	3.4	0.8	0.6	0.6	1.0	1.2	1.6	2.8	3.7	4.8	5.3	7.0	5.0	5.2	75.3	3.5	2.2	2.2
Woodley Park Research	0.4	3.4	1.0	0.6	0.7	0.7	1.1	1.5	2.3	3.2	3.7	5.3	7.5	4.4	5.2	na	3.0	1.4	2.2
Swiss Re	0.4	3.4	0.8	0.8	0.3	0.5	0.6	1.3	1.8	3.3	4.1	5.4	7.7	na	5.3	na	2.1	1.7	1.9
Societe Generale	0.3	3.3	0.6	na	0.3	0.9	na	1.6	3.4	3.8	4.5	5.8	8.0	na	5.5	89.0	3.0	0.9	1.2
Scotiabank	0.3	3.3	na	na	0.7	na	na	1.9	3.2	3.8	4.3	5.6	7.9	4.3	5.5	na	3.0	2.0	1.6
RDQ Economics	0.2	3.3	0.7	0.3	0.5	0.9	1.1	1.3	3.1	4.8	5.8	6.8	8.9	6.2 H	6.5	79.1	2.2	2.7	2.8
Wachovia	0.2	3.3	0.6	0.3	0.3	0.4	0.5 L	1.5	2.6	3.6	4.5	5.7	8.1	4.6	5.2	86.7	2.6	1.4	1.5
Mesirow Financial	0.2	3.2	1.0	0.4	0.3	0.7	1.1	1.7	2.4	3.3	4.1	5.3	7.7	4.6	4.9	80.8	3.9	-0.8 L	-1.0 L
Fannie Mae	0.2	3.2	na	na	0.3	na	1.6	na	na	3.6	4.4	5.2	na	na	5.1	na	2.7	1.6	2.5
Barclays Capital	0.2	3.3	1.0	0.3	0.3	0.4 L	0.6	1.3	2.9	4.3	5.0	5.4	8.1	5.0	5.2	na	3.5	1.6	2.1
Nomura Securities, Inc.	0.2	3.3	0.5 L	0.2 L	0.3	0.5	0.7	1.8	2.6	3.6	4.3	5.5	7.5	na	5.1	82.0	2.5	0.2	0.4
Loomis, Sayles & Company	0.2	3.2	0.7	0.3	0.2 L	0.4 L	0.8	1.5	3.0	3.5	4.8	4.9	6.2	4.4	5.1	82.7	2.8	-0.6	1.4
Standard & Poor's Corp.	0.1	3.3	1.3	0.6	0.6	0.8	0.9	1.8	3.4	4.9	na	7.1 H	9.9	6.2 H	6.6 H	79.5	2.4	1.4	2.3
Goldman Sachs & Co.	0.1	3.3	1.0	na	0.5	na	na	1.2	2.3	3.0	3.7	4.1 L	na	na	5.0	na	2.0	-0.1	-0.1
Banc of America-Merrill Lynch	0.1	3.3	0.8	na	na	na	na	0.6 L	1.3 L	2.1 L	2.8 L	na	na	na	na	na	1.3 L	-0.3	0.3
JPMorgan Private Wealth Mgt.	0.1	3.1 L	1.3	0.4	0.3	0.4 L	0.6	1.0	2.2	3.3	4.3	5.6	8.1	5.1	5.2	77.5	2.4	1.6	2.0
Georgia State University	0.0 L	3.2	na	na	0.5	0.6	0.7	1.3	2.7	3.8	4.5	6.0	9.0	na	5.6	na	1.5	1.4	1.5
June Consensus	**0.8**	**3.8**	**1.5**	**1.0**	**0.9**	**1.1**	**1.4**	**1.9**	**2.9**	**3.8**	**4.6**	**5.7**	**7.9**	**4.9**	**5.5**	**80.9**	**2.8**	**1.7**	**2.0**
Top 10 Avg.	1.7	4.7	2.4	1.8	1.7	1.9	2.2	2.7	3.6	4.7	5.5	6.5	9.1	5.6	6.3	85.5	3.7	2.8	3.1
Bottom 10 Avg.	0.1	3.2	0.7	0.4	0.3	0.5	0.7	1.2	2.1	3.1	3.9	5.0	6.8	4.4	4.9	76.5	1.9	0.3	0.7
May Consensus	0.8	3.9	1.7	1.1	0.9	1.2	1.5	1.9	2.7	3.6	4.3	5.6	7.9	4.9	5.4	81.4	2.8	1.7	2.1
Number of Forecasts Changed From A Month Ago:																			
Down	11	8	21	19	19	21	21	15	7	3	4	10	13	12	9	19	13	10	17
Same	31	33	18	12	18	13	15	20	18	18	10	15	12	8	20	8	20	24	21
Up	4	4	3	8	8	7	5	10	20	25	31	18	15	13	15	6	13	11	8
Diffusion Index	42 %	46 %	29 %	36 %	38 %	33 %	30 %	44 %	64 %	74 %	80 %	59 %	53 %	52 %	57 %	30 %	50 %	51 %	40 %

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International Interest Rate And Foreign Exchange Rate Forecasts

United States

	3 Mo. Dollar Rate			10 Yr. Gov't Bond Yield %			Fed's Major Currency $ Index		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	0.70	0.60	0.60	2.90	3.00	3.50	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	0.75	0.75	0.75	3.25	3.50	3.50	80.0	80.0	80.0
ING Financial Markets	0.90	0.75	0.50	3.00	3.20	3.50	86.8	89.9	93.9
Mizuho Research Institute	0.65	0.60	0.50	3.25	3.30	3.40	84.4	85.6	86.8
June Consensus	**0.75**	**0.68**	**0.59**	**3.10**	**3.25**	**3.48**	**83.7**	**85.2**	**86.9**
High	0.90	0.75	0.75	3.25	3.50	3.50	86.8	89.9	93.9
Low	0.65	0.60	0.50	2.90	3.00	3.40	80.0	80.0	80.0
Last Months Avg.	1.03	0.83	0.63	2.35	2.39	2.96	85.8	87.2	88.6

Japan

	3 Mo. Yen Rate			10 Yr. Gov't Bond Yield %			Yen/USD		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	0.50	0.50	0.70	1.40	1.40	1.60	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	0.50	0.60	0.70	1.40	1.50	1.60	98.0	100.0	105.0
ING Financial Markets	0.45	0.40	0.70	1.45	1.50	1.60	103.0	108.0	112.0
Mizuho Research Institute	0.55	0.45	0.40	1.35	1.35	1.40	98.0	100.0	102.0
June Consensus	**0.50**	**0.49**	**0.63**	**1.40**	**1.44**	**1.55**	**99.7**	**102.7**	**106.3**
High	0.55	0.60	0.70	1.45	1.50	1.60	103.0	108.0	112.0
Low	0.45	0.40	0.40	1.35	1.35	1.40	98.0	100.0	102.0
Last Months Avg.	0.59	0.58	0.61	1.31	1.28	1.35	97.8	100.0	100.8

United Kingdom

	3 Mo. Sterling Rate			10 Yr. Gilt Yields %			USD/Pound Sterling		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	1.30	1.20	1.50	3.30	3.50	4.00	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	1.20	1.20	1.30	3.50	3.75	4.00	1.55	1.50	1.50
ING Financial Markets	1.20	1.30	2.00	3.10	3.30	4.00	1.49	1.47	1.46
Mizuho Research Institute	1.10	0.90	0.70	3.50	3.50	3.60	na	na	na
June Consensus	**1.20**	**1.15**	**1.38**	**3.35**	**3.51**	**3.90**	**1.52**	**1.49**	**1.48**
High	1.30	1.30	2.00	3.50	3.75	4.00	1.55	1.50	1.50
Low	1.10	0.90	0.70	3.10	3.30	3.60	1.49	1.47	1.46
Last Months Avg.	1.51	1.35	1.33	3.18	3.18	3.45	1.43	1.45	1.51

Switzerland

	3 Mo. Franc Rate %			10 Yr. Gov't Bond Yield %			CHF/USD		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	0.40	0.40	0.80	2.00	1.80	2.00	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	0.50	0.50	0.80	2.25	2.25	2.50	1.15	1.15	1.25
ING Financial Markets	0.30	0.20	1.00	2.30	2.20	3.00	1.20	1.29	1.37
Mizuho Research Institute	na	na	na	na	na	na	na	na	na
June Consensus	**0.40**	**0.37**	**0.87**	**2.18**	**2.08**	**2.50**	**1.18**	**1.22**	**1.31**
High	0.50	0.50	1.00	2.30	2.25	3.00	1.20	1.29	1.37
Low	0.30	0.20	0.80	2.00	1.80	2.00	1.15	1.15	1.25
Last Months Avg.	0.37	0.40	0.53	1.97	1.87	2.00	1.17	1.18	1.20

Canada

	3 Mo. Dollar Rate			10 Yr. Gov't Bond Yield %			CAD/USD		
Blue Chip Forecasters	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.	In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	0.80	0.70	0.60	2.80	2.85	3.35	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	0.80	1.00	1.00	3.00	3.00	3.35	1.18	1.20	1.25
ING Financial Markets	1.30	0.90	1.20	2.00	2.10	3.00	1.25	1.30	1.40
Mizuho Research Institute	na	na	na	na	na	na	na	na	na
June Consensus	**0.97**	**0.87**	**0.93**	**2.60**	**2.65**	**3.23**	**1.22**	**1.25**	**1.33**
High	1.30	1.00	1.20	3.00	3.00	3.35	1.25	1.30	1.40
Low	0.80	0.70	0.60	2.00	2.10	3.00	1.18	1.20	1.25
Last Months Avg.	0.90	0.83	0.87	2.45	2.32	2.73	1.32	1.34	1.33

International Interest Rate And Foreign Exchange Rate Forecasts

Australia

Blue Chip Forecasters	3 Mo. Dollar Rate In 3 Mo.	In 6 Mo.	In 12 Mo.	10 Yr. Gov't Bond Yield % In 3 Mo.	In 6 Mo.	In 12 Mo.	USD/AUD In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	3.40	3.40	3.80	5.00	4.80	4.50	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	3.60	3.60	3.80	5.25	5.25	5.25	0.75	0.76	0.75
ING Financial Markets	na	na	na	na	na	na	0.74	0.73	0.73
Mizuho Research Institute	na	na	na	na	na	na	na	na	na
June Consensus	**3.50**	**3.50**	**3.80**	**5.13**	**5.03**	**4.88**	**0.75**	**0.75**	**0.74**
High	3.60	3.60	3.80	5.25	5.25	5.25	0.75	0.76	0.75
Low	3.40	3.40	3.80	5.00	4.80	4.50	0.74	0.73	0.73
Last Months Avg.	3.58	3.58	3.90	4.00	4.13	4.43	0.67	0.67	0.70

Eurozone

Blue Chip Forecasters	3 Mo. Euro Rate In 3 Mo.	In 6 Mo.	In 12 Mo.	10 Yr. Euro Bond Yield % In 3 Mo.	In 6 Mo.	In 12 Mo.	USD/EUR In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	1.20	1.20	1.60	3.20	3.00	3.20	na	na	na
Deutsche Bank AG	na	na	na	na	na	na	na	na	na
WestLB	1.30	1.20	1.20	4.00	3.75	3.50	1.29	1.30	1.30
ING Financial Markets	1.10	1.30	1.60	3.20	3.50	3.70	1.27	1.22	1.17
Mizuho Research Institute	1.00	0.70	0.65	na	na	na	1.28	1.26	1.24
June Consensus	**1.15**	**1.10**	**1.26**	**3.47**	**3.42**	**3.47**	**1.28**	**1.26**	**1.24**
High	1.30	1.30	1.60	4.00	3.75	3.70	1.29	1.30	1.30
Low	1.00	0.70	0.65	3.20	3.00	3.20	1.27	1.22	1.17
Last Months Avg.	1.33	1.24	1.33	3.07	2.93	3.23	1.29	1.29	1.29

10 Yr. Gov't Bond Yields %

Blue Chip Forecasters	Germany In 3 Mo.	In 6 Mo.	In 12 Mo.	France In 3 Mo.	In 6 Mo.	In 12 Mo.	Italy In 3 Mo.	In 6 Mo.	In 12 Mo.	Spain In 3 Mo.	In 6 Mo.	In 12 Mo.
Scotiabank	3.00	2.70	3.00	3.50	3.20	3.50	4.40	4.20	4.50	4.00	3.90	4.20
West LB	3.60	3.50	3.25	3.60	3.50	3.25	4.50	4.25	4.00	4.25	4.00	3.75
ING Financial Markets	3.20	3.50	3.70	3.60	3.85	4.00	4.10	4.30	4.30	3.75	4.00	4.10
Mizuho Research Institute	3.10	3.05	3.20	3.60	3.55	3.60	4.40	4.35	4.40	4.00	3.95	4.00
June Consensus	**3.23**	**3.19**	**3.29**	**3.58**	**3.53**	**3.59**	**4.35**	**4.28**	**4.30**	**4.00**	**3.96**	**4.01**
High	3.60	3.50	3.70	3.60	3.85	4.00	4.50	4.35	4.50	4.25	4.00	4.20
Low	3.00	2.70	3.00	3.50	3.20	3.25	4.10	4.20	4.00	3.75	3.90	3.75
Last Months Avg.	2.88	2.76	3.03	3.36	3.25	3.45	4.38	4.21	4.40	3.98	3.89	4.05

Consensus Forecasts 10-year Bond Yields vs U.S. Yield

	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-2.01	-1.70	-1.81	-1.93
United Kingdom	0.27	0.25	0.26	0.43
Switzerland	-1.06	-0.92	-1.17	-0.98
Canada	-0.18	-0.50	-0.60	-0.24
Australia	1.93	2.03	1.78	1.40
Germany	0.13	0.13	-0.06	-0.19
France	0.46	0.48	0.28	0.11
Italy	1.03	1.25	1.03	0.83
Spain	0.80	0.90	0.71	0.54
Eurozone	0.84	0.37	0.17	-0.01

Consensus Forecasts 3 Mo. Interest Rates vs U.S. Rate

	Current	In 3 Mo.	In 6 Mo.	In 12 Mo.
Japan	-0.48	-0.25	-1.16	0.04
United Kingdom	0.26	0.45	0.48	0.79
Switzerland	-0.51	-0.35	-0.31	0.28
Canada	-0.36	0.22	0.19	0.35
Australia	2.74	2.75	2.83	3.21
Eurozone	0.24	0.40	0.43	0.68

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Viewpoints:

A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

AAAmerica?

The possibility of the U.S. losing its coveted triple-A sovereign credit rating is no longer a back-burner issue, with S&P recently putting the U.K.'s rating under review. This year's $1.8 trillion budget deficit and surging contingent liabilities, combined with a weakened medium-term growth outlook, had already raised the prospect of a U.S. downgrade. Just last week, a former U.S. comptroller general warned the rating was *"at risk"*. Based on traditional metrics used by the ratings agencies, and a reasonable economic scenario, it appears inevitable that the creditworthiness of the U.S. will slip below AAA status in coming years. Whether that triggers an actual downgrade is open for debate, but markets will increasingly factor in the underlying reality in any event.

A sovereign credit rating is simply an assessment of the relative likelihood that a central government borrower will default on its obligations. Traditionally, the focus has been on foreign currency debts, although as investment demand has risen for bonds in a variety of currencies, local currency ratings have taken on increased importance. Generally, there is not usually a big difference between an individual country's foreign and local currency ratings, although small splits can arise. In most cases, local currency debt will be rated slightly above foreign currency debt. Even a country that can borrow readily in its own currency (such as the U.S.) could see its local debt downgraded, if there is a significant risk that it may resort to inflating its way out of large debt obligations. For example, Japan is rated below triple-A, despite formidable net external assets. S&P currently rates only 15 sovereign credits AAA on both foreign and local debt, and the U.S. is arguably now one of the weakest of the 15—at least according to the latest Country Credit Ratings by Institutional Investor. Moody's has already refined its triple-A ratings, stratifying it between "resistant" credits (Germany, France, Canada and Scandinavian countries), "resilient" (the U.S. and U.K.) and "vulnerable" (Ireland and Spain; which S&P rate below AAA).

There is little mystery behind the deterioration in the outlook for U.S. creditworthiness—the rapid run-up in the budget deficit and the prospect of a pronounced rise in the debt/GDP ratio over the medium term (*Chart 1*). The steep deterioration in the U.S. fiscal position is a by-product of the deep recession, which has hammered government finances globally, but it also reflects the heavy-duty obligations Washington has taken on to support the financial system, including Fannie Mae and Freddie Mac. Just over a year ago, S&P suggested that *"Fannie and Freddie could cause the U.S. to lose its sterling AAA rating if the government were forced to come to their rescue"*. Suffice it to say that we are already well past that eventuality, and the obligations have multiplied further: Bloomberg estimates that the U.S. government and the Federal Reserve have *"spent, lent or committed $12.8 trillion"*, or more than 90% of GDP, to ease the recession and credit crisis. Underneath this is the rising tide of social security and health care costs.

Credit ratings agencies follow a relatively similar formula for determining sovereign ratings, according to a 1996 study by the New York Federal Reserve *('Determinants and Impact of Sovereign Credit Ratings', Cantor and Parker)*. The authors boil the ratings decision down to 8 metrics, which explain the vast majority of sovereign ratings. Currently, the U.S. remains strong in the first three of the measures, is weak in the last three, so the remaining two (inflation and trend GDP growth) may determine the ultimate fate of its AAA status. Recall that Canada's credit rating was chopped on three occasions by S&P and Moody's in the early 1990s (before being fully restored to triple-A status earlier this decade). A side-by-side comparison suggests that there is little to choose from between Canada's overall financial strength in the early 1990s and the U.S. position now—the deciding factor in favour of the U.S. may be qualitative issues, and the fact that Canada was also burdened by underlying political uncertainty in the early 1990s. As well, U.S. foreign debt, while deteriorating significantly, is still well below Canada's in the1990s.

Notably, Canada's 1990s downgrades arrived after the economy bottomed, as the full extent of the fiscal damage became clear. Thus, the U.S. could be subject to downgrade speculation long after the recovery takes hold, especially if trillion-dollar deficits persist. The good news is that Canada's ratings downgrades were largely (although not fully) priced in by markets. For instance, 10-year Canada/US spreads began a descent not long after the final downgrade by Moody's in June 1995.

By many measures, the U.S. appears just a few short steps away from losing its coveted triple-A status, unless the recovery turns out to be considerably stronger than expected and the fiscal repair is faster than commonly expected. As the Japan example clearly shows—and perhaps now Britain—a downgrade of a very large, very high income economy is quite possible, but usually the move is long since factored into financial markets. A downgrade could boost the cost of funding U.S. debt at the margin, but underlying inflation and fiscal fundamentals will ultimately be the primary driver.

Douglas Porter, BMO Capital Markets, Toronto, Canada

Threading the Needle Between Risk Aversion and Creditors' Strike

If there is anything nice that can be said about economic catastrophe it might be that it causes things to happen fast. We're now four months into a new government – the Obama Administration and the 111th Congress – and already a financial system rescue and big federal stimulus package have been put into effect. The U.S. automobile business is being rapidly restructured and reform of the health care system has powerful legislative momentum. Congress is hard at work on revisions to the regulation of banking and finance, with new rules for the credit card business an early and relatively easy accomplishment. On the diplomatic front, there appears to be a more cooperative tone among the world's leading nations, perhaps because all are suffering through the same financial crisis.

The pace of change so far in 2009, in financial and economic realms at least, has been extremely rapid, if not revolutionary, relative to late 20th century norms. We get blockbuster news almost every day and so become somewhat inured to it. I'm struck by the manner in which most of us attempt to adhere to our established modes of thought: analysts analyze, lobbyists lobby, and journalists midwife the news. While we're all more than usually aware of the larger forest, we continue to busy ourselves with our own small grove of trees.

Take, for example, the discussions lately about whether the economy is near or at a cyclical bottom, and whether recovery is at hand and if so, will it be sluggish or V-shaped. It's a myopic debate. The world of easy debt-fueled stimulus to economic activity cratered last year! We're now managing through the fallout with much better grace than would have been possible without financial rescue by Treasury, Fed, and foreign governments but it is not overly dramatic to say that our old familiar economic way of life went bankrupt. It makes little sense to downplay or ignore the implications of last year's financial collapse. V-shaped recovery is almost surely not in the cards.

Look at your brokerage statement or your credit lines. Many of us have already spent the next few years' income in the last few years. Where then is the fuel to feed the locomotive? New habits may be difficult to acquire but thrift will be thrust upon us. Pent up demand? Maybe so, but pent up *effective* demand? Not likely.

Old habits die hard, so thrifty consumers in other parts of the world will be slow to change their ways. They have already begun to miss the old profligate Americans – the German, Japanese, and Mexican economies, each tied closely to the great American *(continued on next page)*

Viewpoints

A Sampling of Views on the Economy, Financial Markets and Government Policy Excerpted from Recent Reports Issued by our Blue Chip Panel Members and Others

marketplace, shrank at double-digit annual rates in the first quarter – but they won't soon figure out how to fill in behind us.

Having said that, I'll concede that the United States may lead the global economy out of recession but as it does, the overhang of debt service will intrude. China has already expressed profound buyer's remorse for its roughly three-quarters of a trillion dollars of U.S. Treasury securities. Like other creditors it will be hugely relieved if it can get most of its bait back but, surely by now, it does not expect to get all of it. Starting from the current configuration of global finance, it is unrealistic to expect a continuation of unlimited credit lines to U.S. buyers and so it's delusional to project economic forecasts as if that were a reasonable premise.

It isn't surprising that as soon as we got evidence of less-bad conditions, markets and media would begin to extrapolate it into much better conditions ahead. Improvements in bank funding markets, some stabilization of credit conditions, and a better tone to stock market trading are welcome indicators that knee-jerk risk aversion is running its course.

But neither should it be a surprise that as soon as the mood turns a bit brighter, a bill is presented. That bill takes the form of a backup in Treasury yields and a depreciation of the U.S. dollar. These were the beneficiaries of risk aversion, after all, so it should be expected that they would retreat as the market mood advances. The more that V-shaped recovery gains credence, the more disorderly the retreat of the dollar and Treasury yields is likely to be until they reassert economic reality and exert a restraining force on intemperate animal spirits.

To the extent that the pace of economic activity – the pace of buying – is financed out of current income, it will be slower than we have become used to. To the extent that politics or policy action attempts to drive it faster – i.e., to facilitate the spending not only of current but also of future income – it is likely to encounter a creditors' strike.

Re-leveraging can't happen until de-leveraging has run its course. The debt positions of the household sector, the federal government, and the nation as a whole show that to be years away.

Jim Griffin, ING Investment Management, Hartford, CT

It Is So Over

Are the markets trying to tell us something about the second derivative story? The S&P 500 has dropped for a second consecutive week, copper prices are down $15 from the recent peak hit last April and high yield spreads have stalled out at 9.2% after staging a stunning 7 percentage point rally since last December. Could it possibly be that markets are no longer in love with a second derivative that mainly tells of less negative activity but no sign yet of an upturn in growth? In other words: are the markets 'over' the second derivative?

There was certainly no lack of fodder for the second derivative that doesn't produce a positive first derivative story in this week's batch of economic indicators. Initial jobless claims fell to 631k from an upwardly revised 643k the prior week. The numbers suggest an improvement in the May nonfarm payroll report from the -539k job loss in April, but we will still see a hefty 465k jobs lost. Moreover, it is quite likely payrolls could once again swell as more auto workers hit the unemployment ranks. The cumulative rise in continuing claims suggests the unemployment rate will rise to 9.2% in May.

The Philadelphia Fed index rose to -22.9 in May from -24.4 in April, less of a rise than markets had expected. Here again, the events in the auto sector could yet send this indicator southward. Sentiment 6-months from now saw a marked improvement, up 11.5 points to 47.5 in May, the highest read since mid-2004. However, caution on a read-through to market direction is needed here since it is most likely the equity market upturn that is behind this upturn in sentiment. We will see if this sentiment is validated; after all, there was a similar swell in sentiment in early 2002 that never translated into an economic lift-off.

The Conference Board's Index of economic leading indicators (LEI) rose by 1.0% M/M in April for the first gain in 10 months, but again investors should be very wary of a read-through to the markets. Rebounds in stock prices (up 12% M/M)band consumer expectations (+9.6% M/M) provided the largest positive contributions over the month. Indeed, the rebound in the stock market accounted for almost half of the gain in April. The coincident to lagging indicator, which tends to give better turning point signals, posted a 0.3% M/M to 89.9; 96.3 or below is still consistent with recession.

Back where it all began, in the housing market, there was still little cause for hope in this week's data. Housing starts dashed the market's sprouting hopes for a rebound, posting an unexpected drop to yet a new all-time low of 458k in April. Single-family homes did manage a 2.8% increase in the month but the eye of the housing storm seems to have shifted to the multi-family sector. Activity multi-unit sector fell 46% m/m (not annualized!) in April to just 90,000 units. Perhaps needless to say this was an all-time low. The condo industry is increasingly caught in a credit Catch-22 situation and there is still an enormous glut of product on the market to the tune of 15 months' supply.

Sheryl King, Bank of America-Merrill Lynch, New York, NY

Recessionary Forces Still With Us

There were reminders in recent data that recessionary forces are still with us. A disappointing Philadelphia Fed index and the failure of initial jobless claims to reach their previous low after being boosted by auto plant shutdowns suggested that earlier data may have overstated the improvement in labor and manufacturing conditions. Earlier in the month, an unexpected drop in retail sales interrupted a string of better readings on growth. Financial markets corrected mildly in response, though not by enough to derail our view that the economy will begin to recover later this year. The data tug-of-war will continue in the coming week, with key reports on housing and capital spending. We expect significant increases in both new- and existing-home sales. Orders for durable goods appear to have rebounded, although weakness in key capital goods categories will need to fade to inspire markets. First quarter GDP will be revised higher, while the recovery in consumer confidence measures likely paused. The U.S. dollar has been range-bound against other major currencies for the better part of 2009. Fundamental factors favoring the dollar and weakness in the external sector have offset negative effects of aggressive monetary easing and fiscal expansion in the U.S. However, a recent fall in the dollar's exchange value signals a new investor focus away from sustained global economic contraction and toward concerns about fiscal policy and inflation.

The pace of normalization in financial markets has accelerated. Improved high-frequency indicators have bolstered equity markets. Encouraged, investors have increased their appetite for risk and are discounting the subdued economic performance in the global economy. The turn away from distressed financial markets and dire economic data have facilitated a fall in the dollar. Higher Treasury yields and a weaker dollar may be a function of a growing global appetite for risk following successful policy initiatives to stem the economic crisis. But this success may come at a high price. Should the U.S. not get its fiscal house in order over the next few years, a lower standard of living, accompanied by higher interest rates and a fundamental decline in the dollar, could be the tradeoff.

Joseph Brusuelas, Aaron Smith and Ryan Sweet, Moody's Economy.com, West Chester, PA

Staff Group Cross Ex. 1-M

Long-Range Forecasts:

The table below contains results of our twice-annual long-range CONSENSUS survey. There are also Top 10 and Bottom averages for each variable. Shown are estimates for the years 2011 through 2015 and averages for the five-year periods 2011-2015 and 2016-2020. Apply these projections cautiously. Few economic, demographic and political forces can be evaluated accurately over such long time spans.

		-----------Average For The Year-----------					Five-Year Averages	
Interest Rates		**2011**	**2012**	**2013**	**2014**	**2015**	**2011-2015**	**2016-2020**
1. Federal Funds Rate	**CONSENSUS**	**2.3**	**3.3**	**3.9**	**4.2**	**4.2**	**3.6**	**4.2**
	Top 10 Average	3.6	4.5	5.0	5.1	5.1	4.7	5.2
	Bottom 10 Average	0.9	1.9	2.6	3.1	3.1	2.3	3.3
2. Prime Rate	**CONSENSUS**	**5.3**	**6.2**	**6.8**	**7.1**	**7.1**	**6.5**	**7.2**
	Top 10 Average	6.6	7.5	8.0	8.1	8.1	7.7	8.2
	Bottom 10 Average	3.8	4.7	5.5	5.9	6.0	5.2	6.2
3. LIBOR, 3-Mo.	**CONSENSUS**	**3.0**	**3.8**	**4.4**	**4.6**	**4.6**	**4.1**	**4.6**
	Top 10 Average	4.7	5.0	5.4	5.6	5.5	5.2	5.6
	Bottom 10 Average	1.6	2.4	3.3	3.6	3.6	2.9	3.7
4. Commercial Paper, 1-Mo.	**CONSENSUS**	**2.5**	**3.4**	**4.0**	**4.3**	**4.3**	**3.7**	**4.3**
	Top 10 Average	3.8	4.6	5.0	5.2	5.2	4.8	5.2
	Bottom 10 Average	1.2	1.9	2.8	3.2	3.2	2.5	3.4
5. Treasury Bill Yield, 3-Mo.	**CONSENSUS**	**2.3**	**3.2**	**3.8**	**4.1**	**4.1**	**3.5**	**4.1**
	Top 10 Average	3.6	4.5	4.9	5.0	5.0	4.6	5.0
	Bottom 10 Average	1.1	1.8	2.5	2.9	3.0	2.3	3.2
6. Treasury Bill Yield, 6-Mo.	**CONSENSUS**	**2.5**	**3.5**	**4.0**	**4.2**	**4.2**	**3.7**	**4.3**
	Top 10 Average	3.8	4.6	5.0	5.0	5.1	4.7	5.1
	Bottom 10 Average	1.4	2.2	3.0	3.4	3.4	2.7	3.5
7. Treasury Bill Yield, 1-Yr.	**CONSENSUS**	**2.8**	**3.7**	**4.2**	**4.3**	**4.4**	**3.9**	**4.5**
	Top 10 Average	4.0	4.8	5.1	5.1	5.2	4.8	5.3
	Bottom 10 Average	1.5	2.5	3.2	3.2	3.6	2.8	3.7
8. Treasury Note Yield, 2-Yr.	**CONSENSUS**	**3.2**	**4.0**	**4.4**	**4.7**	**4.6**	**4.2**	**4.7**
	Top 10 Average	4.3	4.9	4.0	5.4	5.4	4.8	5.5
	Bottom 10 Average	2.0	2.9	3.5	3.8	3.8	3.2	4.0
10. Treasury Note Yield, 5-Yr.	**CONSENSUS**	**3.8**	**4.3**	**4.7**	**4.9**	**4.9**	**4.5**	**4.9**
	Top 10 Average	4.6	5.2	5.5	5.7	5.8	5.4	5.8
	Bottom 10 Average	2.9	3.4	3.9	4.2	4.2	3.7	4.2
11. Treasury Note Yield, 10-Yr.	**CONSENSUS**	**4.5**	**4.9**	**5.2**	**5.3**	**5.3**	**5.0**	**5.3**
	Top 10 Average	5.2	5.7	6.0	6.0	6.1	5.8	6.1
	Bottom 10 Average	3.7	4.1	4.4	4.6	4.6	4.3	4.7
12. Treasury Bond Yield, 30-Yr.	**CONSENSUS**	**4.9**	**5.3**	**5.5**	**5.6**	**5.6**	**5.4**	**5.6**
	Top 10 Average	5.7	6.0	6.2	6.4	6.4	6.1	6.4
	Bottom 10 Average	4.3	4.6	4.9	5.0	5.0	4.7	5.0
13. Corporate Aaa Bond Yield	**CONSENSUS**	**5.9**	**6.2**	**6.4**	**6.6**	**6.6**	**6.4**	**6.6**
	Top 10 Average	6.8	7.0	7.3	7.5	7.5	7.2	7.5
	Bottom 10 Average	5.2	5.4	5.6	5.7	5.7	5.5	5.8
13. Corporate Baa Bond Yield	**CONSENSUS**	**7.4**	**7.5**	**7.7**	**7.8**	**7.8**	**7.6**	**7.8**
	Top 10 Average	8.4	8.5	8.8	8.8	9.0	8.7	8.9
	Bottom 10 Average	6.5	6.7	6.8	6.8	6.7	6.7	6.9
14. State & Local Bonds Yield	**CONSENSUS**	**5.0**	**5.3**	**5.3**	**5.3**	**5.3**	**5.2**	**5.3**
	Top 10 Average	5.6	6.0	6.0	6.1	6.1	5.9	5.9
	Bottom 10 Average	4.3	4.5	4.6	4.6	4.5	4.5	4.6
15. Home Mortgage Rate	**CONSENSUS**	**5.9**	**6.3**	**6.5**	**6.7**	**6.7**	**6.4**	**6.6**
	Top 10 Average	6.6	7.1	7.3	7.5	7.5	7.2	7.5
	Bottom 10 Average	5.2	5.4	5.7	5.9	5.8	5.6	5.9
A. FRB - Major Currency Index	**CONSENSUS**	**80.4**	**80.7**	**81.4**	**82.0**	**82.3**	**81.4**	**82.1**
	Top 10 Average	86.0	87.0	88.5	89.6	90.2	88.2	90.6
	Bottom 10 Average	74.7	74.2	74.4	74.8	74.9	74.6	74.2
		---------Year-Over-Year, % Change---------					**Five-Year Averages**	
		2011	**2012**	**2013**	**2014**	**2015**	**2011-2015**	**2016-2020**
B. Real GDP	**CONSENSUS**	**3.1**	**3.2**	**2.9**	**2.8**	**3.0**	**3.0**	**2.6**
	Top 10 Average	4.0	4.0	3.6	3.4	4.1	3.8	3.0
	Bottom 10 Average	2.3	2.4	2.4	2.2	2.3	2.3	2.2
C. GDP Chained Price Index	**CONSENSUS**	**1.9**	**2.0**	**2.2**	**2.3**	**2.3**	**2.1**	**2.4**
	Top 10 Average	2.7	2.9	3.1	3.1	3.2	3.0	3.2
	Bottom 10 Average	0.8	0.9	1.1	1.4	1.5	1.1	1.7
D. Consumer Price Index	**CONSENSUS**	**2.1**	**2.3**	**2.5**	**2.6**	**2.6**	**2.4**	**2.6**
	Top 10 Average	3.0	3.3	3.4	3.5	3.5	3.3	3.4
	Bottom 10 Average	1.1	1.3	1.6	1.8	1.9	1.5	2.0

Databank:

2009

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	1.7	0.4	-1.3	-0.4								
Auto & Light Truck Sales (b)	9.5	9.1	9.8	9.3								
Personal Income (a, current $)	0.1	-0.2	-0.3									
Personal Consumption (a, current $)	1.1	0.4	-0.2									
Consumer Credit (e)	3.3	-3.8	-5.2									
Consumer Sentiment (U. of Mich.)	61.2	56.3	57.3	65.1								
Household Employment (c)	-1239	-351	-861	120								
Non-farm Payroll Employment (c)	-741	-681	-699	-539								
Unemployment Rate (%)	7.6	8.1	8.5	8.9								
Average Hourly Earnings ('82$)	8.64	8.61	8.64									
Average Hourly Earnings (current $)	18.43	18.46	18.50	18.51								
Non-Farm Workweek (hrs.)	33.3	33.3	33.2	33.2								
Industrial Production (d)	-10.7	-11.3	-12.5	-12.5								
Capacity Utilization (%)	71.3	70.6	69.4	69.1								
ISM Manufacturing Index (g)	35.6	35.8	36.3	40.1								
ISM Non-Manufacturing Index (g)	42.9	41.6	40.8	43.7								
Housing Starts (b)	.488	.574	.525	.458								
Housing Permits (b)	.531	.550	.511	.494								
New Home Sales (1-family, c)	331	358	356									
Construction Expenditures (a)	-3.4	-1.0	0.3									
Consumer Price Index (nsa., d)	0.0	0.2	-0.4	-0.7								
CPI ex. Food and Energy (nsa., d)	1.7	1.8	1.8	1.9								
Producer Price Index (n.s.a., d)	-1.0	-1.3	-3.5	-3.7								
Durable Goods Orders (a)	-7.8	2.1	-0.8									
Leading Economic Indicators (g)	-0.2	-0.5	-0.2	1.0								
Balance of Trade & Services (f)	-36.2	-26.1	-27.0									
Federal Funds Rate (%)	0.15	0.22	0.18	0.15								
3-Mo. Treasury Bill Rate (%)	0.13	0.30	0.21	0.16								
10-Year Treasury Note Yield (%)	2.52	2.87	2.82	2.93								

2008

Monthly Indicator	Jan	Feb	Mar	Apr	May	Jun	Jly	Aug	Sep	Oct	Nov	Dec
Retail and Food Service Sales (a)	0.0	-0.8	0.5	0.0	0.2	0.2	-0.7	-0.5	-1.5	-3.1	-2.1	-3.2
Auto & Light Truck Sales (b)	15.3	15.3	15.0	14.4	14.3	13.6	12.5	13.7	12.5	10.5	10.1	10.3
Personal Income (a, current $)	0.1	0.2	0.4	0.0	1.8	0.1	-0.8	0.3	0.1	-0.1	-0.5	-0.3
Personal Consumption (a, current $)	0.4	0.0	0.6	0.3	0.7	0.5	-0.1	-0.2	-0.4	-1.2	-0.7	-1.1
Consumer Credit (e)	5.8	3.4	5.9	4.2	3.3	4.1	3.5	-3.0	3.1	-1.0	-4.2	-3.5
Consumer Sentiment (U. of Mich.)	78.4	70.8	69.0	62.6	59.8	56.4	61.2	63.0	70.3	57.6	55.3	60.1
Household Employment (c)	23	-242	-52	234	-283	-236	-142	-323	-244	-372	-513	-806
Non-Farm Payroll Employment (c)	-72	-144	-122	-160	-137	-161	-128	-175	-321	-380	-597	-681
Unemployment Rate (%)	4.9	4.8	5.1	5.0	5.5	5.6	5.8	6.2	6.2	6.6	6.8	7.2
Average Hourly Earnings ('82$)	8.27	8.29	8.30	8.30	8.26	8.18	8.14	8.19	8.21	8.34	8.54	8.65
Average Hourly Earnings (current $)	17.77	17.83	17.90	17.94	17.99	18.04	18.10	18.18	18.21	18.28	18.34	18.40
Non-farm Workweek (hrs.)	33.7	33.8	33.8	33.8	33.7	33.6	33.6	33.7	33.6	33.5	33.4	33.3
Industrial Production (d)	2.2	1.1	0.9	-0.1	-0.4	-0.7	-1.0	-2.0	-6.4	-4.7	-6.5	-8.8
Capacity Utilization (%)	80.5	80.2	79.8	79.2	78.9	78.7	78.6	77.6	74.5	75.4	74.5	72.8
ISM Manufacturing Index (g)	50.7	48.3	49.0	48.6	49.3	49.5	49.5	49.3	43.4	38.7	36.6	32.9
ISM Non-Manufacturing Index (g)	44.6	49.3	49.6	52.0	51.7	48.2	49.5	50.6	50.2	44.2	37.3	40.6
Housing Starts (b)	1.064	1.107	.988	1.004	.982	1.089	.949	.854	.824	.767	.655	.558
Housing Permits (b)	1.052	.981	.932	.982	.978	1.138	.937	.857	.805	.730	.615	.547
New Home Sales (1-family, c)	597	572	513	542	515	499	505	448	434	404	387	372
Construction Expenditures (a)	-0.4	-0.9	1.4	-0.5	0.3	-0.2	-2.4	2.4	0.3	-0.7	-3.5	-3.1
Consumer Price Index (nsa., d)	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1
CPI ex. Food and Energy (nsa, d)	2.5	2.3	2.4	2.3	2.3	2.4	2.5	2.5	2.5	2.2	2.0	1.8
Producer Price Index (nsa., d)	7.4	6.5	6.7	6.4	7.3	9.1	9.9	9.7	8.8	5.2	0.4	-0.9
Durable Goods Orders (a)	-4.4	1.1	-0.2	-1.0	0.1	1.4	0.7	-5.5	0.0	-8.5	-3.9	-4.6
Leading Economic Indicators (g)	-0.5	-0.2	0.0	0.0	-0.1	0.1	-0.7	-0.8	0.0	-1.0	-0.6	-0.1
Balance of Trade & Services (f)	-59.2	-62.0	-57.5	-61.9	-60.5	-59.2	-61.6	-59.4	-58.1	-58.0	-42.5	-39.9
Federal Funds Rate (%)	3.94	2.98	2.60	2.28	1.98	2.00	2.01	2.00	1.81	0.97	0.99	0.16
3-Mo. Treasury Bill Rate (%)	2.75	2.12	1.34	1.29	1.73	1.86	1.63	1.72	1.13	0.67	0.19	0.03
10-Year Treasury Note Yield (%)	3.74	3.74	3.51	3.68	3.88	4.10	4.01	3.89	3.69	3.81	3.53	2.42

(a) month-over-month % change; (b) millions, saar; (c) thousands, saar; (d) year-over-year % change; (e) annualized % change; (f) $ billions; (g) level. Most series are subject to frequent government revisions. Use with care.

Calendar Of Upcoming Economic Data Releases

Monday	Tuesday	Wednesday	Thursday	Friday
25 **Memorial Day** **U.S. Markets Closed**	**26** Consumer Confidence (May, Conference Board S&P/Case-Shiller home price index (Mar) ABC Consumer Comfort Index Weekly Store Sales	**27** Existing Home Sales (Apr) OFHEO House Price Index (Q1) EIA Crude Oil Stocks Mortgage Applications	**28** New Home Sales (Apr) Durable Goods Orders (Apr) Weekly Jobless Claims Weekly Money Supply	**29** Gross Domestic Product (Q1, Preliminary) Consumer Sentiment (May, Final, University of Michigan)
June 1 Personal Income and Consumption (Apr) ISM Manufacturing Index (Apr) Construction Spending (Apr)	**2** Vehicle Sales (May) Pending Home Sales (Apr) Weekly Store Sales ABC Consumer Comfort Index	**3** ISM Non-Manufacturing index (May) ADP Employment Survey (May) Challenger Layoffs (May) Factory Orders (Apr) EIA Crude Oil Stocks Mortgage Applications	**4** Monster Employment Index (May) Productivity and Costs (Q1, Final) Weekly Jobless Claims Weekly Money Supply	**5** Employment Report (May) Consumer Credit (Apr)
8	**9** Wholesale Trade (Apr) ABC Consumer Comfort Index Weekly Store Sales	**10** U.S. Trade (Apr) Beige Book (for June 23-24 meeting) EIA Crude Oil Stocks Mortgage Applications	**11** Retail Sales (May) Business Sales and Inventories (Apr) Flow of Funds (Q1) Weekly Jobless Claims Weekly Money Supply	**12** Trade Price Indexes (May) Consumer Sentiment (June, Preliminary, University of Michigan)
15 Empire State Index (Jun) NAHB Housing Index (Jun) Treasury Int'l Capital (Apr)	**16** Housing Starts (May) Industrial Production (May) Producer Price Index (May) Weekly Store Sales ABC Consumer Comfort Index	**17** Consumer Price Index (May) Current Account (Q1) EIA Crude Oil Stocks Mortgage Applications	**18** Philadelphia Fed Survey (Jun) Leading Indicators (May Weekly Jobless Claims Weekly Money Supply	**19**
22	**23** **FOMC Meeting** Existing Home Sales (May) ABC Consumer Comfort Index Weekly Store Sales	**24** **FOMC Meeting** New Home Sales (May) Durable Goods Orders (May) EIA Crude Oil Stocks Mortgage Applications	**25** GDP (Q1, Final) Corporate Profits (Q1, Final) Weekly Jobless Claims Weekly Money Supply	**26** Personal Income and Consumption (May) Consumer Sentiment (Jun, Final, University of Michigan)
29 Agricultural Prices (Jun)	**30** Chicago PMI (Jun)Consumer Confidence (Jun, Conference Board S&P/Case-Shiller home price index (Apr) ABC Consumer Comfort Index Weekly Store Sales	**July 1** ISM Manufacturing Index (Jun) Unit Vehicle Sales (Jun) ADP Employment Survey (Jun) Challenger Layoffs (Jun) Monster Employment Index (Jun) Construction Spending (May) Pending Home Sales (May) EIA Crude Oil Stocks Mortgage Applications	**2** Employment Report (Jun) Factory Orders (May) Weekly Jobless Claims Weekly Money Supply	**3** **Independence Day Observed** **U.S. Markets Closed**

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Staff Group Cross Ex. 1-N

09-0306 through 09-0311 (Cons.)

07-0585 CILCO 7.0G

DCF COSTS OF EQUITY FOR
29 SELECTED U.S. ELECTRIC UTILITIES
(BASED ON ANALYSTS' EARNINGS GROWTH FORECASTS)

Company	Annualized Last Paid Dividend (1)	Average Daily Closing Prices August 2007[1/] (2)	Expected Dividend Yield[2/] (3)	I/B/E/S Long-Term EPS Forecasts (August 2007) (4)	DCF Cost of Equity[3/] (5)
AEP	1.56	45.84	3.6	5.7	9.3
ALLETE	1.64	42.27	4.1	5.0	9.1
Alliant	1.27	37.84	3.5	4.8	8.3
Ameren	2.54	50.00	5.4	6.4	11.8
Avista Corp.	0.60	19.62	3.2	4.3	7.5
Cleco	0.90	23.65	4.3	12.0	16.3
DPL	1.04	26.70	4.1	6.3	10.5
DTE Energy	2.12	47.95	4.7	5.8	10.4
Edison International	1.16	53.88	2.3	7.5	9.9
Empire District	1.28	22.97	6.6	18.5	25.1
Entergy	3.00	100.89	3.2	9.0	12.2
Exelon	1.76	72.05	2.7	9.7	12.4
FirstEnergy	2.00	62.03	3.5	8.3	11.8
FPL	1.64	59.75	3.0	9.6	12.6
Great Plains Energy	1.66	28.59	6.1	4.3	10.3
IDACORP	1.20	32.82	3.9	5.7	9.5
Integrys Energy	2.64	50.83	5.5	6.3	11.8
OGE	1.36	32.61	4.4	6.3	10.7
OtterTail Corp	1.17	34.96	3.5	4.8	8.2
Pepco Holdings	1.04	26.47	4.2	8.0	12.2
PG&E	1.44	44.65	3.5	8.6	12.1
Pinnacle	2.10	39.46	5.6	5.7	11.4
PNM	0.92	23.83	4.3	10.5	14.7
PPL	1.22	48.78	2.8	13.6	16.4
Progress Energy	2.44	46.06	5.5	4.3	9.8
PSEG	2.34	84.87	3.3	20.0	23.3
TECO Energy	0.78	15.94	5.1	3.3	8.3
Westar	1.08	24.50	4.6	5.3	10.0
Xcel	0.92	20.62	4.7	6.3	11.1
Mean	**1.55**	**42.08**	**4.2**	**7.8**	**12.0**
Median	**1.36**	**39.46**	**4.1**	**6.3**	**11.1**

1/ www.yahoo.com
2/ Expected Dividend Yield = (Col (1) / Col (2)) * (1 + Col (4))
3/ Expected Dividend Yield (Col (3)) + I/B/E/S Growth Forecast (Col (4))

Source: Standard & Poor's Research Insight, I/B/E/S

Staff Group Cross Ex. 1-N

AmerenCILCO
Ex. 7.0E.3.5

DCF COSTS OF EQUITY FOR
29 SELECTED U.S. ELECTRIC UTILITIES
(BASED ON VALUE LINE LONG TERM EPS GROWTH RATES)

Company	Annualized Last Paid Dividend (1)	Average Daily Closing Prices August 2007[1/] (2)	Expected Dividend Yield[2/] (3)	Value Line EPS Growth (4)	DCF Cost of Equity[3/] (5)
AEP	1.56	45.84	3.6	6.5	10.1
ALLETE	1.64	42.27	4.3	10.5	14.8
Alliant	1.27	37.84	3.5	5.0	8.5
Ameren	2.54	50.00	5.2	2.5	7.7
Avista Corp.	0.60	19.62	3.3	9.0	12.3
Cleco	0.90	23.65	4.0	4.0	8.0
DPL	1.04	26.70	4.2	7.0	11.2
DTE Energy	2.12	47.95	4.6	4.0	8.6
Edison International	1.16	53.88	2.3	6.5	8.8
Empire District	1.28	22.97	6.2	11.0	17.2
Entergy	3.00	100.89	3.2	7.5	10.7
Exelon	1.76	72.05	2.7	10.5	13.2
FirstEnergy	2.00	62.03	3.5	9.0	12.5
FPL	1.64	59.75	3.0	8.5	11.5
Great Plains Energy	1.66	28.59	5.9	1.5	7.4
IDACORP	1.20	32.82	3.7	2.0	5.7
Integrys Energy	2.64	50.83	5.2	1.0	6.2
OGE	1.36	32.61	4.4	5.5	9.9
OtterTail Corp	1.17	34.96	3.5	5.0	8.5
Pepco Holdings	1.04	26.47	4.3	9.5	13.8
PG&E	1.44	44.65	3.4	4.5	7.9
Pinnacle	2.10	39.46	5.4	1.5	6.9
PNM	0.92	23.83	4.0	4.5	8.5
PPL	1.22	48.78	2.8	13.0	15.8
Progress Energy	2.44	46.06	5.5	3.5	9.0
PSEG	2.34	84.87	3.1	11.5	14.6
TECO Energy	0.78	15.94	5.1	4.5	9.6
Westar	1.08	24.50	4.6	4.5	9.1
Xcel	0.92	20.62	4.7	5.5	10.2
Mean	**1.55**	**42.08**	**4.1**	**6.2**	**10.3**
Median	**1.36**	**39.46**	**4.0**	**5.5**	**9.6**

1/ www.yahoo.com
2/ Expected Dividend Yield = (Col (1) / Col (2)) * (1 + Col (4))
3/ Expected Dividend Yield (Col (3)) + I/B/E/S Growth Forecast (Col (4))

Source: Standard & Poor's Research Insight, *Value Line* (www.valueline.com, September 5, 2007)

Staff Group Cross Ex. 1-N

**DCF COSTS OF EQUITY FOR
29 SELECTED U.S. ELECTRIC UTILITIES
(TWO-STAGE MODEL)**

Company	Annualized Last Paid Dividend (1)	Average Daily Closing Prices August 2007[1/] (2)	Stage 1 I/B/E/S EPS Forecasts (3)	Stage 2 GDP Growth[2/] (4)	DCF Cost of Equity[3/] (5)
AEP	1.56	45.84	5.7	5.1	8.6
ALLETE	1.64	42.27	5.0	5.1	9.1
Alliant	1.27	37.84	4.8	5.1	8.4
Ameren	2.54	50.00	6.4	5.1	10.7
Avista Corp.	0.60	19.62	4.3	5.1	8.0
Cleco	0.90	23.65	12.0	5.1	10.4
DPL	1.04	26.70	6.3	5.1	9.3
DTE Energy	2.12	47.95	5.8	5.1	9.8
Edison International	1.16	53.88	7.5	5.1	7.3
Empire District	1.28	22.97	18.5	5.1	14.9
Entergy	3.00	100.89	9.0	5.1	8.7
Exelon	1.76	72.05	9.7	5.1	8.0
FirstEnergy	2.00	62.03	8.3	5.1	8.9
FPL	1.64	59.75	9.6	5.1	8.5
Great Plains Energy	1.66	28.59	4.3	5.1	11.0
IDACORP	1.20	32.82	5.7	5.1	8.9
Integrys Energy	2.64	50.83	6.3	5.1	10.8
OGE	1.36	32.61	6.3	5.1	9.7
OtterTail Corp	1.17	34.96	4.8	5.1	8.4
Pepco Holdings	1.04	26.47	8.0	5.1	9.7
PG&E	1.44	44.65	8.6	5.1	8.9
Pinnacle	2.10	39.46	5.7	5.1	10.8
PNM	0.92	23.83	10.5	5.1	10.2
PPL	1.22	48.78	13.6	5.1	8.8
Progress Energy	2.44	46.06	4.3	5.1	10.4
PSEG	2.34	84.87	20.0	5.1	10.4
TECO Energy	0.78	15.94	3.3	5.1	9.8
Westar	1.08	24.50	5.3	5.1	9.7
Xcel	0.92	20.62	6.3	5.1	10.0
Mean	**1.55**	**42.08**	**7.8**	**5.1**	**9.6**
Median	**1.36**	**39.46**	**6.3**	**5.1**	**9.7**

1/ www.yahoo.com
2/ Forecast nominal rate of GDP growth, 2009-18
3/ Internal Rate of Return: I/B/E/S EPS forecast growth rate applies for first 5 years; GDP growth thereafter.

Source: Standard & Poor's Research Insight; Blue Chip Economic Indicators (March 10, 2007); I/B/E/S (August 2007)

Staff Group Cross Ex. 1-N

07-0585 CILCO 7.0E

AmerenCILCO
Ex. 7.0G.3.4

DCF COSTS OF EQUITY FOR 8 SELECTED
U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(BASED ON ANALYSTS' EARNINGS GROWTH FORECASTS)

Company	Annualized Last Paid Dividend	Average Daily Closing Prices August 2007 1/	Expected Dividend Yield 2/	I/B/E/S Long-Term EPS Forecasts (August 2007)	DCF Cost of Equity 3/
	(1)	(2)	(3)	(4)	(5)
AGL RESOURCES INC	1.64	38.29	4.5	4.9	9.4
ATMOS ENERGY CORP	1.28	27.52	4.9	5.1	10.0
NEW JERSEY RESOURCES	1.52	49.44	3.2	5.7	8.9
NICOR INC 4/	1.86	41.40	4.6	2.0	6.6
NORTHWEST NATURAL GAS CO	1.42	45.57	3.3	4.8	8.1
PIEDMONT NATURAL GAS CO	1.00	25.75	4.1	4.5	8.6
SOUTH JERSEY INDUSTRIES	0.98	33.71	3.1	6.8	9.9
WGL HOLDINGS INC	1.37	32.29	4.4	3.3	7.7
Mean	**1.38**	**36.74**	**4.0**	**4.6**	**8.6**
Median	**1.40**	**36.00**	**4.2**	**4.9**	**8.7**

1/ www.yahoo.com
2/ Expected Dividend Yield = (Col (1) / Col (2)) * (1 + Col (4))
3/ Expected Dividend Yield (Col (3)) + I/B/E/S Growth Forecast (Col (4))
4/ Long-term EPS forecast from www.yahoo.com.

Source: Standard & Poor's Research Insight, I/B/E/S

Staff Group Cross Ex. 1-O

**DCF COSTS OF EQUITY FOR 8 SELECTED
U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(BASED ON VALUE LINE LONG TERM EPS GROWTH RATES)**

Company	Annualized Last Paid Dividend (1)	Average Daily Closing Prices August 2007[1/] (2)	Expected Dividend Yield[2/] (3)	Value Line EPS Growth (4)	DCF Cost of Equity[3/] (5)
AGL RESOURCES INC	1.64	38.29	4.4	3.5	7.9
ATMOS ENERGY CORP	1.28	27.52	4.9	6.0	10.9
NEW JERSEY RESOURCES	1.52	49.44	3.2	3.0	6.2
NICOR INC	1.86	41.40	4.7	4.5	9.2
NORTHWEST NATURAL GAS CO	1.42	45.57	3.3	6.5	9.8
PIEDMONT NATURAL GAS CO	1.00	25.75	4.0	3.5	7.5
SOUTH JERSEY INDUSTRIES	0.98	33.71	3.2	10.0	13.2
WGL HOLDINGS INC	1.37	32.29	4.4	3.0	7.4
Mean	**1.38**	**36.74**	**4.0**	**5.0**	**9.0**
Median	**1.40**	**36.00**	**4.2**	**4.0**	**8.6**

1/ www.yahoo.com
2/ Expected Dividend Yield = (Col (1) / Col (2)) * (1 + Col (4))
3/ Expected Dividend Yield (Col (3)) + I/B/E/S Growth Forecast (Col (4))

Source: Standard & Poor's Research Insight, *Value Line* (www.valueline.com, September 5, 2007)

Staff Group Cross Ex. 1-O

DCF COSTS OF EQUITY FOR 8 SELECTED
U.S. LOCAL NATURAL GAS DISTRIBUTION COMPANIES
(TWO-STAGE MODEL)

Company	Annualized Last Paid Dividend	Average Daily Closing Prices August 2007 1/	Stage 1 I/B/E/S EPS Forecasts	Stage 2 GDP Growth 2/	DCF Cost of Equity 3/
	(1)	(2)	(3)	(4)	(5)
AGL RESOURCES INC	1.64	38.29	4.9	5.1	9.5
ATMOS ENERGY CORP	1.28	27.52	5.1	5.1	9.9
NEW JERSEY RESOURCES	1.52	49.44	5.7	5.1	8.2
NICOR INC 3/	1.86	41.40	2.0	5.1	9.1
NORTHWEST NATURAL GAS CO	1.42	45.57	4.8	5.1	8.2
PIEDMONT NATURAL GAS CO	1.00	25.75	4.5	5.1	9.0
SOUTH JERSEY INDUSTRIES	0.98	33.71	6.8	5.1	8.2
WGL HOLDINGS INC	1.37	32.29	3.3	5.1	9.1
Mean	**1.38**	**36.74**	**4.6**	**5.1**	**8.9**
Median	**1.40**	**36.00**	**4.9**	**5.1**	**9.0**

1/ www.yahoo.com
2/ Forecast nominal rate of GDP growth, 2009-18
3/ Internal Rate of Return: I/B/E/S EPS forecast growth rate applies for first 5 years; GDP growth thereafter.

Source: Standard & Poor's Research Insight; Blue Chip Economic Indicators (March 10, 2007); I/B/E/S (August 2007)

Staff Group Cross Ex. 1-O

Staff Group Cross Ex. 1-P

09-0306 through 09-0311 (Cons.)

MHE 14.05

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/4/2009

MHE 14.05

Referring to Ameren Exhibit 26.0 at page 4, lines 74-76, Ameren witness Nelson states: "When Staff seeks to deviate from test year costs, care must be taken to ensure that historical information used to 'normalize' a test year cost is truly reflective of current conditions and costs." Answer the following:

a) Does Mr. Nelson contend that historical information is not reflective of current costs?
b) If the answer to the foregoing is in the affirmative, explain why the Company used 2008 as its test year.
c) Explain the criteria the Company proposes is the appropriate method to determine how far removed from the test year historical data can be before it is not reflective of current conditions.

RESPONSE

Prepared By: Craig D. Nelson
Title: Vice President, Regulatory Affairs and Financial Services
Phone Number: (309) 677-5707

a) In some cases, historical information is not reflective of current costs and in some cases it is.
b) The Companies elected to use 2008 as their test year because (1) the criteria for a historical test year provides that a historical test year must consist of a 12-month consecutive period beginning no more than 24 months prior to the date of the filing and 2008 was the most recent calendar year within that time period, and (2) the AIUs have used pro forma adjustments to reflect "known and measurable" changes which occurred during the test year or which will occur within the 12-month period immediately following the filing date of the new tariffs.
c) In general, in a rising cost environment one should not use historical averages as the basis for "normal" or current costs, as this would only serve to understate the revenue requirement, but should instead rely upon the test year's costs as adjusted through the use of pro forma adjustments when necessary for known and measurable changes to establish costs in a rate case. That is, the goal should be to provide the utility with the amount of revenues going forward to enable it to operate in a safe and reliable manner by allowing it to recover its prudent costs of service and a reasonable opportunity to earn a fair return on its investments.

Staff Group Cross Ex. 1-Q

09-0306 through 09-0311 (Cons.)

MHE 14.07

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/4/2009

MHE 14.07

Referring to Ameren Exhibit 26.0 at pages 8-9, lines 173-175, Ameren witness Nelson states: "Such potential actions include (i) deferral or cancellation of planned plant additions and replacements, (ii) delayed implementation of recommendations contained in the Liberty Audit report and (iii) reduction, deferral or cancellation of other operating expenditures."

a) Please provide any document including but not limited to all workpapers, analyses, memoranda, policies and studies which form the basis of this statement regarding deferral or cancellation of planned plant additions and replacements;
b) Has the Company prepared, is the Company in the process of preparing, or is the Company considering preparing a plan in regards to the deferral or cancellation of planned plant additions and replacements?
c) If the answer to the foregoing is in the affirmative, provide a copy of the plan, draft of the plan, or documentation discussing preparation of a plan
d) Please provide any document including but not limited to all workpapers, analyses, memoranda, policies and studies which form the basis of this statement regarding delaying the implementation of recommendations contained in the Liberty Audit report deferral or cancellation of planned plant additions and replacements;
e) Has the Company prepared, is the Company in the process of preparing, or is the Company considering preparing a plan in regards to the deferral or cancellation of planned plant additions and replacements?
f) If the answer to the foregoing is in the affirmative, provide a copy of the plan, draft of the plan or documentation discussing preparation of a plan;
g) Provide any document including but not limited to all workpapers, analyses, memoranda, policies and studies which form the basis of this statement regarding reduction, deferral or cancellation of other operating expenditures;
h) Has the Company prepared, is the Company in the process of preparing, or the Company considering preparing a plan in regards to the reduction, deferral or cancellation of other operating expenditures
i) If the answer to the foregoing is in the affirmative, provide a copy of the plan, draft of the plan or documentation discussing preparation of a plan.
j) In regards to each of the three "potential actions", provide all documentation including but not limited to workpapers, analyses, memoranda, policies and studies as to how it will be determined which of the planned plant additions and replacements, Liberty Audit report recommendations, or operating expenditures will be cancelled, delayed or reduced.

k) Provide an itemized list identifying said cancellations, delays, reductions or deferrals in the order in which they will be cancelled, delayed, reduced or deferred.

RESPONSE

Prepared By: Craig D. Nelson
Title: Vice President, Regulatory Affairs and Financial Services
Phone Number: (309) 677-5707

a) The rate case filing and all supporting documents form the basis for this statement. The requested revenues in our rate case are our "forecasts" of what it costs to provide reliable service.
b) Neither have the Ameren Illinois Utilities (AIUs) prepared nor are they in the process of preparing a plan regarding the deferral or cancellation of planned plant additions and replacements.
c) There is no written documentation; however, conversations have taken place among the AIUs' leadership team on the need to prepare such a plan to the extent that the Companies are granted inadequate rate relief.
d) As discussed by AIUs' witness Ron Pate, the AIUs implementation plan which was submitted to the ICC Staff provides for the implementation of Liberty audit recommendations over a five-year period at a cost of $86 million." The basis for this statement lies in the need to synchronize Liberty audit expenditures with cost recovery.
e) Subpart e) of this data request refers to "planned plant additions and replacements" but I have assumed that the question was in regards to the Liberty Audit recommendations and therefore have formulated my response based on that assumption.
   Neither have the Ameren Illinois Utilities (AIUs) prepared nor are they in the process of preparing a plan regarding the deferral or cancellation of recommendations contained in the Liberty Audit report. However, the AIUs have discussed the need to defer or cancel the implementation of agreed-upon recommendations from the Liberty Audit report.
f) There is no written documentation; however, conversations have taken place among the AIUs' leadership team on the need to defer or cancel the implementation of Liberty Audit recommendations if the AIUs' are not granted timely and full recovery of prudent Liberty audit implementation costs.
g) The rate case filing and all supporting documents form the basis for this statement. The requested revenues in our rate case are our "forecasts" of what it costs to provide reliable service.
h) Neither have the Ameren Illinois Utilities (AIUs) prepared nor are they in the process of preparing a plan regarding the reduction, deferral, or cancellation of other operating expenditures. However, the AIUs' leadership team has discussed the need to take such measures should revenues prove to be inadequate.
i) There is no written documentation; however, conversations have taken place among the AIUs' leadership team regarding the potential reduction, deferral, or cancellation of other operating expenditures.

j) As indicated in subparts c), f), and i), while the AIUs have discussed the three "potential actions" which they may need to pursue should the rate increase not be adequate, the AIUs have not prepared any documentation nor developed plans regarding the manner in which they would carry out the potential actions.
In general, the AIUs would take steps that would align or synchronize their expenditures with the cost recovery granted in the rate case while keeping in mind the provision of safe and reliable service to customers. For example, if the AIUs requested revenue requirement for tree-trimming and vegetation management activities is reduced by $4.7 million as proposed by Staff, then the Companies' actual expenditures would be reduced by an equivalent amount which could be accomplished by a reduction or cancellation of mid-cycle tree trimming.
k) An itemized list that identifies potential cancellations, delays, reductions, or deferrals has not been developed.

DAS 7.03

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/10/2009

DAS 7.03

With regard to Ameren Ex. 27.3, what would the effect be if Daily Confirmed Nominations (or equivalent) for transportation customers were used instead of the total usage in Mr. Normand's analysis?

RESPONSE

Prepared By: Paul M. Normand
Title: President, Management Applications Consulting, Inc.
Phone Number: (610) 670-9199

The answer is unknown. I have not performed the study or analysis that would be required in order to respond to the data request. Consequently, I cannot answer or respond to the data request.

DAS 7.04

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/10/2009

DAS 7.04

What was the Design Peak Day Demand attributed to transportation customers for each LDC for 2008? What assumptions did AIU make with regard to usage versus deliveries on a peak design day? Did AIU consider that its bank withdrawals for AmerenIP are larger now than on those peak days?

RESPONSE

Prepared By: Paul M. Normand
Title: President, Management Applications Consulting, Inc.
Phone Number: (610) 670-9199

The design day peak demands used in the study for each AIUs are shown in Ameren Exhibit 16.8G, pages 1, 3, and 5 on lines 6 and 7 by each GDS rate code.

The studies assumed usage levels only and not deliveries.

AIU did not consider that the current bank withdrawals for AmerenIP; this factor alone is not dispositive of any peak day issues.

DAS 11.02

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/19/2009

DAS 11.02

Under AIU's proposed tariff and rate design, at what level of bank would sales customers be subsidizing transportation customers? At what level of bank would transportation customers be subsidizing sales customers?

RESPONSE

Prepared By: Kenneth C. Dothage
Title: Manager, Gas Supply
Phone Number: 314-554-2353

The specific answer or level of subsidization is unknown. I have not performed the study or analysis that would be required in order to respond to the data request. Consequently, I cannot answer or respond to the data request.

Staff Group Cross Exhibit 1-U

09-0306 through 09-0311 (Cons.)

DAS 11.03

The Ameren Illinois Utilities'
Response to ICC Staff Data Requests
Docket Nos. 09-0306 thru 09-0311 (cons.)
Proposed general increase in electric and gas delivery service rates
Response Date: 11/19/2009

DAS 11.03

With regard to Ameren Ex. 44.0, p.17:

a) Why does Mr. Sackett's proposal result in an inappropriate allocation of assets away from sales customers to transportation customers?
b) What does "high priority" mean in this context?
c) How does this priority affect the appropriateness of the allocation?
d) Please provide a list of the relative priorities attached to various customers that Ameren serves.

RESPONSE

Prepared By: Kenneth C. Dothage
Title: Manager, Gas Supply
Phone Number: 314-554-2353

a) As stated in my rebuttal testimony "All of the AIUs' storage resources, company-owned and leased, as well as the firm transportation capacity contracted for on the interstate pipelines are required for the AIUs to serve system sales customers and to provide the balancing and bank flexibility to transportation customers as required under the tariff terms and conditions of Rider T. In order to unbundle the banking flexibility provided by the AIUs to their transportation customers, a portion of each gas supply system resource would need to be carved out and packaged in a separately priced banking service. This would also result in a mixing of costs that are allocated to and recovered from customers in rate cases (*e.g.*, company-owned storage) with costs that are allocated to and recovered from customers in Purchased Gas Adjustment (PGA) filings (*e.g.*, leased storage capacity costs and firm transportation capacity costs on the interstate pipelines)."

   Mr. Sackett's proposal to unbundled the Rider T banks from base rates and provide the banking service on a subscription basis supported by the AIUs' on-system storage resources that are currently required to serve system sales customers is inappropriate since any storage capacity necessary to support an increase in the subscribed bank level would need to be replaced by the AIUs at a much higher cost and therefore cause financial harm to the existing AIUs' sales customers.

b) The term "high priority" along with the phrase "residential heating load customers" is meant to convey the fact that residential heating load customers are of high importance or high urgency.

c) My testimony does not state that "priority" affects the appropriateness of the allocation. It merely states that the valuable storage resources are currently serving system sales customers (the majority of which are high-priority residential heating load customers).

d) Each of the AIUs has a Curtailment Plan within the Customer Terms and Conditions section of their Tariff which sets forth three categories of priority for Customers in the event of a curtailment (See 2^{nd} Revised Sheet No. 3.024 and 3.025). The highest priority is given to Residential Customers and public housing authorities, hospitals, and other human needs Customers. The next highest priority is given to Customers taking service under Rates GDS-2 and GDS-3 that are not included in the highest priority category described above. The next highest priority is given to Customers taking service under Rates GDS-4. 5, 6 and 7 that are not included in the highest priority category described above.

DAS 11.05 with Attach
REDACTED