

**Northwest Natural Gas Co.
Historical Capital Market Costs**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003*
Prime Rate	7.1%	8.8%	8.3%	8.4%	8.4%	8.0%	9.2%	6.9%	4.7%	4.2%
Consumer Price Index	2.6%	2.8%	2.9%	2.3%	1.6%	2.2%	3.4%	2.8%	1.6%	2.4%
Long-Term Treasuries	7.4%	6.9%	6.7%	6.6%	5.6%	5.9%	5.9%	5.5%	5.4%	5.0%
Moody's Avg Utility Debt	8.3%	7.9%	7.7%	7.6%	7.0%	7.6%	8.1%	7.7%	7.5%	6.7%
Moody's Baa Utility Debt	8.6%	8.3%	8.2%	8.0%	7.3%	7.9%	8.4%	8.0%	8.0%	6.9%

*Through September

SOURCES:

Prime Interest Rate - Federal Reserve Bank of St. Louis website
Consumer Price Index - Federal Reserve Bank of St. Louis website
Long-Term Treasuries - Federal Reserve Bank of St. Louis website
Moody's Average Utility Debt - Moody's (Mergent) Bond Record
Moody's Baa Utility Debt - Moody's (Mergent) Bond Record

Northwest Natural Gas Co.
Three-Month Average Moody's Utility Bond Yields

<u>MONTH</u>	<u>MOODY'S SINGLE-A UTILITY BOND YIELD</u>	<u>MOODY'S AVERAGE UTILITY BOND YIELD</u>
Jul-03	6.57%	6.54%
Aug-03	6.78%	6.78%
Sep-03	6.56%	6.58%
AVERAGE	6.64%	6.63%

Source: Mergent Bond Record

Economic Indicators

Seasonally Adjusted Annual Rates — Dollar Figures in Billions

	Annual % Change				2003							E2004			
	2002	E2003	E2004	2002	2003	E2003	E2004	10	20	E30	E40	10	20	30	40
Gross Domestic Product	\$10,446.3	\$10,908.1	\$11,552.8	3.6	4.4	5.9		\$10,688.4	\$10,802.7	\$10,997.4	\$11,144.0	\$11,293.6	\$11,461.1	\$11,642.9	\$11,813.7
GDP (current dollars)	3.6	4.4	5.9	-	-	-		3.8	4.3	7.4	5.4	5.5	6.1	6.5	6.0
Annual rate of increase—real GDP (%)	2.4	2.8	4.4	-	-	-		1.4	3.3	5.6	4.6	3.9	4.5	4.8	4.2
Annual rate of increase—GDP deflator (%)	1.1	1.6	1.4	-	-	-		2.4	1.0	1.7	0.8	1.5	1.5	1.6	1.7
* Components of Real GDP															
Personal consumption expenditures	\$6,576.0	\$6,778.5	\$7,054.5	3.1	3.1	4.1		\$6,670.9	\$6,733.9	\$6,837.1	\$6,871.9	\$6,928.6	\$7,016.1	\$7,097.3	\$7,176.1
% change	3.1	3.1	4.1	-	-	-		2.0	3.8	6.3	2.1	3.3	5.1	4.7	4.5
Durable goods	999.9	1072.5	1138.2	7.3	7.3	6.1		1005.4	1061.5	1124.9	1098.4	1102.3	1126.1	1151.8	1172.6
Nondurable goods	1929.5	2004.2	2083.4	3.2	3.9	4.0		1978.9	1985.6	2016.7	2035.5	2052.6	2074.8	2092.9	2113.4
Services	3675.6	3744.9	3884.1	2.2	1.9	3.7		3714.9	3728.0	3751.5	3785.1	3819.5	3864.4	3906.0	3946.5
Nonresidential fixed investment	1183.4	1207.9	1315.1	(5.7)	2.1	8.9		1172.1	1193.0	1218.8	1247.8	1274.9	1298.1	1328.0	1359.4
% change	-5.7	2.1	8.9	-	-	-		-4.4	7.3	8.9	9.8	9.0	7.5	9.5	9.8
Producers durable equipment	971.1	1018.8	1133.6	(1.7)	4.9	11.3		979.9	999.5	1031.2	1064.7	1092.6	1117.5	1148.2	1176.2
Residential fixed investment	388.2	415.2	404.2	3.9	7.0	(2.7)		405.5	412.0	422.6	420.7	410.1	405.6	401.0	399.9
% change	3.9	3.9	-1.6	-	-	-		10.1	6.6	10.7	-1.8	-9.7	-4.3	-4.5	-1.1
Net change in business inventories	5.2	-4.0	60.9	-	-	-		4.8	-17.6	-26.2	23.1	5.2	6.2	6.1	64.6
Gov't purchases of goods & services	1712.8	1765.3	1806.3	4.4	3.1	2.3		1736.7	1772.6	1770.7	1781.1	1791.3	1802.6	1814.4	1817.0
Federal	613.3	662.4	697.5	7.5	8.0	5.3		632.5	669.5	669.2	678.2	686.4	695.2	703.7	704.7
State & local	1099.7	1103.8	1110.2	2.8	0.4	0.6		1104.6	1104.1	1102.5	1103.9	1106.1	1108.8	1112.1	1113.7
Net exports	-488.5	-535.6	-566.4	-	-	-		-510.3	-546.1	-542.0	-544.1	-556.2	-570.5	-568.2	-570.6
Exports	1058.8	1077.1	1171.4	(1.6)	1.7	8.8		1058.1	1055.5	1088.4	1106.2	1126.0	1151.7	1187.2	1220.9
Imports	1547.4	1612.7	1737.8	3.7	4.2	7.8		1568.4	1601.7	1630.4	1650.3	1682.2	1722.2	1755.4	1791.5
** Income & Profits															
Personal income	\$8,922.2	\$9,213.2	\$9,703.9	2.7	3.3	5.3		\$9,080.2	\$9,156.0	\$9,251.5	\$9,365.1	\$9,506.0	\$9,630.4	\$9,771.0	\$9,908.4
Disposable personal income	7810.3	8170.8	8677.4	5.6	4.6	6.2		8006.6	8073.4	8263.4	8339.9	8517.2	8620.6	8729.8	8842.1
Savings rate (%)	3.7	3.4	4.1	-	-	-		3.5	3.2	3.4	3.5	4.5	4.2	3.9	3.6
Corporate profits before taxes	685.2	741.3	818.4	(0.7)	11.4	10.4		728.1	700.2	763.1	773.9	788.6	809.7	837.8	837.7
Corporate profits after taxes	451.9	494.2	543.0	(4.0)	9.4	9.9		490.2	465.9	506.4	514.4	523.4	537.6	555.4	555.8
Earnings per share (S&P 500)	27.59	44.24	55.55	11.7	60.4	25.6		30.32	34.67	37.14	44.24	45.42	47.99	51.66	55.55
† Prices & Interest Rates															
Consumer price index	1.6	2.3	1.2	-	-	-		3.9	0.6	2.1	1.0	0.8	0.9	1.9	2.1
Treasury bills	1.6	1.0	1.0	-	-	-		1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.1
10-yr notes	4.6	4.0	4.7	-	-	-		3.9	3.6	4.3	4.2	4.4	4.6	4.8	4.9
30-yr bonds	5.4	5.0	5.5	-	-	-		5.0	4.7	5.3	5.2	5.3	5.5	5.6	5.7
New issue rate—corporate bonds	6.5	5.7	6.1	-	-	-		6.0	5.3	5.7	5.6	5.8	6.0	6.2	6.3
Other Key Indicators															
Housing starts (1,000,000 units SAAR)	1.71	1.77	1.68	6.9	3.5	-5.3		1,736.7	1,738.7	1,838.7	1,770.6	1,707.60	1,691.51	1,661.01	1,648.73
Auto & truck sales (1,000,000 units)	16.8	16.6	17.2	-2.0	-1.0	3.4		15.9	16.3	17.6	16.6	16.9	17.0	17.2	17.5
Unemployment rate (%)	5.8	6.0	6.0	-	-	-		5.8	6.2	6.1	6.1	6.1	6.1	5.9	5.8
U.S. dollar (% change)	(1.34)	(1.64)	(4.73)	-	-	-		(17.16)	(17.02)	(1.10)	(14.14)	(1.39)	(0.95)	(0.53)	(0.57)

Note: Annual changes are from prior year and quarterly changes are from prior quarter. Figures may not add to totals because of rounding. A—Advance data. P—Preliminary. E—Estimated. R—Revised. **1992 Chain-weighted dollars. **Current dollars. †Trailing 4 quarters. ‡Average for period. \$Quarterly % changes at quarterly rates. This forecast prepared by Standard & Poor's.



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