MARKET INDICATORS QUARTERLY REPORT

ENERGY TRUST PROGRAMMATIC INDICATORS:

Existing Homes Report

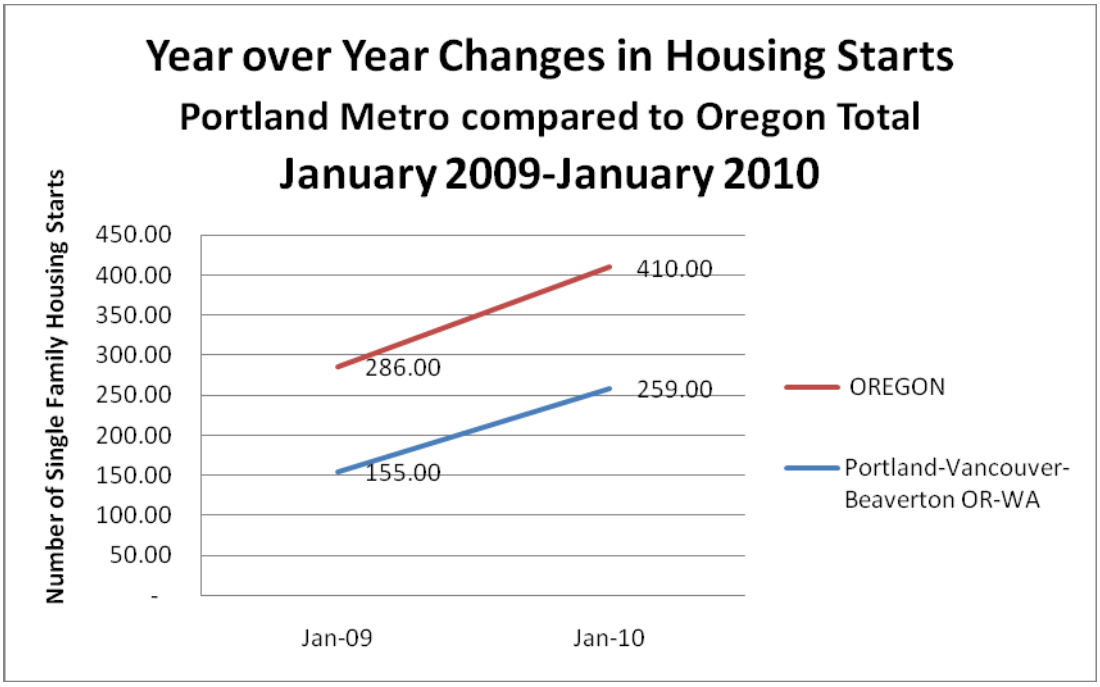
- Gas Savings in February 2010 increased 68% compared to the same time period in 2009. Changes to the incentive structure in January 2010 created an increase in Gas Furnace applications received and processed in February 2010.
- Savings from the Home Performance with ENERGY STAR program yielded a 219% increase due to improvements in the processing of Home Performance projects.
- The PMC received 1,375 incentive applications in February 2010.
    - ↑ from the 1,241 applications received in February of 2009.
- The Contact Center received 3,021 inbound calls in February 2010:
    ↓ 23.75% from 3,962 calls October 2009.
- The PMC received 314 online Home Energy Review requests in February 2010.
    - ↓ 24.15% from the 414 online HER requests received in February 2009.

New Homes Report

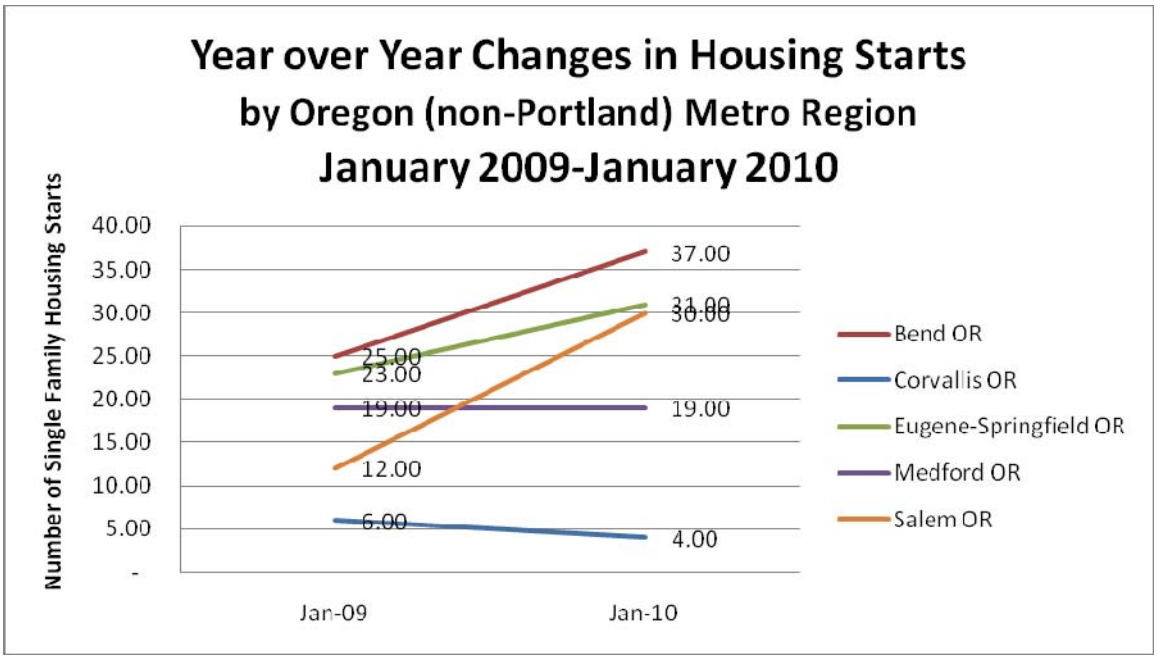
- Home Prices are down in Oregon by 7.43% compared to national drop of 1.20% in the nation for the 4th quarter of 2009.
- Portland existing home prices are down 8.4% and sales are up from last year's all time lows by 25% in February 2010.
- Low existing home prices are bad news for generally higher priced new construction, but increased sales mean a trend of decreasing competition for new homes for sale.
- General Builder Confidence remains low, rising one point in March to 15 out of 100, according to the National Association of Home Builders.
- Foreclosures are up and expected to climb in continued weak economy contributing to continued weak demand for new housing.
- While prices and confidence appear low, the number of single family housing starts is up 43% for Oregon, year-over-year from January 2009.

	SINGLE-FAMILY		
	YTD Jan-10	YTD Jan-09	YTD PCT CHG
OREGON	**410.00**	**286.00**	**43%**
Bend OR	37.00	25.00	48%
Corvallis OR	4.00	6.00	-33%
Eugene-Springfield OR	31.00	23.00	35%
Medford OR	19.00	19.00	0%
Portland-Vancouver-Beaverton OR-WA	259.00	155.00	67%
Salem OR	30.00	12.00	150%

- Portland Metro region is enjoying the majority of this growth, as seen by a 67% increase in housing starts year-over-year from January 2009.



- While the magnitude of growth in other less populated areas across the state is not as significant as Portland-Metro, all regions with the exception of Corvallis and Medford appear to be following the same upward trend in housing starts year-over-year from January 2009.



MACROECONOMIC DATA

University of Oregon Index of Leading Economic Indicators

The University Of Oregon Index Of Economic Indicators jumped 1.7% to 88.5 in January from a revised December figure of 87.0. This is the third consecutive month of gain in excess of 1%. The index has risen a total of 10.7% over only the past 6 months; though this rapid climb follows months of recessionary decay. While labor market indicators show improvement, it is yet to translate into significant job gains overall. Residential building permits (smoothed) rose again in January, bringing activity to the level of April 2009. The Oregon weight-distance tax—a measure of trucking activity—also climbed in January, as a firming economy and ongoing inventory correction necessitated more shipping activity.

Table 1: Summary Measures	**2009**					**2010**
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
U of O Index of Economic Indicators (1997 = 100)	83.9	84.4	84.8	85.9	87	88.5
% Change	-0.2	0.5	0.5	1.4	1.2	1.7
Diffusion Index	50.0	57.1	42.9	85.7	78.6	85.7
6 Month % Change, Annualized	-3.3	-1.0	0.0	2.9	6.6	10.7
6 Month Diffusion Index	71.4	71.4	64.3	71.4	78.6	100.0

Table 2: Index Components	**2009**					**2010**
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.
OR Initial Unemployment Claims, SA	11,729	11,309	11,307	10,819	10,754	10,081
OR Employment Services Payrolls, SA	25,522	26,207	25,453	26,735	26,810	28,503
OR Residential Building Permits, SA, 5 MMA	425	415	499	575	578	756
OR Weight Distance Tax, $ Thousands, SA, 3 MMA	18,312	18,116	18,000	18,325	18,311	18,890
U of Michigan US Consumer Confidence, 5 MMA	67.3	68.9	69.3	68.6	69.9	71.7
Real Manufacturers' New Orders for Non-defense, Non-aircraft Capital goods, $ Millions, SA	32,415	33,629	33,197	34,127	35,272	34,158
Interest Rate Spread, 10 yr Treasury Bonds Less Fed Funds Rate	3.43	3.25	3.27	3.28	3.47	3.62

Institute for Supply Management Manufacturing Index

Month	***PMI***
Feb-10	56.5
Jan-10	58.4
Dec-09	54.9
Nov-09	53.7
Oct-09	55.2
Sept-09	52.4

The Producers Manufacturing Index remained above 50 for the seventh consecutive month in February. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. February's reading, though a sign of expansion was down 1.9 percentage points from January's 58.4. This correlates to a slowing down of the pace of recovery in the Manufacturing sector. A listing of improvement/decline in index component follows:

- New Orders Index was at 59.5 percent in February,
  - ↓6.4 percentage points from 65.9 percent registered in January.
- Production Index was at 58.4 percent in February,
  - ↓7.8 percentage points from the January reading of 66.2 percent.
- Employment Index registered 56.1 percent in October,
  - ↑ 2.8 percentage from 53.3 percent reported in January.

Unemployment

	Oregon (SA)	US (SA)
February 2010	10.5%	9.7%
January 2010	10.7%	9.7%
February 2009	10.6%	8.2%

Oregon's seasonally adjusted unemployment rate was essentially unchanged at 10.5% in February from a 10.7% in January. This is the fourth consecutive month of no significant change in Oregon's unemployment rate, which some economists chose to view as a relief from the staggering job losses we faced last year. This optimism does not remain unchallenged as others view the flattening of Oregon's unemployment rate as a glossing over of the fact that some sectors of our economy continue to experience significant loss.

Industry Payroll Employment performed to its seasonal norm, but Construction cut more than 1,800 jobs in February; a month when no employment change is the seasonal norm. Trade, Transportation, and Utilities is up by 800 seasonally adjusted jobs, though manufacturing dropped by 1,100 jobs in a month with typical seasonal decline of only 300. Professional and Business Services held its seasonally adjusted employment total close to 175,000 for the seventh consecutive month; a flat trend following steep declines during the prior fifteen months. The following represents year-over-year percent changes in several major sectors of Oregon's economy:

- Total non-farm employment: 3.2% decrease.
- Construction: 18.4% decrease.
- Manufacturing: 7.7% decrease.
- Accommodation and Food Services employment: 1.6% decrease.

Consumer Price Index (CPI)

On a seasonally adjusted basis, the Consumer Price Index for All Urban Consumers (CPI-U) was unchanged in February. Over the past twelve months, the index has risen 2.1 percentage points. The lack of change in the seasonally adjusted all items index was the result of a slight decrease in the energy index being offset by a slight increase in the food index. Interestingly, the index of all items less food and energy increased because the large increases in the medical care and used cars and trucks indices far offset the continued decrease in the apparel, household goods, and operations.

The decline in the energy index is the first decline since April 2009, and follows a 2.8 percent increase in January. The decline was the result of a decrease in the gasoline

index, which fell 1.4 percent before seasonal adjustment. This decline was enough to offset the slight increase in household energy that was caused by the 3.9 percent increase in the natural gas index. Over the last 12 months the energy index has risen 14.4 percent with the gasoline index up 36.8 percent but the index for household energy down 3.0 percent.

Seasonally Adjusted Consumer Price Index

	Oct '09	Nov '09	Dec '09	Jan '10	Feb '10	Unadjusted 12 months end February 2010
All Items	0.2	0.2	0.2	0.2	0.2	0

Summary Review

The Oregon economy shows all signs of recovery; however, this recovery is not being distributed equally throughout sectors, geographical regions, or populations of Oregon's diverse economy. Gains are being realized in Oregon's export, and business and professional sectors; though manufacturing and construction continue to decline. This duality between growth and decay across sectors of Oregon's economy is typical of a "jobless recovery" and creates potential gaps between income, employment, and quality of life. While efforts for job creation are being made, it may be of value to recognize that some jobs may never come back as building related industries may never again reach their "bubble" high levels of 2007. As the pace of layoffs is moderating, Oregonians with jobs have become more confident and are starting to spend again. This boosts local economies and increases prices and costs of living in metropolitan areas; however, may not translate to enough of an increased demand to bring back all sectors of the Oregon economy.

SYNOPSIS of Recent Market Activity (October 10, 2009)

- **ON Semiconductor** plans to hire about 25 technicians and engineers this year to facilitate expansion of its Gresham manufacturing operations. *Gresham Outlook, 3-13-10*

- **Willamette Education Service District** will lay off nearly one-third of the teachers it employs at Hillcrest and MacLaren youth correctional facilities in Salem and Woodburn due to lower student enrollment. At least 10 of the 33 teachers who work at the facilities will lose their jobs effective May 1. *Statesman Journal, 3-16-10*

- **ATI Wah Chang** will temporarily lay off workers at its Millersburg plant at the end of this month. The exact number is not known but it will be fewer than 40 people. *Albany Democrat-Herald, 3-17-10*

- Lake Oswego-based **Pacific Lumber** will close its Bend Yard & Truss at the end of the month. It employs six people. *Bend Bulletin, 3-6-10*

- **Boeing Co.** plans to pour up to $120 million into its Gresham operation, replacing a 30-yearold chemical processing plant and adding 152 jobs in the

next three years. It will build a 60,000-square-foot facility to treat metals such as titanium and stainless steel, used in making commercial aircraft parts. *The Oregonian, 3-8-10*

- **Affiliated Computer Services** plans to hire 190 staff at its growing Tualatin call center*. Portland Business Journal, 3-8-10*

- **TRG Customer Solutions** will hire more than 200 people at its Bend call center by June. *The Bulletin, 2-26-10*

- **S4 Energy Solutions LLC** will begin work this summer on a renewable energy project at Waste Management's Columbia Ridge Landfill in Arlington that will use landfill waste to produce multiple fuel types. Houston-based S4 is a joint venture between Bend-based InEnTec LLC and Waste Management Inc., the world's largest solid waste company. It is expected to create 28 jobs during construction and 16 full-time jobs when operational. *Portland Business Journal, 3-3-10*