The U.S. Economy

- Overall economic growth has slowed
- Employment has declined recently
- Inflation pressures have risen
GDP growth was moderate in 2007, with weakness in housing offset by other sectors.

Growth in Components of GDP
2007

Percent change from previous year

- Total GDP: 2.2%
- Consumer spending: 2.9%
- Residential investment: -17.0%
- Business investment: 4.7%
- Exports: 8.1%
- Government spending: 2.0%

Source: U.S. Bureau of Economic Analysis
More recent U.S. data shows some weakness emerging in early 2008
And employment has declined slightly in the early months of 2008.

Source: U.S. Bureau of Labor Statistics
GDP growth is expected to be weaker in 2008 than in 2007 but to rebound in 2009.
Inflation eased a bit in February, but still remains elevated.
Inflation pressures are generally expected to moderate in 2008 and 2009.
The Oklahoma Economy

- Some slowing, but outpacing nation
- Housing downturn less severe
- Another energy and farm boom
Oklahoma job growth continues to be considerably stronger than in the nation.

Source: U.S. Bureau of Labor Statistics
Relative strength in Oklahoma job growth has been driven by energy, but also other sectors.

Employment Growth by Industry
February 2008

Percent change year over year

Source: U.S. Bureau of Labor Statistics
U.S. home prices are falling, but Oklahoma prices are holding up well

Quality-Adjusted Home Prices
Purchase-Only

Source: OFHEO
House price fundamentals are much more in line in Oklahoma than in the nation.

Annual Growth in Per Capita Income and Home Prices
2000 - 2005

Source: U.S. Bureau of Economic Analysis, OFHEO
Mortgage delinquencies are rising in the state, but not nearly as fast as in the nation.

Share of Mortgages Seriously Delinquent
90 days or more past due or in foreclosure

* Includes FHA, VA, and uncategorized loans

Source: Mortgage Bankers Association
State oil and gas activity remains strong, and futures prices are high.
Farmland values and farm capital spending are rising rapidly.

Source: FRBKC Agricultural Credit Survey
Are Recent Land Price Gains Rational?

<table>
<thead>
<tr>
<th>Returns to Wheat Production</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs per acre (excluding land)</td>
<td>$179</td>
<td>$186</td>
<td>$192</td>
</tr>
<tr>
<td>Total Revenue per acre</td>
<td>$220</td>
<td>$297</td>
<td>$290</td>
</tr>
<tr>
<td>Price (dollars per bushel)</td>
<td>6.70</td>
<td>9.90</td>
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</tr>
<tr>
<td>Yield (bushel per acre)</td>
<td>33</td>
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</tr>
<tr>
<td>Returns to Land (dollars per acre)</td>
<td>$41</td>
<td>$141</td>
<td>$112</td>
</tr>
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<td>Calculations based on USDA data and futures prices</td>
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<td>Capitalized value at 5.5% cap rate</td>
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What if Wheat Prices Fall and Production Costs Remain High?

Returns to Wheat Production (2009 Scenarios)

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Calculations based on USDA data and futures prices

Capitalized value at 5.5% cap rate | $2036 | $709 | Ugly
Hiring announcements in Oklahoma continue to outpace layoffs

Oklahoma Hiring and Layoff Announcements

Source: Federal Reserve Bank of Kansas City
Oklahoma ranks in the top quartile of states for 2008 forecasted job growth.

Projected 2008 Job Growth (as of Mar-08)
- 0.5 to 4.0%
- 0.0 to 0.4%
- -0.4 to -0.1%
- -2.0 to -0.5%

Source: Economy.com