

U.S. & Oklahoma Economic Outlook



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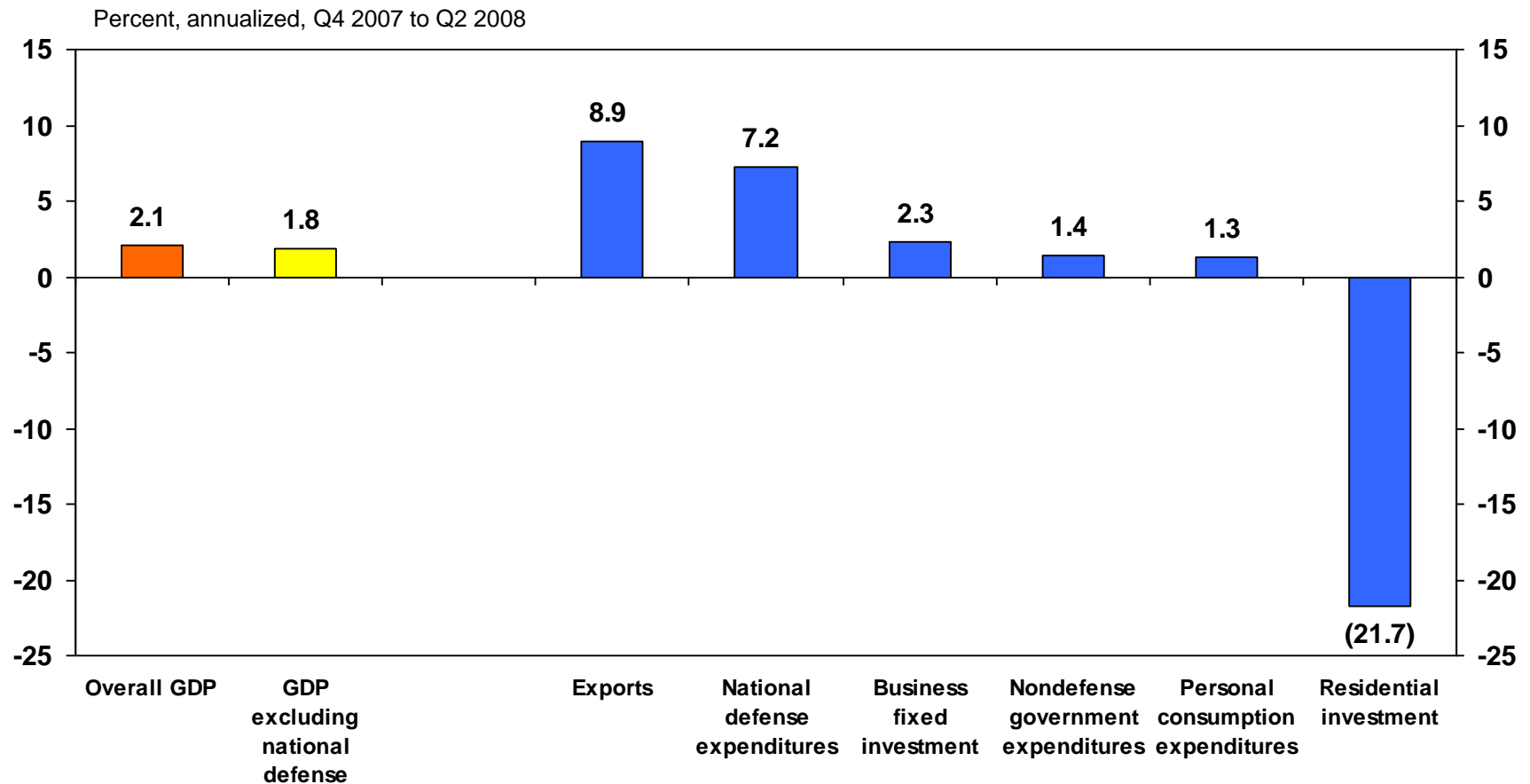
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The U.S. Economic Outlook

- U.S. economic growth was surprisingly solid in the first half of the year, while inflation numbers continued to rise
- But the onset of an intense credit crisis has seriously dampened the outlook
- Recent policy actions appear to be beginning to have an effect

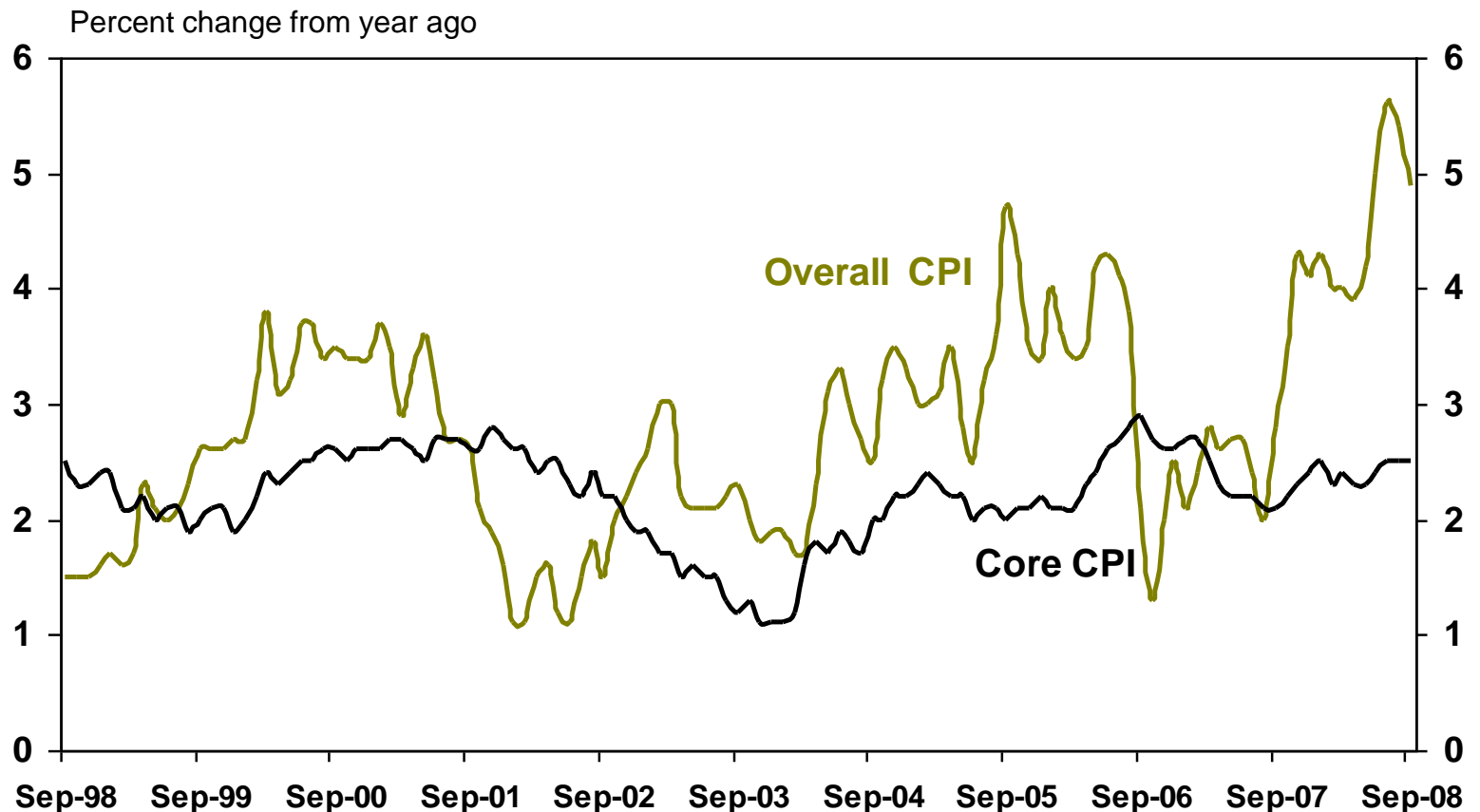
Outside of housing, U.S. economic growth was fairly solid in the first half of the year

Real GDP growth in 2008, including components



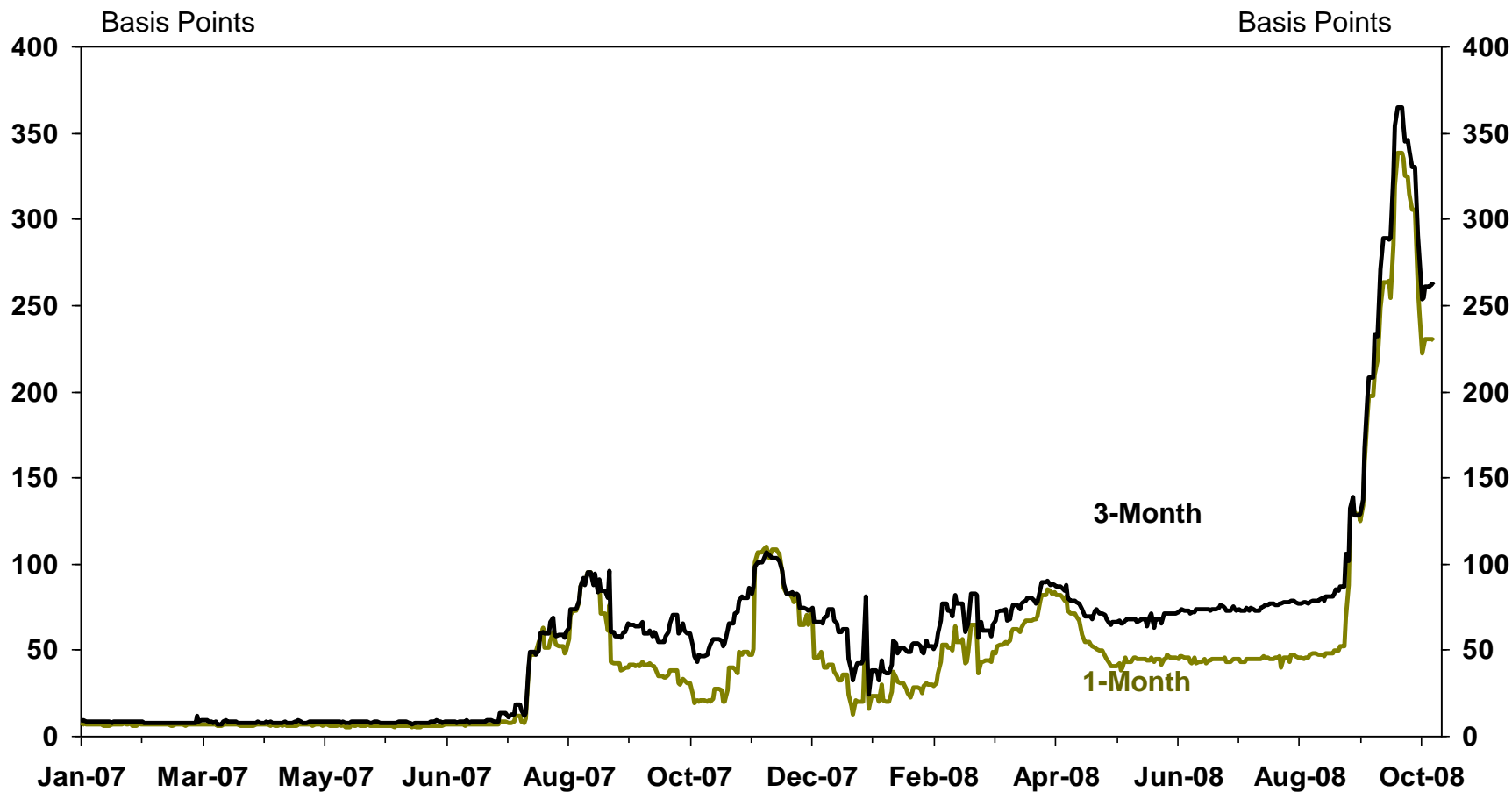
Meanwhile, inflation pressures rose sharply before easing slightly in recent months

Consumer Price Index



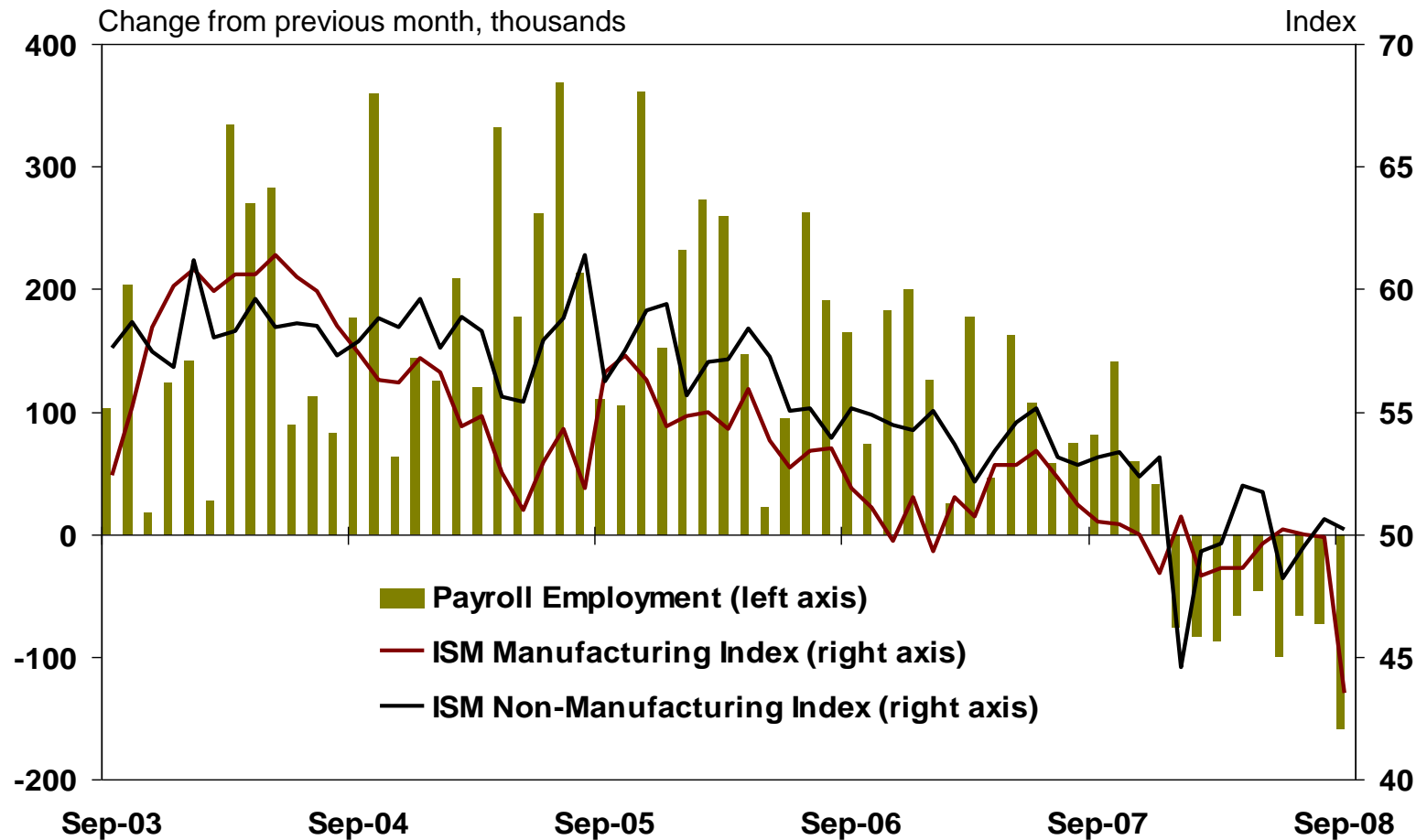
Credit spreads widened sharply in September but have eased the past few weeks

LIBOR-OIS Spread

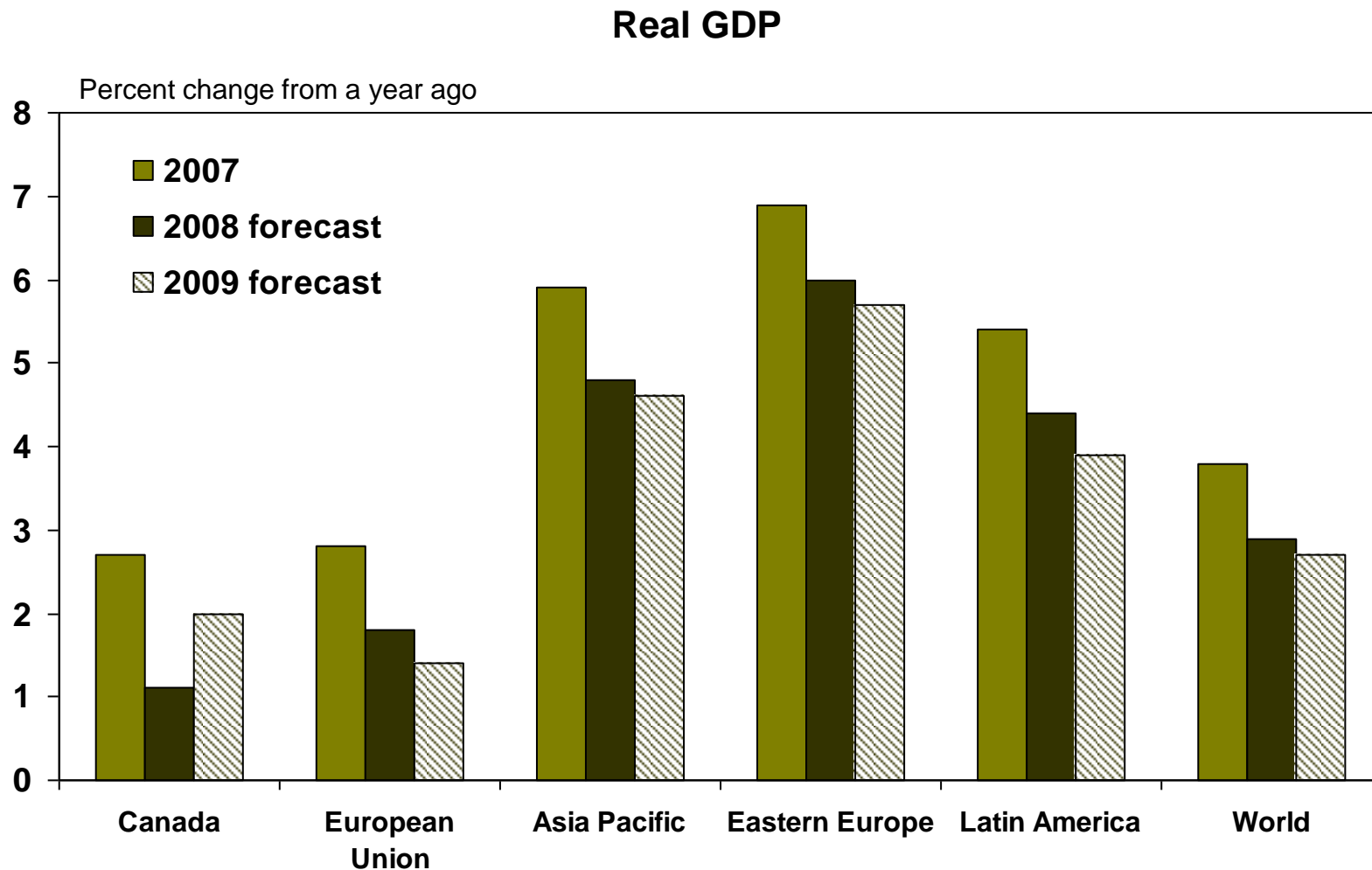


Third quarter data suggest U.S. economic activity is clearly weakening

National Business Indexes and Payroll Employment



Foreign growth prospects have also worsened



Recent policy actions aim to help bring an end to the credit crisis

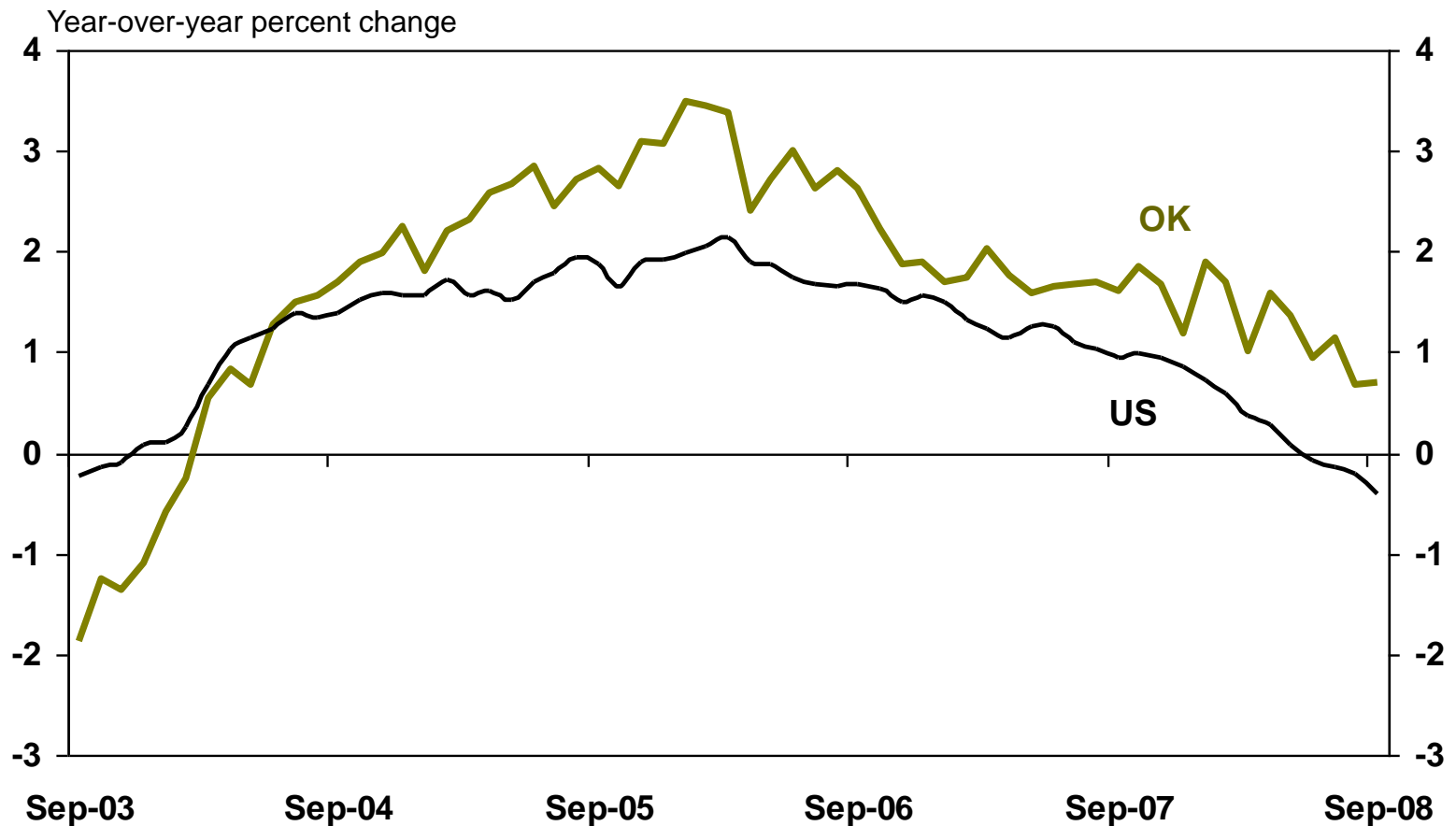
- Rescue package passed to buy up bad assets and, now, inject capital into banks
- Considerable liquidity provision by the Fed and other central banks has continued
- A coordinated monetary policy easing by the major central banks around the world and, yesterday, more easing by the Fed

The Oklahoma Economic Outlook

- ❑ Oklahoma's economy has outperformed the nation for several years now
- ❑ And the state's housing and banking sectors remain in much better shape
- ❑ But the national situation bears watching, as do recent declines in oil and gas prices

Oklahoma job growth has slowed but remains well above the national average

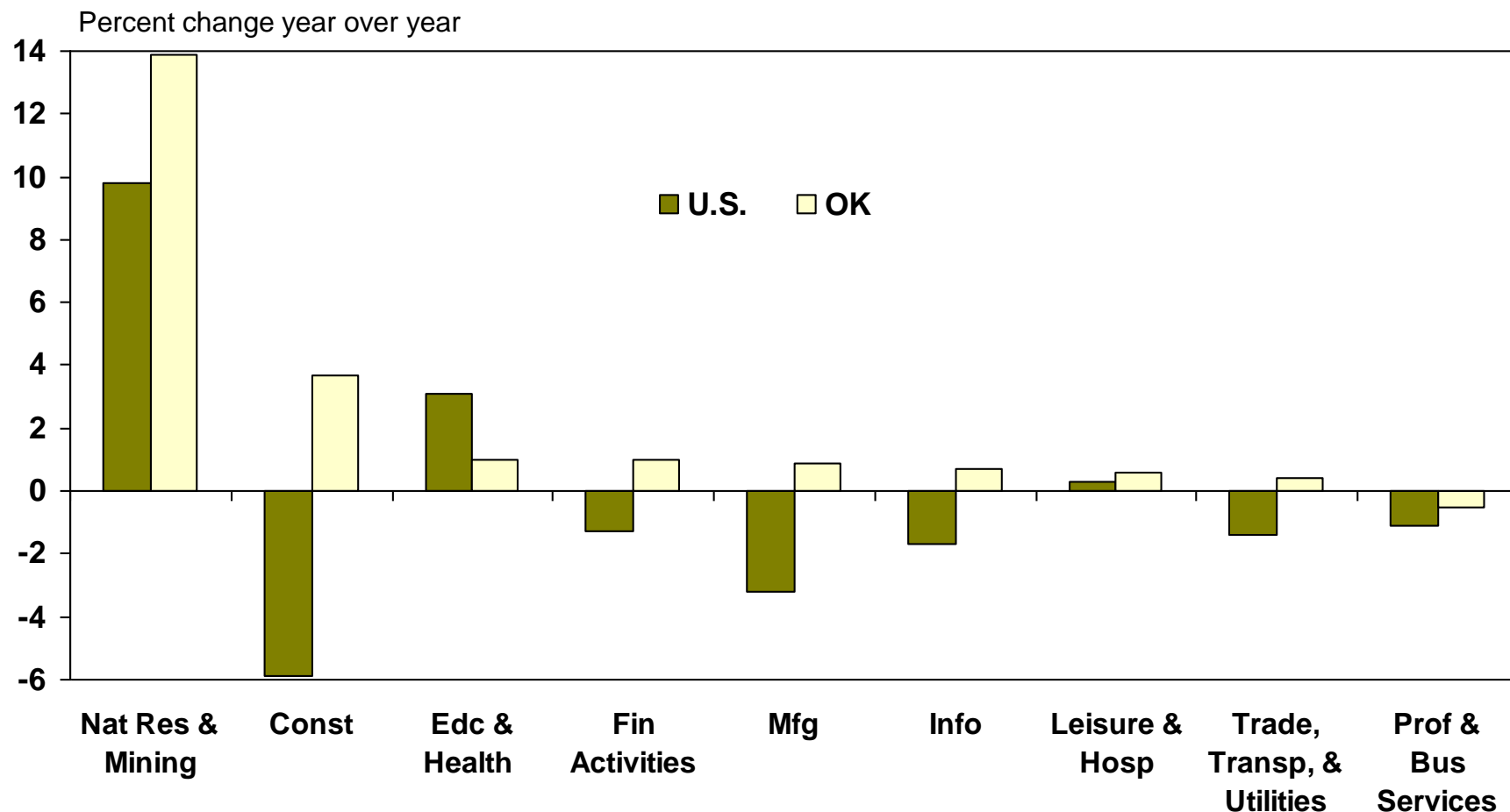
Nonfarm Payroll Employment Growth



But job growth is minimal outside the energy and nonresidential construction sectors

Employment Growth by Industry

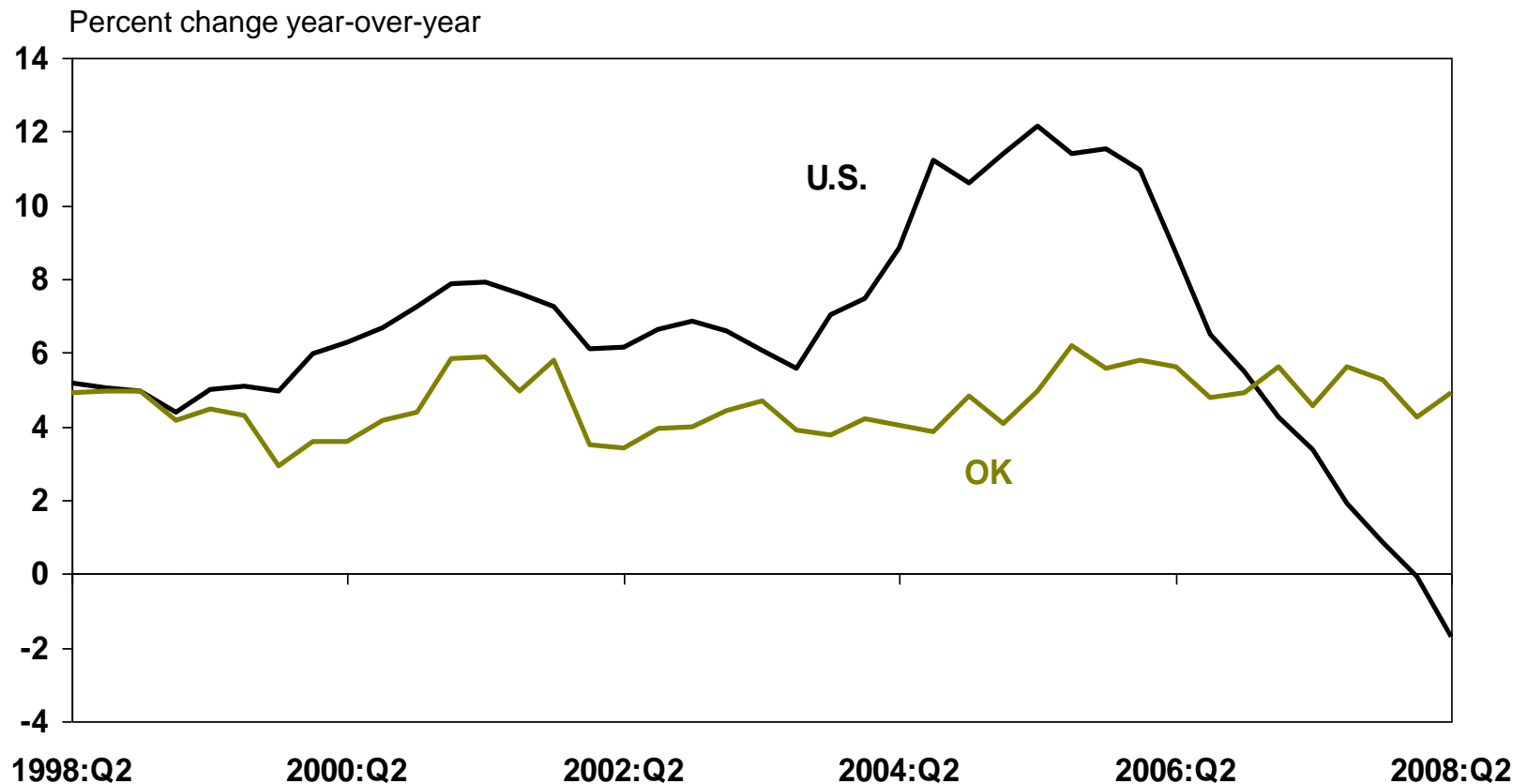
September 2008



Source: U.S. Bureau of Labor Statistics

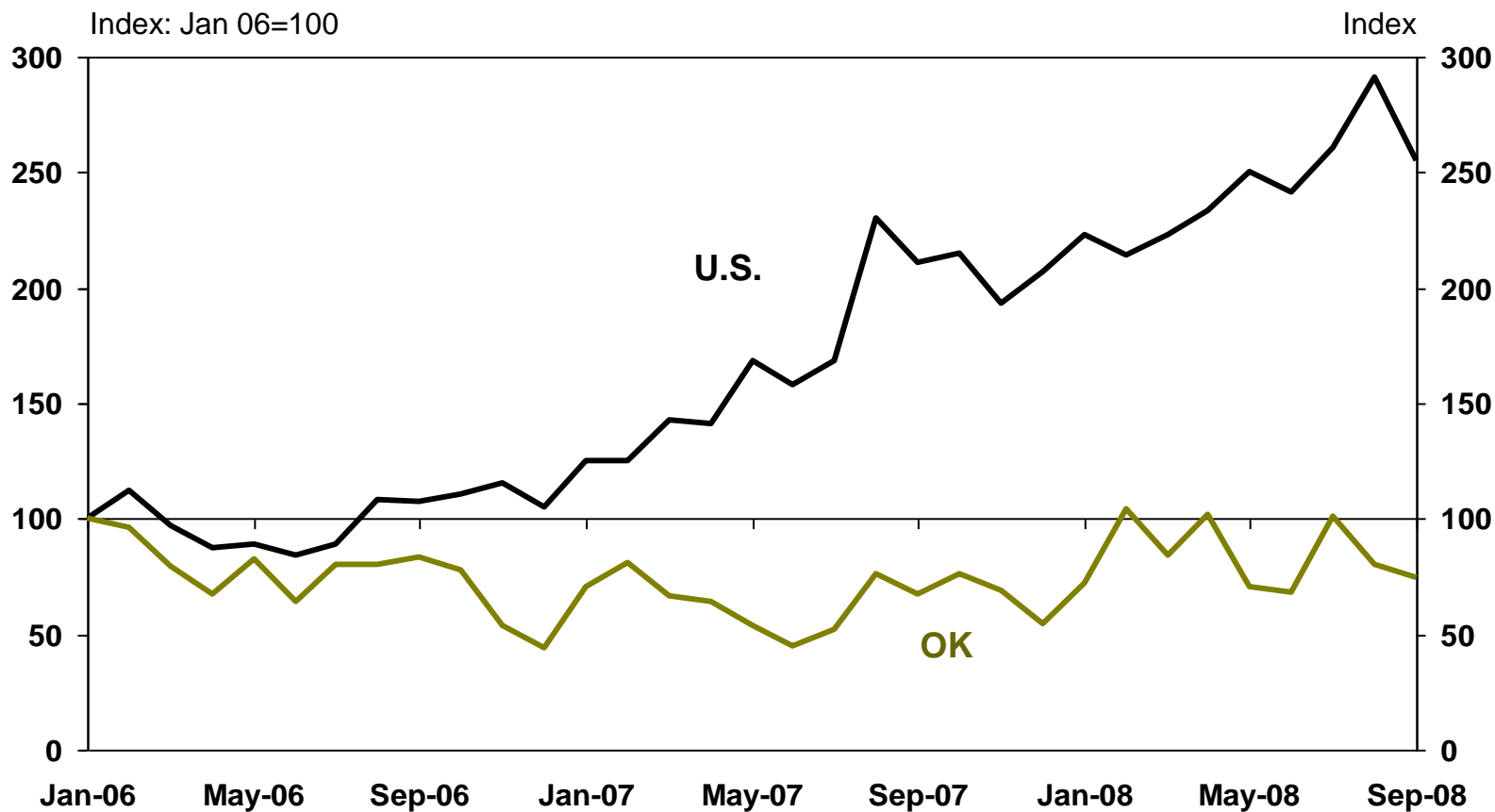
Oklahoma home prices continued to grow through Q2 2008, even as U.S. prices fell

Quality-Adjusted Home Price Growth



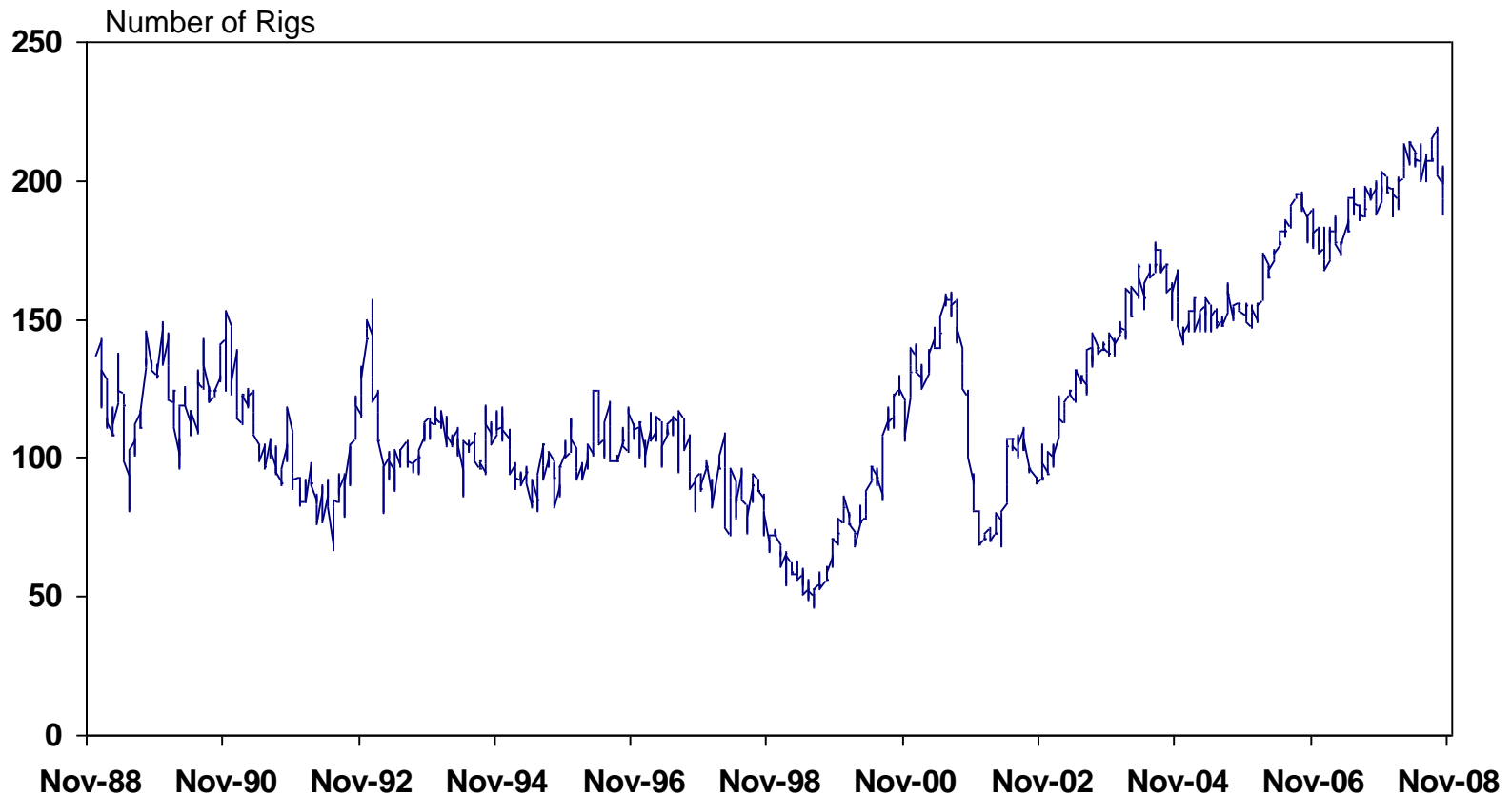
Foreclosures have been relatively low in Oklahoma compared to the nation

Total Foreclosures, U.S. vs. Oklahoma



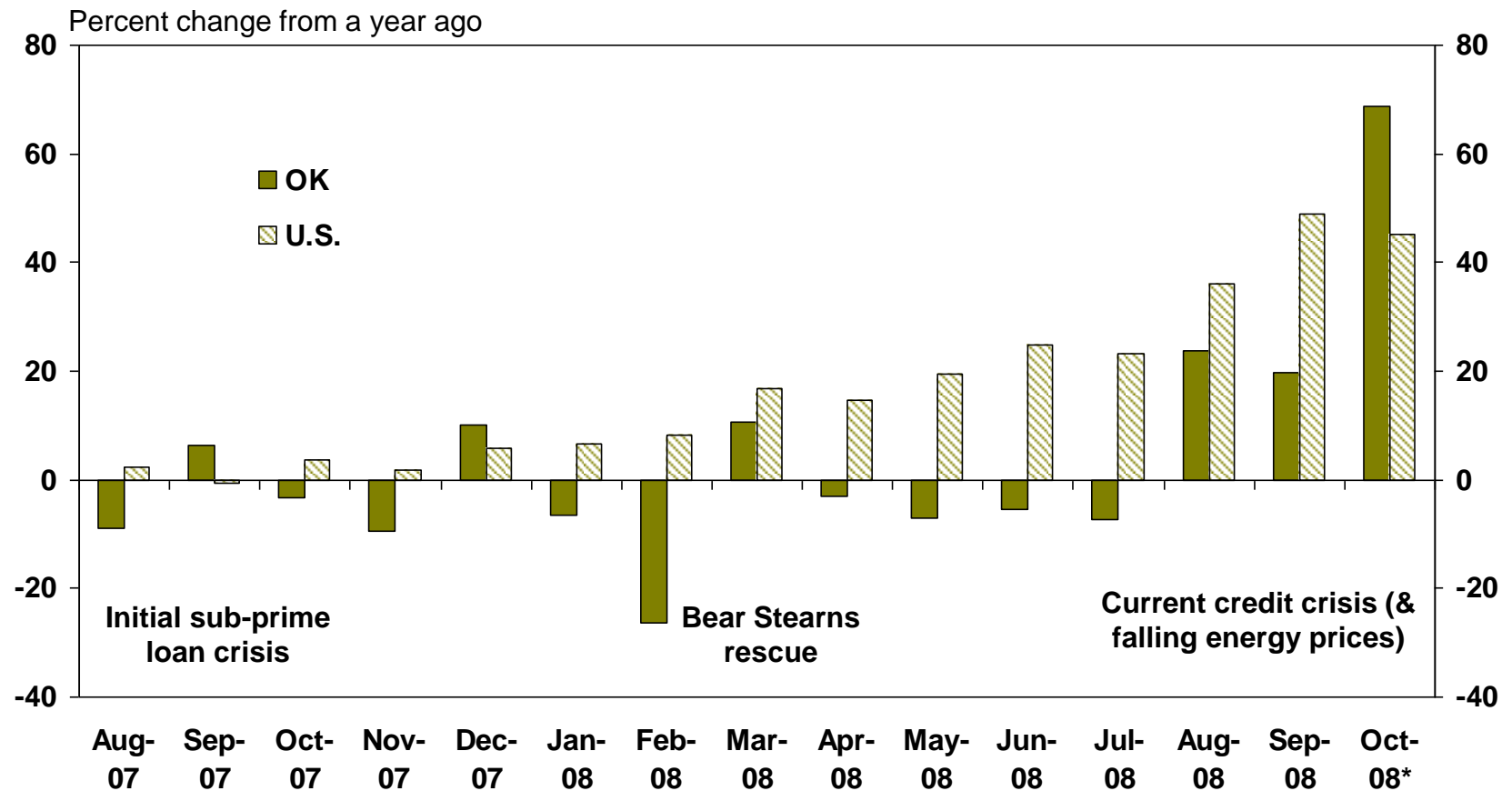
Oil and gas drilling activity remains strong, but has cooled in recent weeks

Weekly Oklahoma Rig Count



Unemployment claims have also risen in recent weeks after lagging the nation

Weekly Unemployment Insurance Claims



*Based on weekly average of first half of the month

Source: U.S. Bureau of Labor Statistics

Summary

- U.S. and world economic conditions have deteriorated with tightening credit markets
- Oklahoma economic conditions remain better, especially in housing and banking, but some recent high-frequency data have been worse
- Recent policy actions are aimed to boost the U.S. outlook and should help Oklahoma as well, but oil and gas prices bear watching