



Economic Summary

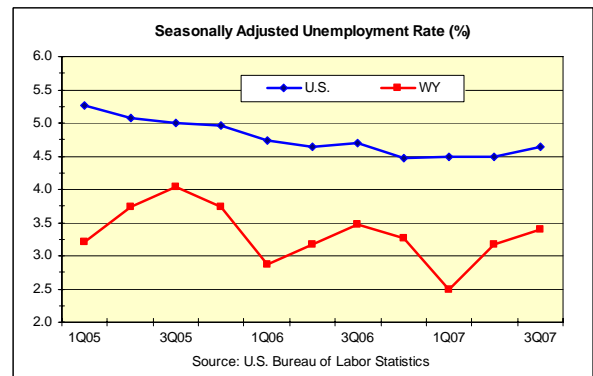
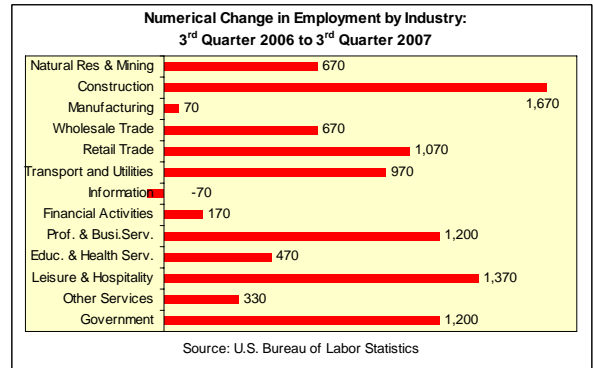
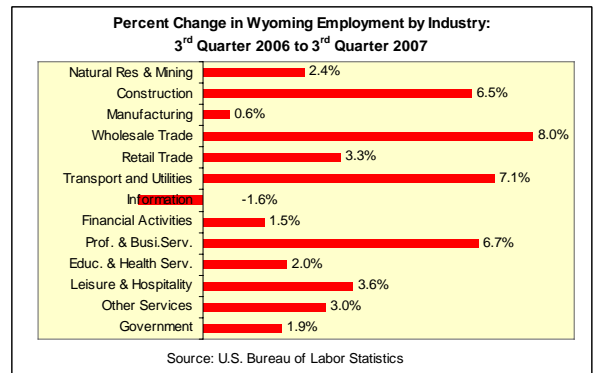
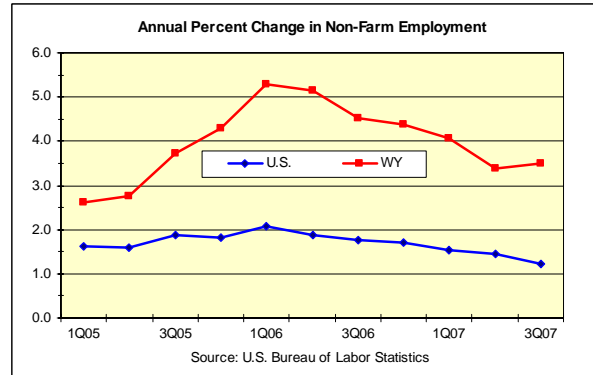


Employment

2006 was a spectacular year in economic performance for Wyoming due to the strong demand for its energy resources. Employment, personal income, and government revenue all experienced tremendous boosts, with many economic indices leading the nation. Total employment rose 4.9 percent, a net increase of over 12,800 jobs, the highest since 1981. The mining industry (including oil and gas extraction) led the growth with over 3,890 jobs or 17.1 percent. The unemployment rate of 3.2% in 2006 was only slightly higher than the previous low record set in 1979.

Employment growth has been decelerating since mid-2006, but the rate of growth still ranks as one of the highest in the nation. By the 3rd quarter of 2007, the number of non-farm wage and salary jobs in the State increased by 9,790 or 3.5 percent from the 3rd quarter of 2006, while the job growth rate for the U.S. was only 1.2 percent for the period. The seasonally adjusted unemployment rate in the 3rd quarter was 3.4 percent in comparison with just 2.5 percent recorded in the 1st quarter. Unlike in 2006 when the number of new jobs was attributed mainly to the mining and construction industries, employment growth so far in 2007 has been spread across many industries. For example, in the 3rd quarter of 2007, 8 out of 13 industrial super sectors recorded strong job growth of over 2 percent. Construction, wholesale trade, transportation & utilities, and professional & business services experienced an annual growth rate of over 6.5 percent, respectively.

The recent slowdown was mainly caused by the mining sector, where the annual job growth rate was only 2.4 percent in the 3rd quarter of 2007. This was due to the reduced drilling activities for coal bed methane, and wildlife and environmental concerns. Hampered by the constraints of pipeline capacity, the spot prices of natural gas in the Rocky Mountain region have been dropping precipitously since early this year, while the national price has remained relatively stable, around \$6.50 per thousand cubic feet. As a result, the price differential between Louisiana's Henry Hub and Wyoming's Opal Hub reached \$4.00 in the 3rd quarter, the highest in history. Some producers in the Powder River Basin were forced to halt operations temporarily, and laid off employees. For example, the number of Continued Unemployment Insurance Claims in Campbell County more than doubled between the 3rd quarter of 2006 and the 3rd quarter of 2007, and over half of the claim increases were from the mining and construction industries. Kinder Morgan's Rockies Express Pipeline is expected to be completed soon, and will certainly provide an important new market opportunity for Wyoming. Production will remain sturdy going forward thanks to elevated energy prices and growing global demand.



Income and Earnings

The quarterly growth rate for Wyoming's total personal income slowed down to 1.7 percent in the 3rd quarter of 2007, slightly higher than the 1.4 percent for the U.S. Personal income is the income received by all residents from all sources. It is the sum of net earnings by place of residence, rental income, dividend income, interest income, and current transfer receipts. Earnings, including payrolls, employer contributions for employee pension and insurance funds, and proprietors' income, increased 1.2 percent. The mining industry continued to be the principal driver with a 2.3 percent growth rate, and it contributed nearly one-third of the growth in total earnings. Construction earnings also increased 2.1 percent during the quarter, higher than the growth rate recorded in the previous quarter.

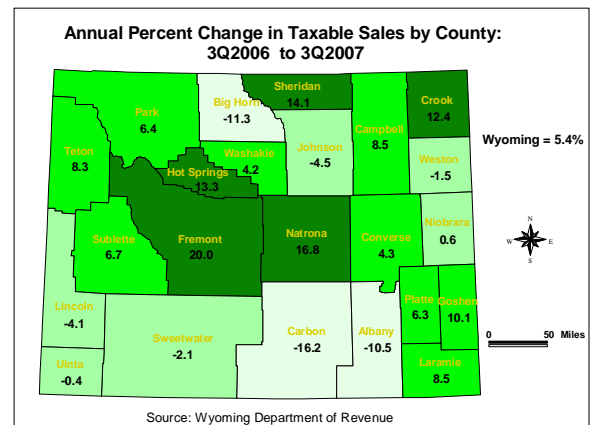
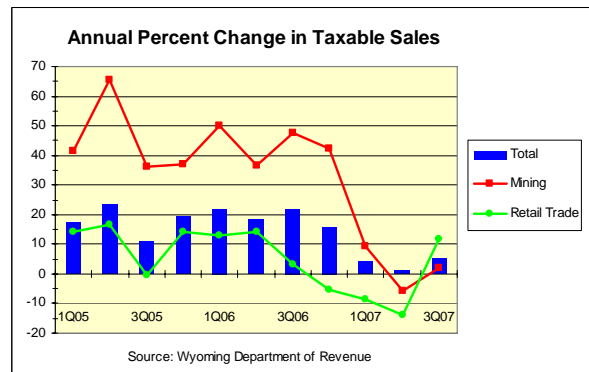
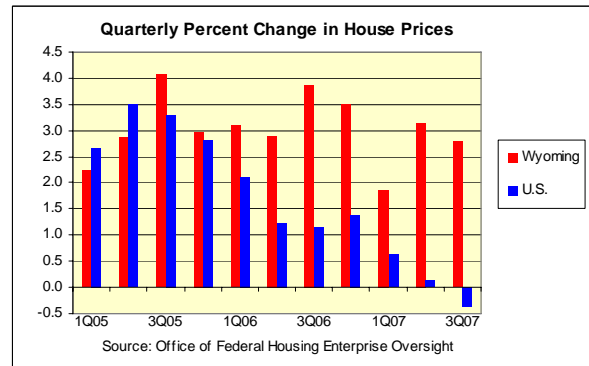
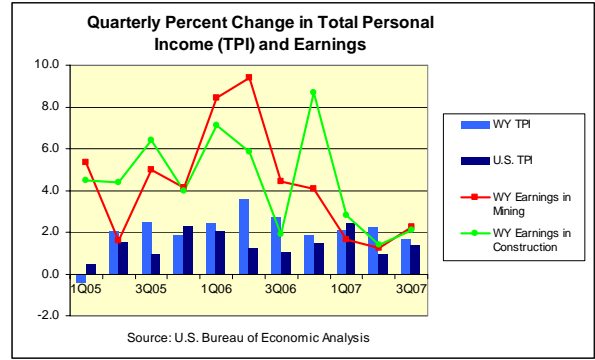
Housing

Wyoming communities with booming energy exploration faced severe housing shortages before 2007, despite speedy home construction. This shortage has caused as much as a 20 percent increase annually on rent and house prices, making the affordability degrade fast, particularly for workers in low paying industries. Home prices have more than doubled in some of these communities in the last 5 years. As the market slowed down to 8.1 percent annually in the U.S., the average home price surged 12.0 percent in Wyoming in 2006, the fastest since 1981, and one of the fastest in the nation.

The hot residential real estate markets in the state were somewhat relieved in 2007 with increased inventories and lower transactions for many communities. Both building permits and the existing home sales in the State were down nearly 10 percent in the 3rd quarter of 2007 from a year ago. However, the home prices were still strong statewide. The appreciation rate surged to 2.8 percent (the highest in the country) between the second and the third quarter of 2007, while the U.S. average suffered a decline of 0.4 percent, the first decline since 1994. In addition, Wyoming's foreclosure rate continues to rank as one of the lowest in the nation for the quarter.

Taxable Sales

Based on sales and use tax collections, total taxable sales in the State reached approximately \$5.0 billion in the third quarter of 2007, an increase of 5.4% from the third quarter of 2006. The expansion was still one of the slowest in many years. Nearly half of sales occurred in the mining (including oil and gas extraction) and retail trade industries. The state does not impose a sales tax on production of minerals, but rather on the supplies and equipment used in extracting the minerals. Additionally, certain services rendered within an oil or gas well site are subject to sales and use taxation as well as services rendered under contract for mining and crushing minerals. Due to the slowdown of mining activities, sales of equipment and services in the mining sector declined dramatically since 4th quarter 2006.



In fact, the annual contraction of 5.6 percent in the second quarter of 2007 was the first decline since the third quarter of 2003. However, it rebounded again in the third quarter. The retail trade taxable sales demonstrated strong growth of 11.9 percent in the third quarter over a year earlier, after a few quarters of declines mainly caused by the exemption of the sales tax on grocery food, which was implemented in July 2006.

Tourism

The travel and tourism industry in the State enjoyed a strong summer. The number of recreational visitations to Yellowstone and Grand Teton National Parks were about 2.0 and 1.5 million, respectively, in the third quarter of 2007, up 10.8 and 6.3 percent, respectively, from the previous year level. The lodging sales in the State for the third quarter of 2007 were 10.8 percent higher than the level a year ago. The expansion was greatly attributed to the increase in Teton County lodging sales, which comprises nearly half of the Wyoming total. As the State's main tourism attraction area, Teton County's lodging sales demonstrated an annual growth of 14.7 percent during the third quarter of 2007. Some of the lodging sales in mineral rich areas such as Sublette, Sweetwater, and Carbon counties were not attributed to typical tourists, but rather to out-of-state mining workers who occupied blocks of lodging spaces on a regular basis, as has been the case in recent years of energy development.

Agriculture

The price index received by ranchers for all Wyoming livestock and products in the 3rd quarter of 2007 was up 16.3 percent from the previous quarter, and was the same level as the third quarter of 2006. The U.S. average livestock price was still slightly higher than that of Wyoming. Facing one of the worst droughts in history, statewide range and pastures are in much worse condition than last year. Many producers may have to cull their herds with undesirable prices, resulting in lower sales revenue. They also incurred higher feed costs to maintain the remaining herd. Together, these factors contribute to reduced profitability.

Revenue

Investment income, including the Permanent Wyoming Mineral Trust Fund (PWMTF) and pooled income, reached \$147.0 million in the third quarter of 2007, tripled from one year ago. There was a one-time capital gain of \$65 million realized in July. Much of the increase in the past several years was attributed to the constant insertion of the additional severance taxes into the PWMTF fund principal. The collection of \$205.1 million in mineral severance taxes in the 3rd quarter of 2007 was 4.2 percent less than a year ago. This was the fourth quarter in a row that showed an annual decline after strong increases during the past few years. The main factor was the severe drop in natural gas prices in the Rocky Mountain region.

