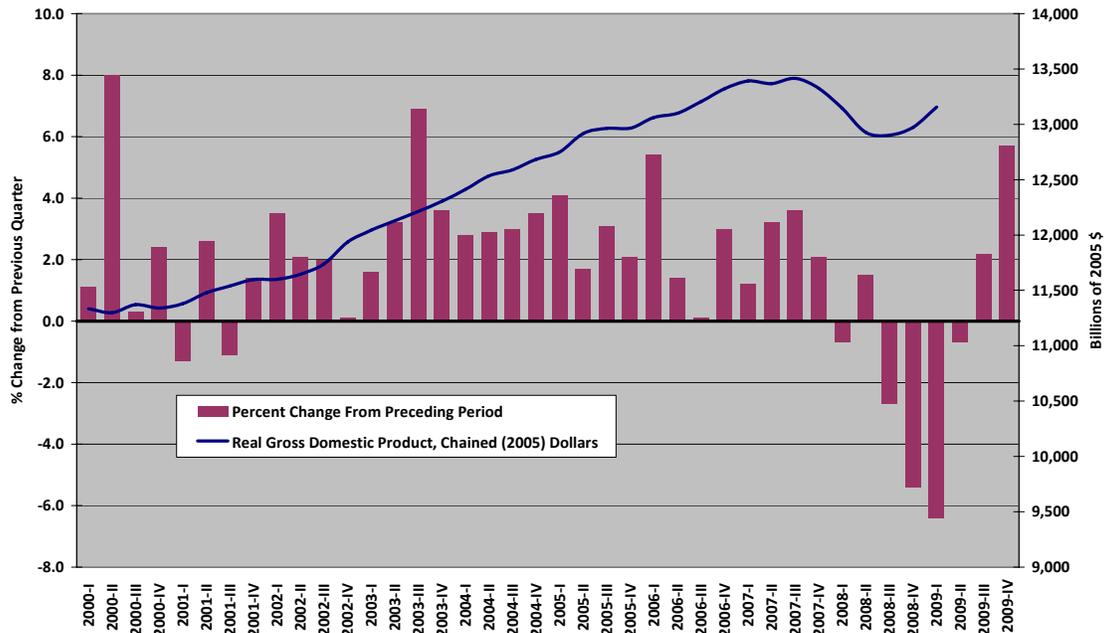


Real Gross Domestic Product and Quarterly Change

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Gross Domestic Product (GDP)—the output of goods and services produced by labor and property located in the United States—is the broadest measure of economic activity. It is also the measure that is most indicative of whether the economy is in recession. In the post-World War II period, there has been no recession in which GDP did not decrease in at least two quarters, (the exceptions being during the recessions of 1960-61 and 2001.)

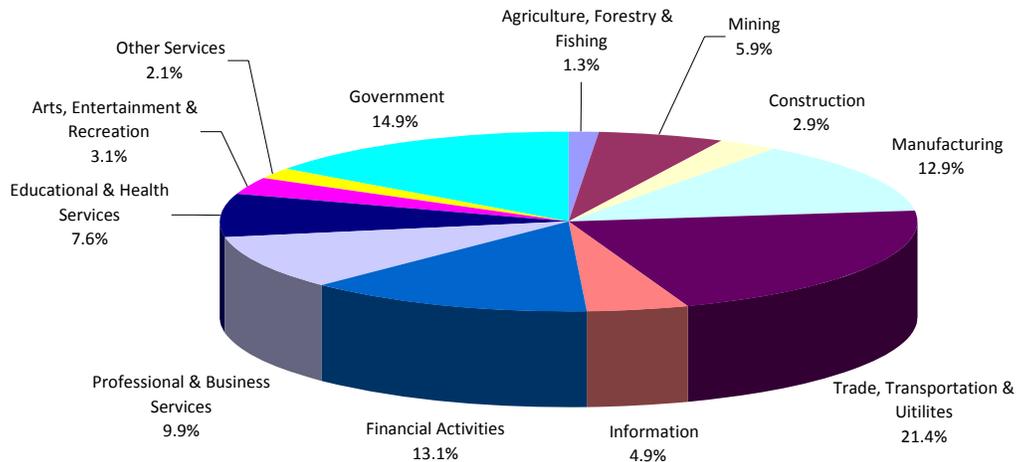
Economic output in the United States had been expanding each quarter since the 4th quarter of 2001. Beginning in the 2nd quarter of 2003, the national economy grew fairly consistently at an annual rate of around 3 to 4 percent, in real terms, with occasional quarters of slower growth through late 2006 and early 2007. The middle of 2007 found revived growth of nearly five percent, but GDP declined for the first time in two years in the 4th quarter of 2007. The first half of 2008 had slow to moderate growth in GDP, but has been followed by four consecutive quarterly declines.

GDP contracted at a 6.4 percent annual rate in the 1st quarter of 2009 after a 5.4 percent rate of decline in the 4th quarter of 2008. The declines in these quarters were the largest since the early 1980s.

Gross domestic product rose at a seasonally adjusted 5.7% annual rate in the 4th quarter of 2009, according to the "advance" estimate released by the Bureau of Economic Analysis. Real GDP gains were driven more by acceleration in private inventory investment than by consumer spending. GDP has gone up two straight quarters, rising 2.2 percent in the 3rd quarter after a year of contraction. For all of 2009, GDP fell 2.4 percent, the biggest drop for an entire year since 10.9 percent in 1946.

2008 Industry Share of Oklahoma's Economy (by percentage of Gross Domestic Product)

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Oklahoma's economy typically follows a similar trend to that of the nation. State GDP data lags behind national data and is only available annually. As a result, it is not a good indicator of current economic conditions and does not fully reflect the recent changes in Oklahoma's economic climate. However, it is still valuable to understand the state's growth trend compared to the nation and what industries are the largest contributors to Oklahoma's economy.

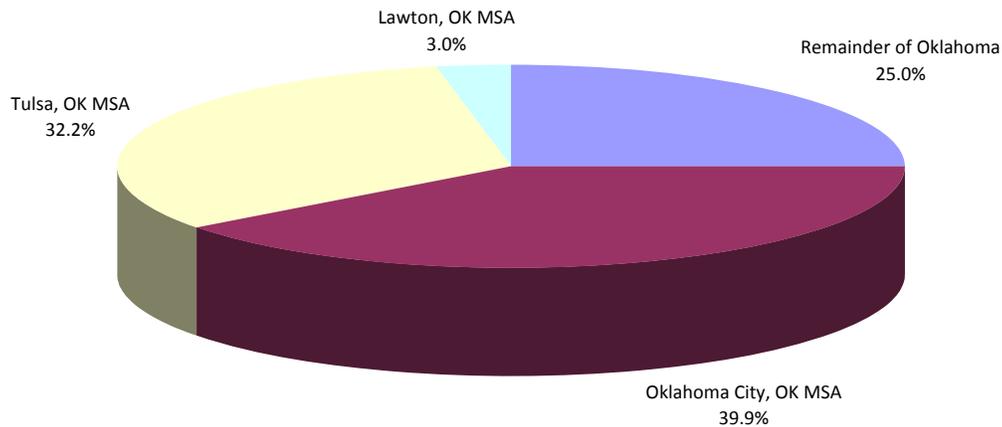
Oklahoma's GDP totaled nearly \$107 billion in 2008 according to advance estimates, an increase in real dollars of 2.7 percent from 2007. The U.S. growth rate for the same period was 1.1 percent. Nearly all industrial sectors contributed to the increase in Oklahoma's GDP with the only declining sector being agriculture.

The broad trade, transportation and utilities sector makes up the largest portion of Oklahoma's economic output, followed by government, financial activities, and manufacturing.

Since 2003, trade, transportation and utilities, information, and professional and business services have had the largest gain in share of the state's economic makeup, while financial activities and government have had the largest declines in share.

Metropolitan Area Contribution to State Real Gross Domestic Product 2008

Source: U.S. Department of Commerce, Bureau of Economic Analysis



Metropolitan Statistical Areas (MSA) are the county-based definitions developed by the Office of Management and Budget for federal statistical purposes. A metropolitan area is defined as a geographic area consisting of a large population nucleus together with adjacent communities having a high degree of economic and social integration with the nucleus.

Nationally, metropolitan statistical areas represent approximately 90 percent of total GDP. In Oklahoma, the three MSAs of Oklahoma City, Tulsa and Lawton accounted for roughly 75 percent of the total state GDP in 2008.

Real GDP growth slowed in 220 of the nation's 366 metropolitan statistical areas (MSAs) in 2008 with downturns in construction, manufacturing, and finance and insurance restraining growth in many metropolitan areas. In contrast, growth accelerated in 146 metropolitan areas, most notably in areas where natural resources and mining industries are concentrated.

In terms of growth in real GDP, the Lawton, OK MSA ranked 45th out of all 366 U.S. metropolitan areas with a growth rate of 3.3 percent in 2008. The Oklahoma City MSA ranked 51st with a growth rate of 3.1 percent followed by the Tulsa MSA ranked at 177 with a growth rate of 1.0 percent.