

BOISE METRO MSA

EMPLOYMENT GROWTH RANK

Best=1 Worst=389

2007-09

190
3rd quintile

2007-12

117
2nd quintile

LIFE CYCLE PHASE

Growth

Best=1 Worst=381

VITALITY

11

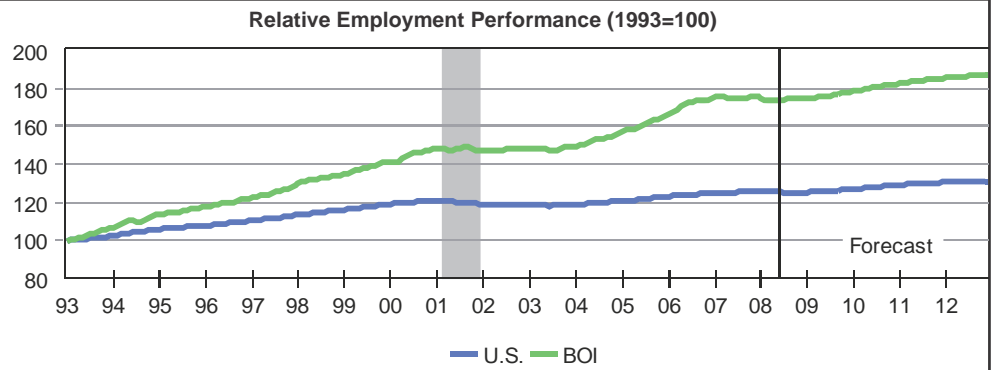
1st quintile

COST OF DOING BUSINESS

U.S.=100% **86%**

COST OF LIVING

U.S.=100% **97%**



DataBuffet® MSA code: MBOI

2001	2002	2003	2004	2005	2006	2007	Indicators	2008	2009	2010	2011	2012
14.8	15.0	15.5	17.6	19.7	19.5	20.0	Gross Metro Product, C\$B	20.3	21.0	21.7	22.3	22.8
3.0	1.2	3.3	13.4	11.9	-1.2	2.7	% Change	1.6	3.2	3.5	2.6	2.2
234.4	233.6	234.6	241.9	254.8	271.5	277.0	Total Employment (000)	275.5	278.8	285.5	291.2	294.8
2.4	-0.3	0.4	3.1	5.3	6.6	2.0	% Change	-0.5	1.2	2.4	2.0	1.3
4.1	5.1	5.0	4.3	3.5	2.8	2.6	Unemployment Rate	3.8	4.6	4.4	4.0	3.9
4.9	3.0	2.9	9.9	6.2	10.2	6.2	Personal Income Growth	3.3	4.4	6.1	5.9	5.4
485.7	499.4	511.3	524.4	544.9	567.7	587.7	Population (000)	601.5	612.6	623.8	634.8	646.7
5,570	6,089	6,814	7,843	10,948	7,440	3,762	Single-Family Permits	2,635	2,759	4,748	7,048	7,527
1,188	953	1,016	1,052	601	912	1,102	Multifamily Permits	219	44	175	354	393
127.4	123.2	129.6	138.0	157.8	203.0	206.0	Existing Home Price (\$Ths)	185.8	170.7	172.6	177.8	183.2
4,551	4,900	7,549	4,914	6,672	7,521	5,620	Mortgage Originations (\$Mil)	7,162	3,230	2,725	4,883	6,448
12.2	9.0	7.1	8.3	15.4	17.1	14.0	Net Migration (000)	8.2	5.4	5.5	5.3	6.3
3,297	3,746	4,202	4,145	5,165	1,501	1,778	Personal Bankruptcies	3,230	3,977	4,649	5,288	5,489

STRENGTHS & WEAKNESSES

STRENGTHS

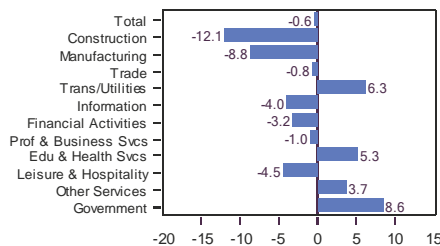
Large high-tech manufacturing base.
Favorable migration flows and above average population growth.
Reliable low-cost energy supply.

WEAKNESSES

High volatility due to cyclical high-tech industries.
Relatively high tax burden.

CURRENT EMPLOYMENT TRENDS

July 2008 Employment Growth % change year ago, 3 mo. MA



FORECAST RISKS

SHORT TERM LONG TERM RISK-ADJUSTED RETURN, '07-12 **0.15%**

UPSIDE

High-tech companies secure larger-than-expected market share for new products.
Low business costs attract additional relocations.

DOWNSIDE

Housing correction is deeper than expected.
High-tech manufacturers face further setbacks.
The weakening global economy reduces demand for tech products.

ANALYSIS

Recent Performance. The Boise City-Nampa metro area is at risk of recession. The housing situation has worsened in recent months, with prices, permits and sales falling. Employers are cutting payrolls, and the unemployment rate jumped a percentage point in the second quarter of 2008. Professional/business services and consumer-driven industries such as retail have seen dramatic drop-offs. The only industries doing well are education/healthcare, mainly due to strong demographics, and government.

Tech employment. The tech industry will rebound to limited growth opportunities. Tech has cut payrolls and trimmed expenses as they experience a period of weakness. Reduced consumer spending is lowering demand for the tech industry's products, and market oversaturation and increased competition are making it difficult for many tech firms to survive. Micron, BOI's largest employer, had to cut thousands of jobs a few months ago. The softening European and Asian markets will decrease global demand, and this will be a tough period for tech products. Micron will emerge as one of the strong players in the industry when sales rebound. However, productivity gains will limit tech employment growth.

Housing. Housing will bottom at the end of 2008. In the first half of this decade, housing affordability was high, but in 2006, prices grew 35%. In the middle of the decade supply grew twice as fast as demand. This created an unstable market and left BOI vulnerable to the housing downturn. BOI did not have a large share of local resident subprime mortgage originations, but it did have one of the largest shares of investor-buyer originations in the country. Of the top 200 metro areas, BOI was 12th in the share of investor-owned homes. These are downside risks because

a home they do not use as their primary residence. By 2009, prices will stabilize and permit issuance will be up. A rising population will take care of excess supply. By 2010, incomes and home prices will appreciate at about the same rate, stabilizing housing affordability. BOI will not return to the explosive growth it saw in 2006.

Income/costs. BOI will grow over the forecast horizon, but incomes will not grow as quickly as the rest of the U.S. BOI has a low rate of unemployment and strong growth, but per capita incomes run below national levels. A widening gap has existed between the cost of living and incomes ever since the housing spike in 2005. Even though high-tech wages remain competitive, BOI skews towards low paying service jobs in retail, hospitality and help desks, and job growth will trend the same way.

Business costs, on the other hand, are favorable. Energy and labor costs are some of the lowest in the West. BOI has been decreasing the business tax burden over the past decade and falling office rents help attract more employers. Through the long term, business costs will provide BOI a comparative advantage over other western metro areas.

Boise City-Nampa is at risk of falling into recession during the near term. Despite strong population growth, the shaky housing market and loss of high value-added jobs have darkened the outlook. However, longer term, BOI will resume a strong growth pattern. The tech market will stabilize, and job losses will level off. Exports will drive strong gross metro product growth. Population gains will propel the economy forward, diversifying BOI's labor force and driving services growth. Longer term BOI will perform well above average.

Addison Franz

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Micron Technology, Inc.	10,600
Wal-Mart Stores, Inc.	7,133
St. Luke's Health System	6,450
Mountain Home Air Force Base	4,433
Hewlett-Packard Company	4,000
J.R. Simplot Company	3,500
St. Alphonsus Regional Medical Center	3,200
Albertsons	2,730
Boise State University	2,206
Wells Fargo	2,112
Qwest Communications International, Inc.	1,800
DirecTV	1,700
Citigroup	1,500
The Amalgamated Sugar Company, LLC	1,300
Fred Meyer	1,200
Idaho Power Company	1,100
Sears Roebuck & Company	1,100
U.S. Bank	1,100
Capitol Distributing	1,016
Idaho National Guard	1,000

Source: Idaho Business Review, August 2007

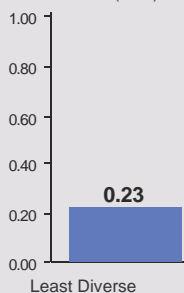
Public

Federal	5,932
State	13,247
Local	22,451

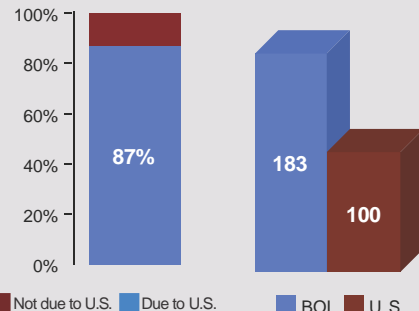
2007

INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



EMPLOYMENT VOLATILITY DUE TO U.S. FLUCTUATIONS RELATIVE TO U.S.

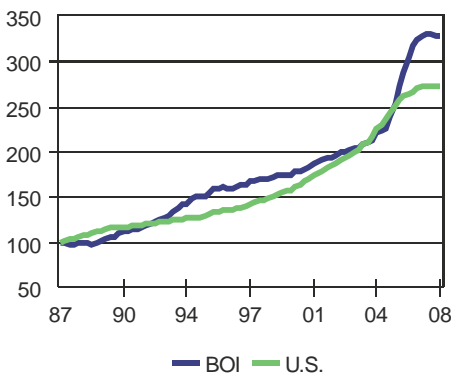


COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	BOI	ID	US	BOI	ID	US
Construction	7.1%	8.0%	5.5%	\$41,465	\$35,401	\$47,439
Manufacturing	11.3%	10.1%	10.1%	\$73,789	\$58,631	\$70,956
Durable	63.7%	64.3%	63.5%	nd	\$62,814	\$71,424
Nondurable	36.3%	35.7%	36.5%	nd	\$50,873	\$70,069
Transportation/Utilities	2.9%	3.2%	3.7%	\$51,662	\$46,102	\$58,157
Wholesale Trade	4.6%	4.3%	4.4%	\$57,744	\$49,190	\$67,687
Retail Trade	12.2%	12.7%	11.3%	\$29,492	\$26,228	\$27,715
Information	1.7%	1.7%	2.2%	\$46,740	\$39,675	\$82,715
Financial Activities	5.3%	4.9%	6.0%	\$36,581	\$28,632	\$53,019
Prof. and Bus. Services	14.7%	12.7%	13.1%	\$50,298	\$44,535	\$54,002
Educ. and Health Services	11.9%	11.2%	13.3%	\$38,429	\$33,945	\$42,114
Leisure and Hosp. Services	9.0%	9.7%	9.8%	\$15,899	\$14,878	\$20,625
Other Services	2.9%	3.0%	4.0%	\$18,315	\$16,450	\$23,807
Government	15.0%	17.9%	16.1%	\$49,209	\$45,965	\$57,889

Sources: Percent of total employment - Moody's Economy.com & BLS, 2007; Average annual earnings - BEA, 2006

HOUSE PRICES



Source: OFHEO, 1987Q1=100, NSA

CREDIT QUALITY

MOODY'S RATING

County

Aa2

LEADING INDUSTRIES

NAICS Industry	Employees (000)
GVSL State & Local Government	35.7
3344 Semi. & Other Elect. Component Manuf.	11.1
7221 Full-Service Restaurants	9.6
6221 General Medical and Surgical Hospitals	8.5
7222 Limited-Service Eating Places	7.9
5613 Employment Services	7.8
FR Farms	7.7
GVF Federal Government	5.9
5511 Management of Companies and Enterprises	5.8
3122 Tobacco Manufacturing	5.7
2382 Building Equipment Contractors	5.5
5614 Business Support Services	5.2
4529 Other General Merchandise Stores	4.9
5617 Services to Buildings and Dwellings	4.8
6211 Offices of Physicians	4.4
High-tech employment	20.7
As % of total employment	7.2

Sources: BLS, Moody's Economy.com, 2007

MIGRATION FLOWS

Into Boise City, ID

Number of Migrants

Los Angeles, CA	1,101
Riverside, CA	1,082
Portland, OR	858
Phoenix, AZ	841
Seattle, WA	758
Sacramento, CA	652
Las Vegas, NV	574
Santa Ana, CA	523
Pocatello, ID	520
Salt Lake City, UT	475
Total Immigration	28,066

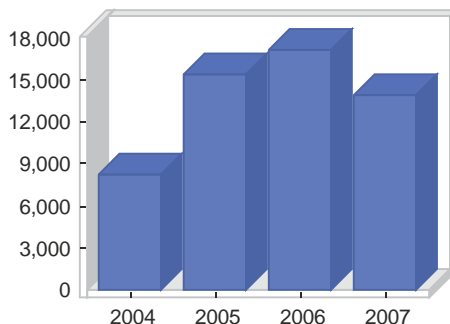
From Boise City, ID

Provo, UT	607
Salt Lake City, UT	591
Portland, OR	583
Seattle, WA	473
Idaho Falls, ID	458
Phoenix, AZ	421
Ogden, UT	310
Pocatello, ID	262
Las Vegas, NV	254
Spokane, WA	239
Total Outmigration	18,692

Net Migration

9,374

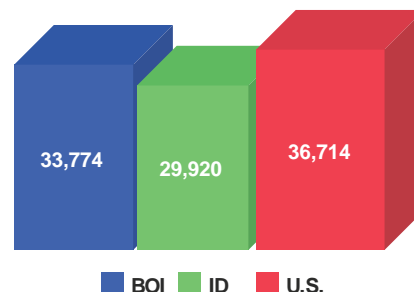
Net Migration, BOI



	2004	2005	2006	2007
Domestic	7,144	14,362	16,001	12,876
Foreign	1,126	1,060	1,145	1,094
Total	8,270	15,422	17,146	13,970

Sources: IRS (top), 2007; Census Bureau, 2007

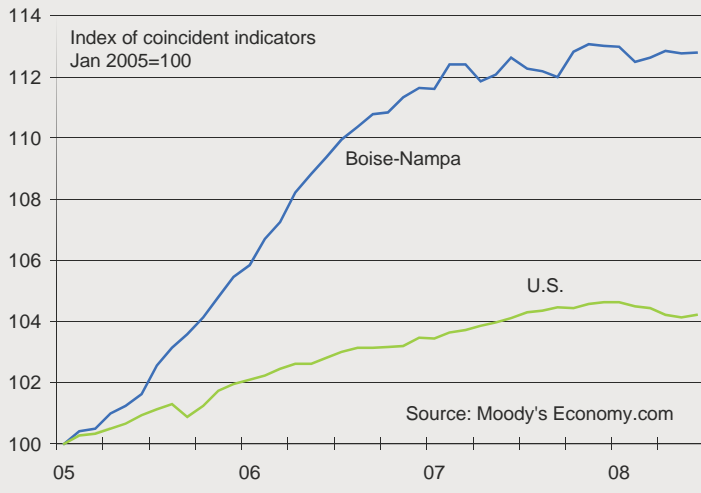
PER CAPITA INCOME



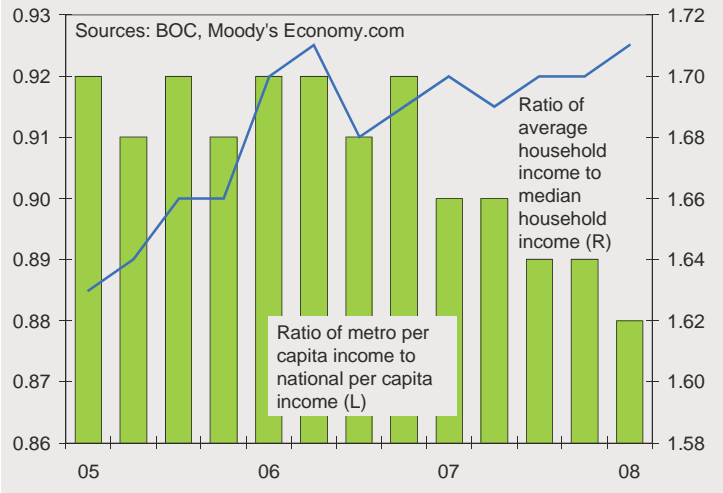
Source: Bureau of Economic Analysis, 2006

BOISE METRO MSA

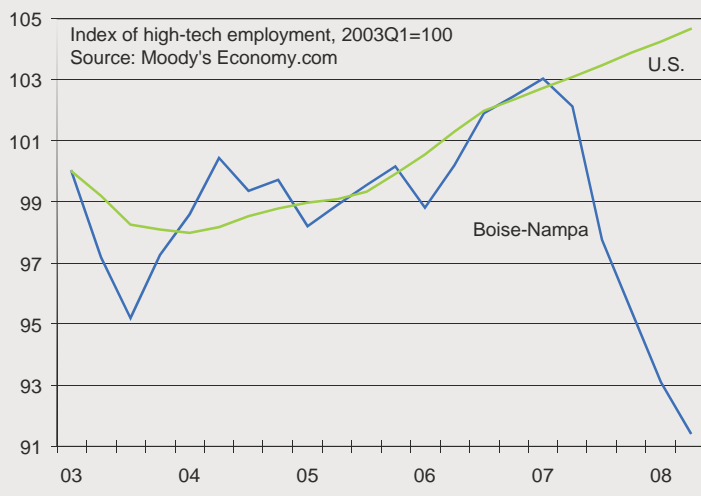
Doing Well Despite National Drag



The Income Gap Is Widening



High-Tech Is Now in Decline

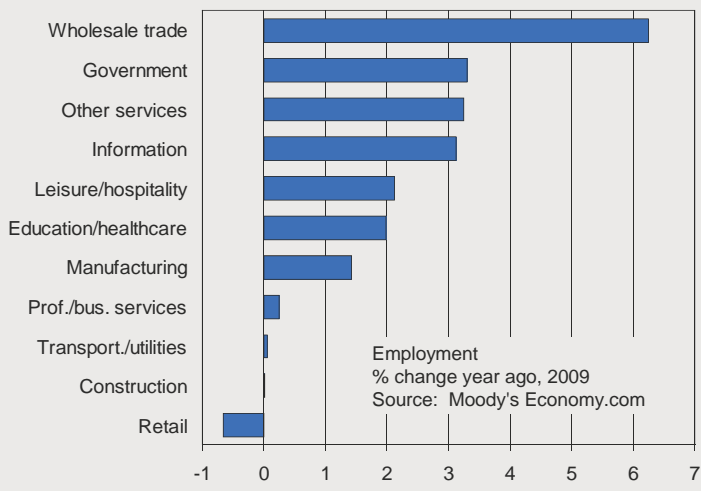


Income inequality is rising in BOI even as per capita income gets further from the national average. U.S. per capita incomes are rising faster than those in the BOI area. Historically, BOI has also had a lower cost of living, but there are concerns that cost will outpace income growth. The spread between average income and median income has widened over the past three years as well. In BOI there is a wide spread among those with the high-paying tech and professional/business service jobs and those with the lower-end retail, call center and hospitality jobs.

Fast Housing Market Expansion in Boise-Nampa



Employment Will Regain Its Footing



BOI's housing affordability took a fast plunge in 2006 at the same time as prices were shooting up. Supply was expanding and speculators were investing in BOI real estate, as BOI was one of the top growers in the nation. Construction employment was at a high. This was one of the best times for the tech market. The end of 2007 was the beginning of the downturn of the housing market. BOI's tech industry began to struggle and there were layoffs. Supply of housing had far outpaced demand and when the economy began to struggle, housing took a downturn.

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