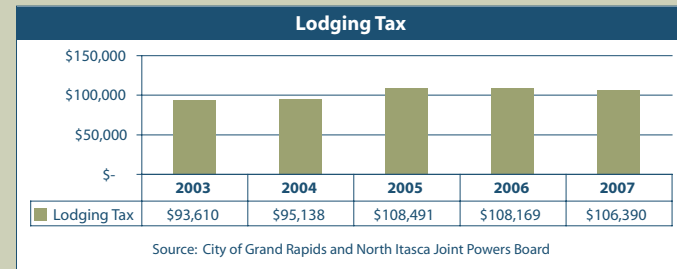
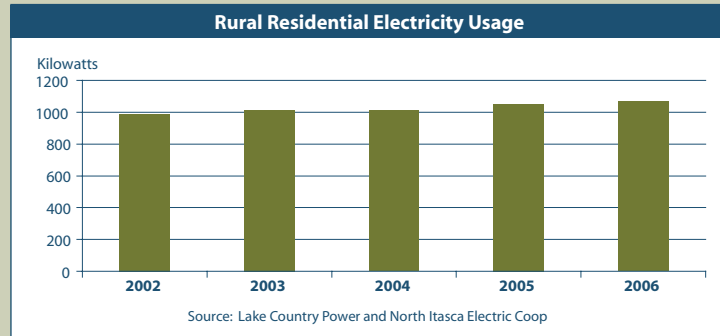


Average Monthly Rural Residential Electricity Usage

The average rural residential homeowner in the service areas of Lake Country Power and North Itasca Electric Coop has increased kilowatt usage by 8.1% between 2002 and 2006. Lake Country Power serves approximately 80% of the rural customers in Itasca County; North Itasca Electric Coop serves about 20%. The Department of Energy estimates average household energy use will grow by 1.7% annually between now and 2020.



Lodging Tax

The lodging tax collected in Itasca County during the first half of 2007 was down slightly from 2006. In 2005 several additional properties began collecting a 3% lodging tax making more money available to Itasca area tourism organizations for marketing and promotion. Lodging tax proceeds are used exclusively to promote local tourism.

Itasca County Quick Facts

Employment by Industry in 2005

	Itasca County	Minnesota
Government	15.6%	11.9%
Retail trades	13.4%	10.9%
Health care and social assistance	12.2%	11.4%
Manufacturing	6.9%	10.4%
Students transferring schools 2005-06 (8th highest rate in state)	19.6%	15.2%
Mothers who smoked during pregnancy, 2005 (9th highest rate in state)	23.0%	9.5%
Children aged 10-17 arrested for violent crime per 1,000 in 2005	0.6	18.7
Percent of jobs paying less than \$8.98 per hour in 2004	27.5%	14.7%
Median hourly wage in 2004	\$12.62	\$15.96

Our Services

- Business Counseling
- Start Up Assistance
- Loan Packaging
- Strategic Planning

- UNEMPLOYMENT
- PROJECTED POPULATION
- MEDIAN AGE
- SCHOOL ENROLLMENT
- RESIDENTIAL REAL ESTATE
- FOOD STAMP UTILIZATION
- NUMBER OF PHYSICIANS
- RURAL RESIDENTIAL ELECTRICITY USAGE
- LODGING TAX
- ITASCA COUNTY QUICK FACTS

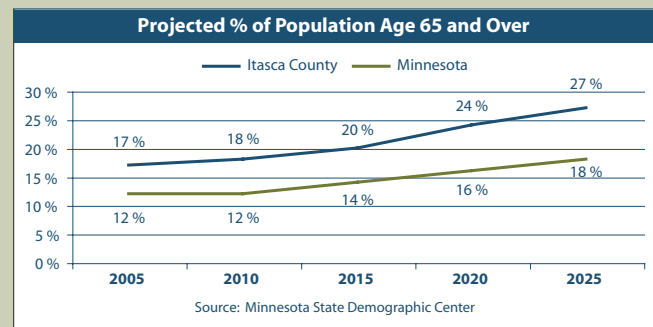
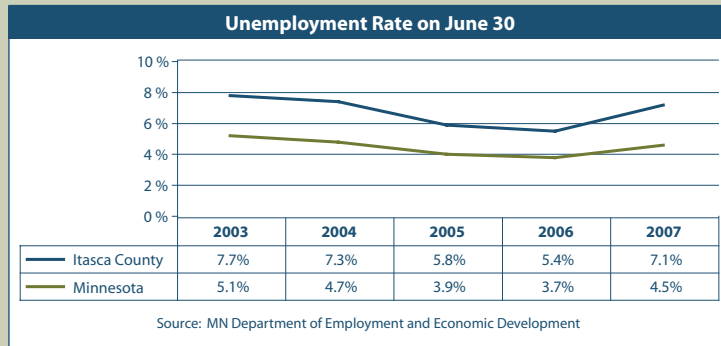
ITASCA ECONOMIC INDEX 2007

MID-YEAR PERSPECTIVE



Unemployment

After making some improvement in the mid year unemployment rate during 2005 and 2006, the June 30, 2007 Itasca County unemployment rate rose to 7.1% or 2.6 percentage points higher than the State of Minnesota's rate. This increase, in part, can be attributed to the lay off of 135 workers at the Ainsworth plant in Grand Rapids in the fall of 2006 and the subsequent additional loss of logging-related jobs.

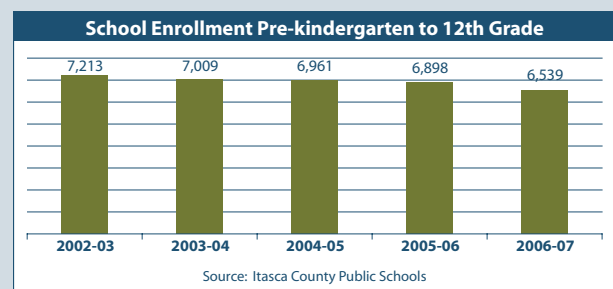
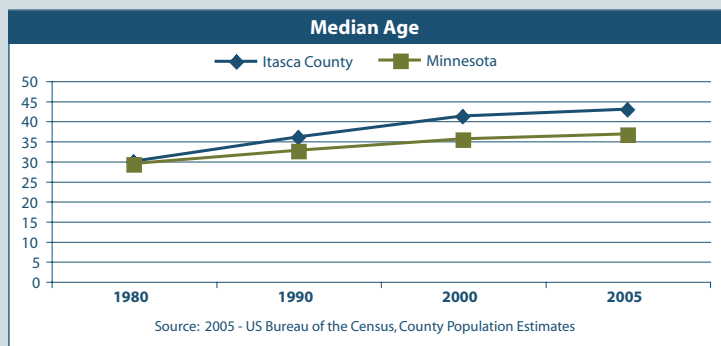


Projected Population

The population aged 65 and older is projected to increase drastically by 2025. The continued aging of the baby boomer generation will produce a substantial increase in the number of people ages 55 to 69 during the coming decade. In 2005 17% of Itasca County's population was 65 or older; by 2025 27% of the population is projected to be in that age category. This is 9 percentage points higher than the projected Minnesota rate of 18% in that age category by 2025.

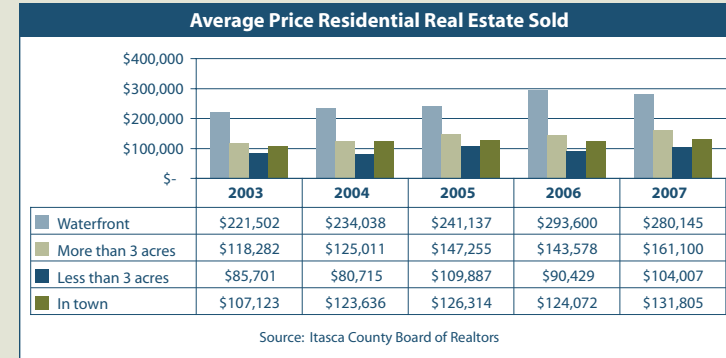
Median Age

Itasca County's median age has steadily increased over the 25 year period between 1980 - 2005 and by 2005 reached a median age of 43 versus 37 for the State of Minnesota. Itasca County has a higher median age than 63 of the 87 Minnesota counties. Median age is the age at which half the population is younger and half is older.



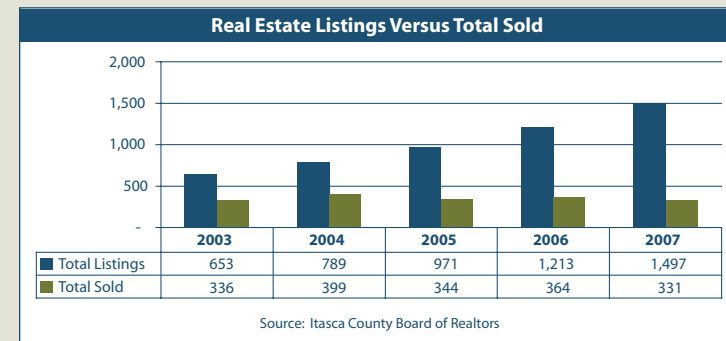
School Enrollment

Pre-kindergarten through 12th grade student numbers reflect a decrease in enrollment in each of the past five years. The Minnesota State Demographic Center projects Itasca County's population aged 0 - 4 will decrease by 14% by the year 2025. The influx of new industry and resulting new jobs will have one of the greatest potentials for reversing these projections.



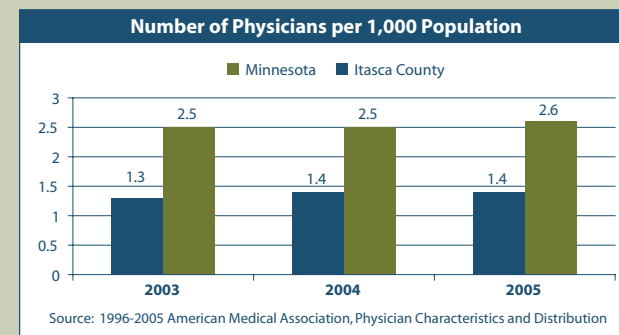
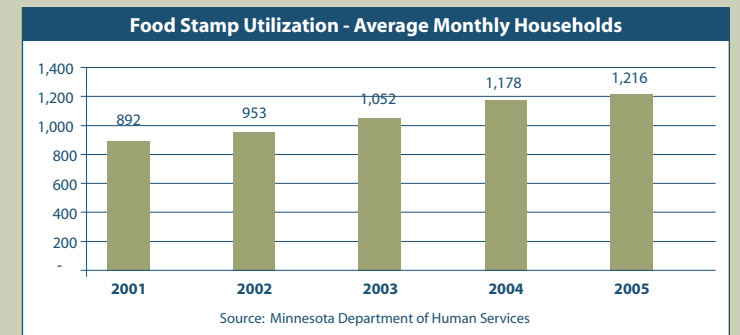
Residential Real Estate

The average price of all residential real estate sold during the first half of 2007 increased in all property types with the exception of waterfront property which showed a 4% decline. An important factor to note in the real estate market is that while the actual number of properties sold during the past five years remained fairly consistent, the number of active listings on the market increased by a dramatic 129% in five years.



Food Stamp Utilization

In 2005 an average of 1,216 households, or 6.5% of all households in Itasca County, utilized food stamps. This compares to an average of 892 households using food stamps in 2001, or 5% of all households. In spite of this increase, it is notable that approximately 45% of the individuals eligible for federally funded food stamps do not utilize them. Over the same time period, local food shelves experienced an even greater increase in the average number of households served.



Number of Physicians

In 2005 there were 1.4 physicians per 1,000 residents in Itasca County compared to 2.6 physicians - or almost twice as many - per 1,000 residents in Minnesota. The Itasca County healthcare market continues to be medically underserved and under-developed from the standpoint of primary care and specialty care. There is a national shortage of physicians in all specialties and the competition for scarce physician resources is national. Additionally, graduating physicians often find urban areas more favorable when comparing practice opportunities.