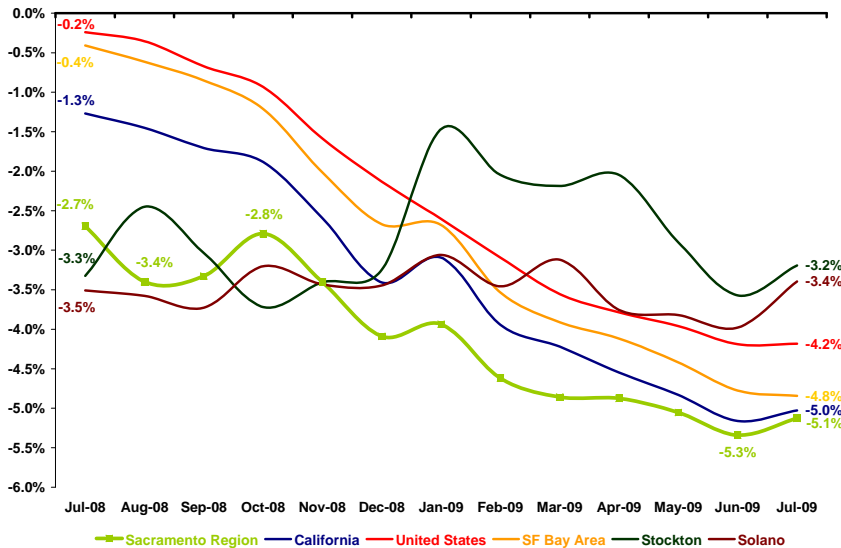




A monthly report examining the health and performance of the Sacramento Region's economy

THE SACRAMENTO REGION'S JOB GROWTH FLATTENED OUT

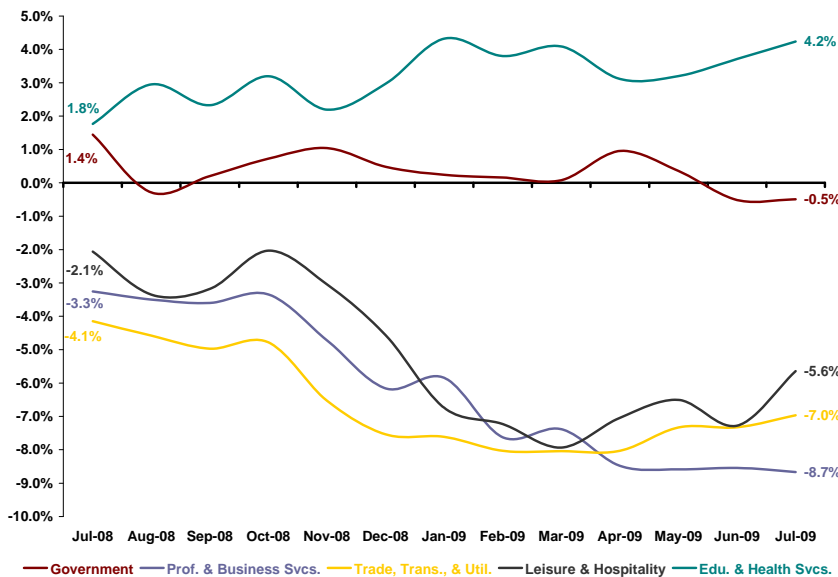
Annual Job Growth



Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

SOME IMPROVEMENTS SEEN IN THE REGION'S LARGEST SECTORS

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

Job growth in the six-county Sacramento Region leveled off in July 2009. Employment supported by establishments in the Region dropped by 5.1 percent in the last 12 months—equating to a loss of 47,200 payroll jobs—according to preliminary data. This annual rate of loss is slightly less severe than the previous month, but still tracks below both the statewide and national averages as well as performance in proximate regions. Three of the Region's largest sectors have seen job growth improve recently. The steadily strong Educational & Health Services sector has experienced a slight boost in positive job growth while Trade, Transportation, & Utilities and Leisure & Hospitality have seen their rates of loss dissipate. Conversely, the Region's Government and Professional & Business Services, two other large sectors, are both seeing fairly steady negative job growth. Trends in the Region's largest sectors are primarily driving the flattening out of overall job growth.

Two regions in close proximity to Sacramento, Stockton and Solano, experienced job growth improvements in July 2009 with less dramatic rates of job losses (-3.2 percent and -3.4 percent, respectively). Both regions fared better than the statewide and national averages in the past year. Stockton is still seeing job gains in a few parts of its economy with diminishing rates of loss in others. Solano's performance, on the other hand, is being driven exclusively by softening rates of loss in a few sectors. The SF Bay Area, unlike Stockton and Solano, posted a drop in job growth in July 2009 with a rate of -4.8 percent (placing it between the state and nation benchmarks). This decreasing pattern is a result of continued deterioration across most of the SF Bay Area's large sectors.

The state and nation both saw job growth stabilize in July 2009. The state posted -5.0 job growth with an annual loss of 751,000 jobs. The nation continued to outperform the state with a 4.2 percent employment decline, reflecting a loss of 5.7 million payroll jobs between July 2008 and 2009.

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ONLY ONE OF THE REGION'S MAJOR SECTORS ADDED JOBS IN THE PAST YEAR

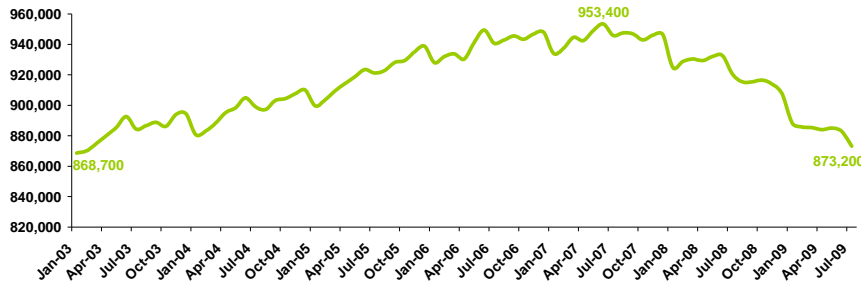
Major Sector Annual Job Gains and Losses

| Sector | July 2008-2009 | | | | |
|------------------------|-------------------|------------|-------------|----------|--------|
| | Sacramento Region | California | SF Bay Area | Stockton | Solano |
| Total Nonfarm | -47,200 | -751,000 | -142,400 | -6,500 | -4,200 |
| Private Sector | -46,000 | -726,800 | -137,300 | -8,000 | -3,700 |
| Public Sector | -1,200 | -24,200 | -5,100 | 1,500 | -500 |
| Edu. & Health Svcs. | 4,400 | 18,700 | 3,300 | -100 | 200 |
| Mining & Logging | -100 | -1,800 | 0 | 0 | 0 |
| Other Services | -800 | -18,400 | -3,800 | 100 | -100 |
| Government | -1,200 | -24,200 | -5,100 | 1,500 | -500 |
| Information | -2,100 | -30,200 | -6,800 | -200 | 0 |
| Manufacturing | -3,100 | -123,400 | -21,700 | -800 | -700 |
| Financial Activities | -4,000 | -45,900 | -10,800 | -300 | -400 |
| Leisure & Hospitality | -5,100 | -63,800 | -12,600 | -600 | -300 |
| Prof. & Business Svcs. | -9,800 | -130,500 | -26,000 | -1,000 | -300 |
| Trade, Trans., & Util. | -10,800 | -183,600 | -32,600 | -2,800 | -800 |
| Construction | -14,600 | -147,900 | -26,300 | -2,300 | -1,300 |

Data Source: CA Employment Development Department

THE REGION'S TOTAL EMPLOYMENT IS BACK TO 2003 LEVELS

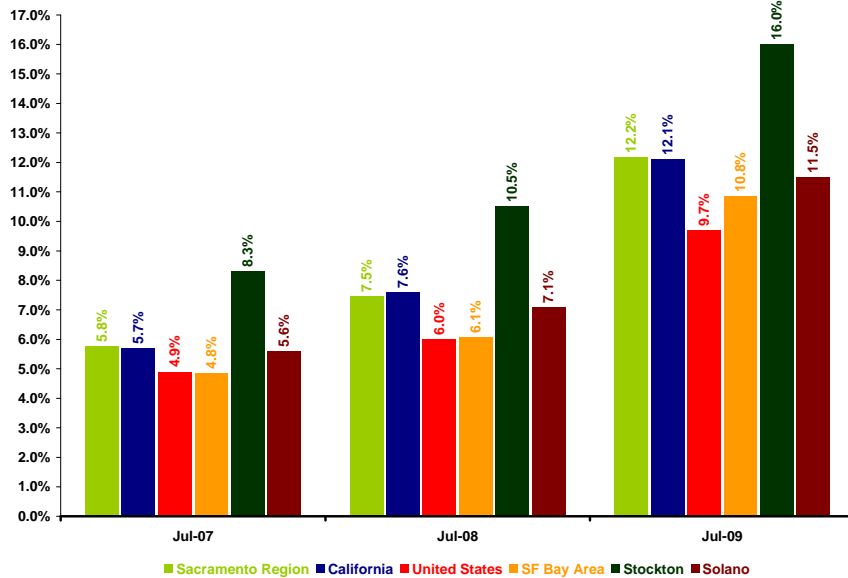
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

UNEMPLOYMENT IN THE REGION IS AROUND THE STATEWIDE RATE

Unemployment Rate



Data Sources: CA Employment Development Department and U.S. Bureau of Labor Statistics

Ten of the Sacramento Region's eleven major sectors are now shedding jobs on an annual basis. The Educational & Health Services sector continued to add jobs in the Region's economy with decent gains in both the private education and health care components (4,400 jobs added). Construction and Trade, Transportation, & Utilities posted the most severe losses in the past year (dropping a combined 25,400 jobs) while Leisure & Hospitality and Professional & Business Services also fell toward the bottom of the list with relatively heavy job declines. Sacramento's sector trends are similar to the state with only one sector adding jobs and the same two sectors posting the greatest job declines. The widespread losses in both the private and public sectors led to a net decrease that dropped the Region's total employment to just over 873,000, which is around the same levels as 2003 and well below the 2007 peak of about 953,000 jobs.

Most major sectors in the proximate regions are also seeing annual job declines. Stockton posted gains in two of its major sectors, Government and Other Services, while Construction and Trade, Transportation, & Utilities saw the greatest losses. Solano and the Bay Area reflect the statewide trend of 12-month job gains in only the Educational & Health Services sector and the greatest losses in the Trade, Transportation, & Utilities and Construction sectors.

Residents in the Sacramento Region have seen employment opportunities decrease as establishments continue to shed jobs locally and in all proximate regions. Preliminary data show the Region's unemployment rate at 12.2 percent in July 2009 (with 138,600 residents unemployed), close to the state rate but notably higher than the national average. The Region's most recent rate reflects a 4.7 percentage point jump over the past year. Unemployment rates in all of the proximate regions have also increased in the past year and rank above the national average. Solano and the SF Bay Area both posted unemployment rates below the statewide average (11.5 percent and 10.8 percent, respectively). Stockton, however, continued its pattern of relatively high unemployment rates (16.0 percent in July 2009) above the statewide and national averages (despite the fact that job growth outperformed these benchmarks).

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