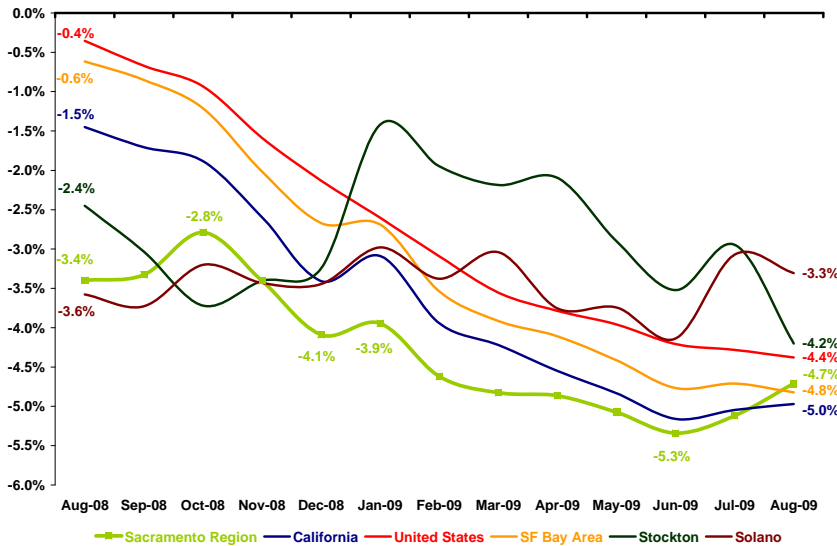


A monthly report examining the health and performance of the Sacramento Region's economy

THE ANNUAL RATE OF JOBS LOSS IS SLOWING IN THE SACRAMENTO REGION

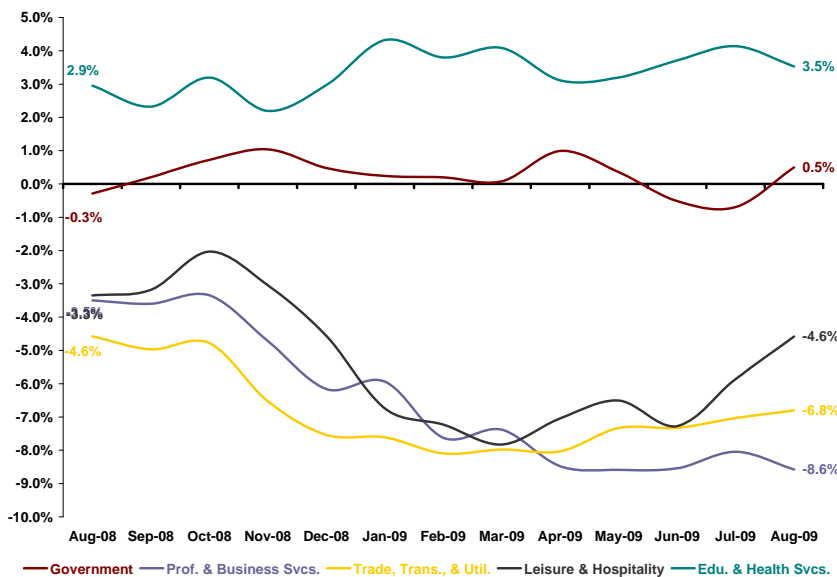
Annual Job Growth



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

THE REGION'S LARGEST SECTORS ARE HOLDING STEADY

Sacramento Region Largest Sector Annual Job Growth



Data Source: CA Employment Development Department

Negative job growth in the six-county Sacramento Region has been easing since the low point in June 2009 (-5.3 percent). The most recent preliminary data show that payroll jobs within establishments in the Region decreased by 4.7 percent in the 12 months ending August 2009, reflecting a total loss of over 43,000 jobs. This recent boost has pulled Sacramento ahead of the statewide average, but it still remains below the national average. Nearly all of the Region's largest sectors have been fairly stable in recent months with the exception of Leisure & Hospitality, which has seen some improvement. Educational & Health Services continues to add jobs on an annual basis and Government is essentially in a no-growth pattern. Professional & Business Services and Trade, Transportation, & Utilities have basically flattened out at worrisome job growth levels. The mix of stability and improvement amongst the largest sectors is one of the key factors in the Region's recent job growth uptick.

Stockton and Solano, two of Sacramento's neighbors, outperformed both the state and nation in August 2009 with less extreme negative job growth (-4.2 percent and -3.3 percent, respectively). This behavior is primarily the result of less severe rates of job losses in many major sectors; however, in both cases, the overall rate of loss has been accelerating recently. The SF Bay Area's job growth has been fairly flat in the past few months (averaging about -4.8 percent), tracking between the state and nation and currently just under the Sacramento Region. Nearly all of the major sectors in the SF Bay Area have seen minimal movement in job growth or slight dips recently.

The nation's job growth continued its pattern of steady declines while the state experienced a slight uptick, according to preliminary data. Between August 2008 and 2009, the state posted -5.0 percent job growth (a decrease of nearly 742,000 jobs) while the nation saw -4.4 percent job growth (a loss of close to 6 million jobs). Despite this recent improvement, California still remains in the bottom quarter of all states.

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NEARLY ALL OF THE REGION'S MAJOR SECTORS SHED JOBS IN THE PAST YEAR

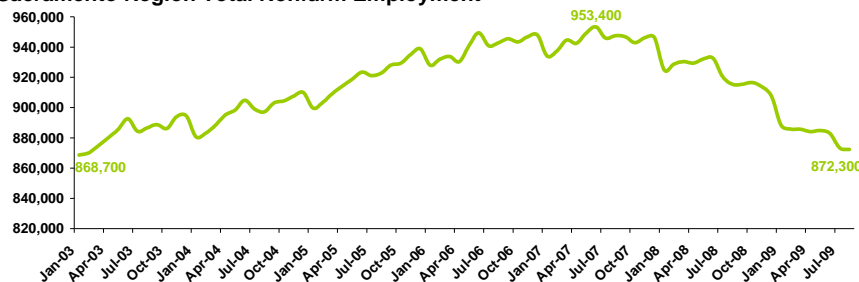
Major Sector Annual Job Gains and Losses

Sector	August 2008-2009				
	Sacramento Region	California	SF Bay Area	Stockton	Solano
Total Nonfarm	-43,100	-741,900	-141,500	-8,700	-4,100
Private Sector	-44,300	-724,800	-137,900	-9,200	-4,000
Public Sector	1,200	-17,200	-3,400	300	100
Edu. & Health Svcs.	3,700	15,300	1,400	-200	100
Government	1,200	-17,200	-3,400	300	100
Mining & Logging	-100	-2,100	0	0	0
Other Services	-100	-18,800	-3,700	-100	-100
Information	-1,900	-29,000	-6,800	-200	0
Manufacturing	-3,700	-122,400	-20,500	-1,700	-800
Financial Activities	-3,900	-43,800	-9,700	-500	-400
Leisure & Hospitality	-4,100	-58,100	-12,300	-700	0
Prof. & Business Svcs.	-9,700	-136,200	-26,400	-1,100	-300
Trade, Trans., & Util.	-10,500	-181,500	-33,600	-2,600	-1,200
Construction	-14,000	-148,200	-26,300	-2,100	-1,300

Data Source: CA Employment Development Department (totals may not match sum of sectors due to source rounding methodology)

SACRAMENTO'S EMPLOYMENT HAS DROPPED SIGNIFICANTLY SINCE ITS PEAK

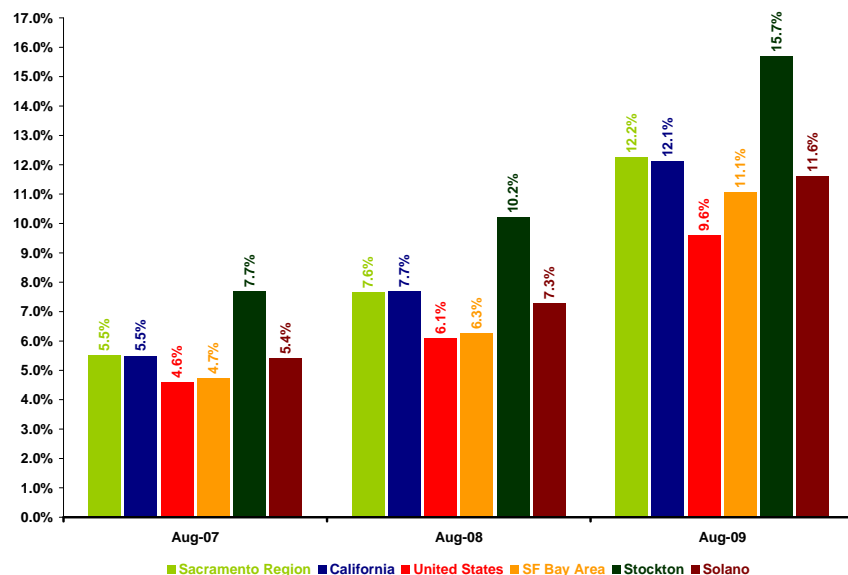
Sacramento Region Total Nonfarm Employment



Data Source: CA Employment Development Department

THE REGION'S UNEMPLOYMENT RATE IS SIMILAR TO THE STATEWIDE AVERAGE

Unemployment Rate



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

Only two of the Sacramento Region's eleven major sectors added jobs in the past year. According to preliminary data, the two sectors include Educational & Health Services (primarily in health care) and Government (gains mostly in state government, even with the budget issues, and Indian casinos), together adding a total of 4,900 jobs in the 12 months ending August 2009. The sectors posting the Region's most severe annual job losses include Construction (declines across the board) and Trade, Transportation, & Utilities (driven by retail trade). The net annual loss of 43,100 jobs pushed Sacramento's total employment down to around 872,000 jobs. This level of employment is about 81,000 jobs lower than the peak in June 2007 and reflects job levels four years prior to the peak (2003).

California also experienced the greatest annual job losses in the Construction and Trade, Transportation, & Utilities sectors. Stockton and Solano followed this statewide pattern, while in the SF Bay Area, Professional & Business Services displaces Construction among the two poorest performing sectors. The state posted job gains in only one sector between August 2008 and 2009, Educational & Health Services. The SF Bay Area and Solano also saw gains in this sector with the latter also posting increases in Government (like Sacramento). Stockton is seeing something unusual for most metropolitan areas in the Western United States, an annual decline in Educational & Health Services jobs (only Government added jobs in this region).

With close to 140,000 residents unemployed, the Sacramento Region posted an unemployment rate of 12.2 percent, close to the statewide average (12.1 percent) and well above the national average (9.6 percent) in August 2009. This rate is 4.6 percentage points higher than the same point in the previous year and 6.7 percentage points higher than the year of the Region's economic peak (2007). The SF Bay Area and Solano have also seen dramatic jumps in the unemployment rate (resulting in rates of 11.1 percent and 11.6 percent, respectively), moving both above the national average, but still below the state. Stockton has typically seen unemployment rates notably higher than the state and the nation—deteriorating economic conditions have pushed the August 2009 rate to 15.7 percent, one of the highest rates in the country (ranked eight worst out of 372 metropolitan areas).

The **Center for Strategic Economic Research**, an economic research and consulting group affiliated with the Sacramento Area Commerce and Trade Organization (SACTO), provides a full range of objective economic and demographic research services to businesses, government entities, educational institutions, and non-profit organizations throughout the country.