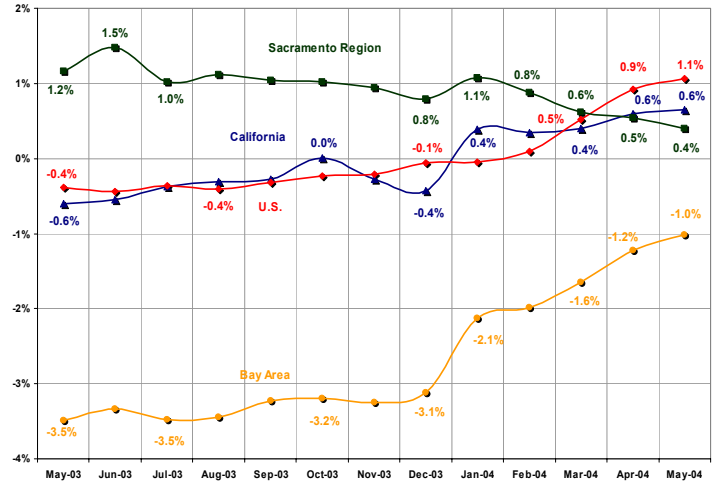


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

For four straight months, the Sacramento Region has seen falling year-over-year employment growth rates with the May 2004 rate marking the lowest point over the past year.

With a 0.4 percent year-over-year employment growth rate in May 2004, reflecting a gain of 3,500 Nonfarm jobs, the combined Sacramento Region's rate fell below both the United States and California. The Region has experienced falling employment growth rates for four months, and May's rate was the lowest point in the Region for the past twelve months. The state and the nation have seen increasing employment growth rates over the past few months, reaching the highest points seen in the past year in May 2004. The United States reached 1.1 percent growth, while California saw 0.6 percent employment growth (a gain of 93,100 jobs). While the state and the nation are showing clear signs of economic recovery, the trends in the Sacramento Region are mixed. Although the Region has gained jobs compared to the same point last year, job growth may cease in the next few months if the falling employment growth rate trend continues. The combined Bay Area has also seen markedly higher employment growth rates with increasing rates since the beginning of 2004; however, the area is still experiencing relatively large job losses. The employment growth rate for May 2003 was -1.0 percent, representing a loss of 28,900 Nonfarm jobs.

Employment Growth Rate Comparison
Sacramento Region, Bay Area, California, and U.S.



Sacramento Regional Research Institute, June 2004
Data Source: Employment Development Department
Notes: Sacramento Region includes Sacramento, Yolo, and Yuba City PMSAs.
Bay Area includes Oakland, San Jose, and San Francisco PMSAs.
Growth reflects 12 months ending May 2004.

Employment Gains and Losses Selected Major Sectors

| Sector | May 2003-2004 | | |
|------------------------|---------------|------------|----------|
| | Sacramento | California | Bay Area |
| Construction | 4,700 | 26,400 | 900 |
| Prof. & Business Svcs. | 3,500 | 61,400 | -3,300 |
| Trade, Trans., & Util. | 1,400 | 34,200 | -4,900 |
| Edu. & Health Svcs. | 1,000 | 23,700 | 3,700 |
| Leisure & Hospitality | 500 | 16,800 | 400 |
| Financial Activities | -300 | 14,000 | 800 |
| Manufacturing | -400 | -23,000 | -8,200 |
| Information | -1,100 | -8,600 | -4,800 |
| Government | -4,900 | -46,200 | -13,200 |

Sacramento Regional Research Institute, June 2004
Data Source: Employment Development Department
Note: Growth reflects 12 months ending May 2004.

The Region's employment growth has primarily been influenced by job gains in the Construction and Professional & Business Services sectors.

In May, the Sacramento Region experienced the greatest year-over-year job gain in the Construction industry with an increase of 4,700 jobs. The Professional & Business Services sector also posted a relatively large gain of 3,500 jobs. The Construction sector saw gains in most construction-related activities, while the Professional & Business Services sector was influenced primarily by administrative and support activities. Showing a continued trend, the largest job losses in Sacramento were in the Government sector and concentrated in State Government activities. California's greatest job gains and losses were also in the Professional & Business Services and Government sectors, respectively. For the second straight month, the Bay Area has seen gains in an increasing number of sectors. The greatest increases in May were in the Educational & Health Services sector and the largest job losses were in the Government sector. Unlike the Sacramento Region, the Government sector losses in the state and the Bay Area are primarily in Local Government activities.

Sacramento has maintained positive employment growth despite continued losses in the State Government, Manufacturing, and Information sectors.

In August 2002, the employment growth rate in one of Sacramento's largest sectors, State Government, fell negative and has continuously posted negative year-over-year employment growth rates since. In addition to these losses, the Manufacturing and Information sectors have also experienced recurring job losses. On average, these three sectors have seen year-over-year losses of over 6,000 jobs during this time period. However, since the point when State Government employment growth dropped negative, Sacramento has not seen overall Nonfarm employment losses. On average, the Region experienced year-over-year gains of close to 8,700 jobs during the past two years. Sacramento's economy has been propped-up by a handful of sectors, which have mitigated the continuous losses in the State Government, Manufacturing and Information sectors. The Specialty Trade Contractors, Finance & Insurance, Retail Trade, Health Care & Social Assistance, and Accommodation & Food Service sectors have been the main drivers of employment growth in Sacramento since August 2002. These trends demonstrate the relative stability of the Sacramento Region over the past two years.

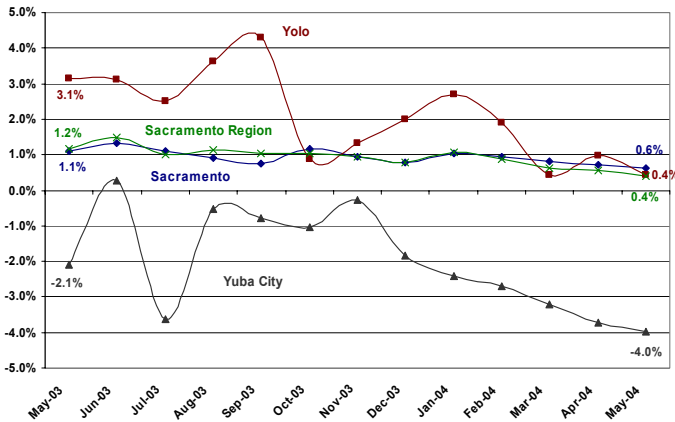
Average Year-Over-Year Employment Growth Sacramento PMSA Since August 2002

| Sector | Growth |
|-----------------------------------|--------|
| Nonfarm | 8,705 |
| State Government | -2,900 |
| Manufacturing | -1,891 |
| Information | -1,273 |
| Specialty Trade Contractors | 3,059 |
| Finance and Insurance | 3,027 |
| Retail Trade | 2,495 |
| Health Care and Social Assistance | 1,586 |
| Accommodation and Food Service | 1,273 |

Sacramento Regional Research Institute, June 2004
Data Source: Employment Development Department

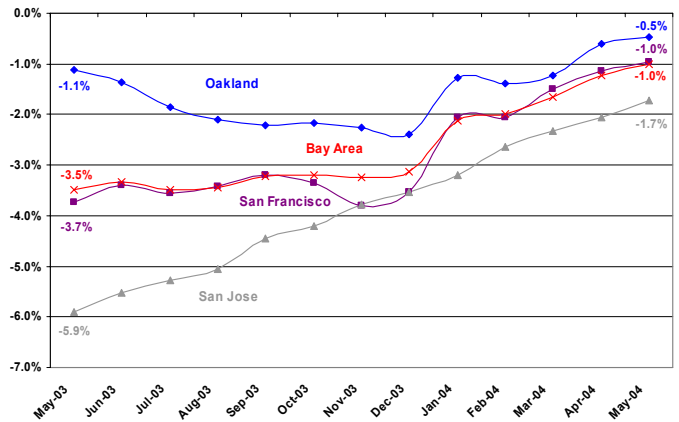
EMPLOYMENT GROWTH IN THE SACRAMENTO REGION AND THE BAY AREA METROPOLITAN AREAS

Employment Growth Rate Comparison
Sacramento Region and Corresponding PMSAs



Sacramento Regional Research Institute, June 2004
Data Source: Employment Development Department
Note: Growth reflects 12 months ending May 2004.

Employment Growth Rate Comparison
Bay Area and Corresponding PMSAs



Sacramento Regional Research Institute, June 2004
Data Source: Employment Development Department
Note: Growth reflects 12 months ending May 2004.

The Yolo and Oakland metropolitan areas have shown the strongest employment growth rates in their respective areas, the Sacramento Region and the Bay Area.

The employment growth rate trend in the Sacramento Region follows its largest metropolitan area, Sacramento. While Yolo has posted stronger growth rates than the overall Region (with a high of 4.3 percent in September 2003), and Yuba City has seen negative employment growth rates over the past year (reaching a low of -4.0 percent in May 2004), the Sacramento Region has remained steady with an average one percent employment growth rate. The Region overall and all three associated metropolitan areas saw their lowest year-over-year employment growth rates over the past year in May 2004, and generally all areas have seen falling growth rates over the past few months.

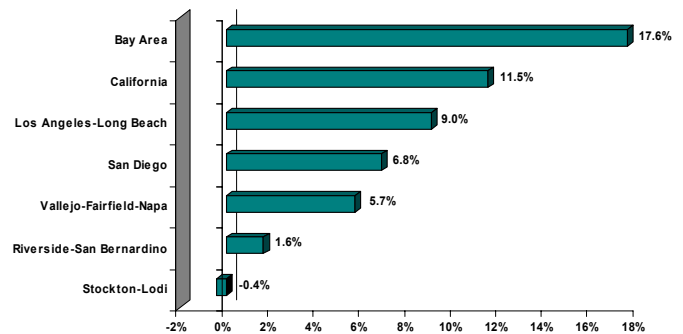
The metropolitan areas making up the combined Bay Area are closer in size than those in the Sacramento Region, allowing each to influence the overall employment growth rate trends. None of the metropolitan areas in the Bay Area saw positive year-over-year employment growth over the past 12 months, but all have reached their highest points in this time period in May 2004, demonstrating notably higher rates since the beginning of 2004. Oakland has seen the strongest employment growth rates (posting a low of -2.4 percent in December 2003), while San Jose has been the greatest drag on the overall area (with a low of -5.9 percent in May 2003). The San Francisco metropolitan area has followed the general employment growth rate trends of the combined Bay Area over the past year, never dropping below -4.0 percent employment growth and most recently reaching -1.0 percent.

SACRAMENTO LABOR COST SAVINGS

Firms in the Sacramento Region are presented with general labor cost savings over many of the major California metropolitan areas.

Sacramento Region employers may save close to 18 percent in labor costs compared to the Bay Area and nearly 12 percent compared to the statewide average. This cost advantage is also present when compared to other inland areas such as Vallejo-Fairfield-Napa and Riverside-San Bernardino. Sacramento's neighbor to the south, Stockton-Lodi, is one of the few major metropolitan areas in the state which presents a labor cost savings over the Sacramento Region. The relatively lower wage rates, compared to other high profile areas like Los Angeles-Long Beach and the Bay Area, have made the Region attractive to firms wishing to start-up, move, or expand. These labor cost savings along with the relative economic stability, quality of life, and other cost advantages, make the Sacramento Region one of the most competitive metropolitan areas in the state.

Sacramento Labor Cost Savings
Selected Group of Occupations



Sacramento Regional Research Institute, June 2004
Data Source: Bureau of Labor Statistics
Notes: Savings compare 2002 mean annual wages for a group of 22 selected occupations. Bay Area includes Oakland, San Jose, and San Francisco PMSAs.