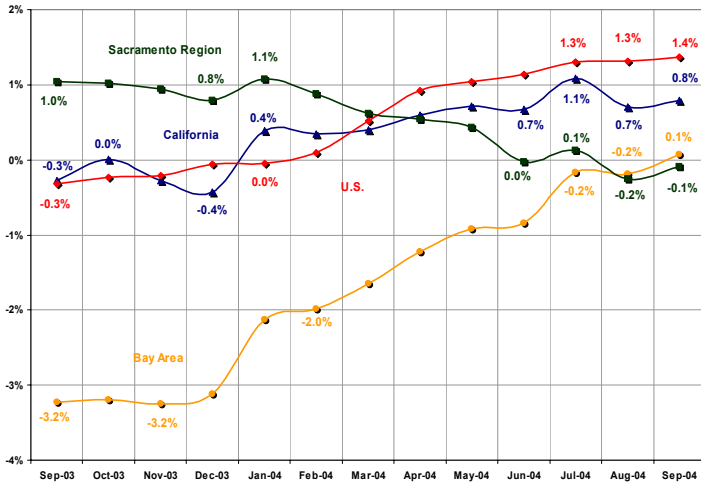


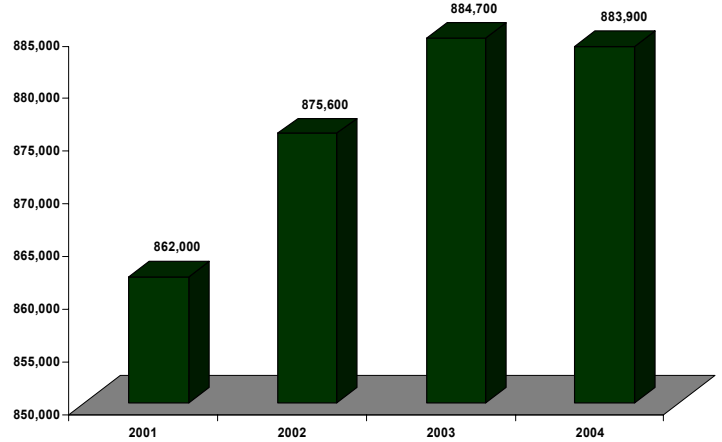
EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

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



Sacramento Regional Research Institute, October 2004
Data Source: Employment Development Department and Bureau of Labor Statistics
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 September 2004.

Sacramento Region Nonfarm Employment
September 2001-2004



Sacramento Regional Research Institute, October 2004
Data Source: Employment Development Department
Notes: Sacramento Region includes Sacramento, Yolo, and Yuba City PMSAs.

Since June, job growth in the Sacramento Region's economy has stalled with the Region dropping to minor year-over-year decreases in Nonfarm employment in recent months.

The six-county Sacramento Region experienced negative year-over-year job growth in September 2004 with a loss of about 800 jobs, remaining in what has been a four-month period of limited growth. Year-over-year job losses in the Bay Area ceased in September with a relatively small gain of 2,000 Nonfarm jobs. Over the past year, the Bay Area has shown considerable improvements in job growth—in September 2003, the Bay Area posted a -3.2 percent growth rate and by September 2004 job growth was at 0.1 percent. The state overall has been experiencing higher employment growth rates than Sacramento and the Bay Area, but job growth has been fairly flat over the past few months hovering around 1.0 percent. Between September 2003 and 2004, California added 113,500 Nonfarm jobs. Job growth in the nation has been climbing at a relatively sluggish pace, reaching its highest point over the past year in September with a 1.4 percent employment growth rate. The nation has outpaced job growth in California since April 2004, and while employment growth rates in the state have flattened out, the nation has seen continued, slowly increasing growth rates.

Employment Gains and Losses
Major Sectors

Sector	September 2003-2004		
	Sacramento	California	Bay Area
Construction	5,257	36,800	2,500
Prof. & Business Svcs.	2,400	66,400	700
Trade, Trans., & Util.	500	15,600	700
Edu. & Health Svcs.	200	18,200	1,900
Manufacturing	100	1,000	0
Nat. Res. & Mining	-157	100	300
Other Services	-300	-3,400	-200
Financial Activities	-500	8,100	3,500
Leisure & Hospitality	-500	14,200	3,500
Information	-900	-9,200	-1,200
Government	-6,900	-34,300	-9,700

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

The Construction and Government sectors continue to act as the linchpins in the Sacramento Region with the greatest year-over-year gains and losses, respectively.

Year-over-year growth figures show that Construction and Government remain the two most influential sectors in the Region's economy. Over the past year, the Construction sector topped the list with a gain of over 5,200 jobs, followed by the Professional & Business Services sector with an employment increase of 2,400. Government posted the greatest job losses over the past year with an employment decrease of 6,900. The state overall saw the greatest gains in the Professional & Business Services sector, and the Government provided the largest job losses. In the state, only three sectors lost jobs over the past year—Government, Information, and Other Services. The Bay Area has seen a similar situation with only three sectors posting losses, which is in line with its improving job growth picture. The largest employment gains in the Bay Area were in Financial Activities and Leisure & Hospitality, both with increases of 3,500 jobs. Like other regions in the state, Government provided the greatest employment losses with a decrease of 9,700 jobs.

Employment Gains and Losses

Sacramento Region Metropolitan Statistical Areas

Area	September 2003-2004	
	Absolute	Rate
Sacramento Region	-800	-0.1%
Sacramento PMSA	900	0.1%
Yolo County	300	0.3%
Yuba City MSA	-2,000	-5.2%

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

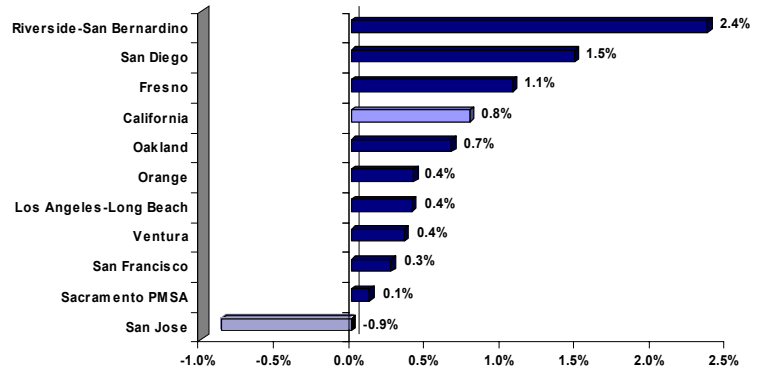
Disaggregating the Sacramento Region demonstrates that the Sacramento Primary Metropolitan Statistical Area (PMSA—El Dorado, Placer, and Sacramento Counties) and Yolo County saw positive employment growth over the past year with a combined increase of about 1,200 Nonfarm jobs. At the same time, however, the Yuba City Metropolitan Statistical Area (MSA—Yuba and Sutter Counties) lost 2,000 jobs, negating the gains in the other areas and providing a net loss of 800 jobs in the entire six-county Sacramento Region. The Region generally follows the job growth trends of its largest MSA, Sacramento, and is pulled slightly up or down by the developments in the other two MSAs. In general, both the Sacramento Region and the Sacramento PMSA have essentially been in a no growth phase over the past few months.

EMPLOYMENT GROWTH RATE COMPARISONS

Among the state's largest MSAs, the Sacramento PMSA ranks near the bottom of the list, posting the lowest level of positive growth.

Three of California's ten largest MSAs have seen year-over-year employment growth rates above the statewide average—Riverside-San Bernardino, San Diego, and Fresno. The remaining areas have experienced job growth below California's rate with only one MSA, San Jose, posting a negative employment growth rate. The three-county Sacramento PMSA had the lowest positive job growth rate among the largest MSAs falling below areas that have seen limited or negative growth in the past, such as San Francisco, Los Angeles-Long Beach, and Ventura. Before job losses in the Government sector began significantly affecting the Sacramento PMSA's job growth, it ranked near the top of the list generally around the same level as Riverside-San Bernardino. However, over the past year, the Sacramento PMSA has significantly fallen in the ranking with employment growth rates dropping below the statewide average since May 2004. The largest MSAs in the state are clearly influencing the overall job growth in the state—a few have seen strong rates while the employment growth rates of the majority of the areas are limited, creating a modest 0.8 percent overall growth rate in the state.

Employment Growth Rate Comparison
California's 10 Largest Metropolitan Statistical Areas, September 2003-2004



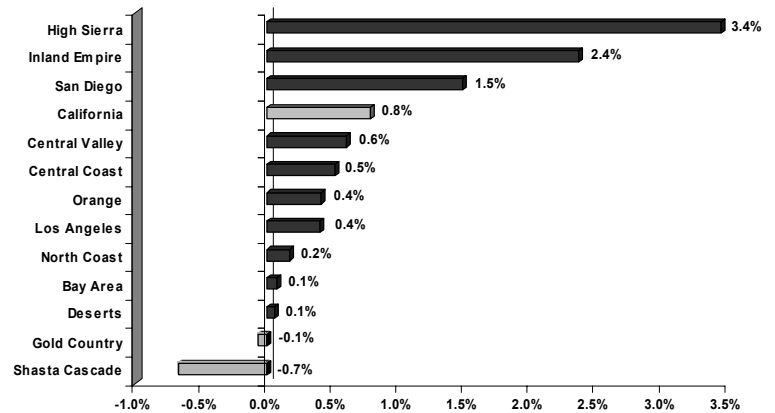
Sacramento Regional Research Institute, October 2004
Data Source: Employment Development Department

California's Major Geographic Regions



Source: Wildernet

Employment Growth Rate Comparison
California's Major Geographic Regions, September 2003-2004



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

Among California's major geographic regions, the High Sierra and Inland Empire regions have seen the largest year-over-year employment growth rates, posting rates above many of the states major economic areas.

In addition to examining the state at a MSA level, employment trends in California's major geographic areas provides additional insight into the state's economic structure. Over the past year, the state's High Sierra region, which runs along the eastern border next to the Central Valley and Gold Country region, experienced job growth of 3.4 percent. Southern California's Inland Empire saw the next highest employment growth rate at 2.4 percent followed by the San Diego region, which saw a 1.5 percent job increase. These three were the only regions in the state to see job growth above the statewide average. The Central Valley and Central Coast both experienced modest job gains at 0.6 and 0.5 percent employment increases, respectively. Between September 2003 and 2004, the Gold Country region, which contains much of the Sacramento Region, posted a -0.1 percent employment growth rate. The Shasta Cascade region in the far north, ranked the lowest in terms of job growth with a 0.7 employment decrease. Most of the other geographic regions experienced limited year-over-year employment growth rates. This information, examining employment growth between September 2003 and 2004, provides a mixed view of the idea that the strongest economic growth in the state has shifted from coastal to inland areas. While two inland areas rank at the top of the list, many coastal areas posted modest growth rates and some inland areas experienced limited and negative job growth.