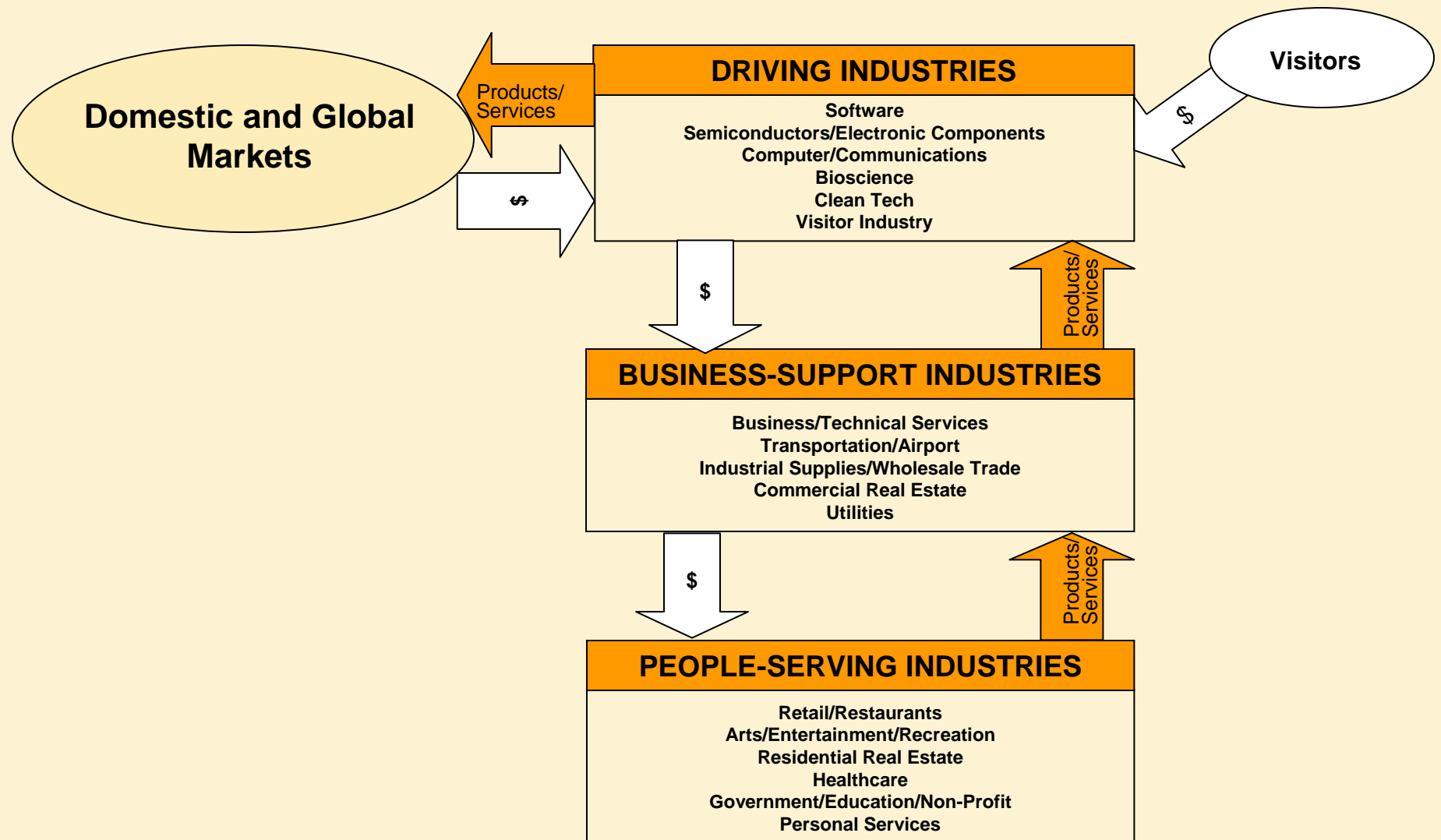


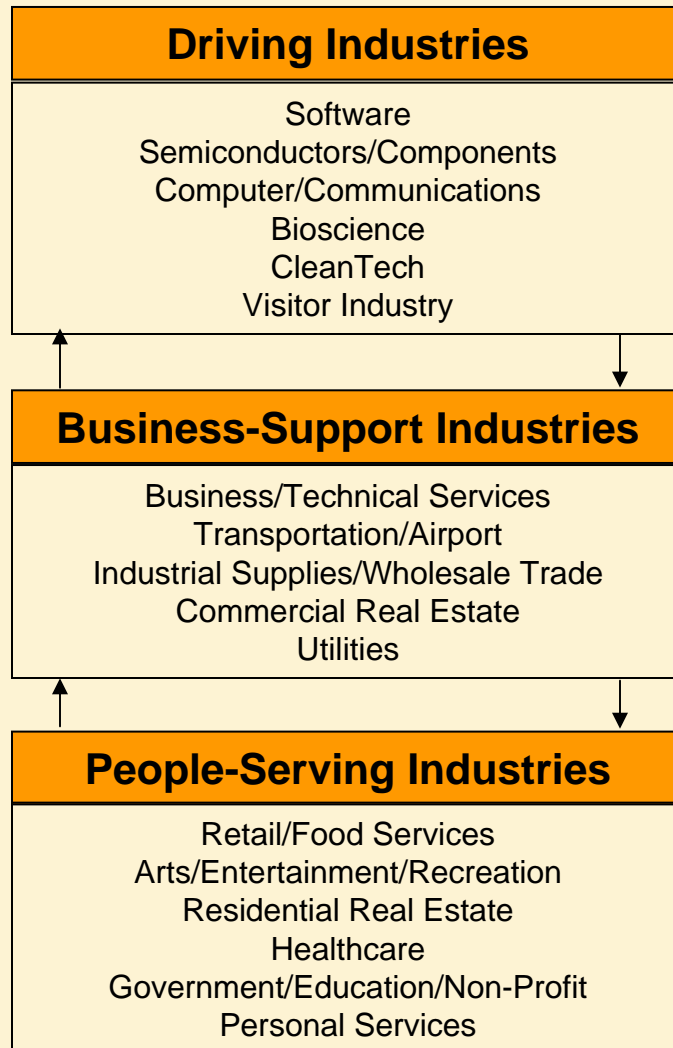
Performance of San Jose Economy: 2004-2009

OUTWARD-ORIENTED INDUSTRIES DRIVE REST OF THE ECONOMY



Because they bring outside dollars into the community, driving industries are the engines of the economy. Without healthy driving industries, the rest of the economy cannot prosper.

THREE PARTS OF SAN JOSE'S ECONOMY ARE INTERDEPENDENT



Share of Jobs: 24%
Productivity: Relatively High
Avg. Pay/Employee: \$122,900

Share of Jobs: 28%
Productivity: Relatively Moderate
Avg. Pay/Employee: \$55,400

Share of Jobs: 47%
Productivity: Relatively Low
Avg. Pay/Employee: \$45,500

COMMUNITY SUCCESS FACTORS ARE SHAPED BY LOCAL GOVERNMENT

Driving Industries

\$

Products/Services

Business-Support Industries

\$

Products/Services

People-Serving Industries

COMMUNITY SUCCESS FACTORS

Exceptional Workforce

World-Class Place

Habitat for Innovation

Efficient Business Environment

Collaborative Leadership

31% OF EMPLOYMENT IS IN SMALL FIRMS; 48% IN MEDIUM FIRMS; 21% IN LARGE FIRMS

	Small		Medium		Large
	<10	10-35	36-99	100-999	1000+
Share of Workers	13%	18%	18%	30%	21%
Share of Companies	81%	13%	3%	2%	1%
Number of Workers	46,400	66,800	66,400	109,900	77,800
Number of Companies	23,100	3,700	1,100	500	21

Distribution of Employment and Business by Company Size, San Jose

Source: EDD

ONLY 21 FIRMS HAVE 1,000+ EMPLOYEES IN SAN JOSE

Adobe Systems

Altera

Brocade

Cadence

Cisco Systems

Cupertino Electric

eBay

Fry's Electronics

Good Samaritan

Hitachi

IBM

Kaiser Permanente

KLA Tencor

Novellus

O'Connor Hospital

PriceWaterhouseCoopers

Rosendin Electric

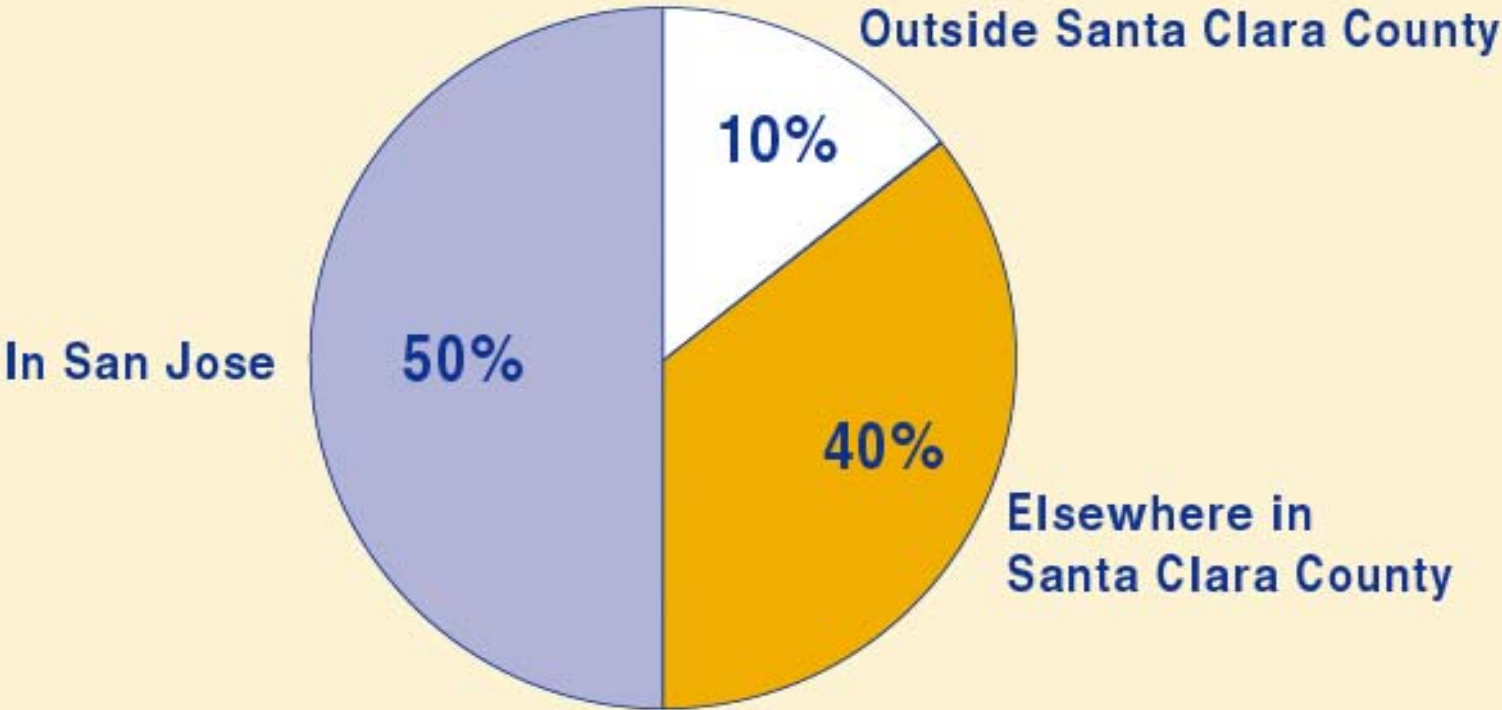
Safeway

Sanmina-SCI

Savemart

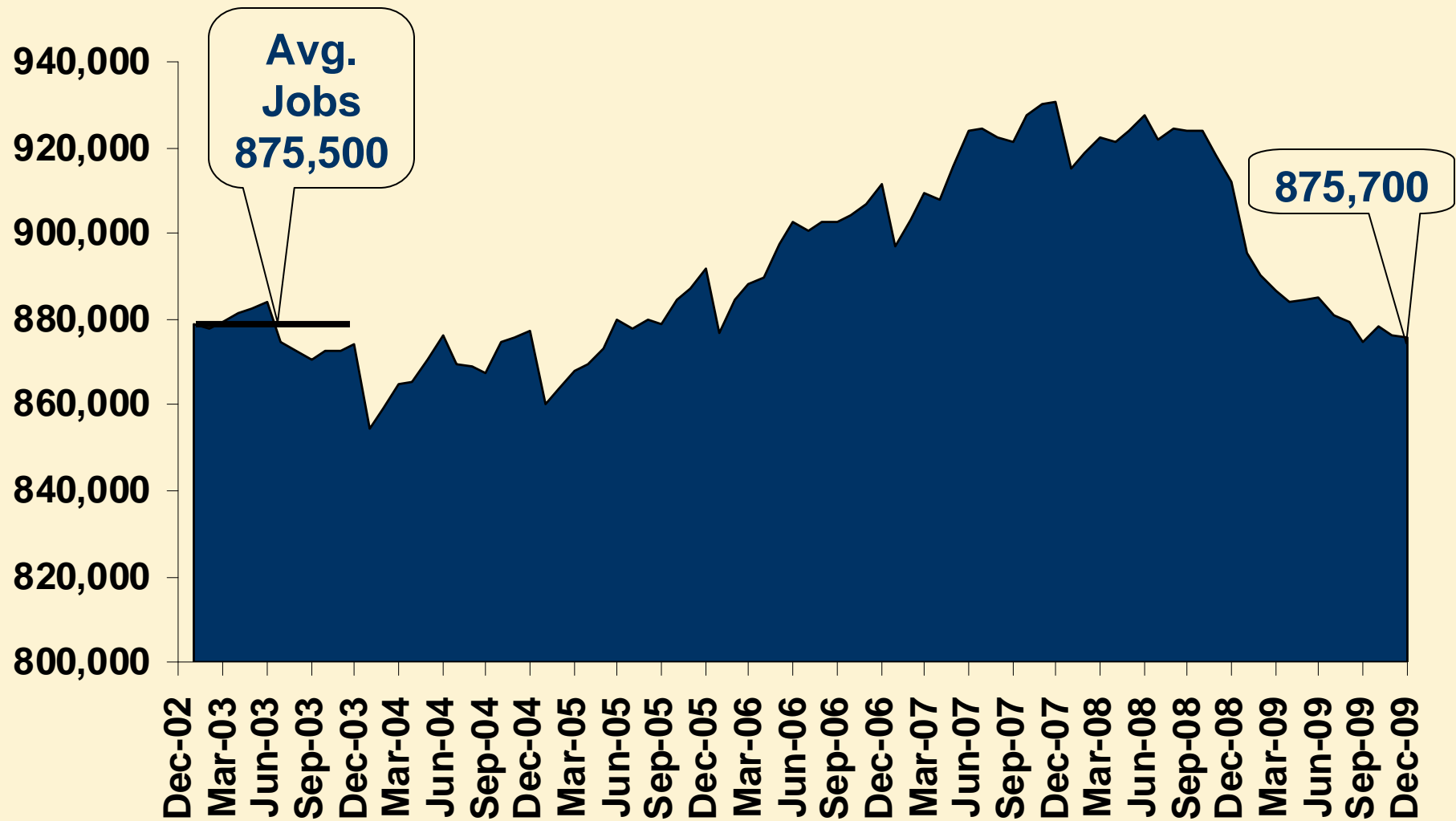
Xilinx

HALF OF SAN JOSE RESIDENTS WORK IN SAN JOSE; 90% WORK IN COUNTY



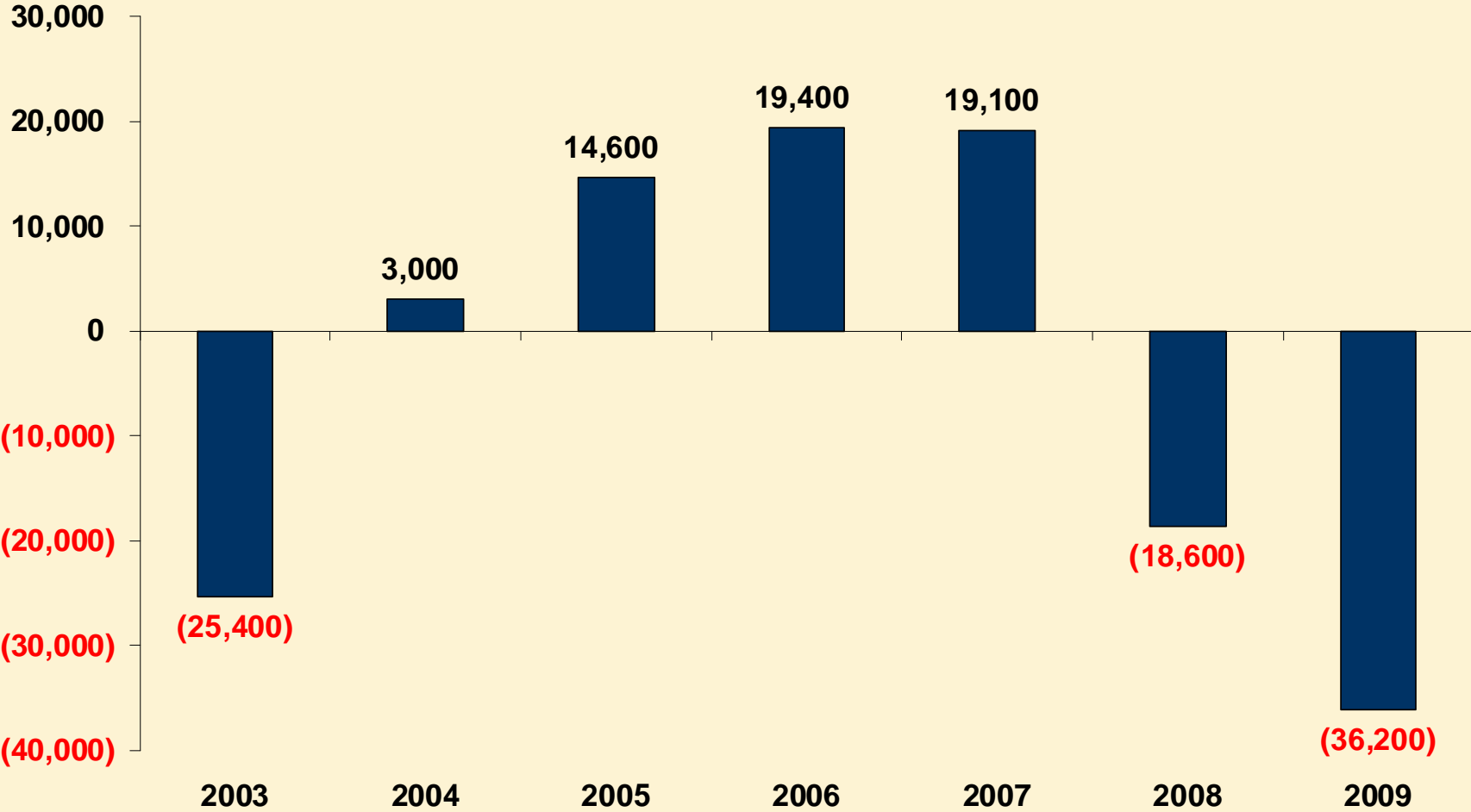
Source: Census Bureau, American Community Survey 2008

JOBS BACK AT 2003 LEVELS



San Jose MSA

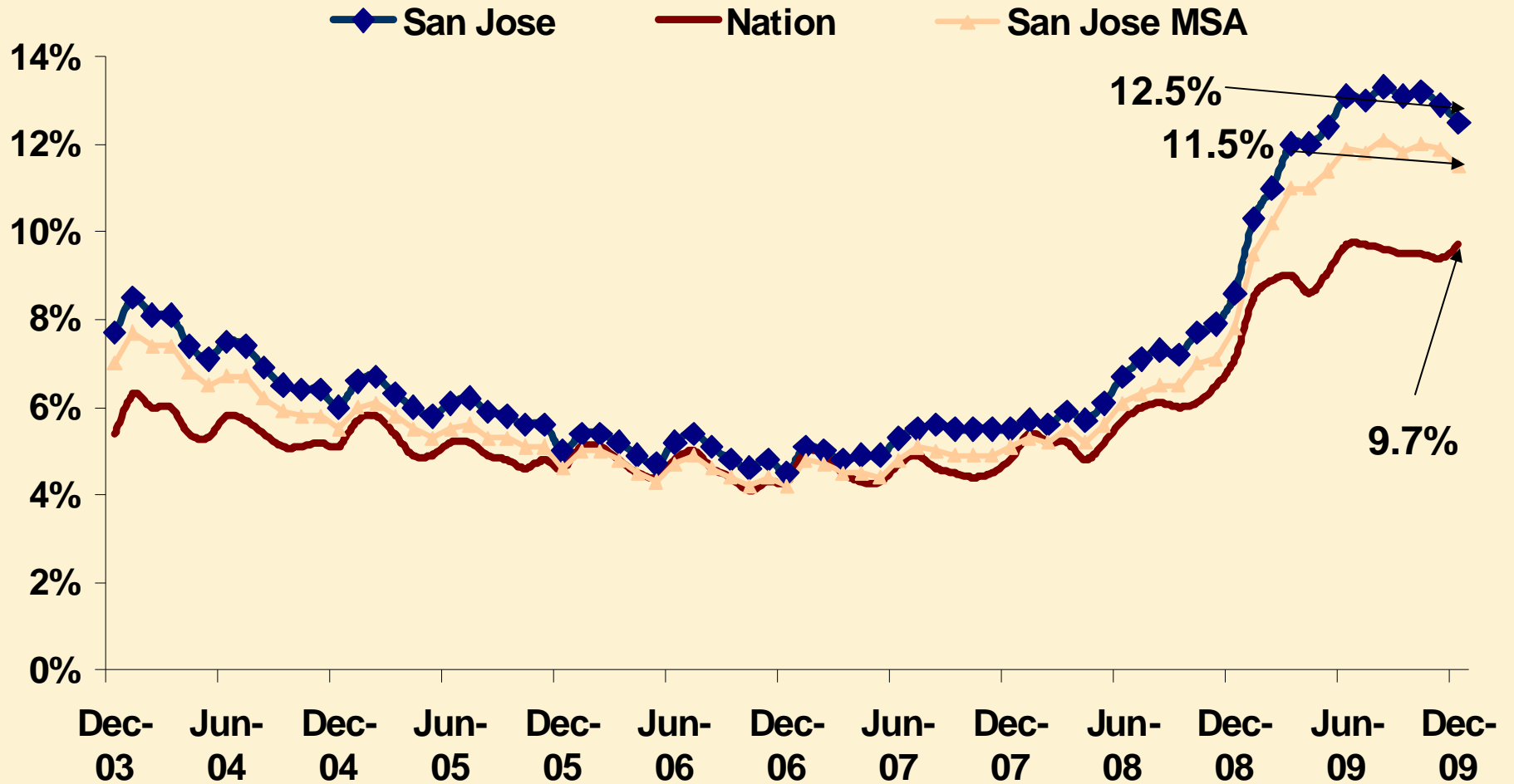
36,200 JOBS LOST LAST YEAR



Job Growth (Loss), San Jose MSA

Source: EDD

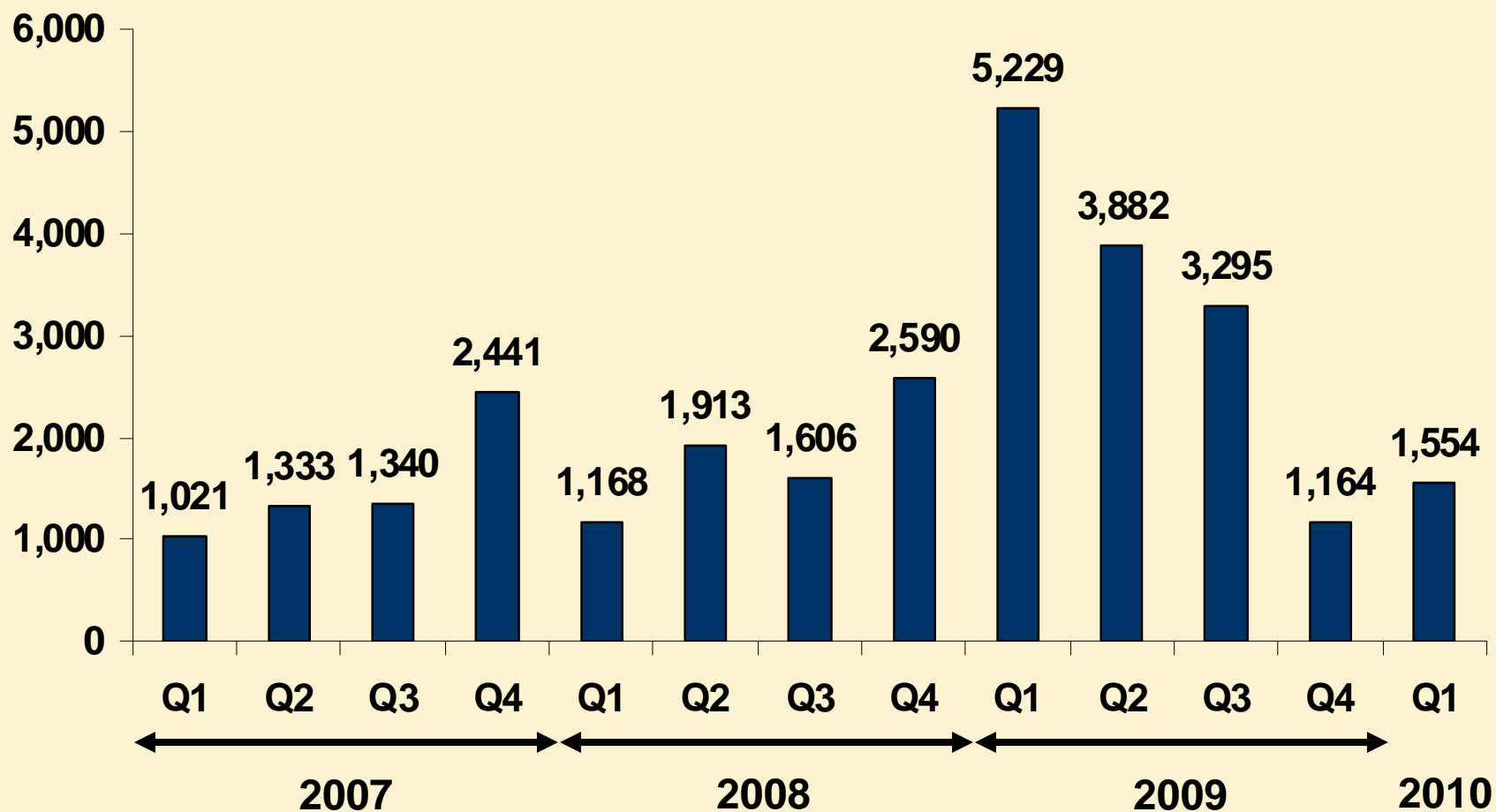
SJ UNEMPLOYMENT STEADIES AT 12.5%...



57,400 San Jose Residents Are “Officially” Unemployed

Source: EDD

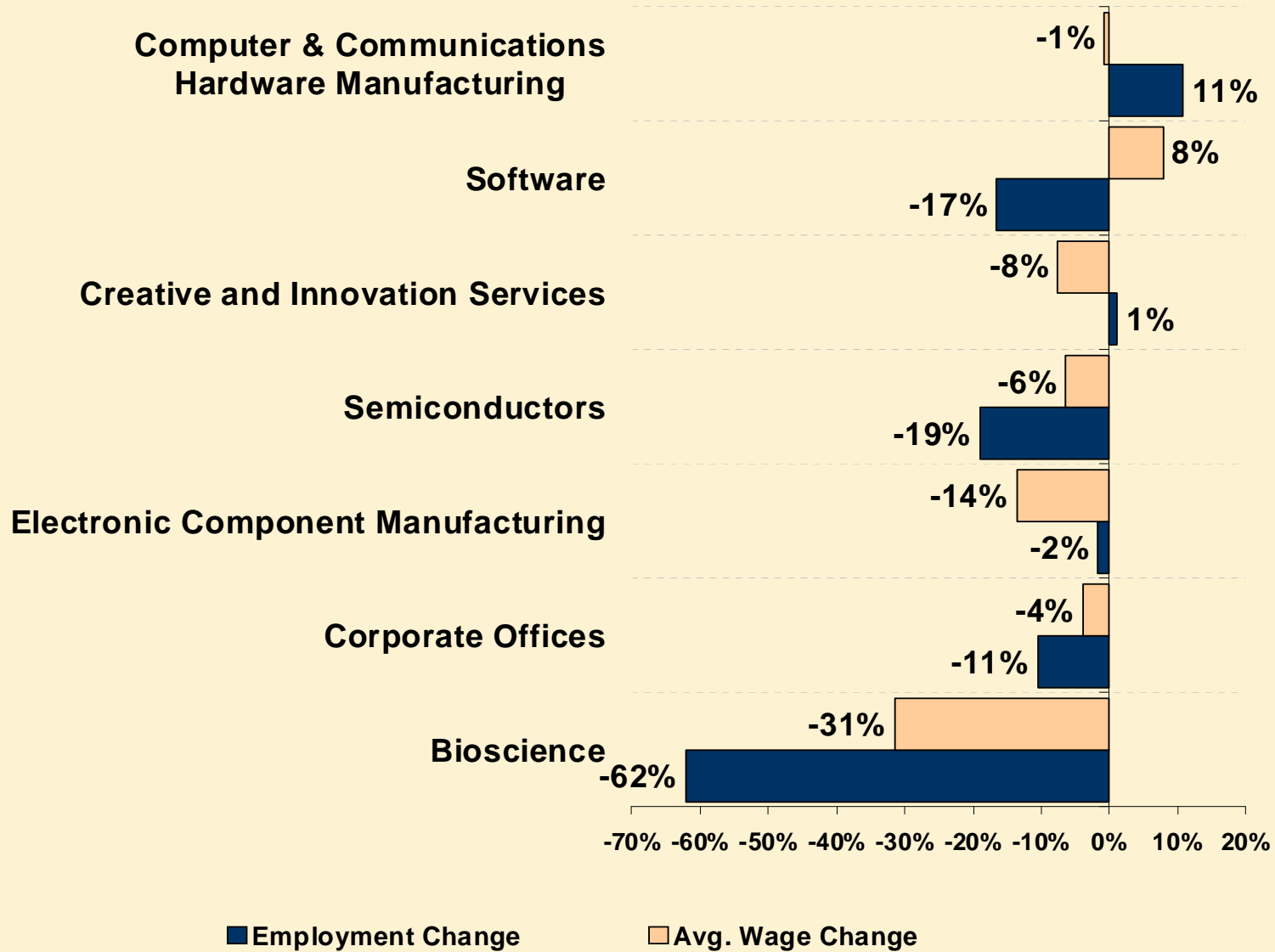
BUT, NOTICES FOR FUTURE LAYOFFS CONTINUE



Number of Employees Affected by WARN Notices, Santa Clara County

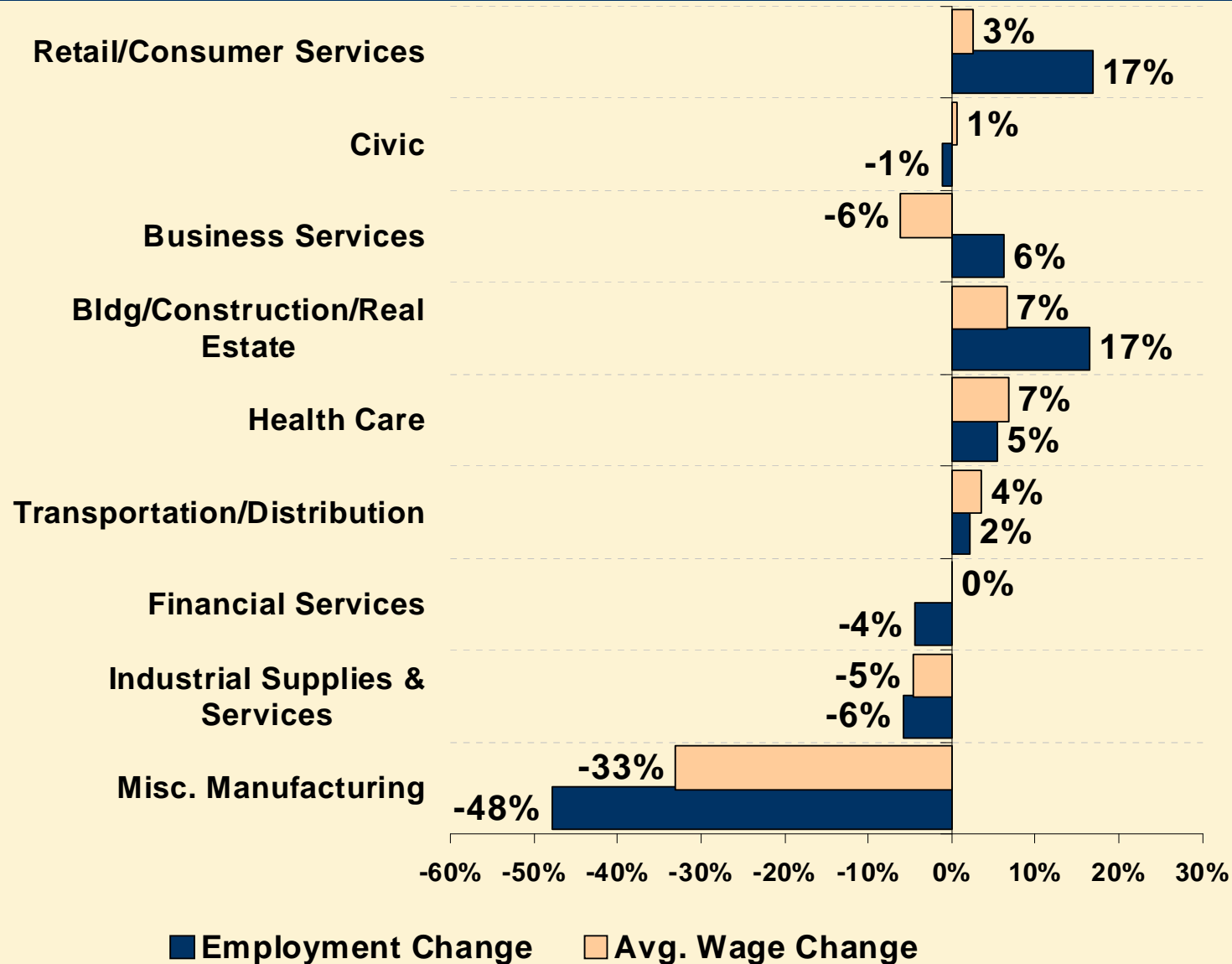
Source: California Employment Development Department

ONLY 2 DRIVING INDUSTRIES ADDED JOBS; ONLY 1 INCREASED REAL WAGES



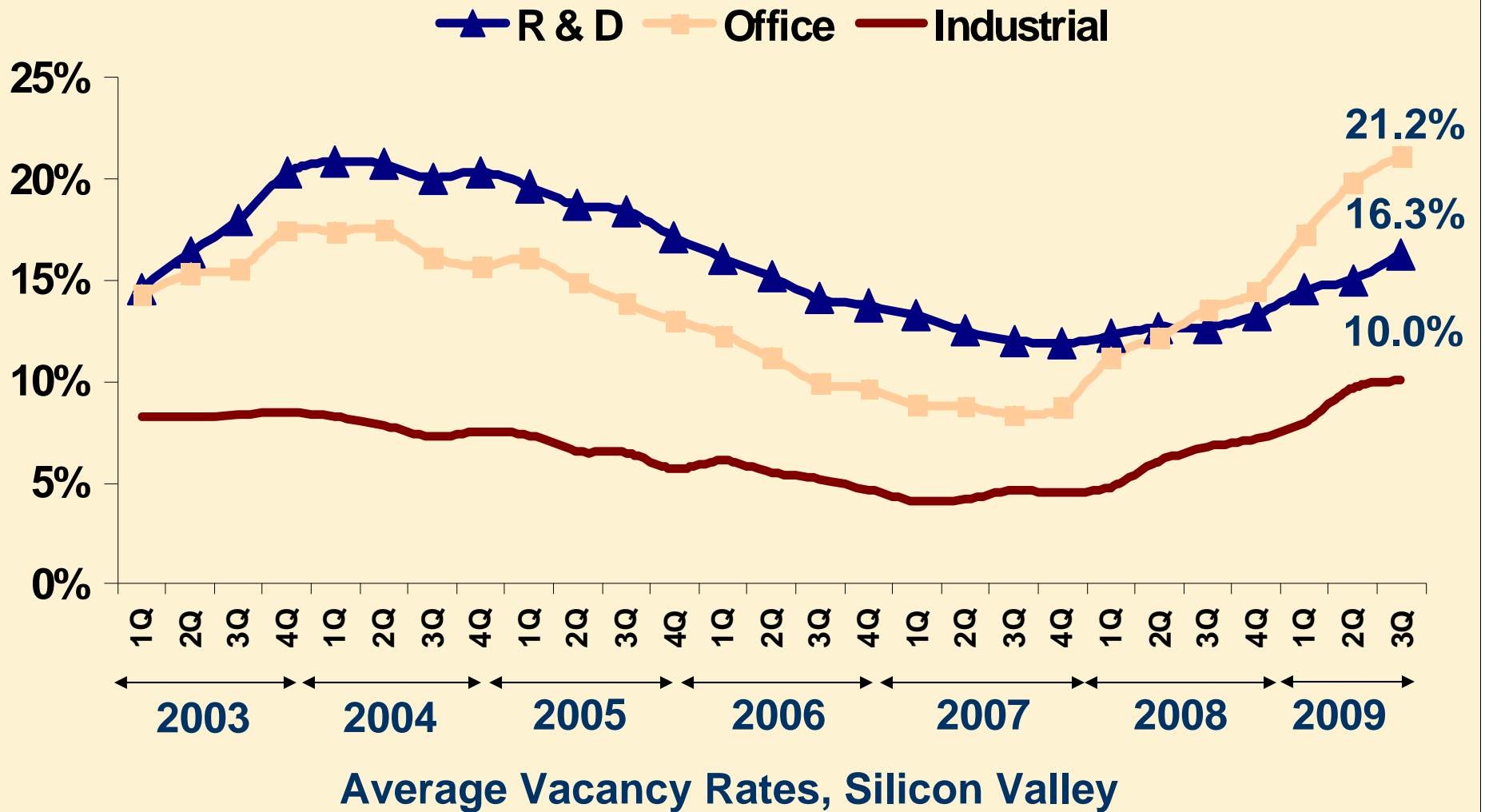
Source: EDD 2003-2008, Salary Adjusted for Inflation

MORE GROWTH IN SUPPORT INDUSTRIES; GENERAL MANUFACTURING DROPS 50%



Source: EDD 2003-2008, Salary Adjusted for Inflation

OFFICE VACANCY RATE NEARING 20-YEAR HIGH



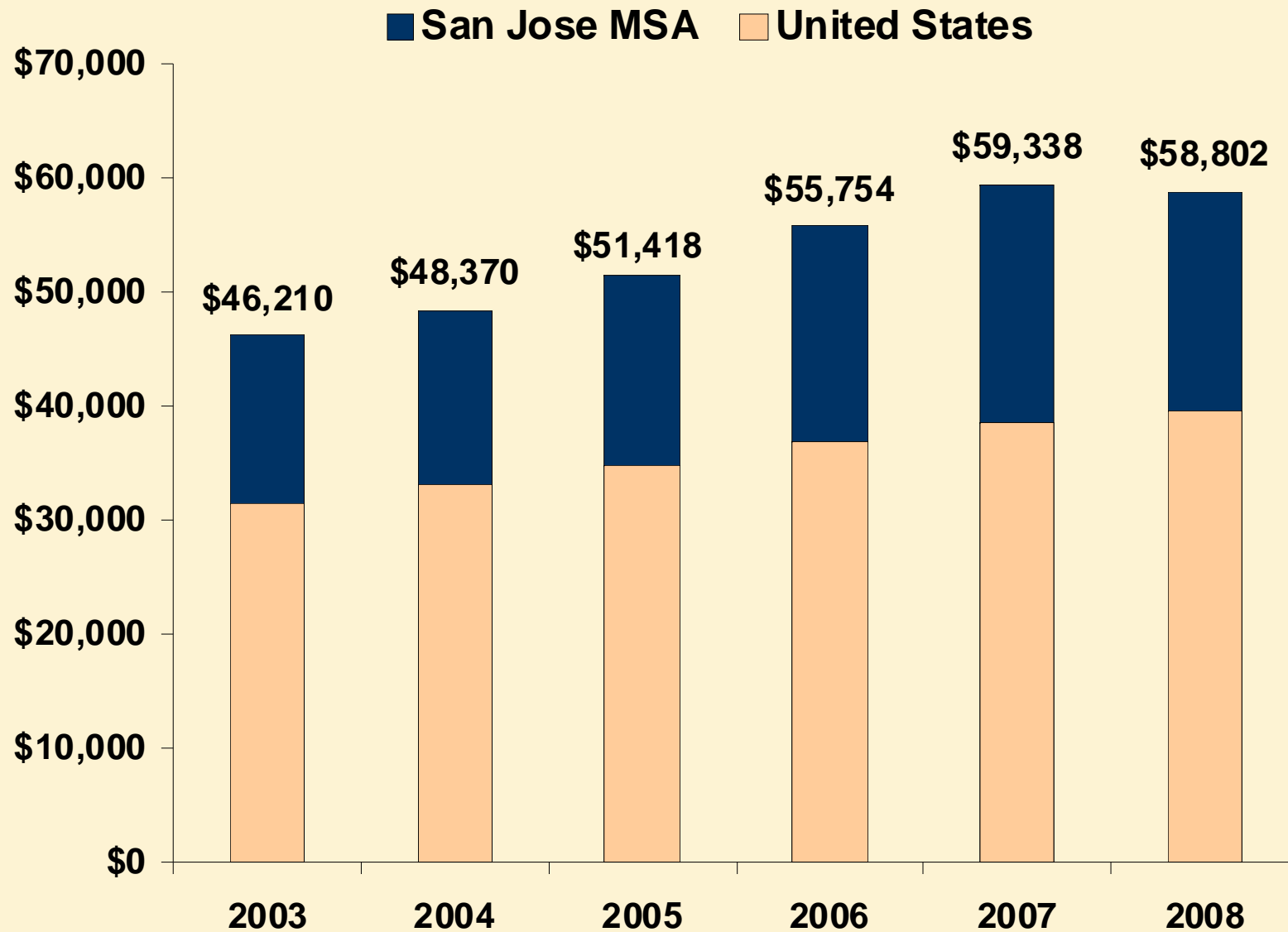
Source: Colliers International

OUR SHARE OF JOBS IN COUNTY DECLINED

Today, San Jose makes up **40%** of the County job base. In 2003, San Jose made up **42%**.

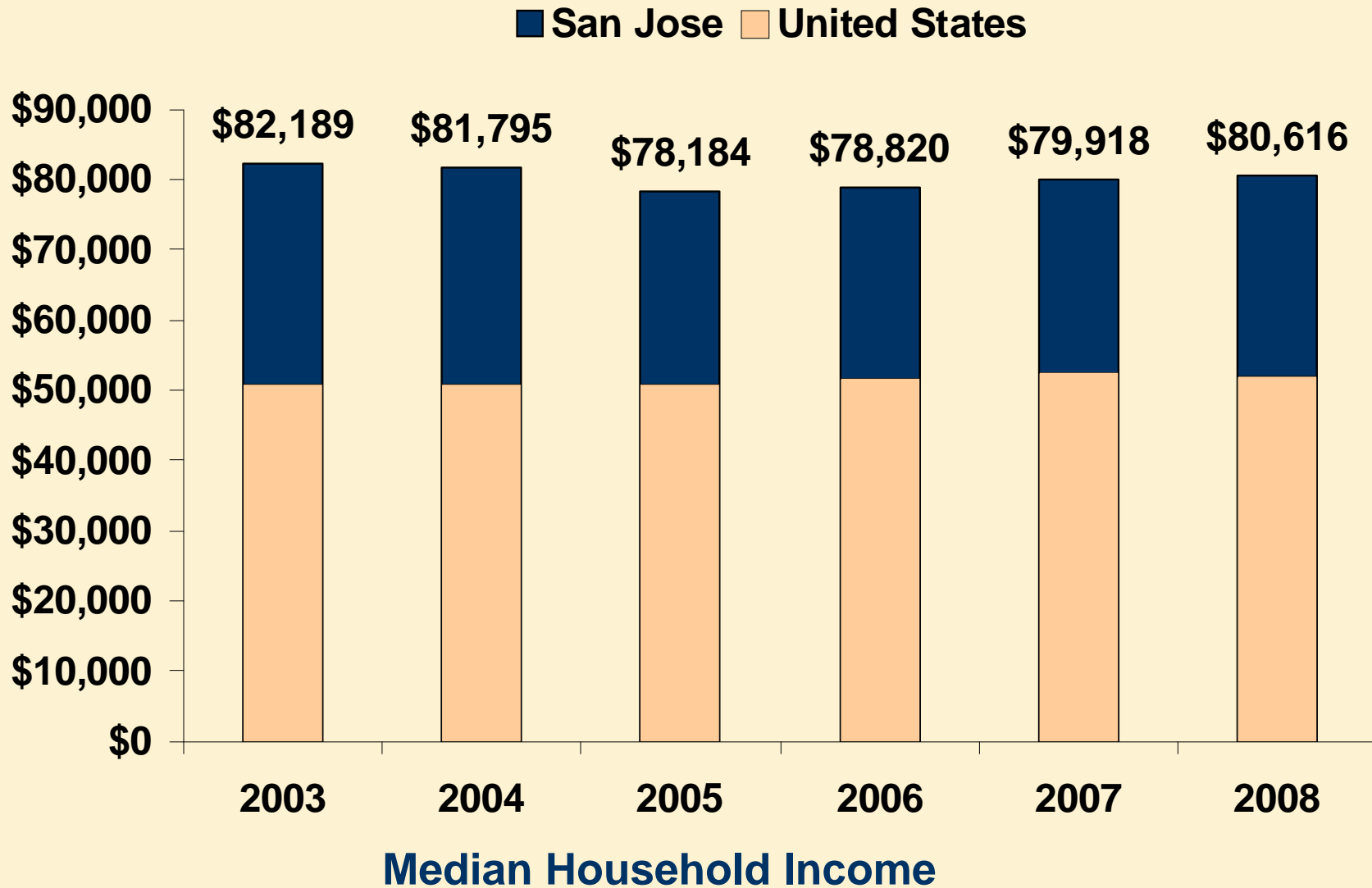
Today, San Jose makes up **54%** of the County population. In 2003, San Jose made up **53%**.

SAN JOSE'S REAL INCOME PER CAPITA INCOME GREW STEADILY, THEN FELL SLIGHTLY



Source: Bureau of Economic Analysis (BEA)

MEDIAN HOUSEHOLD INCOME GROWS



Source: Census Bureau, American Community Survey 2008\$

SAN JOSE STILL UNDER-RETAILED; ECONOMY COULD GENERATE MORE CITY REVENUE

<u>Year</u>	<u>% Under-Retailed</u>	<u>Consumer Sales Tax</u> <u>“Lost”</u>
2008	21%	\$24.2 million
2007	21%	\$23.5 million
2006	19%	\$21.3 million
2005	19%	\$20.1 million
2004	19%	\$18.3 million
2001	24%	\$15.9 million

San Jose residents take their purchasing power to adjacent cities due to low local capacity

REMAIN LARGEST AND MOST INFLUENTIAL HIGH-TECH CENTER

2007 Rank	2003 Rank	Metro Area	Total High Tech Score
1	1	San Jose - Sunnyvale-Santa Clara, CA	100.0
2	3	Seattle-Bellevue-Everett, WA	46.4
3	2	Cambridge-Newton-Framingham, MA	45.2
4	5	Washington-Arlington-Alexandria, DC-VA-MD-WV	41.8
5	4	Los Angeles-Long Beach-Glendale, CA	40.2
6	6	Dallas-Plano-Irving, TX	21.8
7	7	San Diego-Carlsbad-San Marcos, CA	19.3
8	11	Santa Ana-Anaheim-Irvine, CA	17.7
9	9	New York-White Plains-Wayne, NY-NJ	16.8
10	8	San Francisco-San Mateo-Redwood City, CA	16.1

Milken Ranking of high-tech centers in the U.S