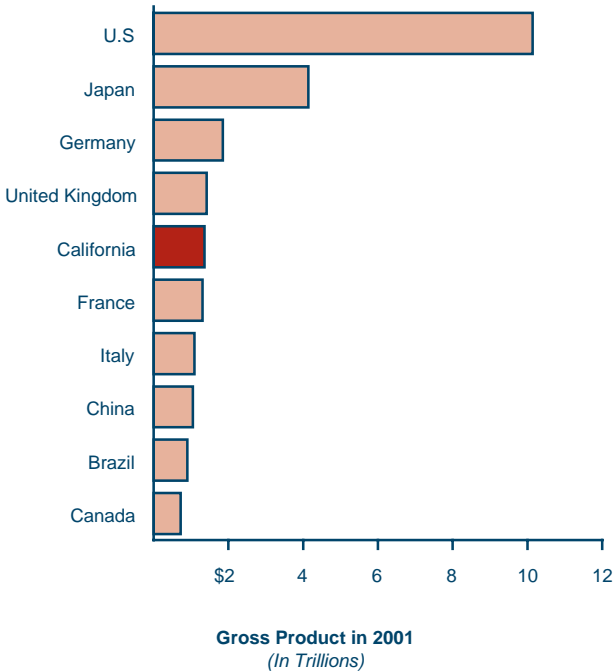


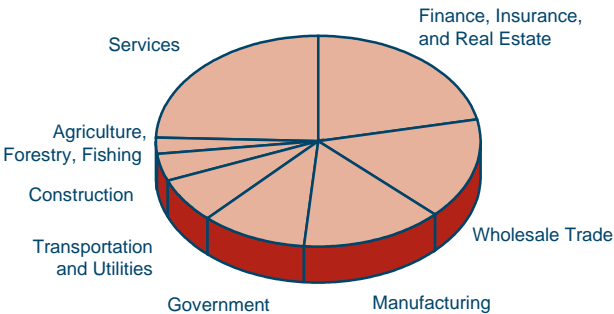
## California Is the World's Fifth Largest Economy



- California's gross state product exceeds \$1.3 trillion, making it one of the world's largest economies.
- California accounts for 13 percent of the nation's output, and trails only Japan, Germany, and the United Kingdom.
- Our nation's next largest state economy—New York—is about 60 percent the size of California's.

## California's Economy Is Highly Diversified

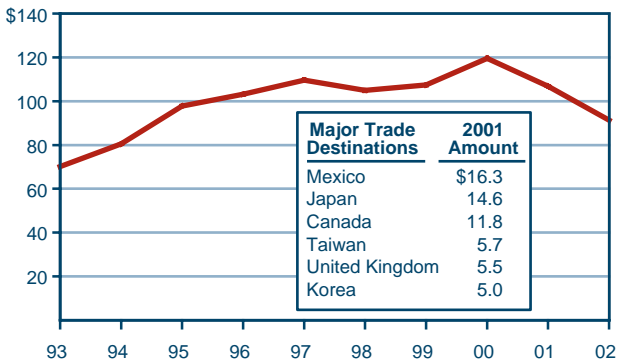
*Share of Gross State Product in 2001*



- California has a large number of jobs and businesses in many different industries.
- The largest industry is services, which accounts for nearly one-fourth of all output in the state. This industry includes such diverse sectors as computer and software design, motion picture production, engineering, legal, health care, child-care, and hotels.
- The next largest industries—finance, trade, and manufacturing—encompass such elements as banking activities, retail stores, import-export activities, and the manufacturing and sale of high-tech goods.

## Foreign Trade Is an Important Element of California's Economy

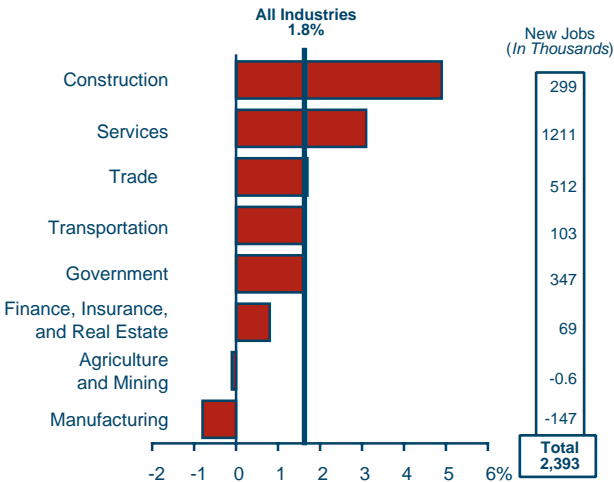
*Total California Exports (In Billions)*



- International trade is a major source of California economic activity. Total exports reached a peak of \$120 billion in 2000, accounting for 11 percent of the state's total output.
- California-produced computers and electronics account for over one-half of our exports. This is followed by agriculture, machinery, and transportation.
- Exports fell sharply in both 2001 and 2002, reflecting both a worldwide slowdown in the demand for high-tech goods and sluggish economic growth among our major trading partners.

## Services Have Dominated Employment Growth Over The Past Decade

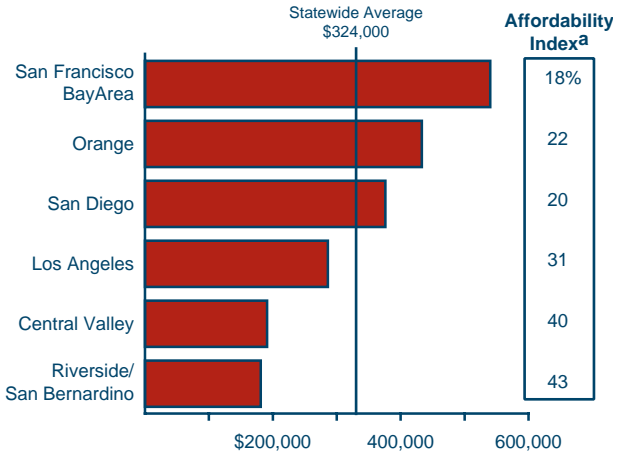
*Annual Average Percent Change in California Jobs, 1992 Through 2002*



- Over one-half of the nearly 2.4 million in new jobs created in California over the past decade have been in the services sector.
- Trade, government, and construction accounted for the bulk of the remaining job increases. The growth in these areas is generally consistent with California's expanding population.
- Manufacturing employment has fallen over the past decade, reflecting continued losses in the aerospace sector and recent declines in the commercial high-technology sector.

## High California Home Prices Have Driven Down Affordability

*Median Home Prices in July 2002*

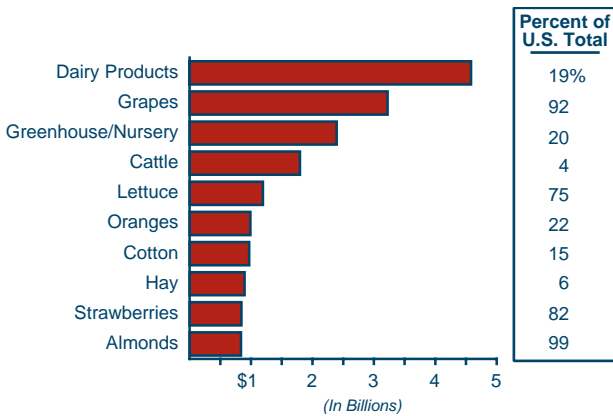


<sup>a</sup> Percent of households that can afford to purchase a median-priced home in a given area.

- Home prices remained near all-time highs throughout the state in 2002, despite generally soft economic conditions. This is in contrast to apartment rents, which have softened since early 2001.
- The statewide median home price rose from \$175,000 in mid-1996 to \$324,000 in mid-2002. Currently, less than 30 percent of California households would have sufficient income if they had to purchase such a home today.
- By far, the highest cost region is the San Francisco Bay Area, which had a median home price of \$540,000 in mid-2002. At the other extreme, the median price was \$191,000 in the Central Valley.

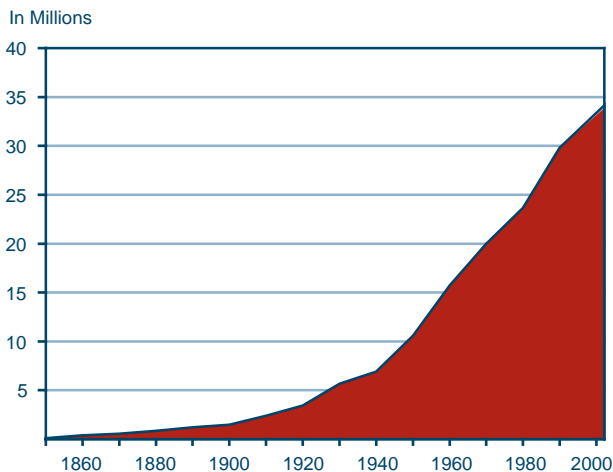
## California Is the Nation's Leading Agricultural Producer

*Top Agricultural Products by Cash Receipts 2001*



- Total receipts from farming in California were \$27 billion in 2001. This amount represented about one-eighth of the national total, and was greater than Texas and Iowa (the next largest producers) combined.
- Major commodities in California include dairy, grapes, nursery products, cattle, lettuce, and cotton.
- The state also is a dominant producer of many specialty crops, such as strawberries, kiwis, and artichokes.

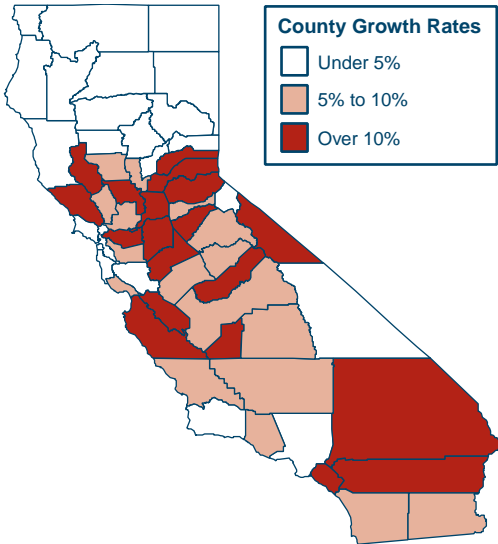
## California's Population Has Increased Dramatically Over Time



- California is now home to roughly 35 million people, a 15 million increase over the past 30 years.
- It took about 100 years to reach the 10 million mark, but since then California has been adding 10 million people every 20 years.
- Currently, the state is adding about 550,000 persons annually—more than a city the size of Long Beach or a state the size of Wyoming.

## The Inland Counties Have Been Growing the Fastest

*Total Growth, 1997 Through 2002*

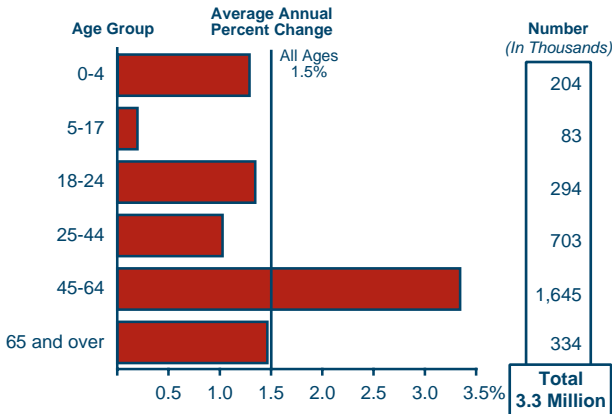


- The highest population growth rates have occurred mainly in the Central Valley and foothill counties, and in Riverside and San Bernardino Counties in Southern California.
- The five Southern California counties of Los Angeles, Orange, Riverside, San Bernardino, and San Diego account for 55 percent of California's total population in 2002, and 52 percent of the total increase in population since 1997.



## Californian's Average Age Rising As Baby Boomers Grow Older

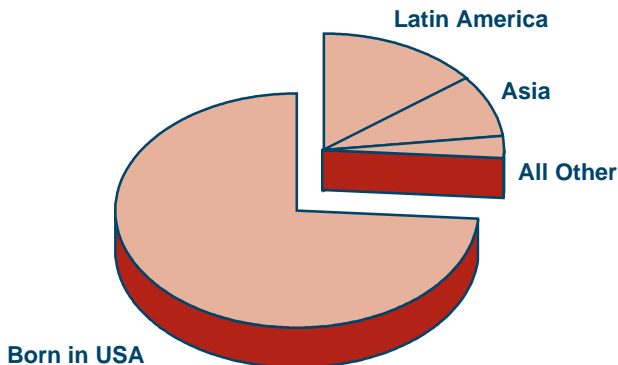
Population Change—2002 Through 2008



- Californians' average age is increasing, as baby boomers enter their 50s and continue to cause rapid growth of the 45-64 age group.
- The K-12 school-age population will grow the slowest of all groups, reflecting declines in birth rates over the past decade.

## A Quarter of Californians Are Foreign Born

2000



- One-in-four of California's current residents—8.9 million people—were born outside of the United States. This compares to one-in-ten nationally.
- Almost four-fifths of foreign-born Californians live in the metropolitan areas of Los Angeles (5.1 million) or San Francisco (1.9 million).
- About half of foreign-born Californians are from Latin America, while another third are from Asia.