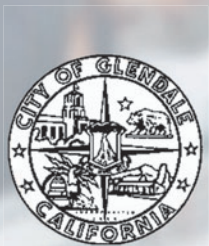


Q1 2009



City of Glendale Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2009)

Glendale In Brief

Receipts from January – March sales were 13.0% lower than the same quarter last year.

A closed dealership contributed to the drop in new motor vehicle returns. Over 34% of the overall decline in gross receipts was due to this loss. A onetime allocation error overstated the decrease in the auto lease group.

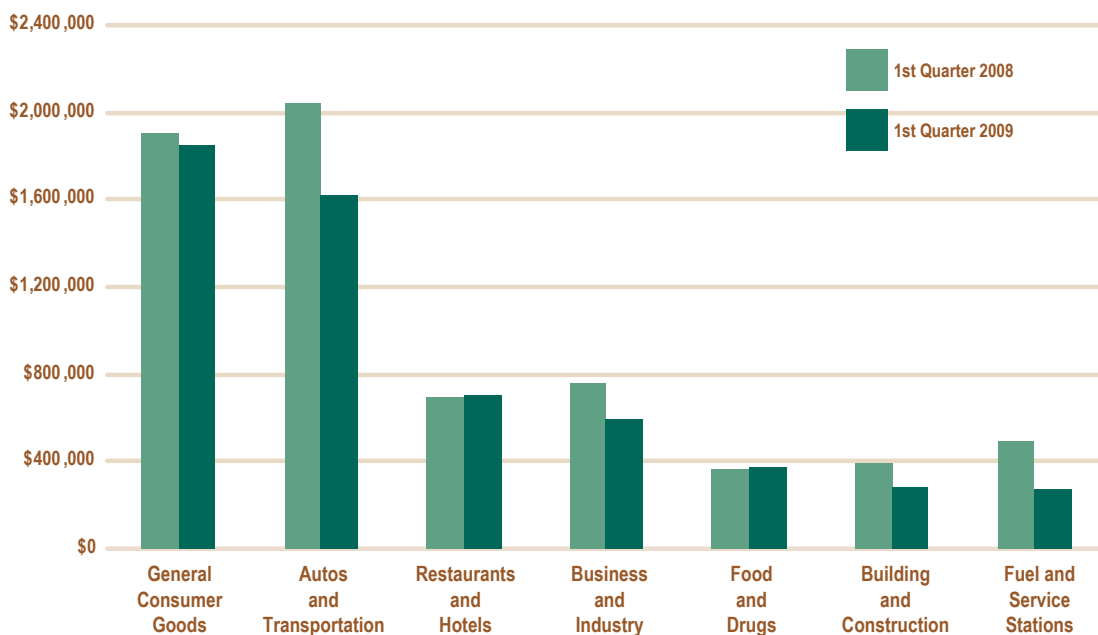
New retail including the Americana at Brand partially offset same store declines and closures in department stores and home furnishings. Multiple payment deviations accounted for lower returns in restaurants with no alcohol.

Sales activity slowed in business to business, entertainment-based and building supply sectors. Lower fuel prices negatively impacted service station proceeds.

Additional outlets boosted the restaurants with liquor category.

Adjusted for reporting aberrations, taxable sales for all of Los Angeles County and its cities declined 16.4% over the comparable time period while Southern California as a whole was down 16.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Allen Gwynn Chevrolet	Macys
Apple Computer	Nissan/Infiniti Leasing Group
Bob Smith Toyota	Nordstrom
Calstar Mercedes	Pacific BMW
Colonial Honda	Ralphs
CVS Pharmacy	Sears
Financial Services Vehicle Trust	Star Ford
Glendale Nissan Infiniti	Star Lincoln Mercury
Home Depot	Target
JC Penney	Toyota Motor Credit
Kwik/AI Sal Oil	Toyota of Glendale
Lexus of Glendale	Video Equipment Rental
	Vons

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2007-08	2008-09
Point-of-Sale	\$27,909,358	\$26,169,080
County Pool	3,055,680	2,940,547
State Pool	15,783	12,927
Gross Receipts	\$30,980,821	\$29,122,553
Less Triple Flip*	\$(7,745,205)	\$(7,280,638)

*Reimbursed from county compensation fund

California Overall

Statewide sales tax revenues continued to trend downward for the seventh consecutive quarter with June's allocations for sales occurring in the January through March period 16.5% lower than the same period one year ago.

The contraction was experienced in all regions with previous holdouts such as the Silicon Valley and some pockets of high end tourism now exhibiting the same percentage decreases as the rest of California. The drop in tax receipts resulted as much from significant price reductions as it did from reduced consumer spending and business investment.

Excluding accounting aberrations, the most severe impact was from a 38.3% decline in fuel and service station receipts reflecting the dramatic retreat from last year's record fuel prices and lower consumption.

The allocations from new car sales dropped another 28.3% from the first quarter of 2008 while revenues from traditional department stores, furniture stores and building materials all exhibited reductions of 20% or more. Sales and use tax revenues are projected to continue to decline through the remainder of 2009 although subsequent reductions should become increasingly moderate. The beginning of a recovery for most regions and categories is not anticipated until mid-2010.

Additional Use Tax Anticipated

The state's budget package includes provisions for more aggressive collection of unpaid use tax. Sellers without physical nexus in the state are not required to collect sales tax from their California customers. In these cases the buyer is liable for paying a corresponding "use tax."

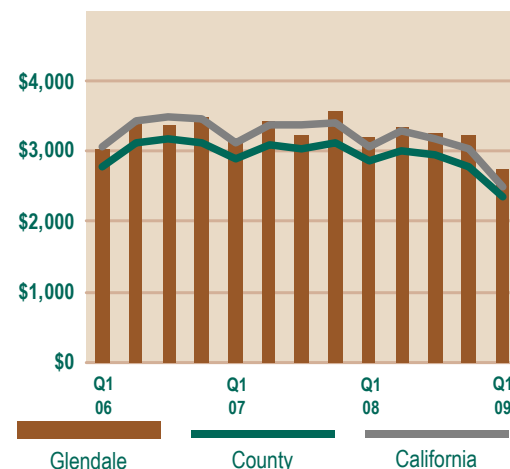
Although the state does an effective job of auditing larger companies, cost and lack of data make monitoring of taxes paid on purchases by individuals and small companies impractical.

The state proposes to partially deal with this problem through two actions. The first is to require non-sellers to register with the Board of Equalization and file annual returns on unpaid use tax. As professional tax preparers are obligated to properly report purchases, the state estimates that the proposal would generate an additional \$57 million per year by 2009-2010.

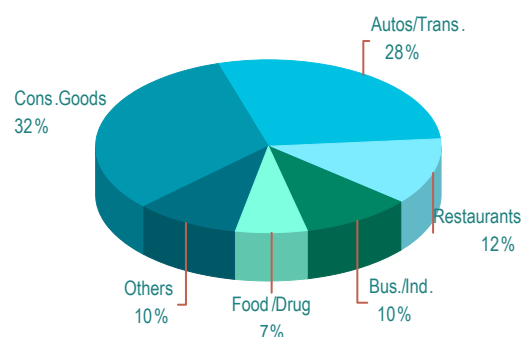
The second action involves a practice enacted by the State of New York that expands the definition of "nexus" to include companies that pay commissions on sales referrals from New York based web sites or affiliates that advertise their products. It is estimated that a similar definition in California could generate up to \$110 million per year. Both actions would also increase city and county collections.

Amazon.com recently lost a court challenge to the New York law and has threatened to drop its affiliates to avoid losing the competitive advantage of not having to collect and pay sales tax.

SALES PER CAPITA



REVENUE BY BUSINESS GROUP Glendale This Quarter



GLENDALE TOP 15 BUSINESS TYPES

Business Type	Glendale		County	HdL State
	Q1 '09*	Change	Change	Change
New Motor Vehicle Dealers	\$1,033.8	-23.7%	-26.8%	-27.7%
Department Stores	409.7	-10.6%	-18.5%	-21.4%
Auto Lease	365.2	-23.4%	-24.3%	-25.9%
Restaurants No Alcohol	325.3	-7.8%	-4.0%	-2.7%
Family Apparel	306.7	41.6%	-9.2%	-7.6%
Restaurants Liquor	292.6	34.8%	-5.3%	-2.0%
Service Stations	270.0	-45.1%	-35.4%	-35.2%
Specialty Stores	202.9	-10.7%	-10.2%	-7.9%
Grocery Stores Liquor	181.4	-1.8%	0.1%	-1.8%
Women's Apparel	168.6	13.9%	-12.7%	-11.6%
Electronics/Appliance Stores	166.6	-27.3%	-5.2%	-6.3%
Light Industrial/Printers	144.8	-9.1%	-10.7%	-24.8%
Lumber/Building Materials	141.5	-25.7%	-21.7%	-22.6%
Discount Dept Stores	— CONFIDENTIAL —		-2.4%	-3.3%
Home Furnishings	94.1	-14.2%	-21.9%	-21.2%
Total All Accounts	\$5,706.5	-14.4%	-17.2%	-17.6%
County & State Pool Allocation	695.1	1.2%		
Gross Receipts	\$6,401.6	-13.0%		<i>*In thousands</i>