

THE COUNTY'S LEADING & CURRENT ECONOMIC INDEX'S SHOW GROWTH

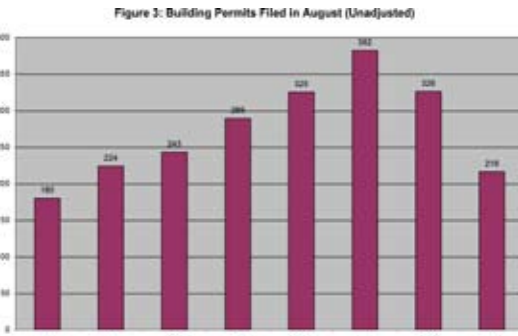
The Brazoria County Index of Leading Economic Indicators increased in August to 122.91, which is 0.57 percent above the previous month's index and 4.12 percent above August 2006. The Leading Economic Index, which is designed to forecast the economic performance of the county over the next three to six months, has been above the six month moving average for ten out of the last twelve months. This is significant because if the leading economic index is consistently above the six month moving average the county is likely entering into or currently experiencing a period of economic growth (Figure 1).



Two of the four leading economic indicators increased during the month of August (Figure 2). The two leading economic indicators that posted gains were the Brazoria

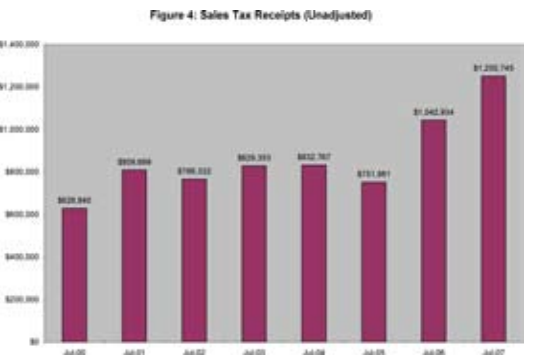
| Indicator | Change | Percentage |
|--|--------|--------------|
| Index of BC Stocks | ▲ | 4.65% |
| Initial Unemployment Claims Index - Gulf Coast WDA | ▼ | 1.08% |
| Single Family Building Permits Index | ▼ | -3.84% |
| Weekly Manufacturing Hours Index | ▲ | 0.09% |
| Leading Indicators Index | ▲ | 0.57% |

County Stock Index and Houston-Baytown-Sugarland Manufacturing Hours. The largest increase in the index was due to the increase in the Brazoria County Stock Index. The Brazoria County Stock Index, which includes the county's eight largest publicly traded employers, increased to 160.85. This is the highest level reported since the inception of the index. The two economic indicators that decreased during the month of August were the Gulf Coast Initial Unemployment Claims and New Single Family Building Permits. The number of new single family building permits (seasonally adjusted) filed in August is 3.84 percent below the filings from one month ago and 18.25 percent below August of last year. Unadjusted building permits filed during the month of August were at the lowest level since August of 2000 (Figure 3). The Gulf Coast Initial Unemployment Claims, individuals filing for unemployment insurance who have recently become unemployed or anticipate becoming unemployed, increased by 1.08 percent during the month of August, but remains 7.29 percent lower than August of last year.



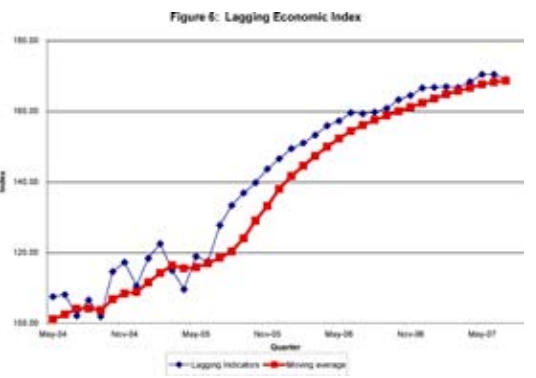
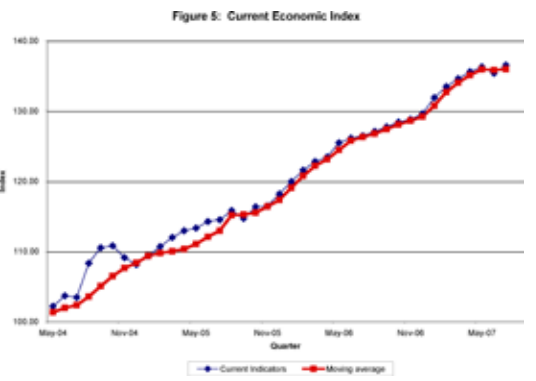
CURRENT ECONOMIC INDICATORS

The Brazoria County Index of Current Economic Indicators, which is designed to provide information about the current status of the economy, increased to 136.56 in July 2007, which is 0.86 percent above June 2007 and 7.96 percent above August 2006. In August, all four of the current economic indicators posted gains. Household employment and hotel/motel tax receipts remain at the highest levels since the inception of the index. Sales tax receipts (adjusted and unadjusted) reported a record level of sales for the month of July (Figure 4). The index has remained above the six month moving average for eleven of the last twelve months strengthening the probability the economy is currently expanding (Figure 5).



LAGGING ECONOMIC INDICATORS

The Brazoria County Index of Lagging Economic Indicators is used to confirm the growth or slowdown in the economy. The index decreased to 169.01 in July 2007, which is 0.80 percent below June 2007. The month to month decrease in the index is due to an increase in the average duration of unemployment and an increase in the unemployment rate in July. Average duration of unemployment, seasonally adjusted, increased in July by 2.38 percent. The unemployment rate (seasonally adjusted) increased in July by 1.06 percent. Despite the decrease, the index remains 6.1 percent above July 2006. The index has been above the six month moving average for eleven out of the last twelve months, confirming that the economy has been experiencing a period of recovery or expansion (Figure 6).



BRAZORIA COUNTY, TEXAS BUSINESS CYCLE INDICATORS

OCTOBER, 2007

| <u>Brazoria County Economic Indices:</u> | <u>Aug 2007</u> | <u>Jul 2007</u> | <u>Jun 2007</u> | <u>May 2007</u> | <u>Apr 2007</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Leading Economic Index (2003 = 100) | 122.91 | 122.22 | 123.59 | 123.37 | 121.14 |
| Current Economic Index (2003=100) | - | 136.56 | 135.40 | 136.30 | 135.62 |
| Lagging Economic Index (2003 = 100) | - | 169.01 | 170.38 | 170.39 | 168.35 |

| <u>Brazoria County Leading Economic Index*</u> | <u>Aug 2007</u> | <u>Jul 2007</u> | <u>Aug 2006</u> | <u>Jul-2007 to Aug-2007</u> | <u>Aug-2006 to Aug-2007</u> |
|--|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Leading Economic Index (2003 = 100) | 122.91 | 122.22 | 118.04 | 0.57% | 4.12% |
| Components: | | | | | |
| Brazoria County Stock Index (12/31/2003 = 100) | 160.85 | 153.71 | 126.54 | 4.65% | 27.11% |
| Gulf Coast Initial Unemployment Claims (Seasonally Adjusted) | 12,403 | 12,270 | 13,379 | 1.08% | -7.29% |
| <i>Gulf Coast Initial Unemployment Claims (Unadjusted)</i> | 13,267 | 13,622 | 13,094 | -2.61% | 1.32% |
| New Single Family Building Permits (Seasonally Adjusted) | 237 | 247 | 290 | -3.84% | -18.25% |
| <i>New Single Family Building Permits (Unadjusted)</i> | 216 | 268 | 326 | -19.40% | -33.74% |
| Houston-Baytown-Sugarland Manufacturing Avg. Weekly Hrs. (Seasonally Adjusted) | 40.39 | 40.35 | 39.68 | 0.09% | 1.79% |
| <i>Houston-Baytown-Sugarland Manufacturing Avg. Weekly Hrs. (Unadjusted)</i> | 40.60 | 40.60 | 38.60 | 0.00% | 5.18% |

* (Data for the Leading Index is one month behind due to the lag in getting the building permits)

| <u>Brazoria County Current Economic Index**</u> | <u>Jul 2007</u> | <u>Jun 2007</u> | <u>Jul 2006</u> | <u>Jun-2007 to Jul-2007</u> | <u>Jul-2006 to Jul-2007</u> |
|---|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Current Economic Index (2003 = 100) | 136.56 | 135.40 | 126.50 | 0.86% | 7.96% |
| Components: | | | | | |
| Sales Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 708,250 | 698,258 | 632,669 | 1.43% | 11.95% |
| <i>Sales Tax Receipts (Current \$'s, Unadjusted)</i> | 1,250,745 | 1,205,110 | 1,042,934 | 3.79% | 19.93% |
| Household Employment (Seasonally Adjusted) | 131,034 | 130,691 | 126,518 | 0.26% | 3.57% |
| <i>Household Employment (Unadjusted)</i> | 134,793 | 134,277 | 129,846 | 0.38% | 3.81% |
| West South Central Consumer Confidence (Present Situation) | 145.89 | 145.06 | 134.04 | 0.58% | 8.85% |
| Hotel/Motel Tax Receipts (Constant 1982-1984 \$'s, Seasonally Adjusted) | 1,094,418 | 1,083,169 | 1,023,440 | 1.04% | 6.94% |
| <i>Hotel/Motel Tax Receipts (Current \$'s, Unadjusted)</i> | 2,672,878 | 2,491,156 | 2,402,140 | 7.29% | 11.27% |

** (Data for the Current Index is 2 months behind due to the lag in getting the sales tax)

| <u>Brazoria County Lagging Economic Index***</u> | <u>Jul 2007</u> | <u>Jun 2007</u> | <u>Jul 2006</u> | <u>Jun-2007 to Jul-2007</u> | <u>Jul-2006 to Jul-2007</u> |
|--|---------------------|---------------------|---------------------|-------------------------------------|-------------------------------------|
| Lagging Economic Index (2003 = 100) | 169.01 | 170.38 | 159.28 | -0.80% | 6.11% |
| Components: | | | | | |
| Texas Average Duration of Unemployment Benefits (Weeks, Seasonally Adjusted) | 17.20 | 16.80 | 17.30 | 2.38% | -0.58% |
| <i>Texas Average Duration of Unemployment Benefits (Weeks, Unadjusted)</i> | 16.30 | 15.10 | 16.10 | 7.95% | 1.24% |
| Prime Rate Charged By Banks | 8.25 | 8.25 | 8.25 | 0.00% | 0.00% |
| Unemployment Rate (Seasonally Adjusted) | 4.54% | 4.49% | 5.33% | 1.06% | -14.78% |
| <i>Unemployment Rate (Unadjusted)</i> | 4.90% | 4.70% | 5.60% | 4.26% | -12.50% |

*** (Data is two months behind due to lag in obtaining unemployment data)