

A Summary of the 2006 Business Retention Survey Results

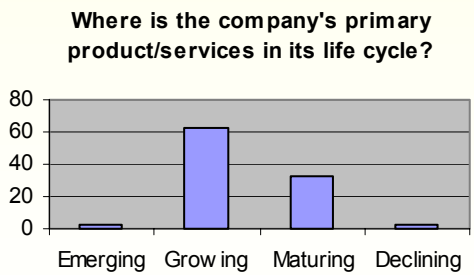
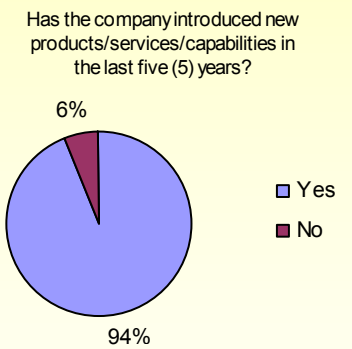
The Economic Development division of the St. Joseph Area Chamber of Commerce conducted a 2006 Business Retention Survey during the first quarter of 2006. The survey was conducted via the completion of an online survey or through personal interviews of the Chief Executive of

the company. The purpose of the survey is to gauge anticipated economic activity in the business community and to identify any trends or potential issues that may need to be addressed to facilitate economic stability in the community.

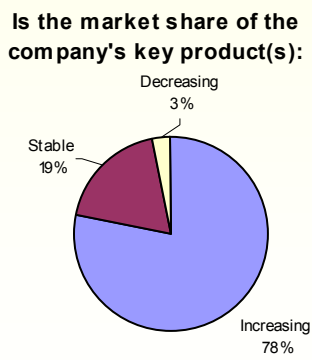
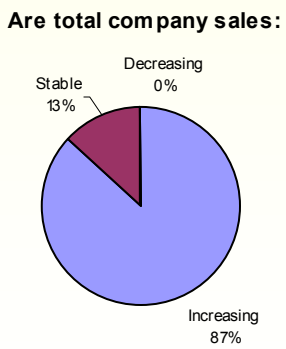
Of the 41 respondents that completed the survey, the economic activity potential for existing businesses is generally optimistic and new job creation and investment are expected.

New Products and Increasing Sales

Ninety-four percent (94%) of the companies stated they had introduced new products/services and capabilities in the last five years and 62% stated their companies primary product/services had a growing life cycle.

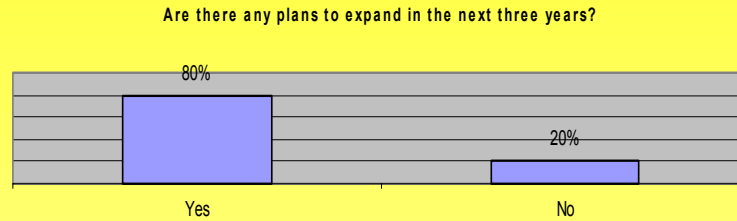


All of the companies or 100% percent found their total company sales were increasing (87%) or were stable (13%). When asked if their company's market share of key products was increasing, stable, or decreasing, 98% stated their market share was increasing and stable; 97% expect to launch new products in the next two years. These factors indicate a positive local business environment of companies with product life cycle and sales trends that are increasing or stable. These are important factors to observe considering recent job losses with Stetson Hat, Mead, and Quaker Oats were associated to some degree with mature product life cycles and decreasing sales.



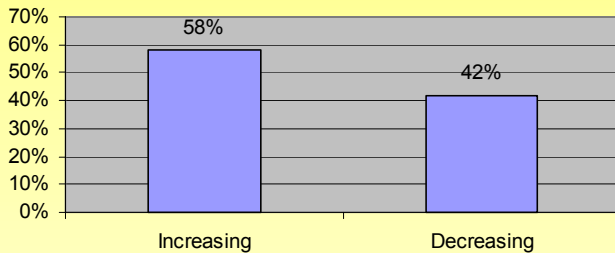
Increasing Production Capacity and New Jobs

There is encouraging news from the standpoint of anticipated plant expansions and new jobs...80% of the companies surveyed expect to expand their production capacity through the investment of either new equipment and/or facility expansions in the next three years.

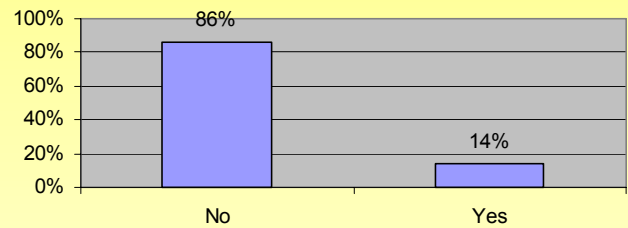


Of the companies surveyed, 58% anticipate increasing their employment levels over the next 24 months. This creates the potential demand for 500 new jobs. None of the companies surveyed expected to decrease employment levels; 86% did not anticipate any significant changes in the make-up of the workforce.

What are the projected employment needs for your facility?



Have you experienced or do you anticipate any significant changes in the make-up of your workforce?

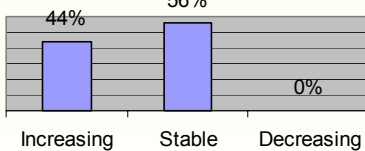


Global Business Environment

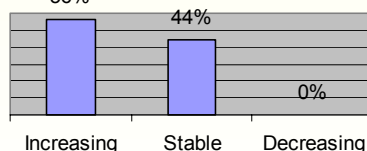
Global trends that have impacted St. Joseph negatively in the past involve corporate mergers and acquisitions, and overseas production. Mead West/Vaco and the Lower Lake Road Nestle cat food facility were victims of mergers, acquisitions and overseas production. Of those surveyed, 56% saw the merger, acquisition and divestiture in their industries as stable, with 44% seeing the activity as increasing. No one thought the activity was decreasing. Relating to overseas production, 56% state their industry was increasing production and 44% felt the trend was stable. No one believed the trend for overseas production was decreasing.

At the same time, 47% of those surveyed said export sales by their company as a percentage of total sales were increasing and 23% stated they were stable. Seventy percent (70%) of the companies surveyed said their companies did not have production facilities outside of the United States.

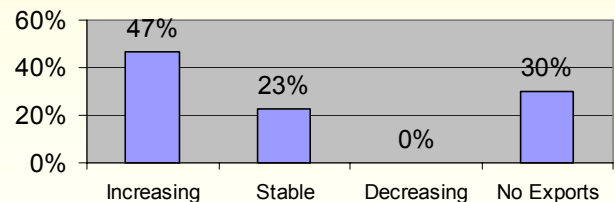
Is merger, acquisition or divestiture activity in your industry:



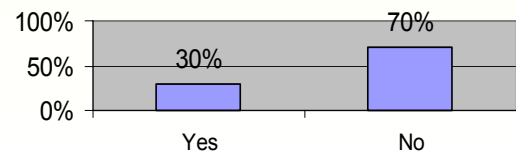
Is overseas production by domestic competitors:



Are export sales as a percentage of total sales:



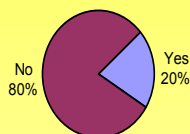
Does the company have production facilities outside of the United States?



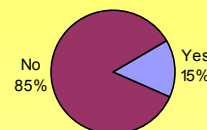
Corporate View of St. Joseph

Corporate attitude of a community is an important dynamic that can weave its way into the decision making process associated with new investment opportunities being made at a local plant. The survey revealed that 80% of the executives surveyed did not believe there were reasons by corporate headquarters that would keep St. Joseph from being considered for future expansions and investment. Likewise, 85% of the executives did not believe the attitude of headquarters differed toward the community as a place to do business from that of their own.

Are there reasons that St. Joseph may not be considered for future expansions?



Does the attitude among executives at corporate headquarters toward this community as a place to do business differ from local management?



Workforce Leading Economic Development Factor

The ability to demonstrate an available, educated, skilled and reliable workforce is becoming the key ingredient to successful community economic development. Simply, businesses can not operate without quality people. The quality, availability, and stability of the workforce in St. Joseph were rated as average to slightly above average. Workforce Development initiatives that increase the reliability and skill levels, as well as the availability of employees are focal points of the St. Joseph Area Chamber of Commerce. The survey indicates these efforts should continue. Of the companies surveyed, 67% indicate they are having difficulty recruiting for key positions or employees with adequate skills.

Community Satisfaction

Community services such as: police and fire protection, health care, schools, the University, streets, highways, and equitable property tax assessments all ranked in the average to above average categories of satisfaction. Because of St. Joseph's proximity to KCI, airline passenger service and air cargo services ranked the highest as a community service or asset. Satisfaction of utility services including water, sewer, natural gas, cellular and telecom were all rated as average to slightly above average. The satisfaction with internet access and speed ranked the highest and were far above average.

Governmental Impact

Over the next five years, 60 percent of those surveyed did not anticipate federal, state, or local legislation that would adversely impact their business. Conversely, no respondent expected legislation over the next five years that would benefit their business.

Conclusion

In summary, the survey results indicate an acceptable climate for business and job growth of existing businesses in St. Joseph over the next few years. We appreciate the time and effort of those who completed the survey.

Should your company consider expanding your business and such expansion will result in new investment and jobs; and/or, should you experience community issues that the Chamber may be able to facilitate a

dialogue that may lead to a solution, please contact us at 816-232-4461. Thank you for being part of the St. Joseph business community.



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