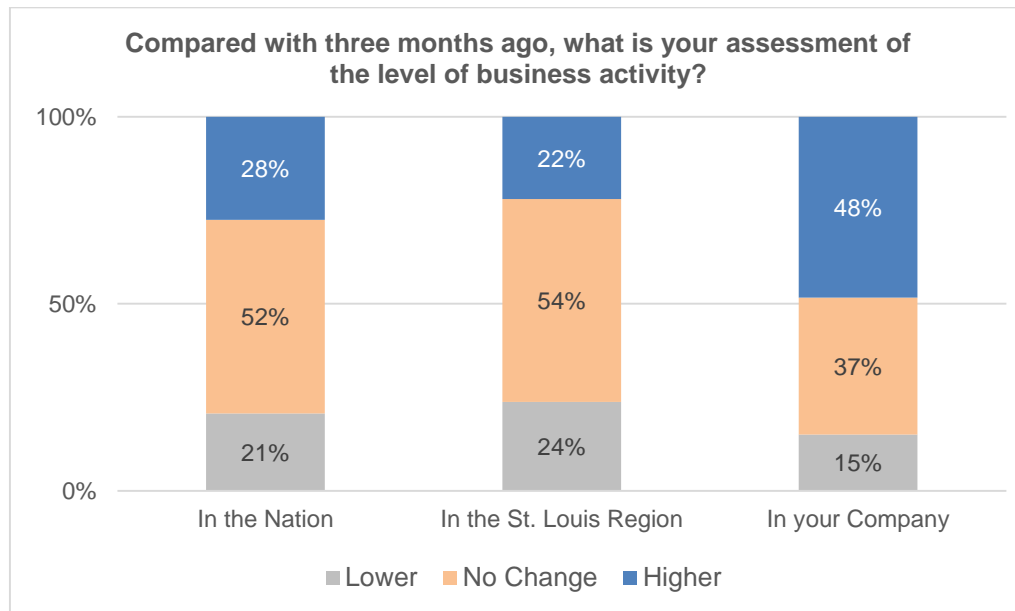




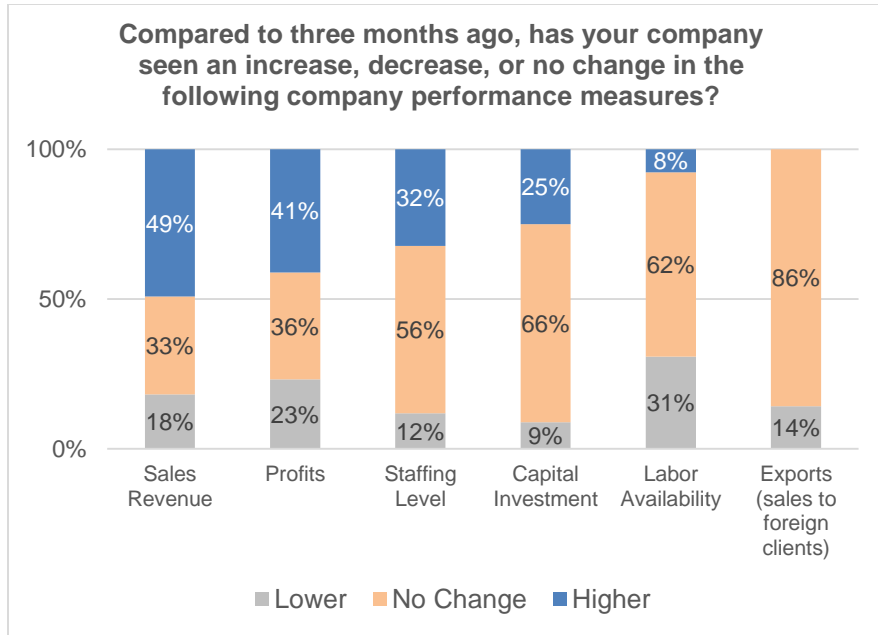
Business Conditions Survey - October 2015

The St. Louis Regional Chamber conducted a survey of membership in October 2015. The member CEOs, CFOs, and business owners provided their assessment of recent business activity and their expectations for 2016. Most of the business community reported stable or increased activity over the last quarter and have a positive outlook for 2016 - forecasting stable or increased activity next year.

Recent Activity



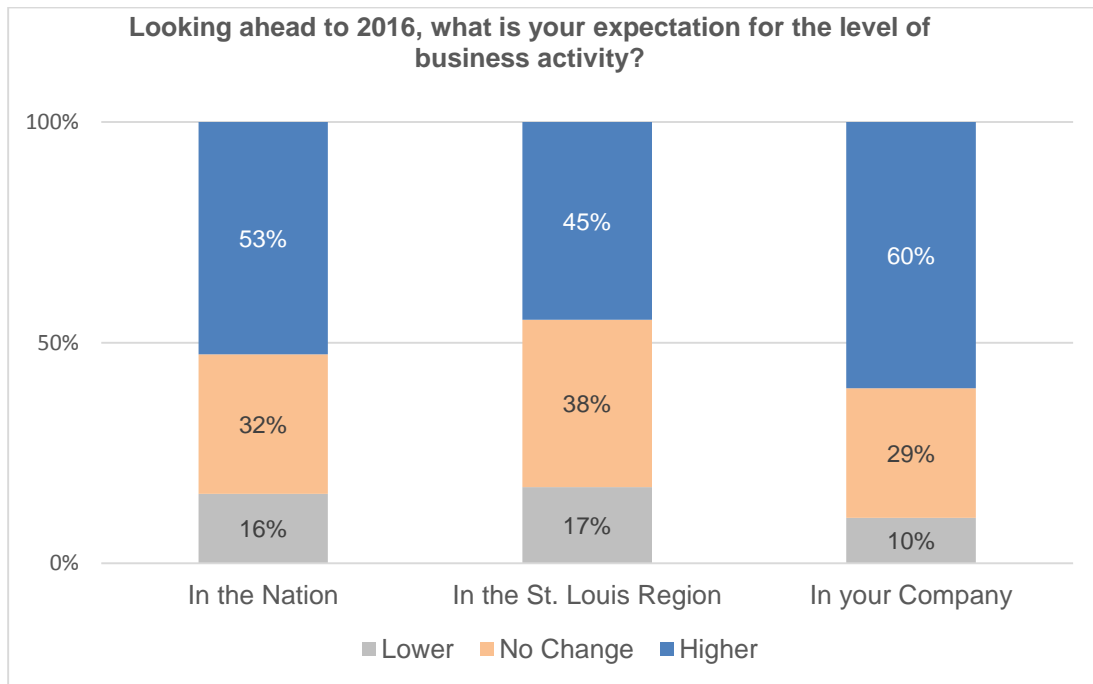
- The majority of respondents reported stable or improving conditions in the nation, the region, and their business compared to three months ago.
- About half of the respondents (52%) saw no change in activity nationally. More respondents reported an increase in activity than a decrease for the nation.
- More than half (54%) of the respondents indicated no change in business activity in the region and another 22% identified an increase in business activity from the previous quarter. A slightly larger share, 24%, reported lower activity in the region.
- Respondents have a stronger assessment of their own businesses than for the region or the nation as a whole. About 37% reported stable business activity and another 48% reported increased business activity from the previous quarter. Fifteen percent reported lower activity in their company.



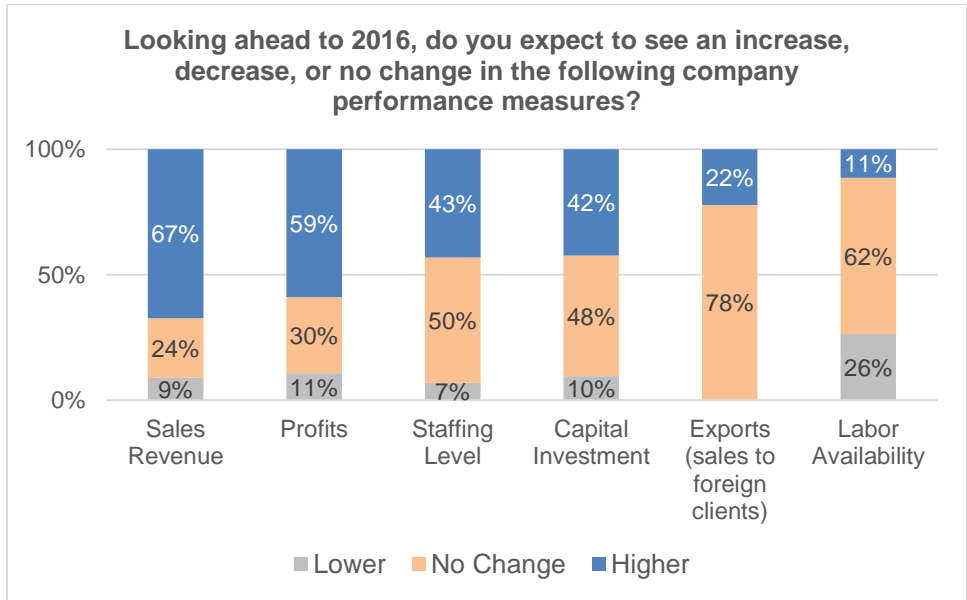
- The majority of CEOs, CFOs, and business owners reported stable or increasing business activity compared to three months ago for six performance measures.
- Nearly half (49%) of the respondents reported that their company’s sales revenue had increased and 41% saw higher profits, while 36% reported no change in profits.
- More than half of the respondents (56%) reported no change in staffing levels over the past three months and nearly one-third (32%) reported an increase in staffing levels.
- Nearly two-thirds (66%) reported no change in capital investment activity over the past three months and a quarter of the respondent reported increased capital spending.
- About 62% reported no change in the availability of labor. Nearly one-third (31%) reported a reduction in labor availability compared to three months ago. This is consistent with an improving labor market.
- The majority of respondents (88%) are not involved in international exports and are not influenced by sales to foreign clients. The few respondents that do have exports, reported stable activity.



Looking Ahead to 2016



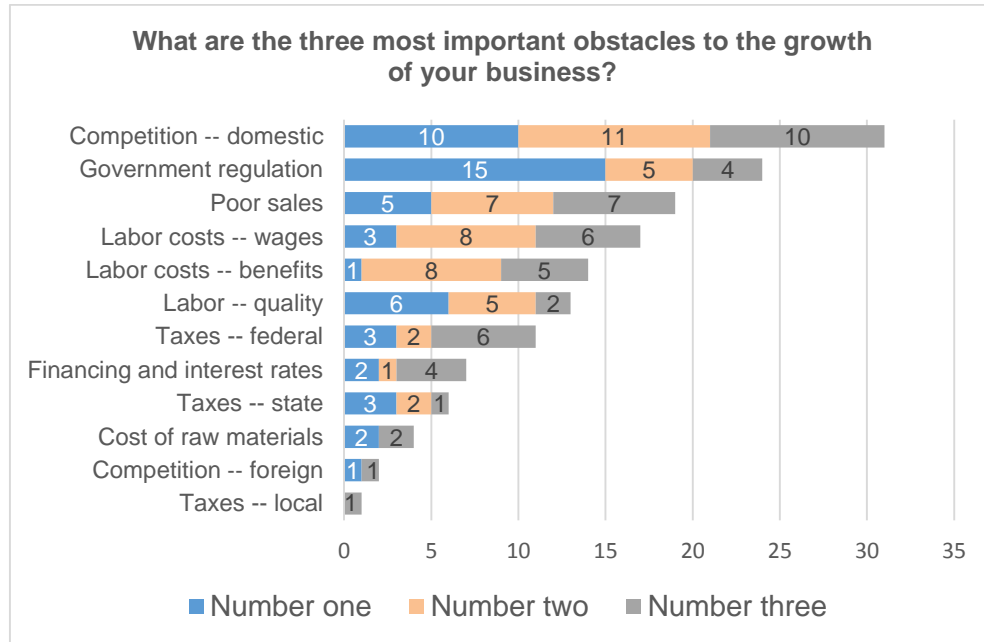
- Overall expectations for 2016 are positive. More than 80% of the respondents expect business activity in the nation, region, and their company to be stable or increase in the coming year.
- Nearly one-third of the respondents expect the nation's level of business activity to be stable, while 53% expect an increase in business activity nationwide. Sixteen percent expect to see business slow in 2016 around the country.
- Expectations for the region are encouraging too. About 38% of respondents expect the region's business landscape to remain stable and 45% expect things to pick up. Seventeen percent of the respondents expect to see slowing activity in 2016.
- Respondents were most optimistic about activity in their own companies. Less than 30% expect stable conditions and 60% expect business activity to be higher in the coming year. Only 10% of the CEOs report expectations for less business activity in their company in 2016.



- Reflecting expectations for increased activity in 2016, the majority of respondents expect their businesses to have higher sales revenues and profits next year, 67% and 59%, respectively.
- Expectations for increased sales activities are likely to increase the size of the workforce, with nearly 43% of the respondents indicating expectations for higher staffing levels, half projecting stable staffing patterns, and 7% reporting expectations for lower staffing levels.
- Forty-two percent of the respondents expect to increase capital investment activity in 2016 and 48% will keep capital investment activity at its current level. Ten percent expect to cut back on capital expenditures.
- Of the few respondents that have export sales to foreign clients, all expect no change or increased exports.
- The majority of respondents, over 62% expect the supply of labor to remain unchanged, about 26% expect the labor supply to shrink, and 11% expect the labor supply to increase in 2016.



Business Obstacles



- Domestic competition, government regulation, and poor sales were the three most frequently reported obstacles. Labor costs from wages and benefits ranked fourth and fifth. The same top five impediments were identified in last year's survey.

Advantages and Disadvantages of Being in St. Louis

Advantages most frequently cited include central location; business considerations such as established operations, opportunities for growth and access to customers; affordability; talent and education resources; and quality of life. Selected answers that illustrate three of the recurring themes follow.

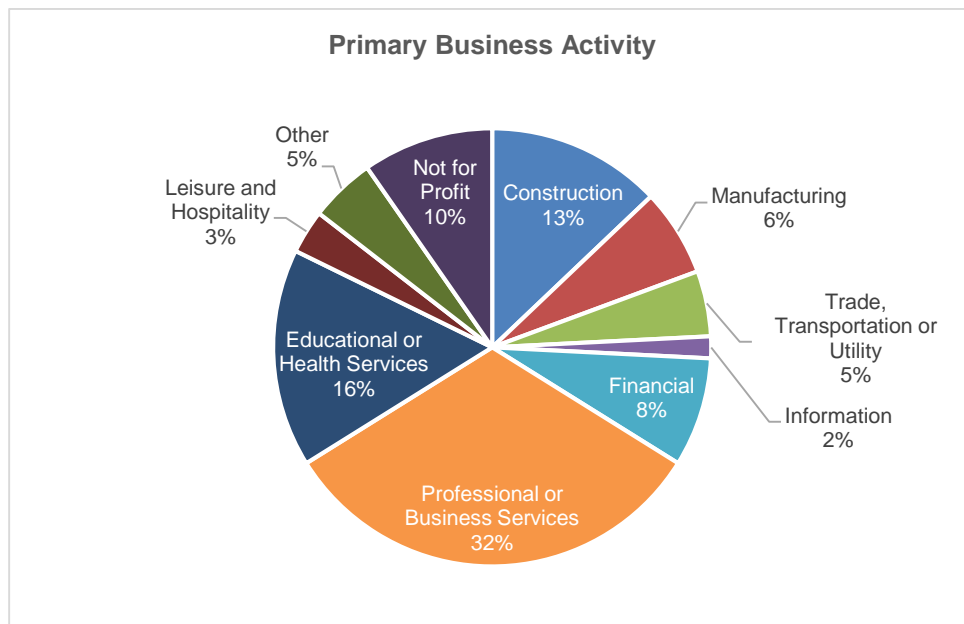
- **Affordability**
 - Reasonable cost of living
 - Central location and low cost of living
 - Low raw materials prices
- **Central Location**
 - The central location and good highway access is key because we move people and equipment by road to locations throughout the Midwest and Mid-South.
 - Location to river and railroads
 - Central location in US
- **Talent**
 - High quality subcontractors and labor force
 - Pool of talent from Washington University, Saint Louis University, UMSL & SIUE
 - Stable workforce with strong work ethic



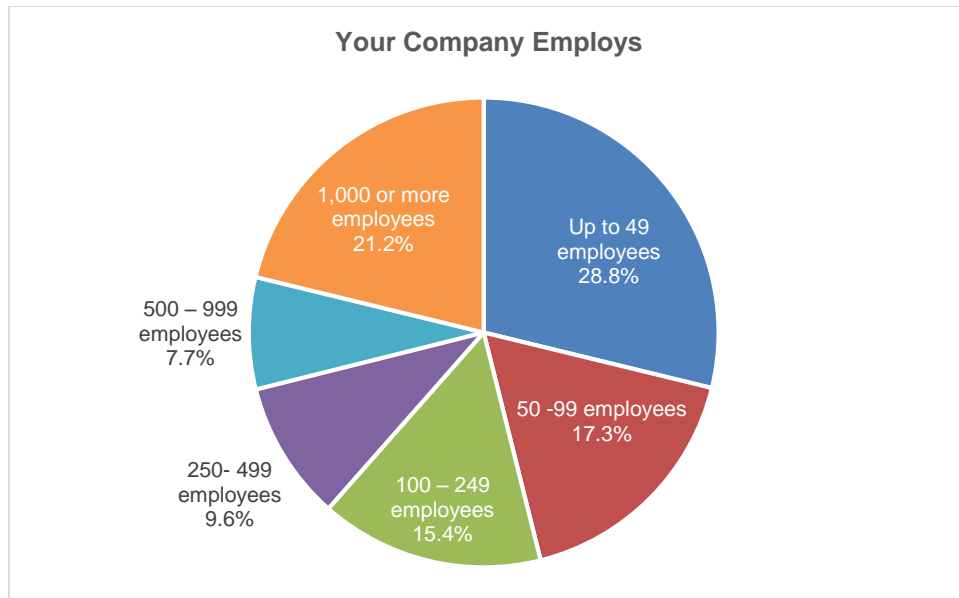
Themes about regional disadvantages include slow growth; business competition and client concerns; negative perceptions; racial issues; infrastructure; and airport access. Selected answers by theme follow:

- **Negative perception of St. Louis**
 - *Bad reputation for high crime*
 - *Crime as seen on national news outlets*
 - *Negative perception of St. Louis*
- **Slow growth**
 - *Demand isn't there to promote the growth in development. Growth is blocked by lack of new corporations to St Louis*
 - *Not enough growth in the STL area*
 - *The market needs population and business growth*
- **Infrastructure and air travel access**
 - *Poor air traffic options*
 - *Lambert airport -- flights to major cities and international*
 - *Lack of sustainable funding source for infrastructure in both Illinois and Missouri*

About the Respondents

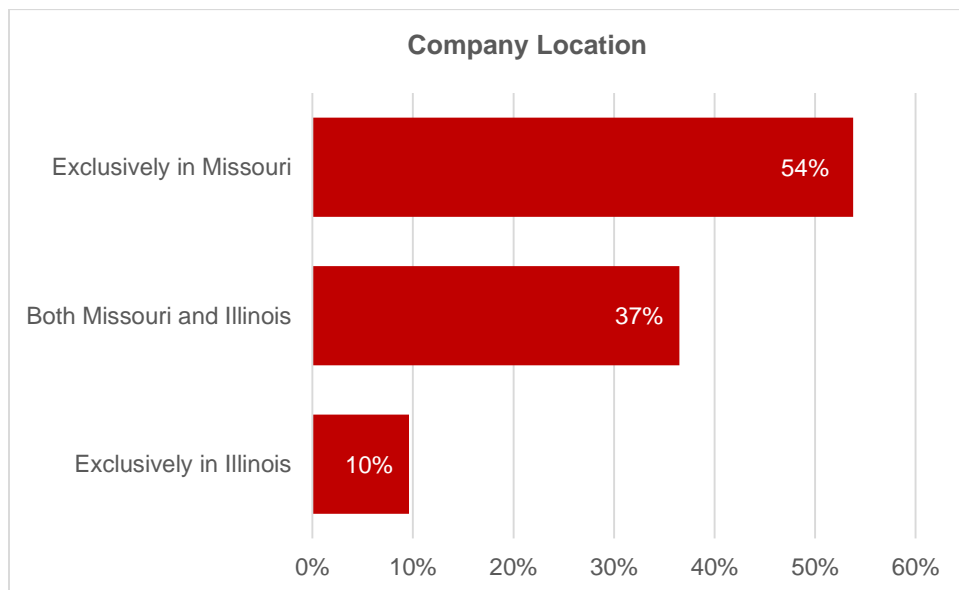


- The two largest sectors are the professional and business services sector and the educational and health services sector. Together, these two sectors account for nearly half of the companies that participated in the survey.



- Companies of all sizes were represented in the survey results.
- Nearly half of the respondents have businesses with less than 100 employees (46%).
- Over 21% of the respondents have large businesses with 1,000 employees or more.

Business Locations



- Over half the respondents have business locations exclusively in Missouri.
- Thirty seven percent have businesses in both Missouri and Illinois.
- Ten percent of the respondents are located exclusively in Illinois.



Survey Overview

This survey compiles St. Louis Regional Chamber's membership assessment of recent business activity and expectations for business activity in 2016. Surveys were sent to about 550 CEOs, CFOs, and business owners from the St. Louis Regional Chamber member companies on October 6, 2015 via e-mail. The on-line survey was available for completion from October 6 through October 12. Sixty-three Chamber member business executives responded, for a response rate of about 11%.