

Competitive Marketing Analysis-Wholesale Trade

(Sector 42-North American Industry Classification System)

Ameren Service Territory in Illinois and Missouri

Conducted by:

BFPC, LLC

Modalgistics Supply Chain Solutions

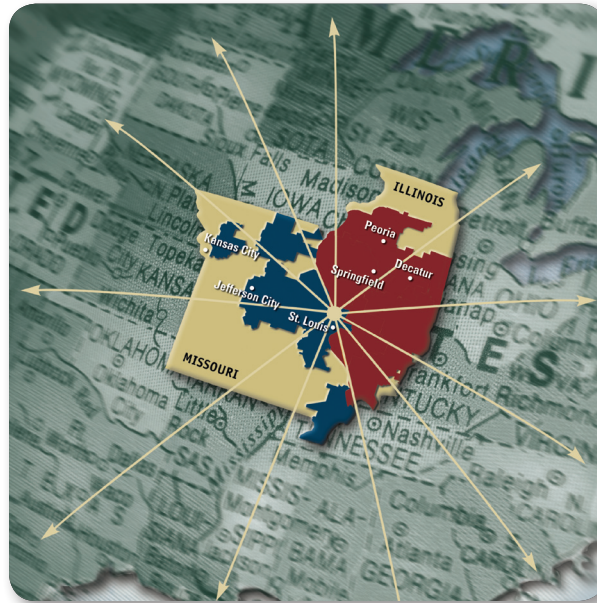
Applied Marketing Sciences

Sponsored by:

Ameren Economic Development

Executive Summary

Ameren, among the Midwest's largest utilities, commissioned a study of opportunities for expanding the already-robust Wholesale Trade sector throughout its two state service area of Illinois and Missouri. An outside consulting team has documented an unusually strong set of assets for Distribution Centers and related business facilities in this Central US region. The Ameren territory's advantages stem from a unique and desirable mix of conditions which have led to a high existing volume of Wholesale Trade and the potential for even more as the industry expands and optimizes the geographic placement of its activities.



This is a conclusion of an economic study commissioned by Ameren Services and conducted by a team of specialists consisting of BFPC, LLC, a site selection firm; Modalgistics Supply Chain Solutions; and Applied Marketing Sciences.

Ameren and several of its communities conducted initial studies which identified Wholesale Trade (Sector 42 of the North American Industry Classification System) as showing particular

- promise for new and expanded development here. Further investigation by the BFPC consulting team confirmed the initial findings about its attractiveness as a location for distribution centers and identified the following specific reasons why Wholesale Trade companies can prosper in this unusually appealing location.

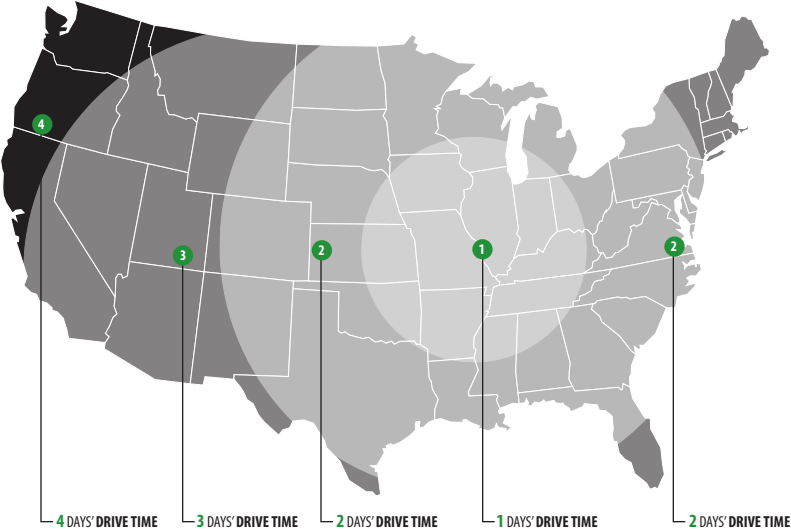
Highlights of Findings

- Selected business costs that are at least 18% below typical or national average costs for Distribution Centers and are up to 27% in some parts of the region. Even more relevant is the fact that these costs in most of Ameren's territory are up to 32% below certain competing locations in the Midwest such as parts of the Chicago metro area.
- Stability and control of costs. The expenses of labor and certain other key aspects of operating a Distribution Center have risen at a demonstrably lower rate in most of Ameren's territory, averaging 17% below the national average.
- Geographically positioned amidst a large regional customer base. The population base within an eight-hour driving radius of some sites in the territory approaches 78 million persons with above-average income.
- An unsurpassed transportation infrastructure, particularly in its well distributed network of Interstate and other highways, railroads, and commercial and cargo airports. Most highways in Ameren's territory receive high marks for quality of design and maintenance and for absence of traffic congestion and bottlenecks. Every one of the seven US/Canadian Class 1 railroads serves Ameren territory, with many communities and sites having service from more than a single carrier and the associated negotiating benefits which such competition brings.
- A location likely to benefit from major shifts now occurring in international transportation lanes. For example, there is a clear trend of shifting imports from US West Coast ports to those on the East and Gulf Coasts. This is due to many



causes: the desirability of keeping as much of the route as possible on cost-effective water routes and the fact that most US markets are in the east; expansion of the Panama and Suez Canals to allow bigger ships that are quickly becoming the standard; problems of costs, congestion, and labor-management relations at some West Coast ports; and major port expansions in the East. Ameren’s service territory, with its central location and outstanding transportation connections to all coasts, will remain an advantageous Sector 42 location regardless of most changes of this type.

- An available labor pool with experience in all aspects of Wholesale Trade, distribution, logistics, and related businesses; with greater employer loyalty and commitment. Availability of capable people is often superior to that found in some hyper-growth parts of the nation, where the labor pool can be rootless, volatile, and lacking in critical skills.
- A set of nationally distinguished universities such as the University of Illinois, the University of Missouri, Washington University, and Illinois State. Many of them have programs specifically oriented to management of wholesale trade and logistical issues.
- A total of 17 intermodal terminals in and within driving distance of Ameren’s service territory. Intermodal is vital to the Wholesale Trade sector — as much as 80% of the materials passing through some Distribution Centers travels by dual modes. This region offers unequalled choices of facilities with connections to multiple rail lines serving ports on Atlantic, Pacific, and Gulf Coasts in the US, Canada, and Mexico.
- Programs to assist businesses develop and expand facilities in a rapid and risk-averse path including highly competitive business and industrial development incentives. These are a result of a well-conceived and coordinated strategy for growth and investment supported by a broad spectrum of the business and political leadership and the community at large.
- A high and diverse quality of life with many choices of living and working environments — major metropolitan areas, world class academic communities, classic small-town and rural settings. These opportunities support the recruitment, transfer, and maintenance of key personnel necessary to make complex Distribution Centers and other Wholesale Trade business facilities run well and serve corporate goals.



Perhaps most significantly, these assets come together as a comprehensive and mutually supportive network of capabilities important to the Wholesale Trade Sector. Details about Ameren’s two-state territory and its assets as a location for this vital business are described in the body of this report.

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