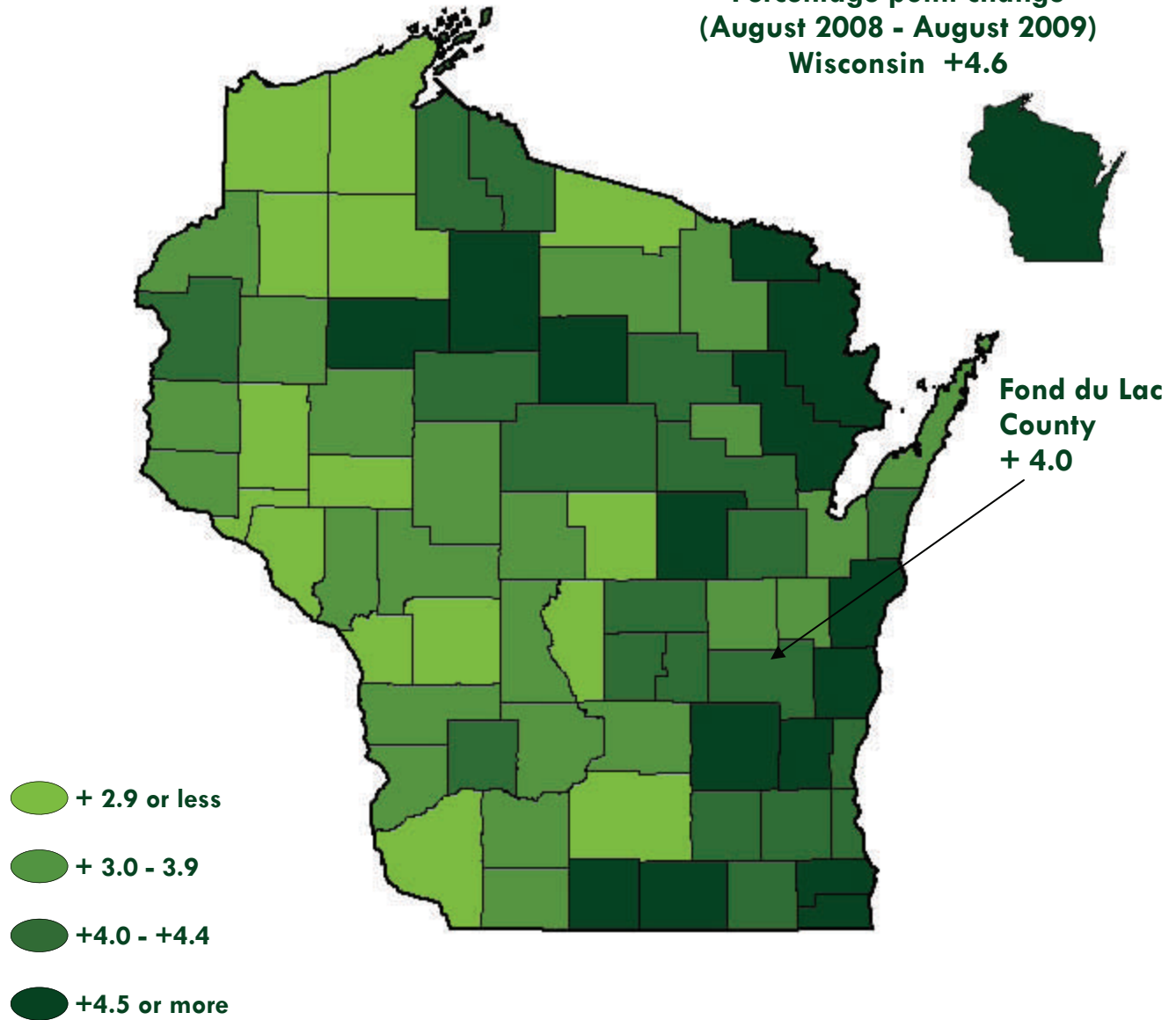


Fond du Lac County Workforce Profile 2009

Unemployment Rate Increases

Percentage point change
(August 2008 - August 2009)

Wisconsin +4.6



Note: This year's County Workforce Profile has a slightly different layout. The first two pages give a brief synopsis of the recession, the worst by most measures since the Great Depression. We would be remiss if this publication didn't recognize and report on it. More information about the stages of the recession can be found on our website: <http://dwd.wisconsin.gov/oea/>. In the subsequent pages of the Profile, readers will find the figures and analysis they depend on. If you have any questions or comments, please don't hesitate to contact us.

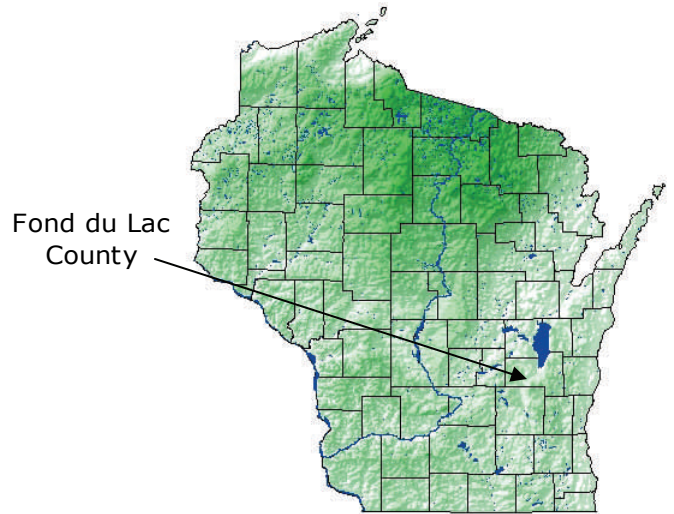
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OEA-10654-P



Wisconsin Department of Workforce Development

Fond du Lac County Workforce Profile



Note: All data appearing in this profile are subject to revision.

The Big Picture

As this piece of the profile is written in mid-September 2009, the economic recovery appears to be underway. It is expected that the trough of the recession will be registered in the third quarter of 2009 when it is finally decided by the National Bureau of Economic Research (NBER) in about a year from now. It is the NBER that pegged the beginning of the recession at December 2007. This recession will be documented as the longest recession since the Great Depression of the early 1930s. This 2007 recession has lasted more than twenty months, twice the length of the average post-war recession.

How bad was this downturn? Bad. Real GDP growth was negative for four quarters in a row. That has never happened before in quarterly data dating back to 1947. Only two quarters in the last fifty-three years suffered as

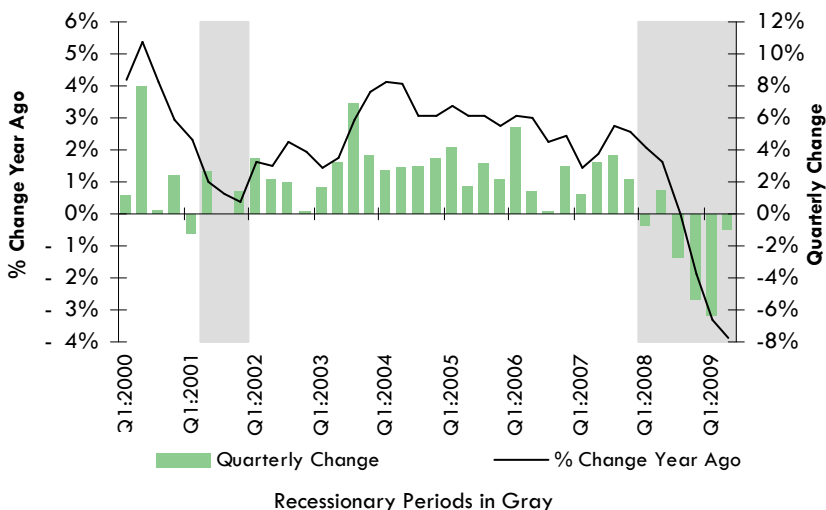
large a GDP loss as did the back-to-back quarters of Q4 2008 and Q1 2009, one was Q1 of 1958 and the other was Q2 in 1980. This is the first time that the economies of the U.S. and Japan were in recession at the same time. In fact, it was the first time since WWII that aggregate global economic growth turned negative.

Why was this recession so bad? There were two downturns, one on top of the other. The first one started in December 2007 and was an economic recession, based on falling demand for housing construction. The second began in earnest in September 2008 and was a financial crisis, based on weak underlying supports (housing) of new unregulated financial tools and products. The first downturn led to the second. They are now interdependent. Volumes will be written on this great recession of 2007. A brief synopsis follows here.

Low interest rates and incentives led to a wave of debt-based asset accumulation — buying stuff on credit: homes, businesses, cars, vacations. A home buying spree ensued as did commercial debt-financed acquisitions. Housing developers responded with enthusiasm. Lenders, with the help of the federal government, did their part to make home ownership more accessible. Early on, housing supply could not keep up with demand and housing prices increased. In parallel, global economic gains swelled stock market values.

Debt was cheap and highly utilized across all sectors of the economy around the world. The financial industry created new tools to extend and diversify the new debt loads, many based on home mortgage debt.

Real GDP Growth 2000 Q1 - 2009 Q2



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, July 2009

The Big Picture Cont.

These new tools — derivatives — were unregulated, off-exchange transactions between individual parties.

When housing became over supplied and prices began to adjust (fall), mortgage defaults increased, and it was discovered that the newly created financial products were under-collateralized. More important perhaps, the issuers of debt insurance were hugely under capitalized (short of money to pay out claims). When the homeowner couldn't pay and the insurer couldn't pay, the lenders faced gigantic losses — a financial crisis. The crisis quickly spread as financial markets are highly integrated worldwide.

At present, global financial and political institutions continue to work on repairing the financial wreck. With cash and credit being the grease that lubricates the global economic engine, the rapidity and robustness with which the economy recovers is dependent on the speed and strength of the financial markets fix.

The severity of this recession affected employment in a commensurate manner. Wisconsin's unemployment rate increased from a seasonally adjusted 4.5 percent in December of 2007, when the recession began, to 8.8 as of August 2009, almost doubling over the period. Wisconsin

The Current Employment Landscape

Wisconsin lost 137,000 jobs during this downturn, almost 5 percent of its job base since the recession began in December 2007, on a seasonally adjusted basis. All sectors suffered job losses with the exception of health care.

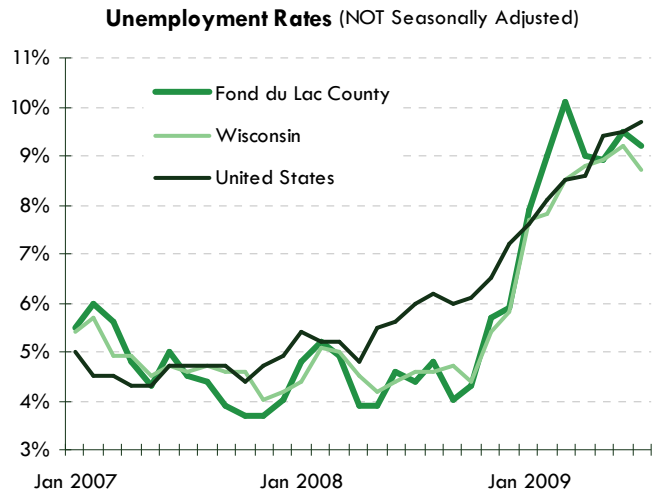
The manufacturing sector lost 13 percent of its jobs statewide during this recession, some 66,000 on a seasonally adjusted basis. All of the upper Midwest major manufacturing states took a beating in this business cycle. Especially hard hit were Michigan, Indiana, and Ohio, due to the collapse of the auto industry. With large manufacturing job losses in Indiana, Wisconsin became the leader in the share of its workers employed in manufacturing.

Construction, which was the first industry to be affected with the housing turn that began in Wisconsin in 2006, lost 16 percent of its jobs since December 2007, and almost 20 percent since its peak in February of 2006. Professional and Business Services also lost more jobs on a percentage basis than the state average, 8.9 percent. Other sectors lost jobs as well, but were not impacted quite as severely as those above. Leisure and Hospitality, for example, lost 1.4 percent of its jobs.

Employment recovery always lags economic recover. Following recessions since WWII, the economic upswings led job gains by nine to nineteen months. After the 2001

last reached an unemployment rate peak of 11.8 percent in January of 1983, after the harsh recession of 1981-82.

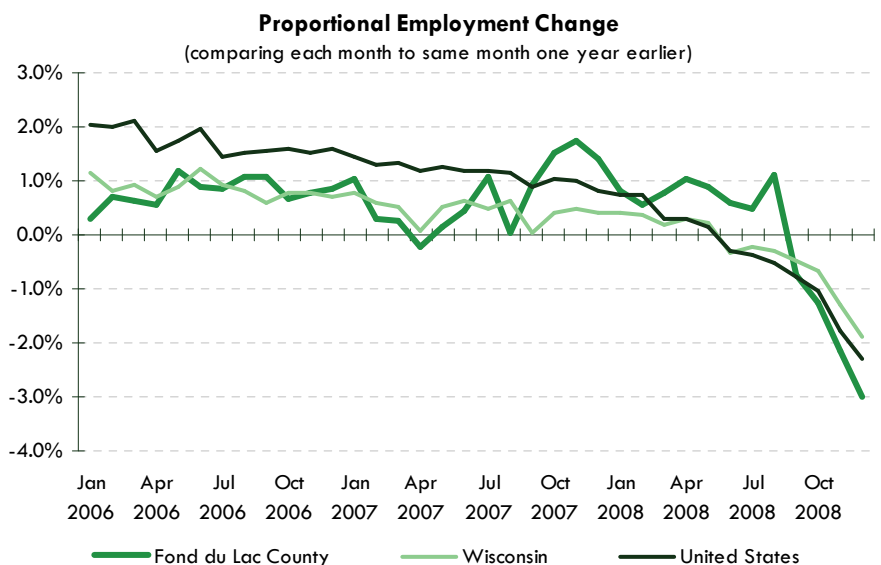
The graph below shows a comparison of county, state, and national unemployment rates through the recession.



Source: U.S. Bureau of Labor Statistics, CPS, LAUS, 2009

recession, it took Wisconsin twenty-six months before job numbers began to increase again on a sustained basis. It was fifty months before the state's job levels recovered to pre-2001 recession levels. Job recovery following the current recession is expected to be slow as well. Consumers are not expected to be the driving sector in the economic recovery, as the huge destruction in home and financial equity wealth will force an increased proclivity for savings instead of consumption.

The chart below is a comparison of employment change.



Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2009

Population

At close to 102,000 in population, Fond du Lac County is Wisconsin's 14th most populous among its 72 counties and is the 14th largest among the state's 25 metropolitan counties. Its five-year population growth rate was 4.6 percent, which was slower than both the state and nation.

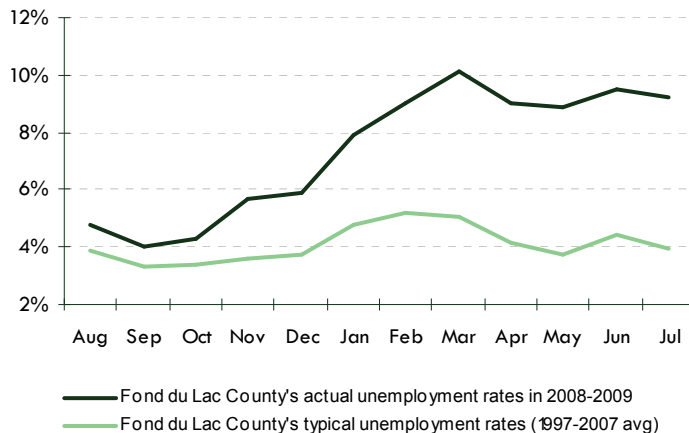
The county's slower growth was centered in its hub, the City of Fond du Lac, which grew by only three percent. Most of the county's next nine largest municipalities measured faster-than-average growth though being smaller communities their growth statistics have been dramatically influenced by small numeric changes.

Natural increase and net migration are the two modes of population growth. Fond du Lac County's population growth was more rooted in migration into the county rather than by natural increase (births minus deaths), where as the statewide and national averages shows population growth more a product of natural increase. A higher share of population growth via migration rather than natural increase usually is indicative of an older population or one with smaller segment in their child bearing years. Fond du Lac County's median age was 38.9 years in 2008 or 0.7 years older than the statewide median. Also, the county's birth rate was 12.5 births per 1,000 population in 2007, which was slightly lower than the state's birth rate (12.9).

Population growth and residential demographics, such as age, are key indicators in terms of economic and workforce development. Growth trends speak to the viability and attractiveness of an area and changing age demographics can be telling of the goods and services consumed by a community, thus influencing worker demand.

County Unemployment Rate Situation

Fond du Lac County's Typical & Current Unemployment Rates



Source: WI DWD, Bureau of Workforce Training, LAUS, 2009

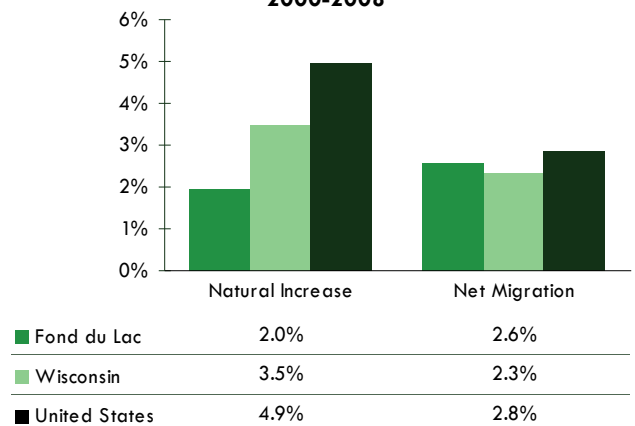
Fond du Lac County's Ten Most Populous Municipalities

	April 1, 2000 Census	Jan 1, 2008 Estimate	Numeric Change	Proportional Change
United States	281,421,906	303,352,376	21,930,470	7.8%
Wisconsin	5,363,715	5,675,156	311,441	5.8%
Fond du Lac County	97,296	101,740	4,444	4.6%
Fond Du Lac, City	42,203	43,460	1,257	3.0%
Ripon, City	7,450	7,659	209	2.8%
North Fond Du Lac, Village	4,557	4,982	425	9.3%
Taycheedah, Town	3,666	3,993	327	8.9%
Waupun, City*	3,282	3,371	89	2.7%
Empire, Town	2,620	2,855	235	9.0%
Friendship, Town	2,406	2,575	169	7.0%
Fond Du Lac, Town	2,027	2,506	479	23.6%
Auburn, Town	2,075	2,315	240	11.6%
Campbellsport, Village	1,913	1,995	82	4.3%

* Fond du Lac County portion only.

Source: WI Dept. of Administration, Demographic Services, Population Est., July 2009

Components of Population Change, 2000-2008



Source: WI Dept. of Administration, Demographic Svcs, Pop Est.

In the midst of the economic recession in 2009, Fond du Lac County's unemployment rate spiked to highs not seen since the early- and mid-1980s. A rise in the rates during the fourth quarter of 2008 is evident on the graph to the bottom left and, as seen, the rise accelerated in earnest during 2009. These rates are not seasonally adjusted so there is some expectation of at least some monthly flux even in periods of economic downturn. For example, Fond du Lac County's rates in 2009 have shown slight moderation in the warmer spring and summer months, but have remained much higher than average from a historical standpoint. Even if economic recovery is declared in year-end 2009, it is likely that unemployment rates will remain quite elevated for the remainder of 2009 and through at least year 2010.

Jobs & Wages

Fond du Lac County	First Quarter Employment		Second Quarter Employment		Third Quarter Employment		Fourth Quarter Employment	
	2008 level	2007-2008 change	2008 level	2007-2008 change	2008 level	2007-2008 change	2008 level	2007-2008 change
All industries	45,145	0.7%	46,523	0.8%	46,374	0.3%	45,751	- 2.1%
Natural Resources	837	17.4%	942	21.2%	1,023	25.2%	979	13.7%
Construction	2,481	0.5%	2,884	8.5%	3,344	15.6%	2,950	2.6%
Manufacturing	10,490	- 0.6%	10,650	- 1.8%	10,729	- 2.4%	10,147	- 6.4%
Trade, Transport. & Utilities	8,932	0.3%	9,089	0.7%	9,073	- 0.8%	9,057	- 2.5%
Information	suppressed	not avail.	968	- 0.7%	940	- 3.3%	934	- 5.0%
Financial Activities	1,784	- 0.1%	1,859	2.0%	1,862	1.6%	1,827	0.7%
Prof. & Business Services	2,591	- 0.5%	2,692	- 4.2%	2,538	- 13.8%	2,427	- 13.5%
Education & Health	9,103	3.9%	9,211	3.8%	8,568	4.1%	9,388	3.9%
Leisure & Hospitality	4,063	- 3.4%	4,215	- 3.3%	4,340	- 1.6%	4,133	- 2.1%
Other Services	1,409	- 4.2%	1,461	- 3.3%	1,360	- 10.2%	1,372	- 11.9%
Public Administration	2,481	2.3%	2,554	2.9%	2,596	4.0%	2,537	3.2%

Source: WI DWD, Workforce Training, QCEW, June 2009

The table, above, is a quarter-by-quarter analysis of Fond du Lac County's 2008 job market by industry sector and its rate of job growth compared to the same quarter in year 2007. The intent of this annual comparison is to show how Fond du Lac County's job market changed in 2008.

In the first three quarters of 2008, Fond du Lac County's job base showed at least minimal, net annual growth despite most sectors posting job losses. Growth in the large education and health sector as well as in public administration helped keep the quarterly numbers in positive territory. One will notice that job losses in the manufacturing sector progressively became more severe with each subsequent quarter in 2008. This sector's losses are noteworthy for numerous reasons. It is the largest employing sector in Fond du Lac County and its employment changes affects employment in other sectors such as professional and business services employment; and trade, transportation and utilities employment, which also deteriorated more quickly through the months of 2008.

The fourth quarter finally showed a net overall loss of jobs

annually. Interestingly, construction employment maintained annual gains at a time when most areas reported losses.

The graph below displays the average wages paid by industries in Fond du Lac. Overall, Fond du Lac's employers pay 92 percent of the statewide average. Construction jobs in the county pay relatively highest to statewide average at about \$1.13 to the state dollar. Professional and business services employment paid the lowest relative to Wisconsin at about 73 percent of the statewide average.

Fond du Lac County	Fond du Lac County Annual Average Wage			Wisconsin Annual Average Wage	
	2008 level	2007-2008 change	As a share of Wisconsin	2008 Level	2007-2008 change
All industries	\$36,178	4.3%	92.4%	\$39,169	2.9%
Natural Resources	\$29,491	7.9%	94.4%	\$31,227	6.8%
Construction	\$55,850	14.1%	112.5%	\$49,658	4.6%
Manufacturing	\$46,062	1.4%	95.7%	\$48,116	2.1%
Trade, Transport. & Utilities	\$28,790	2.6%	85.7%	\$33,604	2.6%
Information	suppressed	not avail.	not avail.	\$49,838	2.8%
Financial Activities	\$40,913	1.8%	78.7%	\$52,008	2.5%
Prof. & Business Services	\$33,014	10.8%	73.2%	\$45,114	1.8%
Education & Health	\$39,890	2.6%	96.8%	\$41,222	4.1%
Leisure & Hospitality	\$10,441	2.4%	74.0%	\$14,102	3.8%
Other Services	\$18,937	2.4%	83.7%	\$22,628	2.5%
Public Administration	\$40,585	5.4%	98.9%	\$41,040	2.9%

Source: WI DWD, Workforce Training, QCEW, June 2009



Jobs & Wages

Prominent Industries in Fond du Lac County

Industry Sub-sectors (3-digit NAICS)	Fourth Quarter Employment			Average Annual Wage		
	2008 Level Fond du Lac County	Change 2007- 2008 Fond du Lac County	Change 2007- 2008 Wisconsin	2008 Wage Fond du Lac County	Change 2007- 2008 Fond du Lac County	Change 2007- 2008 Wisconsin
Machinery manufacturing	4,752	- 7.4%	- 0.7%	\$53,751	- 0.7%	2.4%
Education services	3,835	3.2%	1.8%	\$37,387	5.7%	4.0%
Food services & drinking places	3,341	- 3.6%	- 2.2%	\$9,947	3.4%	2.1%
Executive legislative & general government	1,844	5.3%	0.5%	\$37,579	3.7%	1.8%
Specialty trade contractors	1,833	- 7.1%	- 9.8%	\$47,736	3.3%	3.8%
Food manufacturig	1,772	- 4.6%	- 0.6%	\$38,254	8.3%	2.9%
Hospitals	*	not avail.	2.2%	*	not avail.	4.2%
Ambulatory health care services	1,517	3.5%	2.3%	\$67,674	- 2.6%	4.7%
Nursing & residential care facilities	1,410	1.8%	2.8%	\$22,085	4.7%	3.5%
Administrative & support services	1,365	- 20.3%	- 8.4%	\$24,873	17.2%	2.1%

* Data suppressed to protect employer confidentiality.

Source: WI DWD, Workforce Training, QCEW, July 2009

This section is a more specific look at the industries and employers with the largest number of jobs in Fond du Lac County in the fourth quarter 2008. Above are the top ten industries. The annual change of each respective industry is compared to the statewide annual change in jobs per fourth quarter.

These top ten industries comprise 52 percent of Fond du Lac County's total job market. Five of these ten industries have posted an annual loss of jobs. Job losses were spread among both goods-producers and services-providers, but most of the loss was centered in manufacturing industries and an allied industry, administrative and support services, which includes agencies that contract contingent labor to manufacturers.

While the majority of these industries will likely continue to shed workers in 2009, it would be challenging to find other industries that will overgrow these larger employers in such a short timeframe.

The table below points out Fond du Lac's largest employers according to their December 2008 employment levels. It makes sense that Fond du Lac County's top employers list resembles its largest industries list though definitional issues and differences are apparent between these lists. For example, food services and drinking places is the county's third largest industry, but no employer within this industry is among the county's largest employers because these establishments, while numerous, tend to be smaller employers.

The mix among the county's largest companies is a diverse one. It is no surprise that its largest employer is a manufacturer. Three manufacturers made its top ten.

Prominent Public and Private Employers in Fond du Lac County

Establishment	Service or product	Number of Employees (December 2008)
Brunswick Corp	Other engine equipment manufacturing	1,000+ employees
Agnesian Healthcare Inc	General medical & surgical hospitals	1,000+ employees
Alliance Laundry Systems LLC	Commercial laundry & drycleaning machinery	1,000+ employees
Fond du Lac School District	Elementary & secondary schools	1,000+ employees
County of Fond du Lac	Executive & legislative offices, combined	1,000+ employees
J F Ahern Co	Plumbing, heating, & ac contractors	500-999 employees
Moraine Park Technical College	Junior colleges	500-999 employees
Charter Communications Holding Company	Wired telecommunications carriers	500-999 employees
Saputo Cheese USA Inc	Cheese manufacturing	500-999 employees
Wal-Mart Associates Inc	Discount department stores	250-499 employees

Source: WI DWD, Bureau of Workforce Training, QCEW, OEA special request, April 2009

Income

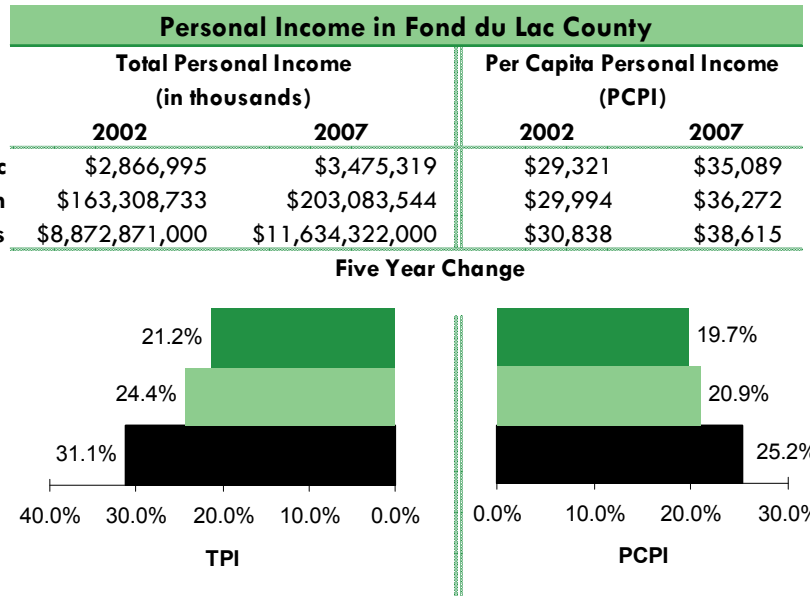
Fond du Lac County's \$3.48 billion total personal income (TPI) or aggregate income in 2007 translated to \$35,089 per person living in the county. This per capita personal income (PCPI) figure ranked 18th highest among Wisconsin's 72 counties.

Personal income is composed of all monies accrued in three categories: (1) net employment earnings, which is payroll and self-employment income; (2) dividends, interest, and rental property income, which are returns on equities and other portfolio items, interest-bearing accounts, rental housing/business units; and (3) from personal current transfer receipts, which are Social Security, Medicare/Medicaid, public assistance and other government or private retirement monies to people.

With respect to growth in the two income measures, one will notice that Fond du Lac County's growth was slower in both the TPI and per capita categories compared to Wisconsin and the nation. The county's slower growth is tied to its performance in two of the three major income components: slower employment earnings growth and slower than average growth in dividends, interest and rental property income. Fond du Lac County's 2.7 percent net loss of total jobs between 2002-2007 compared to the state's gain of 3.3 percent is the chief cause of the county's slower relative growth. Employment earnings represent close to 70 percent of all personal income so fewer jobs in the county obviously represent few payroll dollars circulating in the local economy.

The second issue was that Fond du Lac County's dividends, interest and rental property income grew much more slowly than the statewide average; 12 percent vs. 28 percent, respectively, between 2002 and 2007. This component equaled about \$5,600 per person in Fond du Lac County in 2007 compared to Wisconsin's \$6,500. The growth difference in this category would have had a more profound impact upon the county's overall income growth had it made up a higher share of TPI. In Fond du Lac County, dividends, interest and rental property income represent 16 percent of TPI, which is slightly lower than the state's 18 percent share.

The graph to the right measures commuting impact on personal income. This is important to note because the income of Fond du Lac residents who work outside of their home county have this income counted as Fond du



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2008

Lac personal income. Conversely, those who work in, but don't live in Fond du Lac, have their respective employment income counted in their home counties.

The graph shows that Fond du Lac County has a net gain in commuter income as there are more external earnings flowing into rather than out of the county with non-residents. Seventy-two percent of the county's employed residents work in Fond du Lac County. In 2007, Fond du Lac County's net commuting income was about \$200 million. This net income grew 33% over the five year period, outpacing both overall earnings and overall income growth. Inbound commuting income grew faster than the outbound income on non-Fond du Lac resident commuters.

Fond du Lac County Commuting Impact



Source: US Dept. of Commerce, Bureau of Economic Analysis, April 2009