

St. Johns
FOOD SERVICE, INC.

Thank You!
Thank You!
Thank You!

Business Decisions and Actions necessary for survival due to the economic climate in NE Florida

- 10% pay cuts
- Layoffs
- No Overtime
- Suspended 401k
- Sold 3 Trucks
- Expense Control
- Inventory Management
- Attention to Customer needs
- Appreciation for Employee hardship in tough times
- Buy Local

60 Years of
Service

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An Open Letter of Appreciation to our Customers,
Suppliers, and Employees

July 10, 2009

As we celebrate our 60th year of service I am humbled by the support we have been given by customers, suppliers, and employees to make it through the toughest 6 month period in my 46 year history with the company. It has not been easy, and it has come with a great deal of blood, sweat, and tears, but St Johns Food Service, Inc. has survived the first half of 2009 "in the black" without a government bail out. Some of our action plans are shown to the left.

When we started 2009 I knew it was going to be a financial challenge, which is why I decided to view it as a football game with each month end being the end of a period in the game. Now that it is half-time, I feel it necessary to give thanks to those that helped us end the half ahead in the game. Consider it a half-time team meeting in the locker room.

Our loyal, local, long-time customers have done a great job hanging in there with us. They continue to "buy local" and to pay their bills, which we appreciate all too well how that can be a struggle in today's economy. New customers have come along and helped also. A few did not make it in business, and yes a few have chosen to send their food purchase dollars out of state. While that hurts us as a local business, it just requires the rest of the team to work harder.

Never in the company's history have we cut wages. As we prepared our 2009 budget we saw the road ahead was filled with potholes. It was the toughest thing I've done in my business management life, but it was absolutely necessary for us to not only freeze wages, but to reduce them 10%. Thank you, thank you, thank you to our loyal employees who have played the game just as hard with less salary. I look forward to a time when our economy recovers and I am able to once again raise wages and increase benefits for our employees.

You don't stay in business 60 years without developing some strong relationships with your suppliers. St Johns Food Service has been fortunate to have many loyal suppliers who have supported us with samples, new products, and other marketing tools to keep us competitive with larger national distributors.

As I close this letter of appreciation, I would like to express my commitment to the local NE Florida economy. I am personally going to do all that I can to support local businesses. If you see me out at a restaurant, it will be one of our customers. If our warehouse needs repair, it will be a local service provider we will call first. Our business banks locally. It's just who I am and how I feel about St Augustine, St Johns County, and the surrounding area. I'm sure I won't be able to turn around the local economy singlehandedly, but rest assured I will be doing all I can to "buy locally" and keep local businesses going in these tough times.

I appreciate all of your support, and I know we can count on you to give 100% in the second half of 2009. If not, please give me a call to discuss.

With My Sincerest Appreciation,

Melvin A. McQuaig

Melvin A. McQuaig
Chairman & CEO

46 Year Employee of St Johns Food Service, Inc
Board Member, Prosperity Bank
Lifelong Resident of St Augustine