



PRESS RELEASE

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NBP Expected to have \$2.5 Billion Annual Economic Impact

(Aberdeen, South Dakota)—In a study published today, an accomplished agricultural economist with deep roots in the meat packing industry has projected that South Dakota and the region will get a 10-billion dollar economic boost in the 1st five years of operation from the startup of the Northern Beef Packers processing facility. In a study prepared by Dr. Rod Bowling, area planners are advised that the populations in and around Aberdeen will increase over the next 10 years. The study was prepared for the Aberdeen Development Corporation in partnership with the Governor's Office of Economic Development and city and local business leaders.

NBP is a mid-sized, regional packing plant currently under construction in Aberdeen, South Dakota. The company is a Limited Partnership. Oshik Song of Minnesota is the General Partner; David A. Palmer is President and Chief Executive Officer for the company. The plant is scheduled to open in Fall 2011 and will employ about 560 workers at startup. Dr. Bowling projects that by 2015 when the plant harvests at full capacity, the facility will need 660 workers. It will harvest 463,000 beef cattle annually.

Commissioner J. Pat Costello, South Dakota Governor's Office of Economic Development, says this project is good news for South Dakota and its cattle producers.

"The NBP facility will bring new valued-added agriculture opportunities," said Costello. "That means our producers will see a better return on their homegrown livestock, and our communities will see an increased tax base as more of the production process stays in state."

Dr. Bowling, of AgriFoods Solutions International, a consulting company in the beef marketing and food production industries, notes that profits garnered by the agricultural industry have been greatly diluted in South Dakota and the Aberdeen area because "products (both grains

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and cattle) have been marketed and shipped out of the region”. In the study Bowling says “The advent of Northern Beef Packers (NBP) will change that marketing pattern”. He added “the agricultural dividends kept in the region will dramatically impact both Aberdeen’s municipal economy and the region’s agricultural economy”.

The study also notes that Northern Beef Packers will employ 660 workers, but he projects Aberdeen and the tri-state region will see a total of over 7,000 other jobs as a result of additional needs and growth over the five-year period after startup.

Dr. Bowling says “The meat packing plant will bring new citizens into Aberdeen proper and into closely surrounding communities...most of the plant’s workers will bring families, which will increase shopping, restaurants, and tax revenues”. The study also notes that Aberdeen does not have a large enough infrastructure for trucks, uniforms, boxes, and other essentials that will be needed by Northern Beef Packers. Thus those industries will grow to meet the needs of the plant and its new community members.

Aberdeen Development Corporation Executive Vice-President Jim Barringer says “the study further solidifies our belief that Northern Beef Packers will be a huge economic engine that will lead to growth and a better life for all area residents”. And he adds “It shows that developing local industries related to what is already a major industry will have huge benefits to our community”.

In specific numbers from Dr. Bowling’s projections he notes “beginning with a regional economic impact in 2011 of \$1.1 billion, the economy will grow over the next five years to a total regional impact of \$10.1 billion”. He adds “The annual economic impact after five years of growth is predicted at \$2.5 billion. Sales and property tax revenue is expected to increase \$14.1 million in the fifth year and subsequent years. NBP’s projected revenue in the fifth year is \$825 million, boosting Brown County’s agricultural gross revenue from the current \$250 million to \$1 billion”.

In the study, Dr. Bowling does warn that the area’s infrastructure will be strained in the short run. He notes that the tax base will increase, but he says “once again, housing and educational facilities may be stressed”.

Dr. Bowling also predicts that the economic factors bode well for the plants like NBP to find profitability. He notes the beef packing industry is now changing because of the high cost of fuels and other factors. The mega-size beef packing facilities are finding it more difficult to

realize good profit returns in relation to the plants similar in size to Northern Beef Packers. He says “Mid-sized, regional plants will become the most efficient in the industry”. He further notes that with high costs of fuel, bringing cattle to market, bringing feed to finishing farms near the mega plants, etc. all is reducing the ability of currently existing huge plants to cut margins in their operations. Thus he says “plants the size of Northern Beef Packers will flourish for the years ahead”.

Dr. Bowling also says that the newly started SOUTH DAKOTA CERTIFIED™ beef program “leads the way and provides consumers, customers, packers, feeders, stockers, and ranchers the essential infrastructure to partner in producing safe / traceable meat products”. That program is just getting off the ground and has needed a facility like Northern Beef Packers in the state to process the SOUTH DAKOTA CERTIFIED branded beef.

Dr. Bowling notes in conclusion “Clearly, Northern Beef Packers will serve as an important economic driver for tri-state agriculture and related industries, for the City of Aberdeen, for the State of South Dakota, and for the tri-state area”.

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Copies of the study will be made available at the press conference and on-line following the event at: www.adcsd.com. Video and audio cuts will also be made available at the site about three hours following the press conference.