Louisiana: The Emerging Economic Powerhouse of the South
Air and Waste Management Association
October 25, 2011
For decades, LA’s economy underperformed the South and the U.S. . . .
... But Louisiana has performed relatively well since early 2008 ...
And Louisiana’s unemployment rate has remained below that of the U.S. and South since the start of the national recession . . .

* Seasonally adjusted; February 2011 figures are preliminary

** Based on weighted avg. of SREB states (Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia)

Source: BLS; LED analysis
Our results so far have been strong (1 of 2)
And we’ve been positioning our state for greater economic success

- Workforce development reforms
- Governmental ethics reform
- Business tax reform
- Infrastructure investment
- Workers compensation reform
- National image / branding campaigns
- Targeted economic development incentives
For the last three years, we have aggressively pursued eight integrated economic development strategies:

- Improve state economic competitiveness
- Enhance community competitiveness
- Cultivate top regional economic development assets
- Focus on business retention and expansion
- Develop national-caliber business recruitment capacity
- Develop robust workforce solutions
- Cultivate small business, innovation, and entrepreneurship
- Aggressively tell our story

Blue Ocean initiative will focus these strategies on high-growth industry segments.
In September 2011, Sasol, a South African-based company, announced that it selected Calcasieu Parish, La., as the location for a potential Gas-To-Liquids complex — the first of its kind in the United States. Working together with the Port of Lake Charles since mid-2010, LED’s Business Expansion and Retention Group utilized innovative GIS mapping technology to recommend locations that, once fully operational, could generate economic activity of almost $919 million a year for Louisiana.

**NEW JOBS** 850  **AVG. SALARY** $89,000  **CAPITAL INVESTMENT** $8-10 BILLION

"Louisiana has proven to be a place where research and next-generation technologies can thrive and grow."

—ERNST OBERHOLSTER, New Business Development Managing Director
CENTURYLINK

In June 2011, Fortune 500 company CenturyLink announced a commitment to keep its corporate headquarters in Monroe, La., expand its headquarters and create nearly 800 new jobs in the state by 2016. To secure the headquarters expansion agreement, Louisiana Economic Development offered a customized incentive package, including a performance-based grant of $14.9 million to pay for 50 percent of building or leasing additional headquarters space in Monroe, as well as a performance-based grant of $3.3 million to reimburse relocation costs. LED also will provide $1.2 million over four years to expand CenturyLink’s telecommunications partnership with Louisiana Tech University that will offer courses that serve the advanced education needs of the company’s workforce.

NEW JOBS  796 (1,970 retained)  AVG. SALARY  $65,000

“...We appreciate the state’s efforts to support CenturyLink’s growth during this pivotal time in our history.”

—GLEN F. POST III, CEO and President of CenturyLink
CONAGRA FOODS LAMB WESTON INC.

In August 2009, Lamb Weston, a brand of ConAgra Foods Inc. (NYSE: CAG), announced plans to construct the world's first large-scale processing facility focused on high-quality, frozen sweet potato products near Delhi, La. Upon completion in 2010, the facility is expected to become one of the 10 largest private-sector employers in Northeast Louisiana. An economic-impact analysis performed by LSU indicates this project will generate at least 1,900 new jobs, including indirect jobs in the area. Critical site selection factors that sealed the deal included quality and availability of workforce, competitive incentives, strong state and local coordination and Louisiana FastStart™.

NEW JOBS 500-600  AVG. SALARY $35,000  CAPITAL INVESTMENT $211-$256 MILLION

"Not only is the state of Louisiana known for its high-quality sweet potatoes, it offers a great environment for business and a skilled workforce. Gov. Jindal and LED have gone out of their way to make this plant possible, and we are grateful for their support."

—JEFF DELAPP, President of ConAgra Foods Lamb Weston Inc.
In December 2009, Dr. Reddy’s announced plans to expand its Shreveport, La., facility, which is the largest producer of silver sulfadiazine cream and the second-largest prescription producer of ibuprofen for the North American market. The project could generate $7.3 million in new state tax revenues and $5 million in new, local tax revenues over the next 10 years. Competing against national and international sites, Louisiana was selected for its quality workforce, competitive incentive package and customized workforce solutions program, Louisiana FastStart™.

NEW JOBS 73 (161 retained)  
AVG. SALARY $37,000  
CAPITAL INVESTMENT $16.5 MILLION

Our plans to expand the scope and scale of our Shreveport facility are driven by the combination of several factors – the strategic fit of the products and capabilities of the site with our corporate growth objectives, the work ethic of the people of North Louisiana, as well as the incentives put forth at both the state and local levels.

—AMIT PATEL, Senior Vice President and Head of Dr. Reddy’s North American Generics
In August 2011, Gameloft, the world’s No. 1 developer of mobile and social games, announced it will establish the state’s first major mobile game development studio in New Orleans, La. Key reasons Gameloft selected Louisiana over other states: digital media tax credits, a creative culture and an effective talent recruitment strategy led by Louisiana FastStart™.

“New Orleans presents the perfect opportunity to not only draw from a rich talent pool, but to incorporate the unique and world-class culture in which the studio resides…”

—SAMIR EL AGILI, U.S. General Manager, Gameloft
In April 2011, Electronic Arts announced plans to significantly expand its EA SPORTS™ North American Test Center at LSU. After a relocation from its original site on LSU's South Campus, the center will move to a new Digital Media Facility on LSU's main campus in 2012. The 94,000-square-foot facility will house EA's testing center and LSU's Center for Computation & Technology, including instructional space with cutting-edge audio/visual capabilities that will support LSU's academic digital media research efforts. EA's presence in Louisiana has represented one of Louisiana's most significant digital media industry wins to date.

NEW JOBS
600 (300 full time, 300 part time)

The new Digital Media Facility at LSU will not only enable EA's growth but it also will help us grow a thriving digital media industry in Louisiana so that we can continue to create good jobs for our people.

—BOBBY JINDAL, Governor of Louisiana
After a competitive site selection process, Gardner Denver Inc. (NYSE: GDI) announced its subsidiary Gardner Denver Thomas will consolidate its Thomas Products Division from Sheboygan, Wis., to Monroe, La. This will quadruple employment at the Monroe facility by 2011, and the company will become one of Louisiana’s top 300 economic-driver firms.

To position Monroe for success, state leaders took advantage of several economic development initiatives, including Louisiana Economic Development’s Business Expansion and Retention Group, Louisiana FastStart™, the recently increased Rapid Response Fund and the new Workforce Training Rapid Response Fund.

NEW JOBS 230 (70 retained)  
AVG. SALARY $37,000

“[Our primary focus was to ensure the long-term competitiveness of the business by continuing to drive cost and inefficiencies out of the operations. We believe this consolidation positions us with the best business solution. We appreciate the effort and commitment demonstrated by state and local government agencies, as well as the extensive employee support received in both Wisconsin and Louisiana.]”

—BARRY PENNYPACKER, CEO of Gardner Denver
BLADE DYNAMICS LTD.

With investment funding from Dow Venture Capital and American Superconductor Corp., Blade Dynamics announced in September 2010 it will manufacture advanced wind turbine blades and components at the Michoud Assembly Facility in New Orleans. Blade Dynamics cited several key factors for selecting Michoud, including the availability of specialized equipment, the attractiveness of the full-service facility, the state's workforce solutions program, LED FastStart, and a competitive state incentive package. Blade Dynamics' proprietary designs are expected to break industry barriers, providing compelling advantages for wind turbines rated at two megawatts and higher.

NEW JOBS 600  
AVG. SALARY $48,000  
CAPITAL INVESTMENT $1.3 MILLION

"Our relationship with and the commitments from the state of Louisiana and NASA will also significantly impact the success of our operations, and we are looking forward to furthering both of those relationships."

—THEO BOTHA, Co-founder and Sales Director of Blade Dynamics Ltd.
GEORGIA-PACIFIC

Headquartered in Atlanta, Georgia-Pacific selected its mill in Port Hudson, La., as one of two locations to receive an advanced, proprietary tissue papermaking technology upgrade. This will enable Georgia-Pacific to produce an innovative, next generation of premium-branded and top-tier, customer-branded bath tissue to meet the growing demands of consumers. The company plans to take advantage of the Gulf Opportunity Zone program, as well as the state’s Retention and Modernization and Industrial Tax Exemption programs.

NEW JOBS  Approximately 1,000 retained
CAPITAL INVESTMENT  $300 MILLION

“[This project] reflects our company’s strong commitment to our consumer products business, to the global competitiveness of skilled Georgia-Pacific employees, to the support of the Port Hudson community and to the state of Louisiana that supports the value we create.”

—KATHY WALTERS, Executive Vice President of Georgia-Pacific Global Consumer Products
In May 2011, Ormet Corp. announced plans to reopen its Ascension Parish alumina manufacturing plant that had been idle since December 2006. By the end of 2011, Ormet will refurbish, modernize and restart the plant, bringing production of a key aluminum component – alumina – back online. Based on Ormet’s direct and indirect job impact, the facility will become one of the top 10 economic driver firms in Ascension Parish, as well as one of the top 150 economic driver firms statewide. Additionally, Louisiana Economic Development estimates the project will result in $19.7 million in new, state tax revenue and $10.8 million in new, local tax revenue over the plant’s first 10 years of operation.

NEW JOBS 240
CAPITAL INVESTMENT $21 million

The LED team is the best I’ve ever seen. I also want to thank our local officials – Ascension Parish is a wonderful place to do business.

—MICHAEL F. TANCHUK, President and CEO of Ormet Corp.
SCHUMACHER GROUP

In July 2011, the nation’s third-largest and fastest-growing emergency medicine staffing and management company, Schumacher Group, announced plans to expand its corporate headquarters in Lafayette, La., after considering several of its out-of-state regional offices. In addition to the state providing a customized incentive package, Louisiana Economic Development worked with company executives to determine future growth opportunities and develop a competitive incentive package that includes customized workforce training by Louisiana FastStart™, the nation’s strongest Digital Media and Software program and performance-based financial assistance.

NEW JOBS 600 (389 retained)  
AVG. SALARY $62,000  
CAPITAL INVESTMENT $19 MILLION

ACADIANA REGION

“"For the past 17 years, we made the decision to have our corporate base in Louisiana because of the talent, drive and culture of the people, which so define our success. We’re now an international company, but we’re committed to Louisiana as our home base.”

—DR. WILLIAM “KIP” SCHUMACHER, CEO of Schumacher Group
GLOBALSTAR INC.

In July 2010, Globalstar Inc., a satellite voice and data service provider, announced the relocation of its corporate headquarters and other global business functions to Covington, La., from Milpitas, Calif. Louisiana Economic Development’s Business Expansion and Retention Group began discussions with Globalstar several months after the company purchased Louisiana-based Axonn. Prior to selecting Louisiana, executives considered a variety of locations in other U.S. states and Canada. Globalstar intends to use the state’s Digital Media Incentive and Louisiana FastStart™.

NEW JOBS 490 | AVG. SALARY $72,000

“"We considered relocating our headquarters to numerous states but the overall advantages of moving [to Louisiana] were simply too compelling to ignore.”

—PETER DALTON, CEO of Globalstar Inc.
In September 2010, Folgers, a subsidiary of Fortune 500 company The J.M. Smucker Co., officially began its multifacility expansion of two existing coffee production facilities in Orleans Parish and its distribution center in St. Tammany Parish. Folgers will take advantage of the state’s new Retention and Modernization Program and customized training from LED FastStart. Open since 1960, Folgers’ New Orleans facility is the company’s largest production facility in the nation.

NEW JOBS: 120
AVG. SALARY: $42,000
CAPITAL INVESTMENT: $69 MILLION

“We greatly appreciate the continued support of the state of Louisiana and the city of New Orleans, and are thankful for their contributions toward this critical project.”

RICHARD K. SMUCKER, Executive Chairman and Co-CEO of The J.M. Smucker Co.
NUCOR CORP.

The nation’s largest steel producer, Nucor Corp., selected St. James Parish for a multiphase iron and steel project that will ultimately be one of the largest industrial projects in Louisiana history, creating up to 1,250 new, direct jobs and $3.4 billion in capital investment. According to an economic-impact analysis by Louisiana State University, the project, if all phases are completed as described in its incentive agreement with Louisiana, will generate approximately $563.5 million in new, state tax revenues, and $122.6 million in new, local tax revenues through 2033. LSU’s analysis also indicates that approximately 4,800 new, indirect jobs could be created by 2019, resulting in a total of more than 6,000 new, direct and indirect jobs.

NEW JOBS 1,250

CAPITAL INVESTMENT $3.4 BILLION

CAPITAL REGION

“This facility will create good jobs for American workers and help Nucor achieve our long-term goal of increasing control over our raw materials supply.”

—DANIEL R. DIMICCO, Chairman, President and CEO of Nucor Corp.
Use of GIS Mapping Technology for LED Site Selection

Statewide GTL Suitability Index

Legend
- GTL Suitability Composite
  - 2 - 2.8 - Least Suitable
  - 2.9 - 3.5
  - 3.7 - 4.4
  - 4.5 - 5.2
  - 5.3 - 6
  - 6.1 - 6.8
  - 6.9 - 7.5
  - 7.7 - 8.4
  - 8.5 - 9.2
  - 9.3 - 16 - Most Suitable
  - Interstate
  - Parish Boundary

CONFIDENTIAL
Use of GIS Mapping Technology for LED Site Selection

Properties Affected:
Approximately 341 properties from the Calcasieu 911 database using a 1320 foot buffer of all the expanded properties.

Legend
- Impacted Structures

AOI 3 Ownership:
- Various Owners Small Parcels
- Beauregard Electric Cooperative
- Calcasieu Parish School Board
- CTGO Pipe Line Company
- Entergy Gulf States Louisiana
- Fire Protection District No 3
- Georgia Gulf Lake Charles LLC
- Kansas City Southern Railway C
- Kuzaise & Manahan Lumber
- Matheson Trigas Inc
- Meyer, Vernon Christopher ET U
- Sargent North America Inc
- Telecom Rentals Inc
- White, H Construction Company
- Parcels

Source:
1. 2010 NAIP Imagery USDA
2. 2011 Calcasieu Parish Assessor's Office Parcels

Project Promise
2010 NAIP Air Photo Base
AOI 3 Ownership

Confidential
The big question . . .

How do we position Louisiana to grow faster than the South and the U.S. on a regular basis?
In line with their national counterparts, several of Louisiana’s primary industry sectors have been losing jobs for many years.

- Chemical Manufacturing
- Agriculture / farming
- Paper Manufacturing

---

**Graphs:**
- U.S. annual employment
- Louisiana annual employment
Accordingly, some economists expect Louisiana’s traditional industry mix will lead our state to underperform in job creation over the next 20 years.

**Cumulative state employment growth for next 20 years (millions)**

- **LA at Aspiration rate (GA, NC, TX)**
- **LA at Peer rate (South)**
- **LA at US rate**
- **Current LA forecast¹**

**Gap of 525,000 jobs vs. Aspiration**

**Gap of 400,000 jobs vs. Peer**

**LA projected to gain 290,000 new jobs**

SOURCE: Moody’s Economy.com estimates
By combining employment growth, value of jobs, and LA’s ability to win, six “Blue Ocean” themes and 12 growth initiatives were selected.

### Sector themes

- **Digital media/software development**
- **Next generation auto**
- **Specialty healthcare**
- **Renewables & energy efficiency**
- **Water management**
- **Next wave oil & gas**

### Growth initiatives

- Next generation digital media/software development ecosystem (includes Healthcare software development)
- Auto: Supplying the future driving experience
- Specialty research hospital and corridor: Treating the nation
- Obesity/diabetes research and treatment
- Manufacturing pharmaceuticals
- Energy efficiency: Green living, green building, green manufacturing
- Renewable energy: Power and fuel for the future
- Nuclear Power: Parts and modular production
- Water management: The Netherlands of the US
- Ultra-deep water: Under the sea
- Unconventional gas: Not everything’s bigger in TX
- Enhanced oil recovery: Scraping the bottom of the barrel
The blue ocean initiative can help us achieve our target growth rate while generating huge amounts of new population and tax revenues.

Total jobs added, 2009-29

<table>
<thead>
<tr>
<th></th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline forecast</td>
<td>290</td>
</tr>
<tr>
<td>LA at rate of South</td>
<td>690</td>
</tr>
<tr>
<td>LA at Aspiration rate</td>
<td>815</td>
</tr>
</tbody>
</table>

SOURCE: Moody’s Economy.com estimates; McKinsey analysis
The blue ocean initiative can help us achieve our target growth rate while generating huge amounts of new population and tax revenues.

**Total jobs added, 2009-29**

<table>
<thead>
<tr>
<th>Description</th>
<th>Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline forecast plus Blue Ocean</td>
<td>290</td>
</tr>
<tr>
<td>LA at rate of South</td>
<td>690</td>
</tr>
<tr>
<td>LA at Aspiration rate</td>
<td>815</td>
</tr>
<tr>
<td><strong>Blue Ocean</strong></td>
<td>515-690</td>
</tr>
</tbody>
</table>

**Additional economic impact over 20 years from “Blue Ocean” alone**
- Roughly $18-24 billion in new State and local tax revenue
- ~515-920K in new population

**SOURCE:** Moody’s Economy.com estimates; McKinsey analysis
The blue ocean initiative can help us achieve our target growth rate while generating huge amounts of new population and tax revenues.

**Total jobs added, 2009-29**

**Thousands**

- Baseline forecast plus all other efforts: 290 + 225-400 + 125-300 = ~815
- LA at rate of South: 690
- LA at Aspiration rate: 815

**SOURCE:** Moody’s Economy.com estimates; McKinsey analysis
What’s ahead for 2011-2012?

- Continued, dramatic improvement in Louisiana’s national rankings
- Rebounding chemical industry / major new projects
- New energy opportunities- GTL- and other natural gas valued added projects
- Improving wood products sector – especially paper mills
- Acceleration of drilling activity in the Gulf (shallow and deep water)
- Continued remarkable economic turnaround in New Orleans
- Several new mega projects, including auto industry, green energy, corporate headquarters, unconventional natural gas projects and advanced manufacturing
- Continued new wins in digital media and software development
- Manufacturing, digital media, film and headquarters relocations spurred in part by tax increases and elimination of incentives in other states
- Louisiana positioned to become one of first 2-3 Southern states to regain its pre-recession employment (most of other Southern states in 2014)