

OREGON

Food & Beverage Opportunity

Oregon Food & Beverage Leadership Council

Development of Oregon's food and beverage industry, in particular the manufacture of value-added, traded-sector branded food and beverage products, is a significant continued economic growth opportunity for Oregon.

- Global food systems will be faced with several significant challenges and opportunities over the coming decades, including the need to feed as many as 9 billion people without destroying the planet. The companies and regions that address these opportunities will realize significant economic rewards.
- Oregon has several notable competitive advantages in the global food and beverage marketplace, including: a high-quality, diverse agricultural base; proximity to large population centers in the Western U.S. and Asia; close and well-developed urban food culture, advanced agricultural production, and small family farms; and strong existing brand equity in quality food.
- Food and beverage represents a significant economic development opportunity for Oregon. Because of the nature of the value-added food and beverage industry – in particular its close tie to, and natural proximity to, agriculture – further development of the food and beverage industry in Oregon has the potential to benefit rural Oregon economies, where jobs growth and economic input is most needed.

The Oregon Food and Beverage Leadership Council (“OFBLC”), comprised of executives from Oregon’s leading value-added food and beverage companies, was formed to help Oregon realize the state’s full potential in the food and beverage industry. Purpose of the OFBLC:

- Bring together Oregon value added F&B industry leadership in order to create a strong, consistent voice for growing the industry;
- Identify the highest-impact opportunities for driving economic growth in the F&B industry in Oregon;
- Secure funding and set the agenda to accomplish high-priority and high-impact initiatives, working closely with the Governor, the Oregon Legislature, and existing agencies and associations;
- Support and work through existing agencies and associations in pursuing and executing initiatives; OFBLC may provide oversight or input, but will not have infrastructure to manage.
- OFBLC membership includes key executive leaders from Oregon’s leading food and beverage companies.

Oregon Food and Beverage Leadership Council membership includes executive leaders from Oregon's leading value-added food and beverage companies:

A to Z and Rex Hill

Ajinimoto USA

Bob's Red Mill

Bridgetown Natural Foods

Bull Run Distillery

Calbee North America

ConAgra/Lamb Weston

Country Natural Beef

Dave's Killer Bread

Davis Wright Tremaine

Deschutes Brewery

Equilibrium Capital

Fred Meyer

Harry and David

Hood River Distillery

New Seasons

Ninkasi

Norpac Foods

NW Food Processors Assn.

Oregon Business Council

Oregon Freeze Dry

Organically Grown Company

Pacific Natural Foods

Reser's Fine Foods

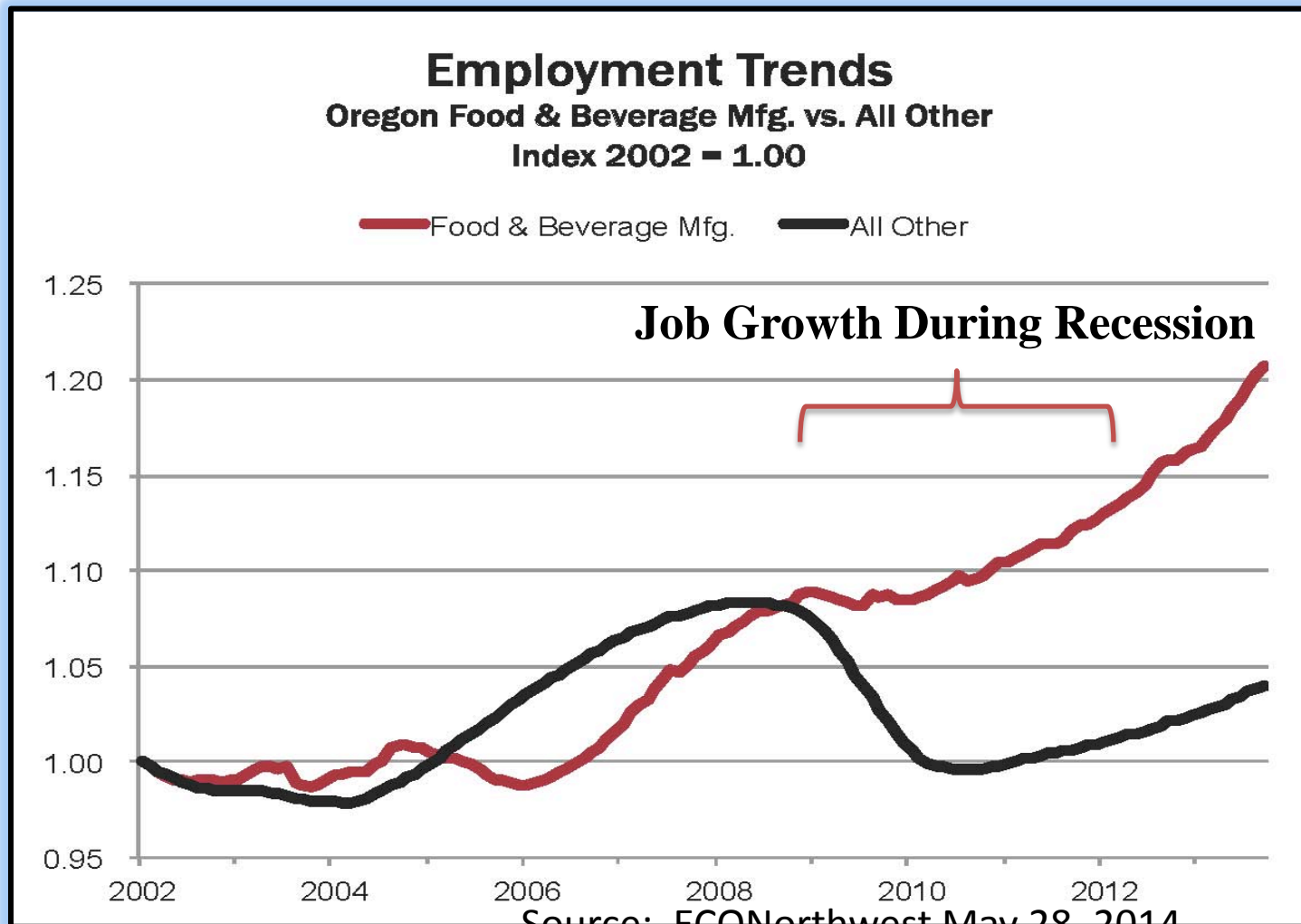
Stumptown Coffee Roasters

Threemile Canyon Farms

Oregon Business Association

To Be Confirmed/Finalized

Oregon F&B Manufacturing vs. All Other

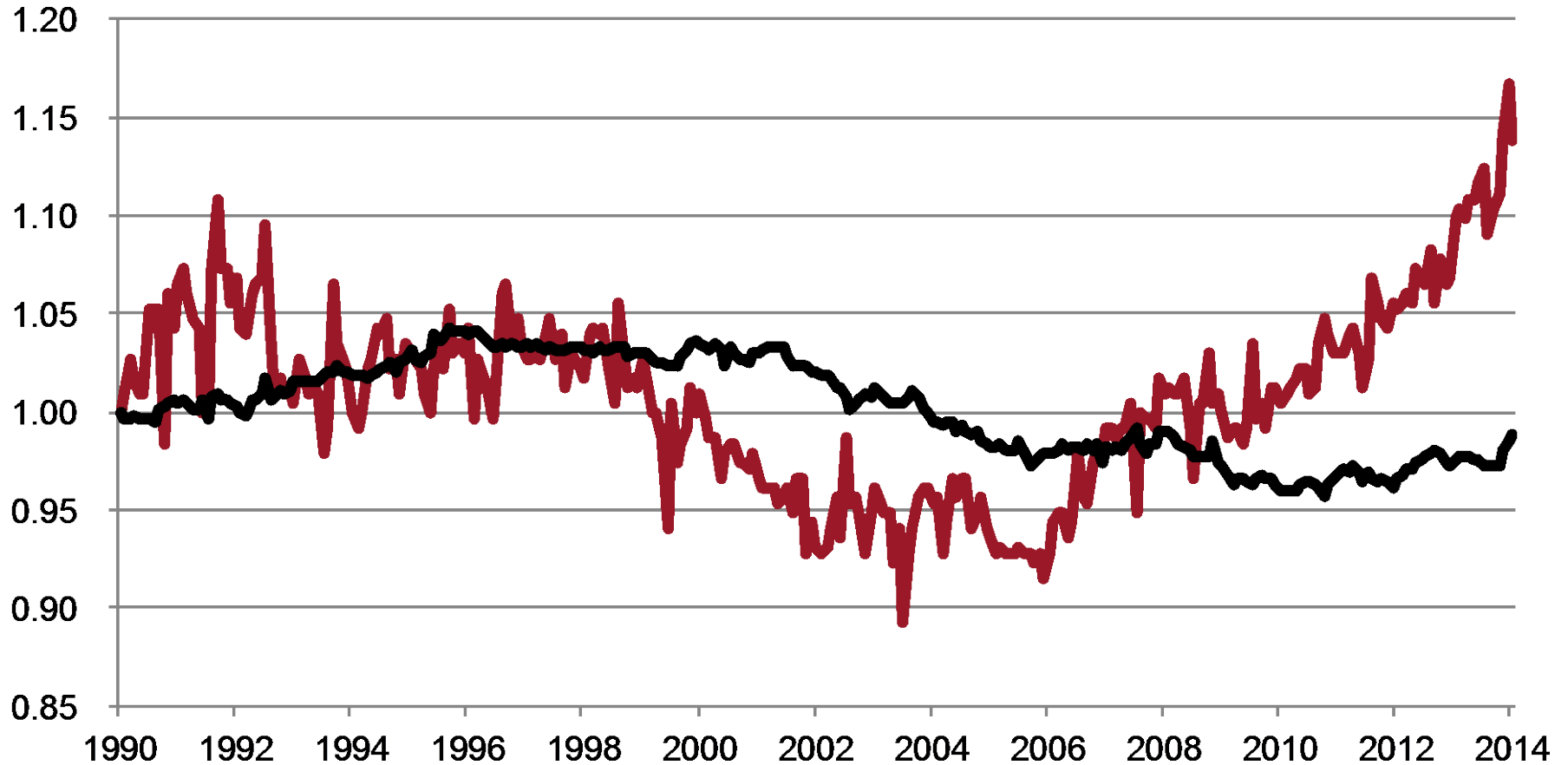


Source: ECONorthwest May 28, 2014

Employment Trends

Food Manufacturing w/o Beverage, Index 1990 = 1.0

— Oregon — US



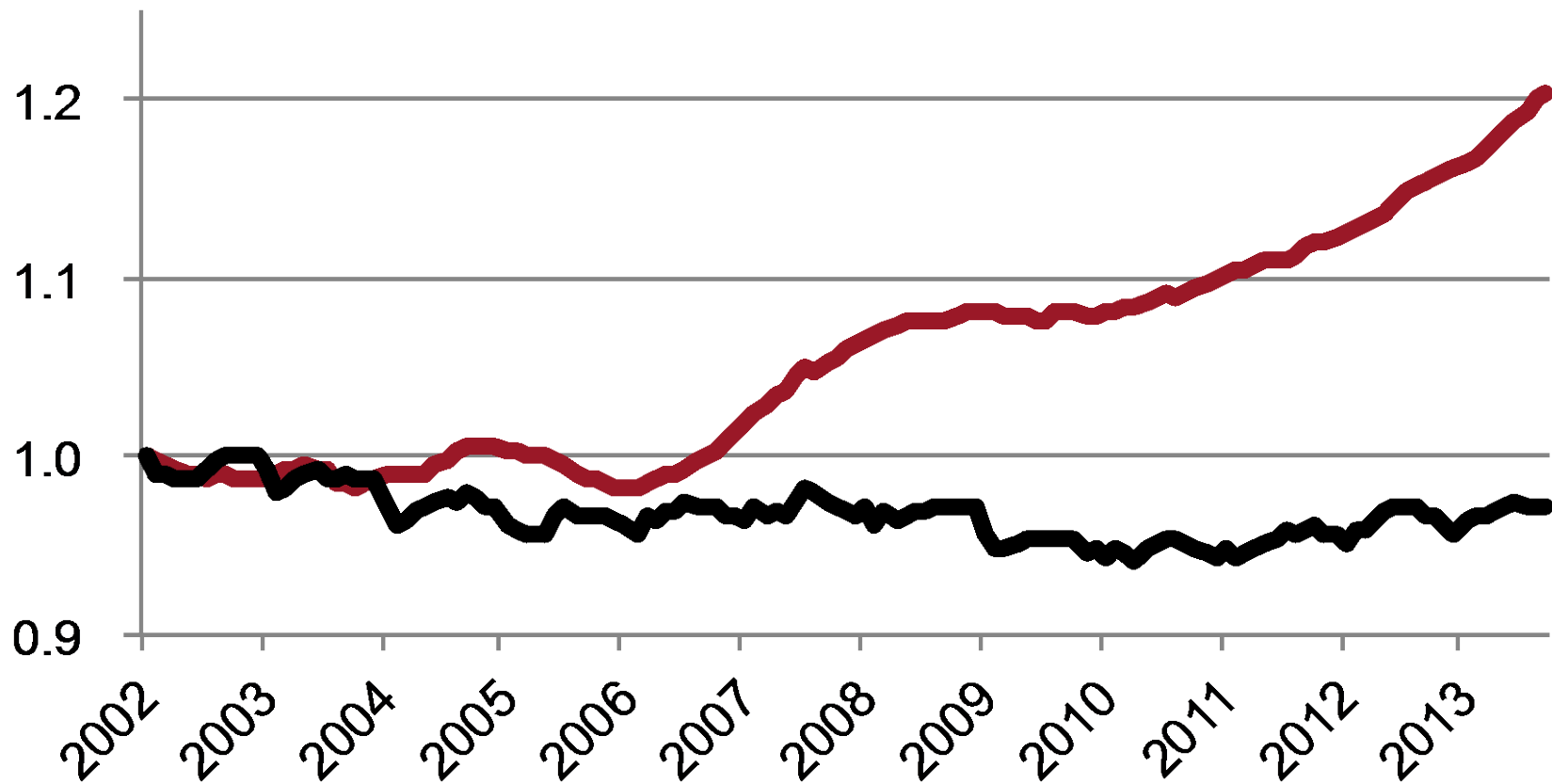
Source: St. Louis Federal Reserve Bank, FRED



Employment Trends

Food Manufacturing/Beverage, Index 2002 = 1.0

— Oregon — US



Realizing Oregon's full potential in the food and beverage sector will require progress on a set of four balanced strategies designed to establish Oregon as a U.S. and global leader in the production of high quality food.

1. Create the necessary research, technical, and educational infrastructure to meet the needs of Oregon's value-added food and beverage companies and to support Oregon's brand position in food and beverage:

- a) Support OSU's plans for a new food and beverage research, testing, and teaching center;
- b) Create an industry-focused pay-for-service R&D and testing lab at OSU;
- c) Establish a Food Business minor and educational track at OSU (combination of business, agriculture, and nutrition departments).

A set of balanced strategies designed to establish Oregon as a U.S. and global leader in the production of high quality food (continued).

- 2. Strengthen the Oregon brand in a way that: 1) attracts and retains the most talented food and beverage professionals and the most promising, growth-oriented food companies by establishing Oregon as “the place to be” in the U.S. food industry; and 2) further develops Oregon’s consumer brand equity so that it can be leveraged by Oregon’s individual food and beverage companies.**
 - a) Create a talent and industry focused “Brand Oregon” campaign modeled after “tech town”;
 - b) Prioritize the food and beverage industry in business retention, expansion and recruitment efforts;
 - c) Create and market a “Certified Oregon” framework and brand.

A set of balanced strategies designed to establish Oregon as a U.S. and global leader in the production of high quality food (continued).

3. Make it easier for existing and prospective new Oregon food and beverage companies to do business in Oregon, notably in the area of adding new processing capacity and critical components of the required food and beverage infrastructure.

- a) Formalize OFBLC and establish an industry representative and point of contact for the public sector;
- b) Create resources within Business Oregon and/or within the governor's office to focus on the food and beverage sector;
- c) Drive regional solutions through coordinated local food and beverage "cluster" activity;
- d) Resolve critical missing pieces of the food and beverage supply chains

A set of balanced strategies designed to establish Oregon as a U.S. and global leader in the production of high quality food (continued).

- 4. Better organize and coordinate Oregon food and beverage sectors' and companies' efforts to develop export markets, specifically in Asia.**
 - a) Better coordinate the various efforts by state agencies to support the development of export markets.
 - b) Create the 'Oregon F&B Export Action Plan' modeled after successful efforts of associations and other states.

Immediate Opportunities in 2015-2017 Legislature

- Increased investment in OSU statewide programs
- Expansion of tax exemption for food processing machinery and equipment
- Transportation funding package
- Governor's proposed budget (Vince Porter)
 - \$50 million for water supply infrastructure
 - \$10 million Rural Innovation Fund
 - Etc.

Thank You