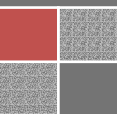




**COMPARATIVE  
FOOD PROCESSING  
INDUSTRY OPERATING COSTS**

**BizCosts®....*The Cost of Doing Business***

**BizCosts.com**  
Princeton, NJ



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**EXECUTIVE SUMMARY AND NOTES*****Introduction***

In the following **BizCosts®** analysis, major operating costs scaled to a representative 300-worker food processing plant are presented for a series of 74 comparative production sites in the U.S., Canada and Mexico. In the full **BizCosts® Report's** summary Exhibit I, annual costs are itemized and totaled and the full study ranks the 74 locations from the highest cost to the lowest.

Annual operating costs were projected solely for comparative purposes, with only major geographically-variable factors being considered. Those costs not varying significantly with geography, including relocation and start-up expenses, were not considered. The **BizCosts®** analysis focuses on those key geographically-variable cost elements considered to be most pivotal within the corporate site selection process and overall food processing industry competitiveness. Geographically-variable operating cost differentials are current for **2010 and 2011**.

Operating costs in the full **BizCosts® Report** are scaled to a hypothetical 150,000 sq. ft. food processing plant employing 300 nonexempt workers and shipping over-the-road to a national U.S. market. The analysis provides an independent and authoritative point of reference for the corporate planner's assessment of comparative operating cost levels in each of the surveyed food processing sites.

The format of the cost exhibits will allow the corporate planner to further tailor the cost data, plant specifications, shipping patterns and exchange rate assumptions to reflect alternate scales of operation, staffing needs and market expectations.

***Comparative Plant Site Locations***

For purposes of comparative economic analysis, major geographically-variable operating costs have been projected for a series of 74 food processing sites in the U.S., Canada, and Mexico. The comparative plant sites in the full **BizCosts® Report** all house significant concentrations of food industry manufacturing operations. NAFTA locations include Toronto, Montreal and Vancouver in Canada and a Maquiladora plant in Mexico representative of industrial park sites in border cities such as Tijuana, Mexicali, Nogales and Juarez. All Canadian costs are in U.S. dollars at parity. Costs in Mexico are based on an exchange rate of .0916.

The 74 comparative North American food processing industry locations included in the **BizCosts®** analysis are detailed below.

***New England Region***

- Bridgeport/Stamford/Norwalk/Danbury, Connecticut
- Hartford, Connecticut
- New Haven/Milford, Connecticut
- Boston/Cambridge, Massachusetts
- Worcester/Marlborough, Massachusetts
- Springfield, Massachusetts
- Manchester/Nashua/Salem, New Hampshire

***Mid-Atlantic Region***

- Nassau/Suffolk, New York
- Rochester, New York
- Albany/Schenectady/Troy, New York
- Middlesex/Somerset/Hunterdon, New Jersey
- Princeton, New Jersey

- Philadelphia, Pennsylvania
- Pittsburgh, Pennsylvania

***Southeast Region***

- Baltimore/Hunt Valley, Maryland
- Bethesda/Rockville/Gaithersburg, Maryland
- Richmond, Virginia
- Raleigh/Durham, North Carolina
- Greenville/Spartanburg, South Carolina
- Atlanta, Georgia
- Athens, Georgia

***Florida Region***

- Jacksonville, Florida
- Orlando, Florida
- Palm Beach County, Florida
- Miami, Florida
- Tampa/St. Petersburg, Florida
- Ft. Myers/Cape Coral, Florida
- Pensacola, Florida

***Mid-South Region***

- Nashville, Tennessee
- Memphis, Tennessee
- Birmingham, Alabama
- Huntsville, Alabama
- Louisville, Kentucky
- New Orleans, Louisiana
- Jackson, Mississippi

***East North Central Region***

- Cleveland, Ohio
- Columbus, Ohio
- Cincinnati, Ohio
- Indianapolis, Indiana
- Fort Wayne, Indiana
- Grand Rapids, Michigan
- Ann Arbor, Michigan

***South Central Region***

- Houston, Texas
- San Antonio, Texas
- Dallas/Ft. Worth, Texas
- Austin, Texas
- El Paso, Texas
- Oklahoma City, Oklahoma
- Tulsa, Oklahoma

***West North Central Region***

- Chicago, Illinois
- Milwaukee, Wisconsin
- Minneapolis/St. Paul, Minnesota
- Rochester, Minnesota
- Kansas City, Missouri
- St. Louis, Missouri
- Lincoln, Nebraska

***Western Region***

- Phoenix/Scottsdale, Arizona
- Tucson, Arizona
- Denver/Boulder, Colorado
- Salt Lake City, Utah
- Provo/Orem, Utah
- Seattle/Bellevue, Washington
- Portland, Oregon

***California Region***

- San Jose/Sunnyvale, California
- San Francisco, California
- Sacramento/Davis, California
- Los Angeles/Long Beach, California
- Orange County, California
- San Diego, California
- Riverside/San Bernardino, California

***NAFTA Region***

- Toronto, Ontario
- Montreal, Quebec
- Vancouver, British Columbia
- Maquiladora, Mexico

***Comparative Nonexempt Labor Costs***

Annual costs for labor, including direct and indirect production workers, are presented in Exhibit II. Costs are based on a representative list of 15 different nonexempt job descriptions for the model processing plant. Comparative labor

costs for management and technical staff were not included as these costs would tend not to vary as significantly by geography, but rather by individual company compensation practices. Fringe benefit costs are included as a percent of annual base payroll costs and are assumed to include all statutory benefits, pay for time not worked, and company-sponsored benefits.

### ***Comparative Electric Power and Natural Gas Costs***

Comparative annual electric power and natural gas costs are presented in the ***BizCosts® Report's*** Exhibit III. Annual costs reflect industrial rate schedules of the respective local electric and gas utilities serving each surveyed city.

### ***Comparative Land Acquisition and Construction Costs***

Exhibit IV presents comparative costs for the purchase of industrially-zoned land and the construction of new food processing production space in each of the 74 surveyed U.S., Canadian and Mexican locations.

### ***Comparative Ad Valorem and Sales Tax Costs***

Exhibit V presents comparative ad valorem (property) tax costs in each of the 74 surveyed U.S., Canadian and Mexican locations scaled to the land and building specifications of the model food processing plant. Also presented in this exhibit are comparative local and state sales tax costs based on a fixed annual purchase of supplies, furnishings, equipment, and other taxable goods.

### ***Comparative Shipping Costs***

Transportation costs from each of the 74 surveyed food processing sites to a designated national U.S. consumer food market are detailed in the full ***BizCosts® Report's*** Exhibit VI. Comparative costs reflect over-the-road food product shipments in truckload lots in non-refrigerated trailers.

**About BizCosts® About Boyd**

**BizCosts®** is a registered trademark of The Boyd Company, Inc., of Princeton, NJ, and refers to the firm's proprietary operating cost data bank used to shape its domestic and international corporate site selection recommendations. Founded in 1975, Boyd provides independent location counsel to leading U.S. and overseas corporations. Devoted exclusively to corporate mobility, The Boyd Company is recognized as the nation's premier authority in comparative business cost analysis.

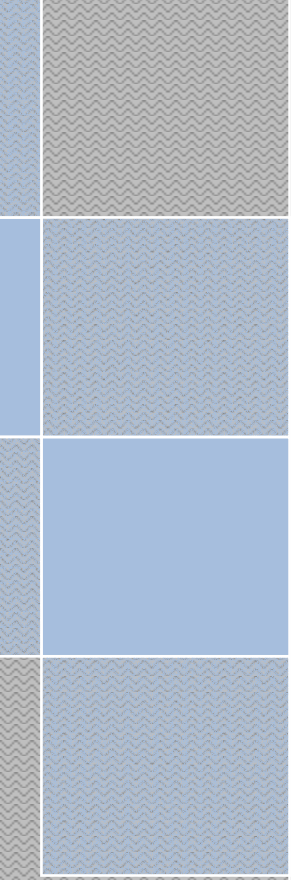
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