

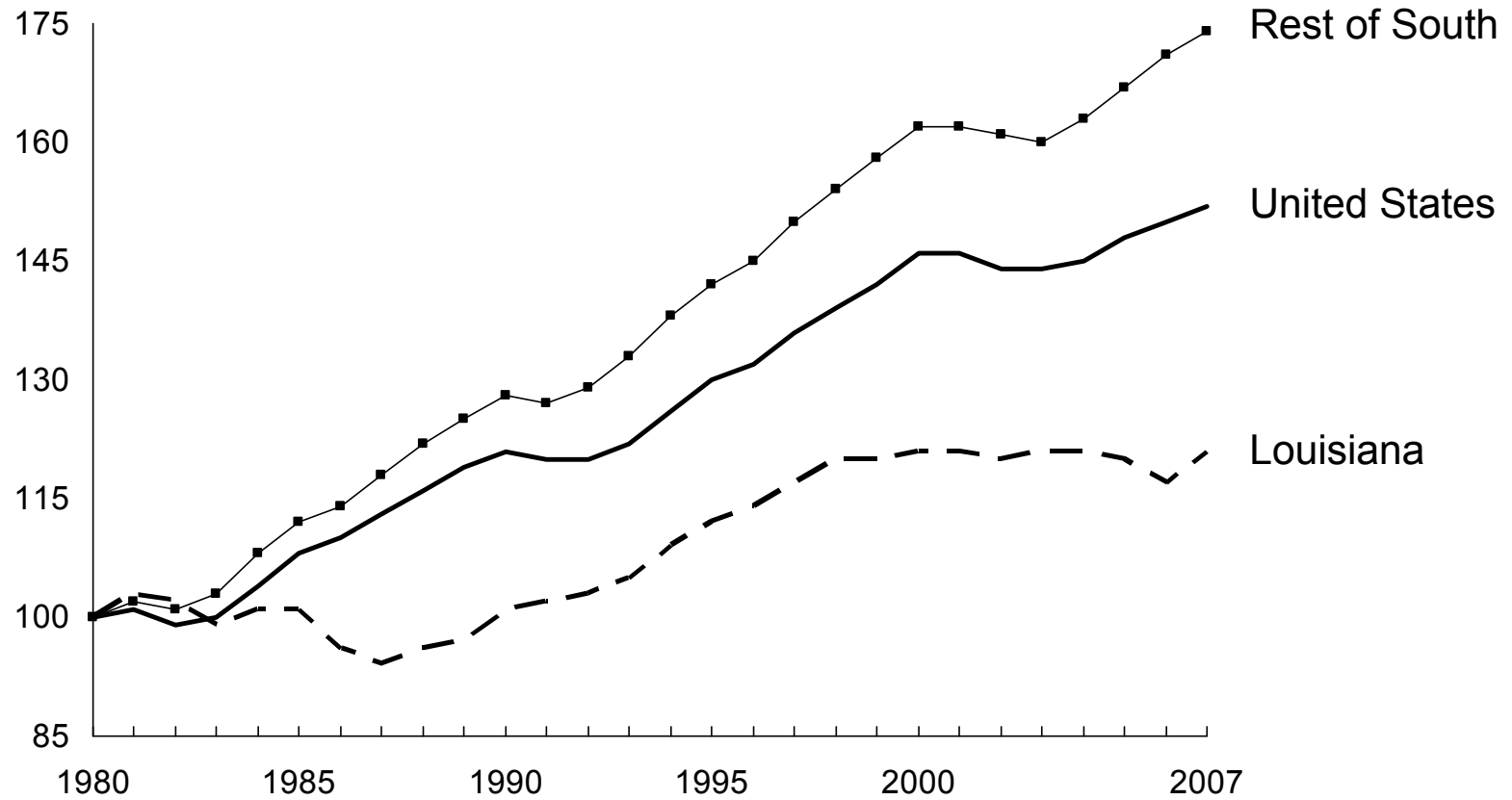


Getting There First: Louisiana's Blue Ocean Initiative

Selected Exhibits for Rotary Club of Baton Rouge
January 6, 2010

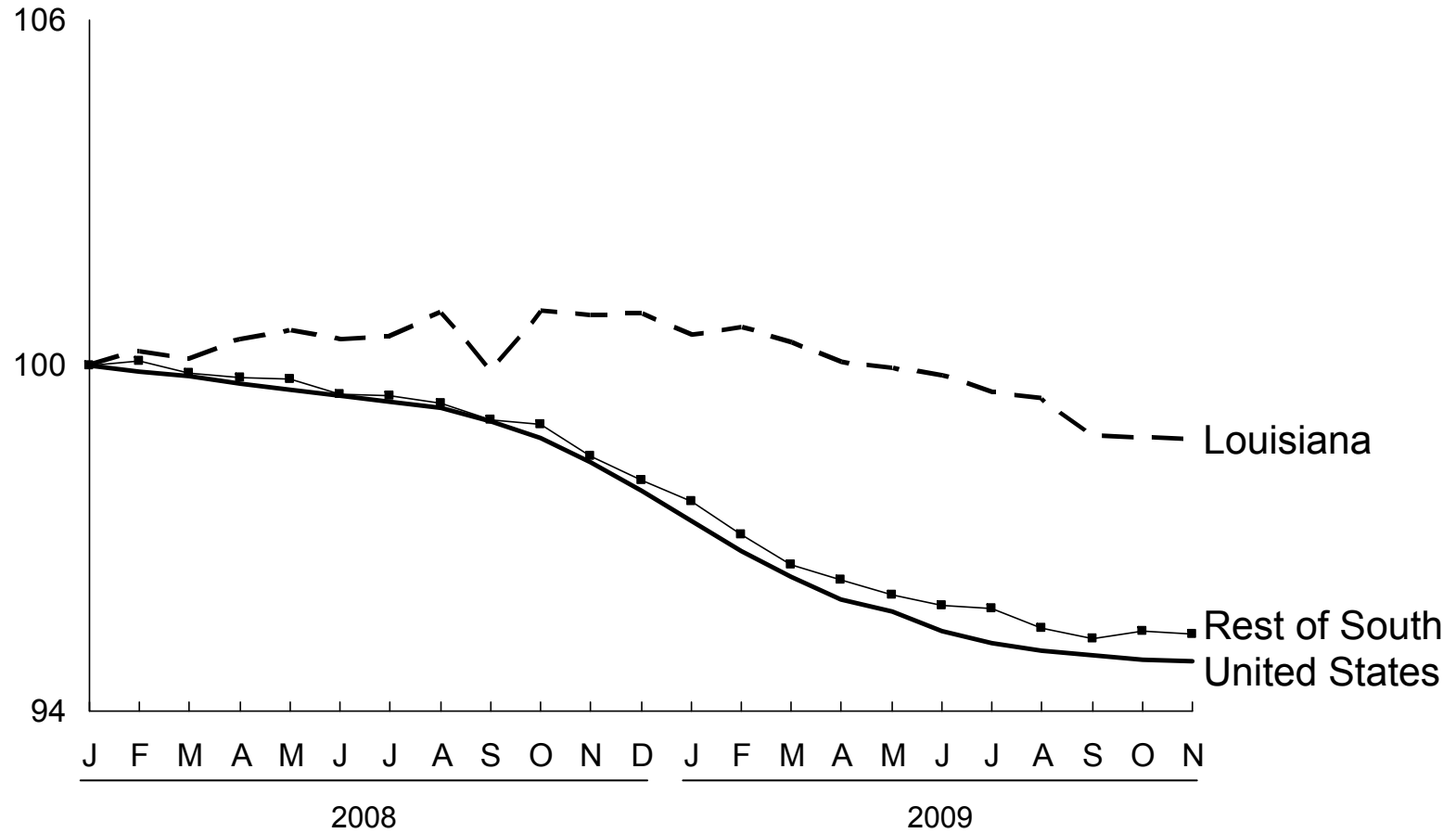
For decades, LA's economy underperformed the South and the U.S. . . .

Total nonfarm, annual employment (100=1980)



... But Louisiana has performed relatively well since early 2008 ...

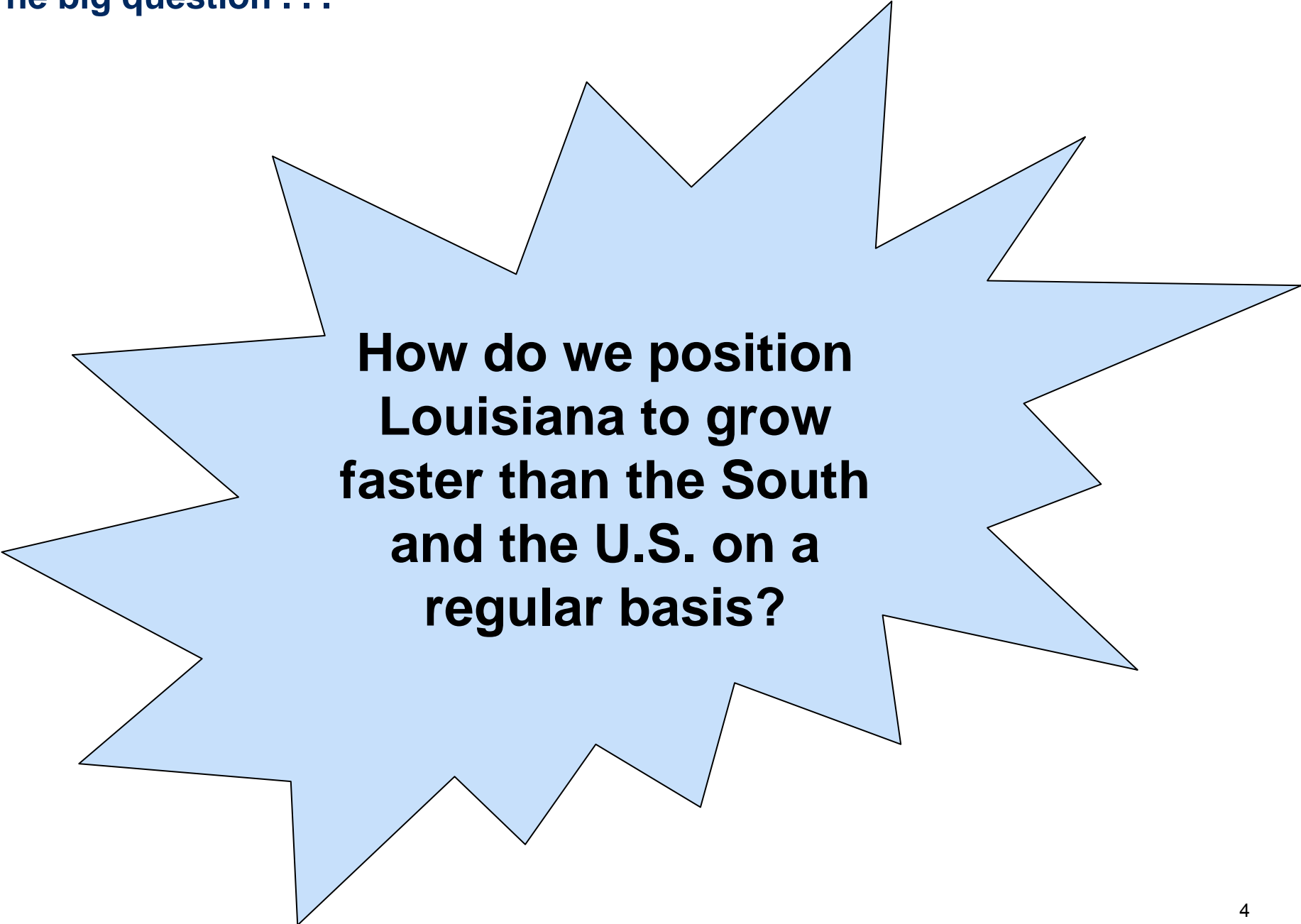
Total nonfarm, seasonally-adjusted employment (100=January 2008)



. . . 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

The big question . . .

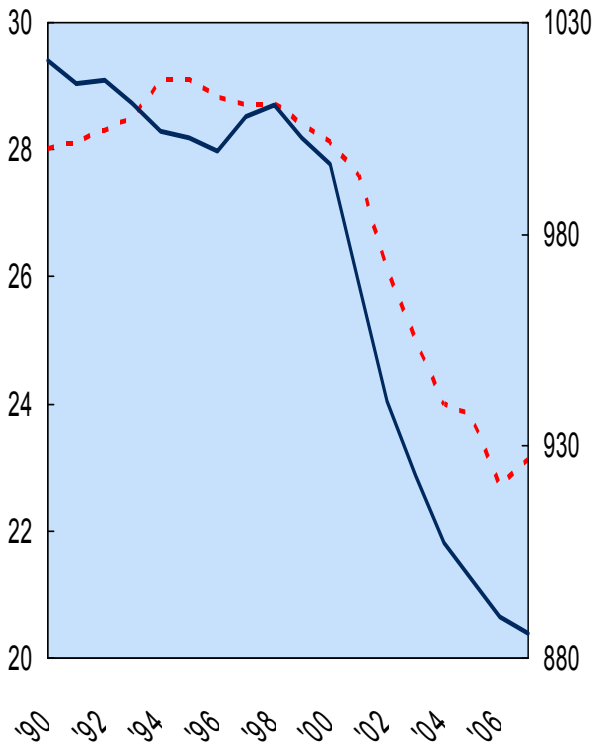


**How do we position
Louisiana to grow
faster than the South
and the U.S. on a
regular basis?**

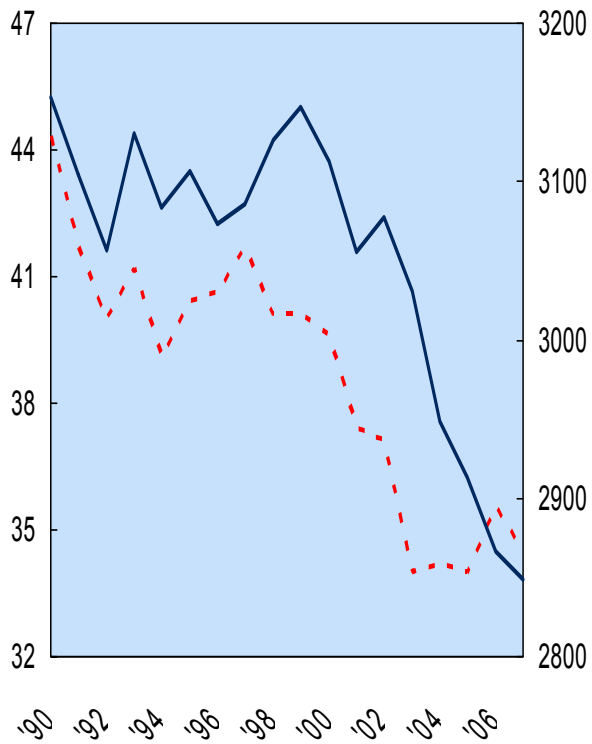
In line with their national counterparts, several of Louisiana's primary industry sectors have been losing jobs for many years

— U.S. annual employment
 - - - - Louisiana annual employment

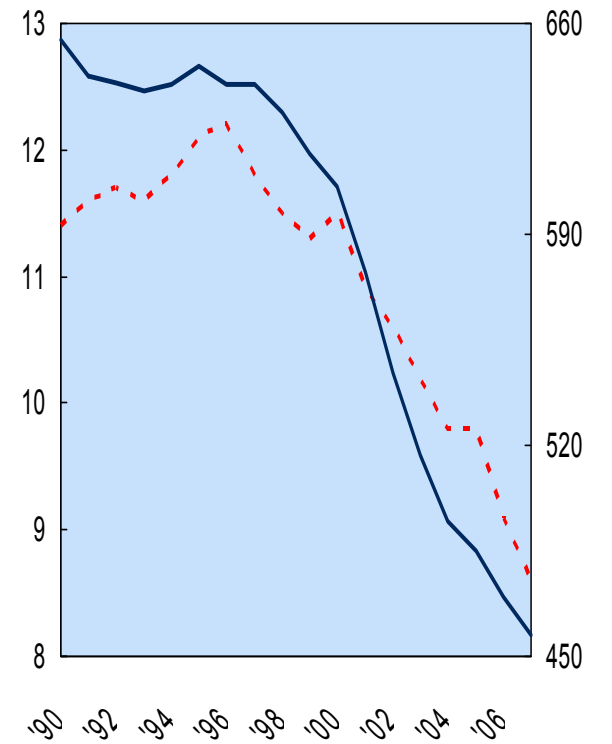
Chemical Manufacturing



Agriculture / farming

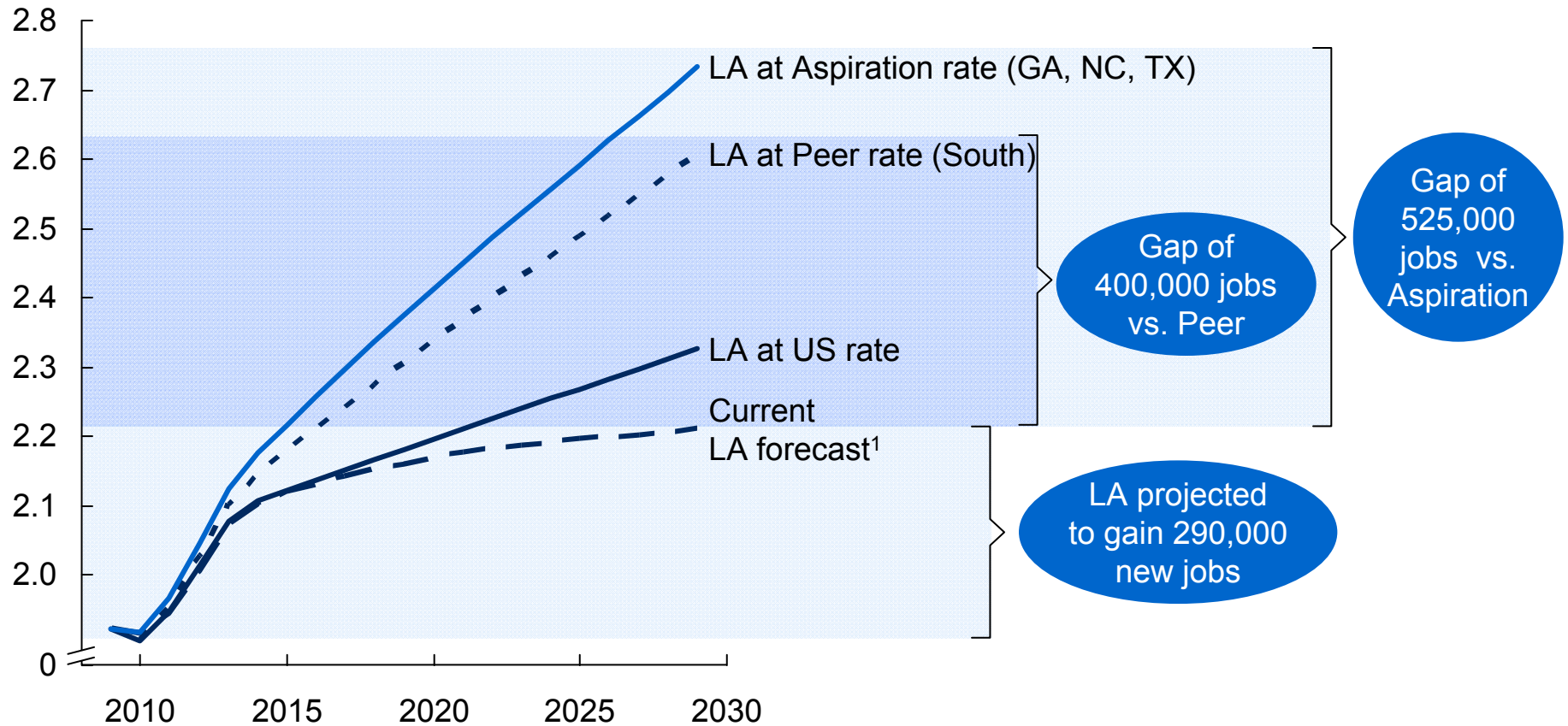


Paper Manufacturing

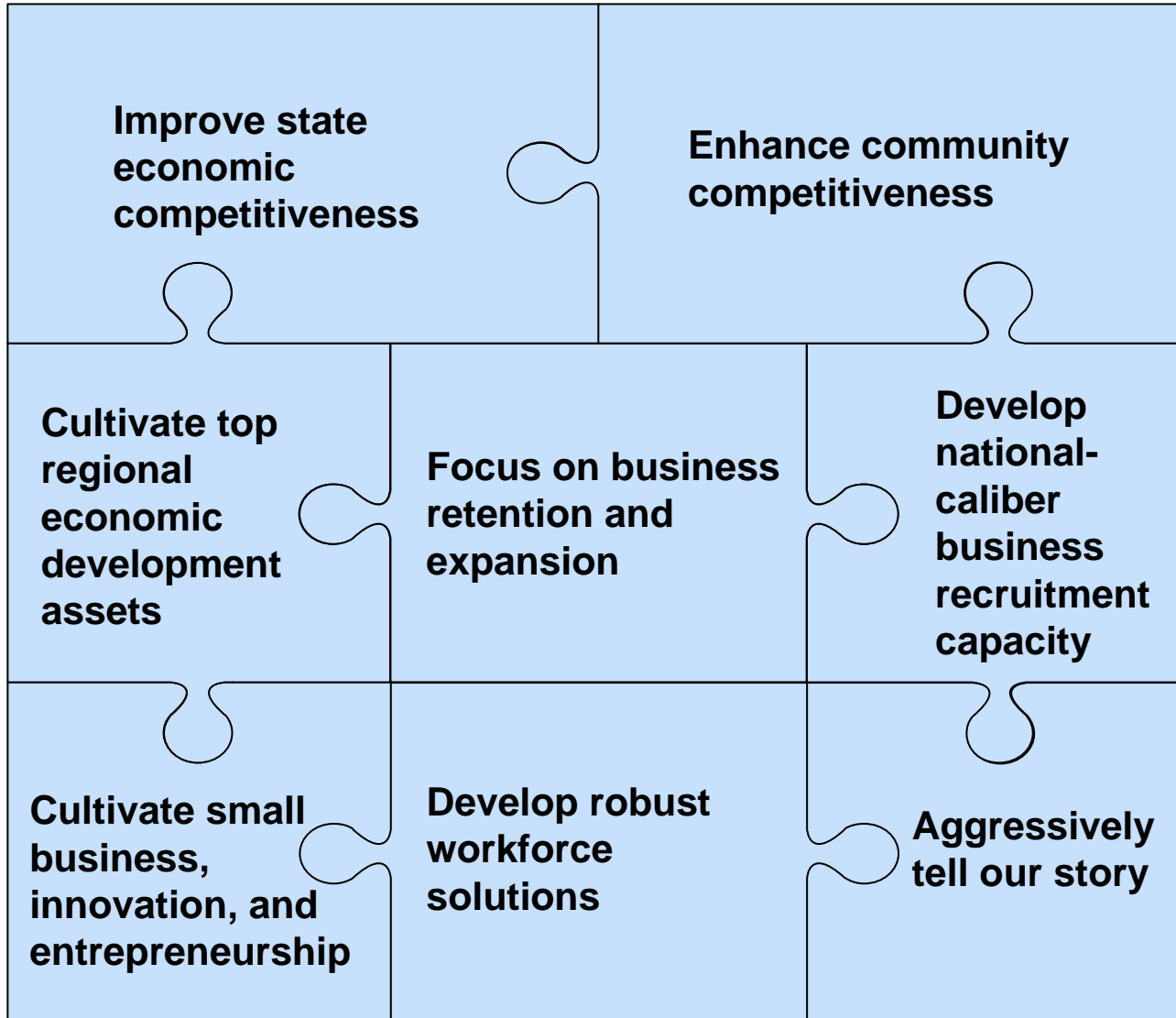


Accordingly, some economists expect Louisiana's traditional industry mix will lead our state to underperform in job creation over the next 20 years

Cumulative state employment growth for next 20 years (millions)

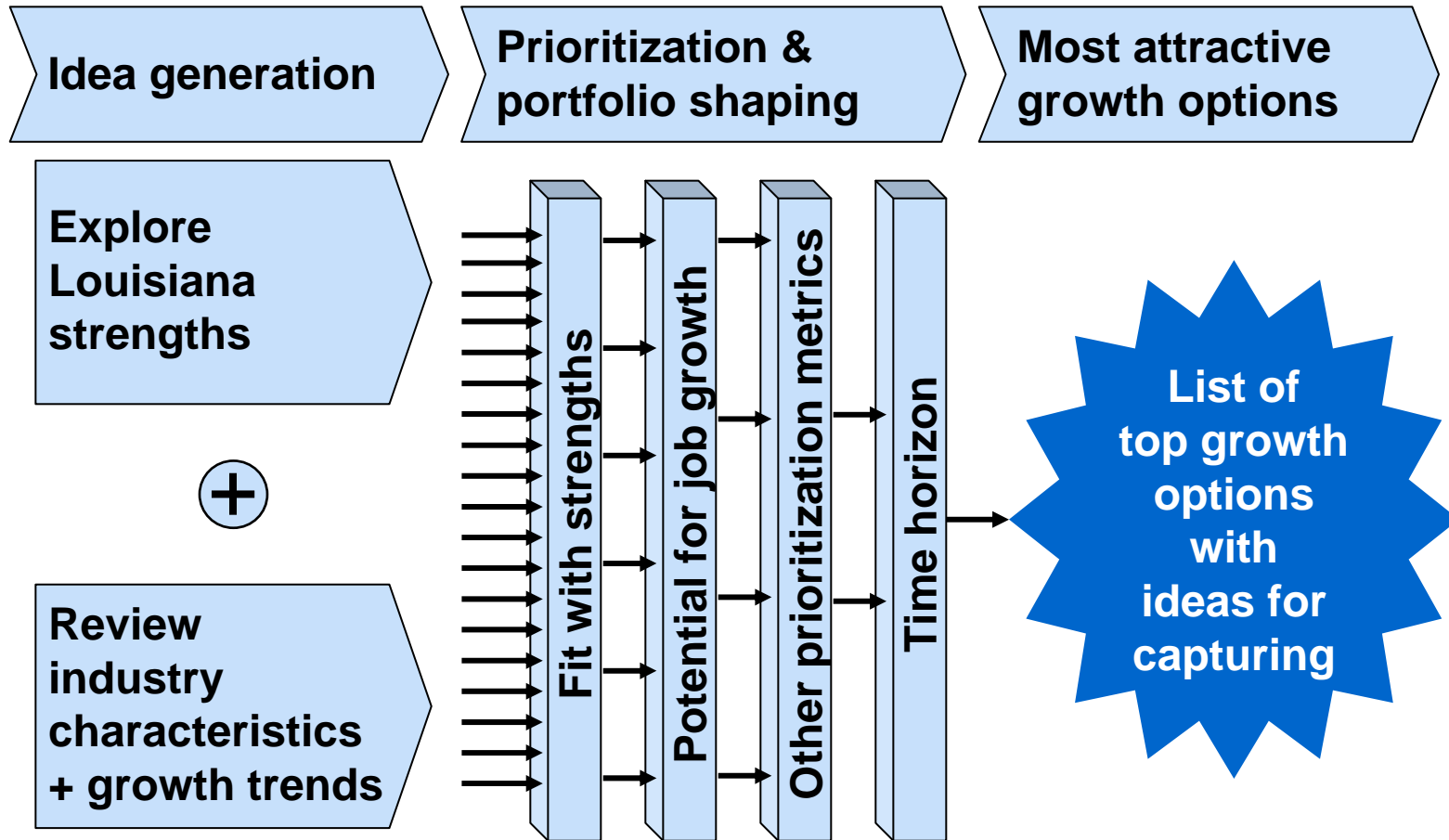


For the last two years, we have aggressively pursued eight integrated economic development strategies

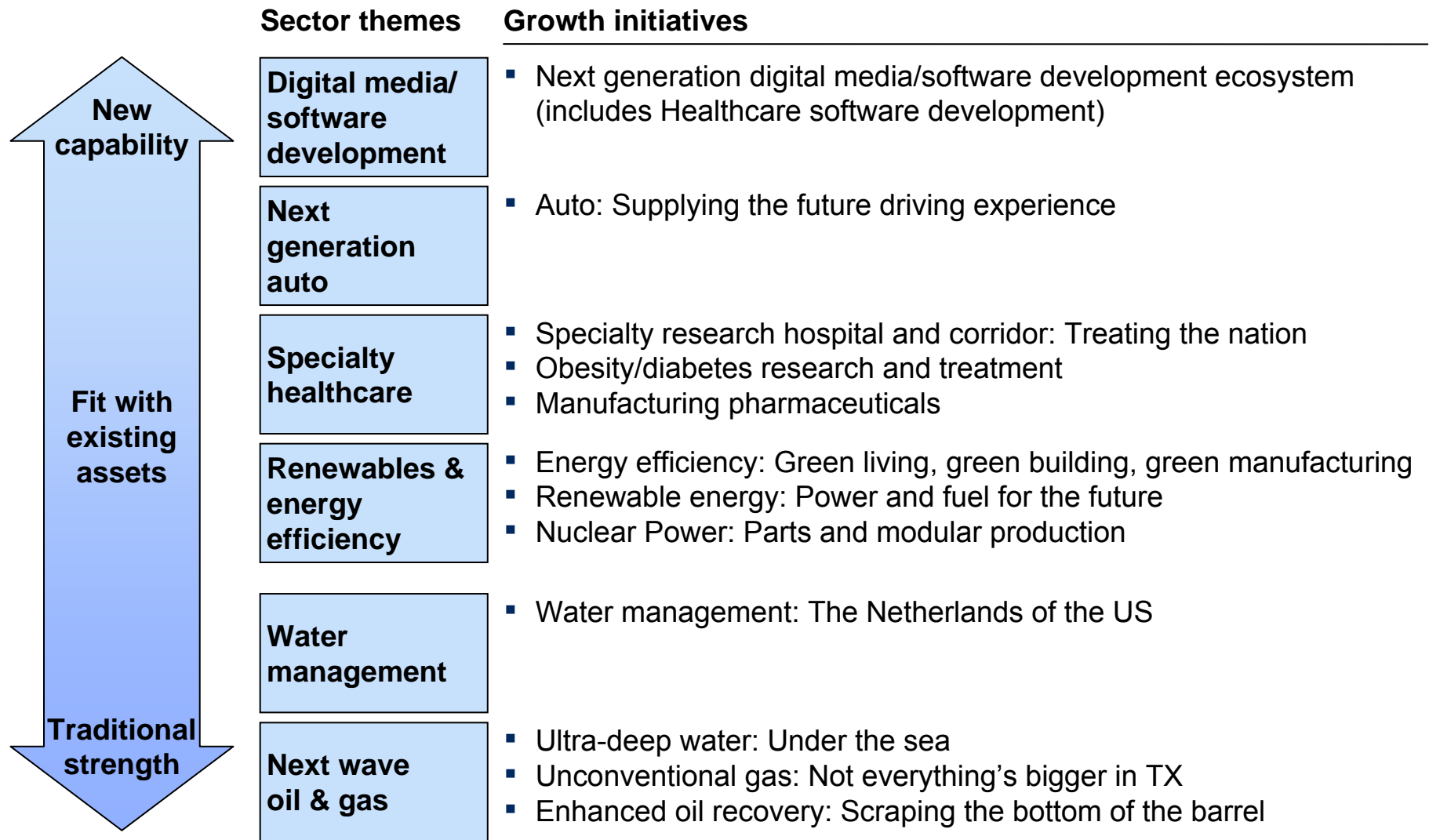


Blue Ocean initiative will focus these strategies on high-growth industry segments

The process to generate and prioritize potential growth opportunities



By combining employment growth, value of jobs, and LA's ability to win, six "Blue Ocean" themes and 12 growth initiatives were selected



Overview of blue ocean targets

Next generation digital media / software development



Why exciting?

- High expected employment growth in US in key areas (e.g., education IT, healthcare IT, digital gaming, cyber security, mobile apps)
- High-wage, skilled positions that are “sticky”
- “Buzz” factor that could transform image of Louisiana
- Potential to attract researchers, entrepreneurs, and investors that keep developing the “next wave”

Why Louisiana?

- Highly competitive and broad digital interactive media tax credit
- Creative culture that is attractive to young professionals
- Opportunity to capitalize on significant IT infrastructure investment
- Early business development wins in the sector (e.g., EA, Pixel Magic)

Auto: Supplying the future driving experience



Why exciting?

- Poised for growth as U.S. shifts to more efficient and environmentally friendly automobiles
- Growth also expected in next generation composites and parts manufacturing
- Shift is global in scope, driven by market and regulatory factors
- New, disruptive entrants with new business models that need new facilities

Why Louisiana?

- Early win (V-Vehicle Co.) adds credibility and indicates willingness to tailor creative solutions
- Louisiana FastStart: one of the best workforce solutions in the U.S.
- Potential to capitalize on our petrochemical base to develop lightweight, durable composites

Overview of blue ocean targets (continued)

Energy efficiency: Green living, green building, green manu- facturing



Why exciting?

- Potential to lead the South into the “green century” by attracting manufacturing operations
- Large projected investments in energy efficiency globally and domestically

Why Louisiana?

- Momentum and rising demand exists in the state, particularly in hurricane-impacted areas
- Competitive, flexible labor
- Distinctive natural resources and transportation assets leading to a natural competitive advantage

Renewable energy: Power and fuel for the future



Why exciting?

- Large U.S. and international mandates and incentives anticipated
- Growing consumer demand to pursue green energy
- Long-term potential to reduce electricity costs with renewable fuel sources

Why Louisiana?

- Wealth of natural resources for commercial stage technologies
 - Mississippi & Red Rivers for hydropower
 - Supply of timberland for wood-based biomass & biofuels
- Resources for renewable fuel sources (e.g., algae, switchgrass, sugarcane)
- High concentration of energy-intensive operations that would benefit from lower cost energy sources

Overview of blue ocean targets (continued)

Nuclear power: Parts and modular production



Why exciting?

- Large international demand; 50-200 new plants expected globally as countries shift to energy sources with no CO2 emissions
- Substantial domestic demand with 5-10 new plants expected, could increase dramatically

Why Louisiana?

- Early win in the manufacturing sector (Shaw Modular Solutions) provides opportunity to serve global demand
- Louisiana FastStart: one of the best workforce solutions in the U.S.
- Historical fabrication workforce strengths
- Distinctive logistics and transportation assets

Specialty hospital and medical district: Treating the nation



Why exciting?

- Healthcare projected to be one of highest growth sectors in U.S.
- Opportunity to fill Southeast's void of top ten ranked hospitals in certain areas
- Potential to become a medical destination that attracts both out-of-state patients and talent

Why Louisiana?

- Wealth of assets concentrated in specific areas (e.g., Shreveport, Baton Rouge, New Orleans)
- Exciting opportunities to drive significant improvements (e.g., building of LSU Teaching Hospital in New Orleans, Our Lady of the Lake / LSU partnership)
- Vibrant culture as a draw for medical travelers

Overview of blue ocean targets (continued)

Obesity / diabetes research and treatment



Why exciting?

- Growing epidemic in U.S. with no end in sight
- Southeast is at the epicenter of the problem
- Large increases in national funding and research grants

Why Louisiana?

- One of the highest rates of obesity and diabetes mortality rates in the US
- Costs expected to reach \$4.5 billion annually in Louisiana by 2018
- Pennington Biomedical Research Center is a leader in the study of obesity and preventative medicine

Manufacturing pharmaceuticals



Why exciting?

- Interest from international manufacturing operations to enter the U.S. market in lower-cost destinations
- High overall U.S. industry growth
- Worldwide growth driven by close to \$300 billion in branded drug sales going off patent by 2015

Why Louisiana?

- Low-cost manufacturing environment (especially Northwest Louisiana)
- Access to distinctive transportation assets providing outlet to rest of the country and world
- Increasing momentum led by recent and potential wins (e.g., Dr. Reddy's)

Overview of blue ocean targets (continued)

Water management: “The Netherlands of the U.S.”



Why exciting?

- Coastal restoration and defense becoming increasingly important to communities around the world
- Renewed attention to threat/impact of natural disasters
- Nascent industry domestically with no clear regional leader

Why Louisiana?

- Will spend roughly \$3-4 billion a year on coastal restoration in next 20 years
- Initial base of 40 companies
- U.S. dependence on Louisiana's energy production may necessitate additional long-term commitments

Unconventional gas: Not everything's bigger in Texas



Why exciting?

- Shift from tight gas supply to discovery of substantial domestic resources
- Cutting edge drilling and fracking technologies to unleash full potential of natural gas reservoirs
- Cleaner alternative to other widely used fuels (e.g., coal)

Why Louisiana?

- Haynesville Shale is the largest unconventional natural gas play in the U.S. (fourth largest in the world)
- Initial production has exceeded expectations and drilling remains very economically competitive
- Developed oil and gas industry with experienced and skilled workforce
- Potential to cultivate R&D operations that export technologies to other unconventional gas basins

Overview of blue ocean targets (continued)

Ultra-deep water: Under the sea



Why exciting?

- New wave of exploration to capture oil deposits 10,000 feet beneath the ocean surface
- One avenue to decreased dependence on foreign oil
- New technologies have driven increased interest on the part of energy companies in unexplored areas

Why Louisiana?

- Established oil and gas infrastructure to capture increased service operations new deepwater resources
- Better proximity to existing and new deepwater discoveries
- Developed oil and gas industry in the state with skilled workforce

Enhanced Oil Recovery techniques: Scraping the bottom of the barrel



Why exciting?

- Increases yields of existing oil resources leveraging new technologies
- Potentially very cost competitive
- If carbon capture technology develops, could be a use for carbon in traded carbon economy

Why Louisiana?

- Large number of mature oil fields within the state
- Some legislative action in place incentivizing the use of CO2 EOR
- Potential to capitalize on non-CO2 EOR techniques by leveraging expertise of existing petrochem base
- Developed oil and gas industry with skilled workforce

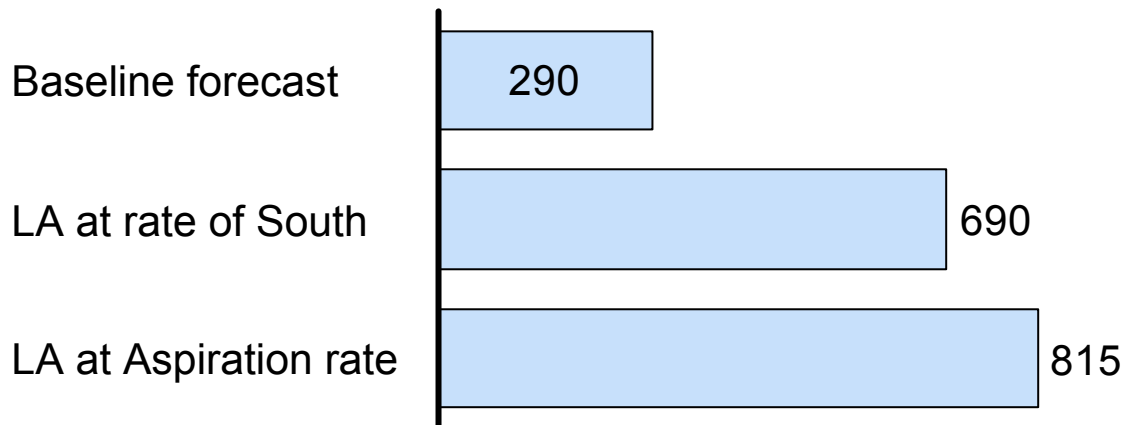
These targets could add 225,000-400,000 extra jobs over the next 20 years

Opportunity	LA job growth 2009-29 (thousands)	
	Direct	Total
▪ Next generation digital media/software development ecosystem	▪ 11-23	▪ 25-55
▪ Water management: The Netherlands of the US	▪ 10-20	▪ 20-45
▪ Specialty research hospital and medical district: Treating the nation	▪ 10-20	▪ 20-40
▪ Ultra-deep water: Under the sea	▪ 10-15	▪ 40-55
▪ Unconventional gas: Not everything's bigger in TX	▪ 10-15	▪ 40-55
▪ Auto: Supplying the future driving experience	▪ 5-15	▪ 10-35
▪ Energy efficiency: Green building, green living, green manufacturing	▪ 5-10	▪ 10-20
▪ Renewable energy: Power and fuel for the future	▪ 8-12	▪ 20-30
▪ Enhanced Oil Recovery techniques: Scraping the bottom of the barrel	▪ 5-7	▪ 20-25
▪ Nuclear power: Parts and modular production	▪ 3-5	▪ 10-20
▪ Obesity/diabetes research and treatment	▪ 1-2	▪ 2-4
▪ Manufacturing pharmaceuticals	▪ 1-2	▪ 5-10
Total	~80 - 145	~225 - 400

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

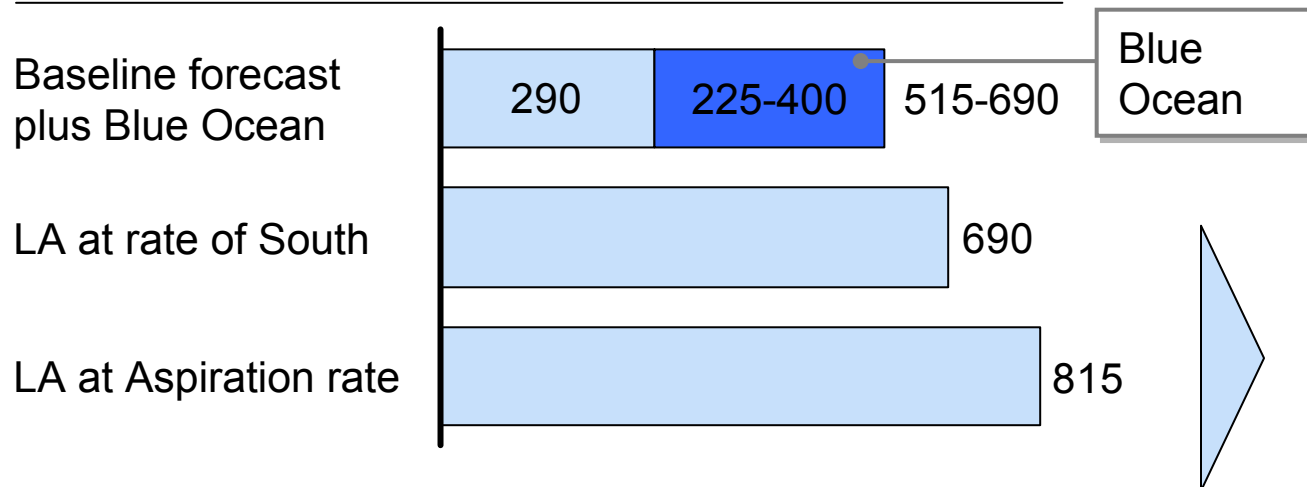
Thousands



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Total jobs added, 2009-29

Thousands



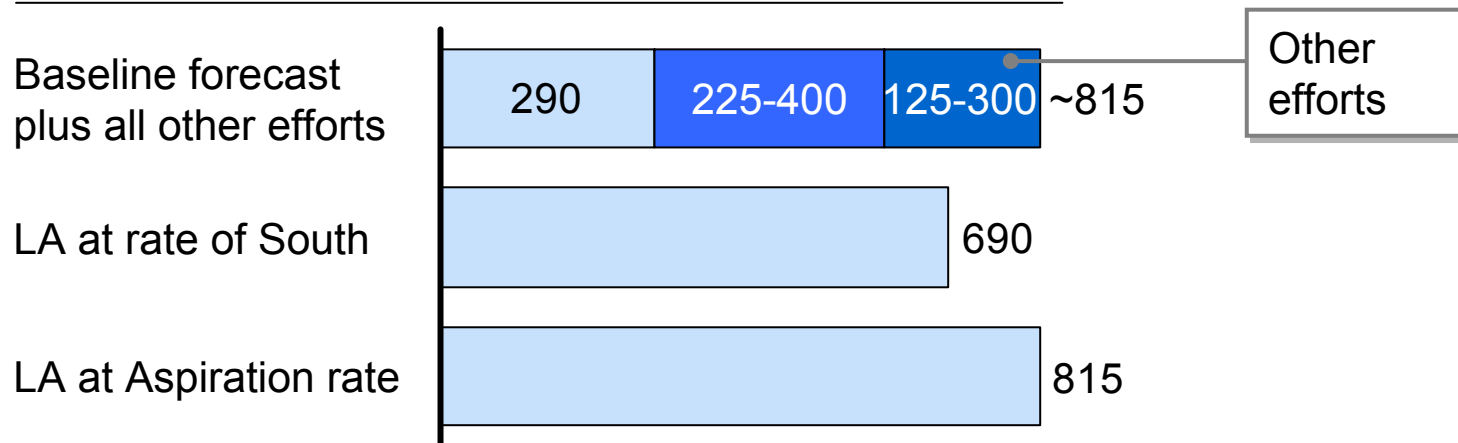
Additional economic impact over 20 years from "Blue Ocean" alone

- Roughly \$18-24 billion in new State and local tax revenue
- ~515-920K in new population

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



We've already generated several significant wins in these target industries

	Example project win	Significance
Nuclear energy manufacturing	<ul style="list-style-type: none">• Shaw Modular Solutions will manufacture modules for nuclear power plants in L.C.• After manufacturing and assembly, modules will be shipped globally	<ul style="list-style-type: none">• Opportunity for Louisiana to participate in global nuclear power renaissance with exponential growth potential• Industry manufacturing jobs average \$50-90k; design jobs average ~\$200k
Digital interactive media	<ul style="list-style-type: none">• Electronic Arts (EA) has launched global quality assurance center in Baton Rouge• Partnership between EA, Louisiana Economic Development, and LSU	<ul style="list-style-type: none">• Opportunity to establish competitive advantage in rapidly growing market• Industry jobs average \$60-80k
Advanced manufacturing	<ul style="list-style-type: none">• V-Vehicle announced plans to build a high-quality, fuel-efficient car in Monroe• Plans to expand existing facility formerly owned by Guide Corp.	<ul style="list-style-type: none">• Opportunity to participate in next generation of the U.S. auto industry• Opportunity to build relationships with top-tier venture capital firms, including Kleiner Perkins and Google Ventures
Pharmaceutical manufacturing	<ul style="list-style-type: none">• Dr. Reddy's Laboratories just announced a \$16.5MM expansion in Shreveport focused on supporting several new product lines	<ul style="list-style-type: none">• Builds credibility of Louisiana as a competitive location for pharmaceutical manufacturing• Could help spur trend of pharmaceutical manufacturing relocations to Louisiana from high-cost locations

Where do we go from here?

- **Refine action plans through continued discussions with stakeholders and partners**
- **Create business development teams within LED to pursue companies in target niches**
- **Align other state resources with target sectors (e.g., university research and degree programs)**
- **Refine benefit estimates and complete development of cost estimates**
- **Coordinate implementation in partnership with the Louisiana Innovation Council**