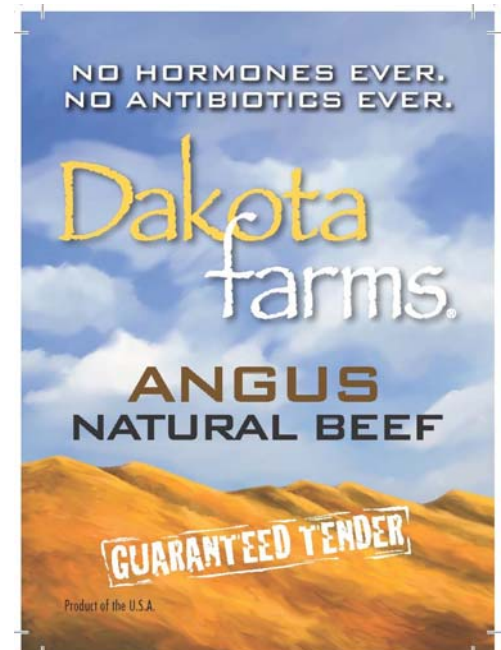


NDSU Hettinger Beef Day

February 5,
2009



Overview

- **North Dakota Natural Beef (NDNB) History**
- **NDNB Fargo Facility**
- **Natural Beef Market**
- **Start-up Advantages**
- **Dakota Farms® brand**
- **Animal Specifications**
- **Grading and Pricing Policy**
- **Producer Benefits**
- **Becoming a Supplier**

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NO ANTIBIOTICS EVER.

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History 2003

North Dakota State Legislature created the ND Beef Systems Center of Excellence

- North Dakota State University designated as executor of \$800,000 in appropriated funding
- Requirements to access funding
 - \$1,000,000 Federal participation
 - NDSU applied for and received \$1,000,000 USDA grant
 - \$1,000,000 private entity participation
 - North Dakota Natural Beef (NDNB) formed in 2005 by North American Bison Cooperative (NABC) as the private entity participator

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History

Objective: Reduced cost structure and create synergistic effort.

NABC provides to NDNB: NDNB provides to NABC:

- Management
 - Marketing
 - Administration
 - Production Facilities
 - New Rockford ND
- Administration
 - Production Facilities
 - Fargo ND

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History

North Dakota State University Provides Access to:

- Existing faculty and new faculty funded through Beef Systems Center of Excellence to develop a nationally recognized meat science department
 - Dr. Greg Lardy
 - Dr. Paul Berg
 - Dr. Robert Maddock
 - Dr. Eric Berg
 - Dr. Kasey Carlin

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History

North Dakota State University Benefits:

- Faculty and students have the ability to research and study a private business as well as a cooperative
- Meat judging can be done 4 blocks from campus vs. travel to Nebraska or South Dakota
- Students exposed to day-to-day issues they will encounter when they graduate
- Faculty has ability to conduct unlimited research
- The first of its kind relationship in agriculture

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History

North Dakota Natural Beef Benefits

- Ability to request research projects
- Feedback on animals to producers with recommendations
- Future candidates for employment
- Product testing (examples)
 - Shear test for tenderness
 - E-Coli testing
- 3rd party audit of the facilities to ensure it meets the highest standards

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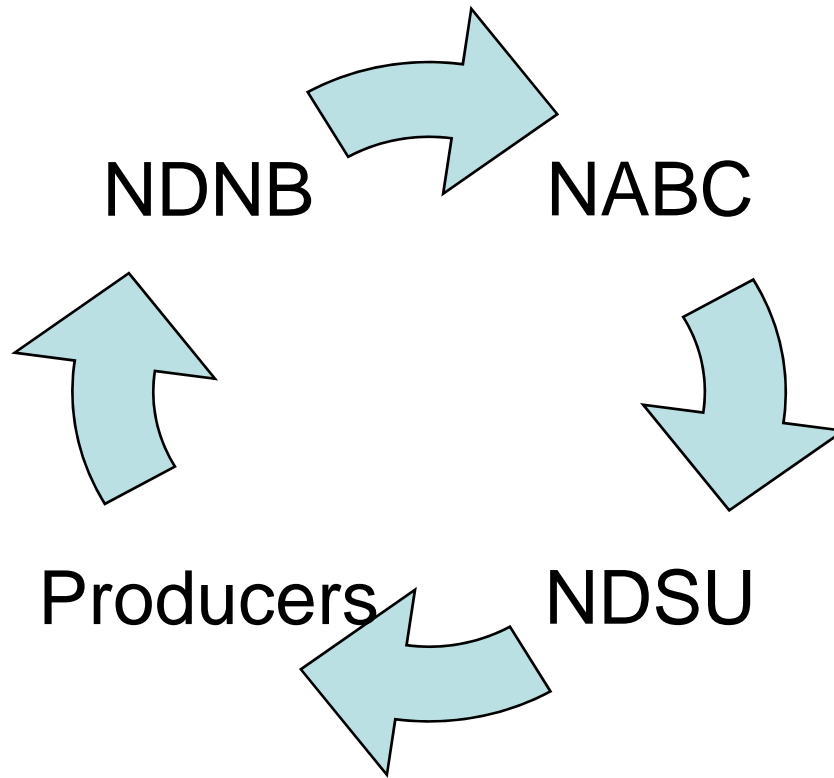
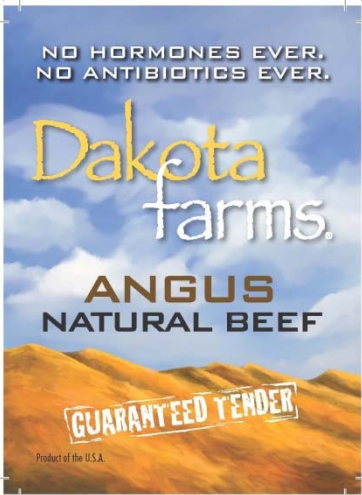
History

North Dakota Natural Beef, LLC & North Dakota State University

- Strategic Alliance (Only one of its kind in the US)
 - NDSU rents space in the NDNB Fargo facility
 - Classroom
 - Research & Development
 - Taste panel room/Test Kitchen
 - Carcass Laboratory

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Synergy



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Fargo Facility

Location

- 1909 Great Northern Drive,
Fargo ND 58102
- 4 blocks to NDSU campus
- 41,000 sq. ft.
 - Carcass Cooler
 - Further Processing - Grinding
 - Steak Cutting
 - Storage
 - Shipping
 - Office Space
 - NDSU Leased Space



**North Dakota Natural Beef Facility –
August 2007**



**North Dakota Natural Beef Facility –
August 2008**

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Natural Beef Market

- The retail grocery market for natural foods is growing at a compounded rate of **24 %** annually.
- Natural Meat is the fastest growing category in retail grocery nationwide. This applies to large and small market stores.
 - National Grocers
 - Regional Grocers
 - Local Grocers

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Natural Beef Market

Driving Force Propelling Grocers Move to Natural Products:

- Consumer Demand driven by
 - Demographics (Baby Boomers & New Parents)
 - Healthy Eating
- Establish a unique value proposition to differentiate themselves from Wal-Mart and maintain their customer base.

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Start Up Advantages

North Dakota Natural Beef, LLC Advantages

– Existing

- Experienced start up management team
- Experienced sales force with national and long standing relationships in grocery and food service
- Distribution channels
- Central North Dakota located harvest, fabrication and processing facility
- Geographical ease of access to animal supply

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Start Up Advantages

North Dakota Natural Beef Advantages

- Unequaled strategic alliance with a major land grant university: North Dakota State University
- Significantly reduced expense structure due the strategic alliance with North American Bison Cooperative
- North Dakota animal cost advantages
 - Lower cost of grain for feed
 - Reduced shipping distance for live cattle to New Rockford, ND
 - \$30 to \$60/head advantage compared to shipping to lower mid-west

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Dakota Farms®

Dakota Farms Angus Natural Beef:

- No Hormones... **EVER!**
- No Antibiotics... **EVER!**
- **Angus** Breed Specific
- **USDA Graded** program
- Product of **USA**
- **Partnership** with North Dakota State University & ND Beef Systems Center of Excellence

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Dakota Farms®

Customer Locations

- ND – Hornbacher's, Cash Wise (Bismarck & Fargo), Hugo's, Bronson's (Beulah), Krause's (Hazen), LaMoure Supervalu
- MN – CashWise/Coborn's
- Texas, Arizona, New Mexico, Southern California
- Chicago
- Restaurants nationally

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Dakota Farms®

Products

- Ground Beef – 93% lean, 90% lean, 80% lean
- Ground Chuck – 80% lean
- Beef 2lb. Burger Box
- Beef 1lb. Mini-Burger Box
- 2lb. Chuck Roast
- 1lb. Stew Meat
- Steaks – Rib-eye, NY Strip, Sirloin, Round, etc.
- Other items cut from whole muscles at the store level

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Animal Specifications

Never-Ever Hormone & Never-Ever Antibiotic Specifications

- ❑ Supplemental hormones of any kind in the feed or via implant have never been used
- ❑ Beta-agonists have never been used
- ❑ Antibiotics including ionophores, either therapeutic or sub therapeutic have never been used

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Animal Specifications

Age & Origin

- ❑ 24 months of age or younger at the time of harvest
- ❑ United States Origin only – Product of USA

Breeding

- ❑ Angus – Black or Red Angus
- ❑ Genetics of *Bos Taurus* cattle are used exclusively
- ❑ Animals are sourced from the North Dakota region

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Animal Specifications

Feeding Regimen

- ❑ Fed for at least 100 days before harvest
- ❑ Grain ration comprised of no less than 50% grain
- ❑ No animal by-products, vegetarian fed
- ❑ Feedstuffs have not come into contact with any hormones or antibiotics (including ionophores)
- ❑ High level of Vitamin E in ration

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Animal Specifications

USDA Grading

- ❑ Animals are USDA graded to maximize producer and company profitability for high quality cattle

Affidavit & Audit Monitoring

- ❑ Affidavits must be signed by cow/calf producer, stocker, backrounder and feeder
- ❑ NDNB & 3rd Party Auditors perform random unannounced audits of the supply chain

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Grading and Pricing Policy

- General Pricing: Base Price + Never-Ever Premium+/- Premiums/Discounts for USDA grade
- Paid on a Hot Carcass Weight (HCW) basis
- Premium of \$75-\$150 per animal depending upon animal grade
- NDNB Program Animal Grade Objective: USDA Choice & USDA Prime

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Producer Benefits

- Premium for Never-Ever Animals
- Shipping Advantage
- North Dakota Economic Benefit
 - For every \$1.00 spent on beef in North Dakota, the return is in excess of \$4.00 in the economy of the State of North Dakota

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Animal Needs

- North Dakota Natural Beef is expanding their customer base – anticipate an additional 200 animals/week within a month
- As NDNB grows, more and more animals are needed
- NDNB sources animals from the ND region

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Becoming a Supplier

- Call NDNB Procurement to verify animals meet defined protocols and specifications & discuss your animal operation
- NDNB Procurement will discuss delivery options
- Complete NDNB affidavit
- Deliver as scheduled

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NDNB Procurement

Kristen Knudtson • Director of Procurement, NDNB

Ph: 701.356.7724 • Cell: 701.552.1255

Email: kknudtson@ndnatural.com • Fax: 701.356.7721

1909 Great Northern Drive • Fargo ND 58102

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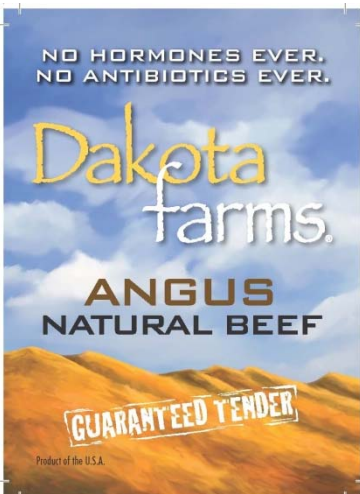
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Summary

- North Dakota Natural Beef is the private partner in the ND Beef Systems Center of Excellence
- NDNB partners with NDSU & the North American Bison Cooperative
- NDNB owns a new processing and distribution facility in Fargo ND
- Natural beef market is growing nationally
- Dakota Farms® is the brand of NDNB
- NDNB Animal Specifications are never-ever hormone, never-ever antibiotic, Angus, animal origin (USA), feeding regimen (vitamin E)
- NDNB Grading and Pricing Policy
- How to become a supplier

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Thank you for
attending!



Any
Questions?

