



J.R. SIMPLOT COMPANY

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J. R. Simplot Company Plans to Build State-of-the-Art Processing Plant

BOISE, Idaho, Nov. 9, 2011--The J. R. Simplot Company is planning to build a state-of-the-art potato processing plant in Caldwell, Idaho, with site preparation anticipated to begin next May and start-up expected by spring of 2014.

The 380,000-square-foot plant, which will be built on the site of the Company's original processing plant in Caldwell, will help Simplot remain competitive in the food industry while providing significant environmental benefits, according to company president and CEO Bill Whitacre.

"Competition in the food industry has become challenging, with profit margins shrinking and costs continuing to rise," he said. "These factors and other considerations have made it important to the future well-being of our food business that we build this new plant."

Simplot is not divulging the cost of the new facility, but Whitacre said it will be the largest single investment the Company has ever made in Idaho.

The new plant will replace the Company's existing potato processing plant in Caldwell, Idaho, with additional closures in the next 2 – 3 years of facilities at Aberdeen and Nampa, Idaho, resulting in the loss of just under 800 jobs.

"We struggled with this very difficult decision and we know the closures will have an impact on many of our employees and their families," said Whitacre. "We will be doing what we can to ease the transition as it occurs, including providing separation packages, onsite counseling, out-placement services, and other forms of assistance. We are committed to providing transitional support for our employees, and we hope that making this announcement so far in advance of the closures will help them to adequately plan for their futures."

Most of the job losses will not occur until the closure of the three existing plants.

"The new plant will employ about 250 people, so there will not be job opportunities for all of those displaced by the closures," said Whitacre. "However, current employees will have the opportunity to apply for positions at the new facility."

A construction management firm has not yet been chosen to build the new plant, but many local engineering firms will be used on the project, Whitacre said. The primary design firm, Burns & McDonnell of Kansas City, Mo., is a nationally recognized engineering organization with broad experience in the food and beverage industry.

According to Mark McKellar, Simplot Food Group president, the new plant will be far more efficient than the plants slated for closure. It also will produce a smaller carbon footprint, use considerably less water, and be more energy-efficient.

"The new plant will produce the same output as the three older plants, and will allow us to remain competitive in the marketplace," he said. "It will cost about as much to build the new plant as it would to renovate the three existing plants, and that renovation would have provided fewer gains in terms of long-term, sustainable production. Unfortunately, our current Idaho plants lack the flexibility, processing capability, and energy efficiency that we need to be sustainable."

McKellar said the Caldwell site was chosen for a number of reasons.

"The Caldwell location affords excellent access to rail and road transportation, water, raw potatoes and other inputs, and the skilled labor force that will be necessary to operate and maintain such an advanced facility," he said. "In addition, the selection of Caldwell pays tribute to the fact that our founder chose the site for his first dehydrating operation and subsequently expanded into potato processing there."

The Company began operations at the Aberdeen plant in 1973 and acquired the Nampa plant from Nestle in 2000. J. R. Simplot began dehydrating operations on the Caldwell site in 1941 and subsequently converted the facility to process frozen potatoes in the early 1950s.

About Simplot: The J.R. Simplot Company, a privately held agribusiness firm headquartered in Boise, Idaho, proudly brings earth's resources to life with an integrated portfolio that includes phosphate mining, fertilizer manufacturing, farming, ranching, cattle production, food processing, food brands, and other enterprises related to

agriculture. Simplot's major operations are located in the U.S., Canada, Mexico, Australia, New Zealand and China, with products marketed in more than 40 countries worldwide. For more information visit www.simplot.com.
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