

YOUR ASSESSMENT AT WORK: 2013 California Walnut State of the Industry

Presented by:

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YOUR ASSESSMENTS HAVE HELPED:

1. Position walnuts as a healthy food
2. Open and develop new markets
3. Improve production practices

The result?

**Economic Growth of the
California Walnut Industry**

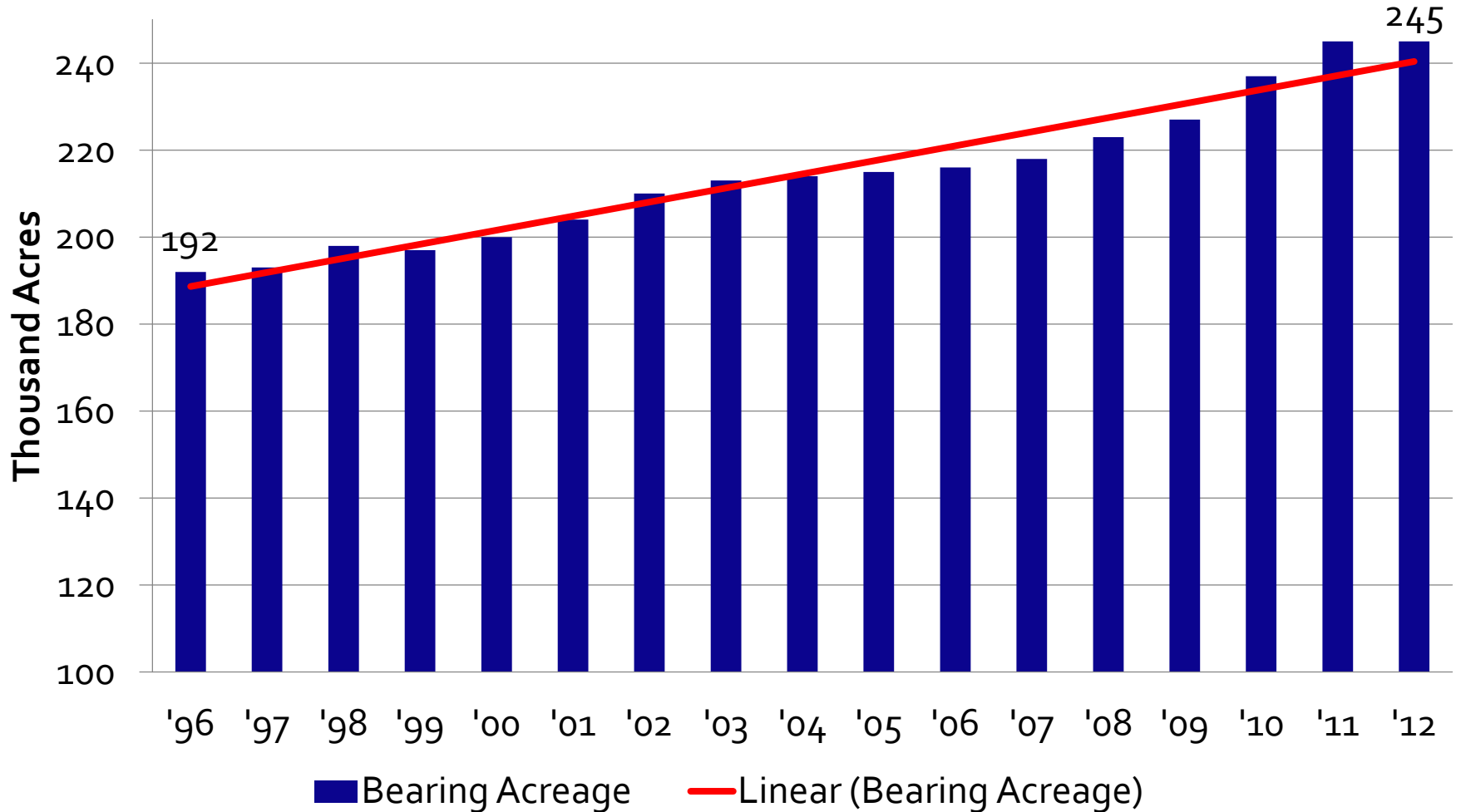
BOARD ACTIVITIES

- Production Research
- Food Safety
- Grades & Standards
- Section 18
- U.S. Marketing to Build Demand
- **Volume Control**
- USDA Surplus Control Buys
(i.e. School Lunch Program)

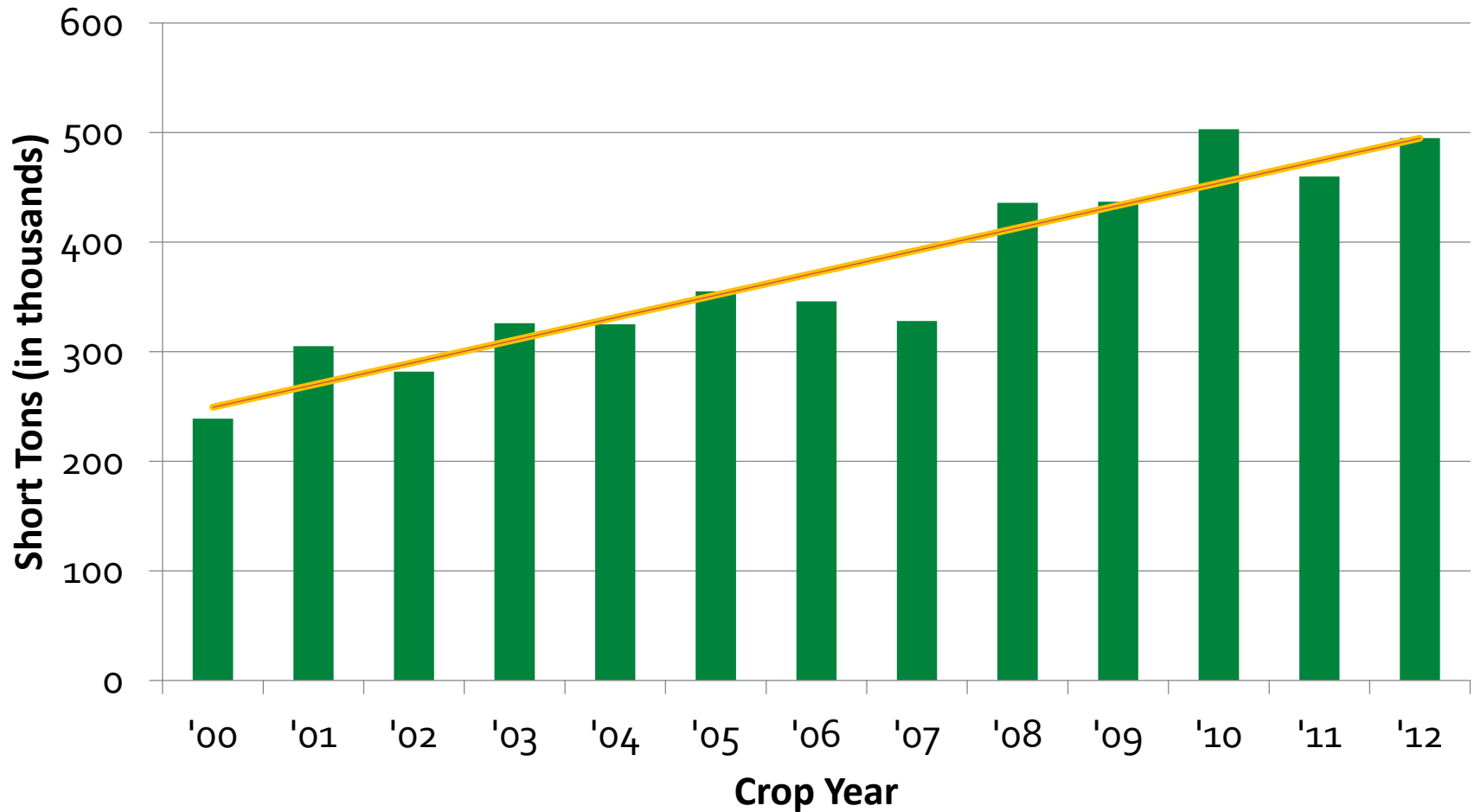
COMMISSION ACTIVITIES

- Health Research
- U.S. & International Market Development
- Educate government officials
- Trade Policy (FTA)
- Regulatory Issues
- Communication within the Industry
- Contract Flexibility

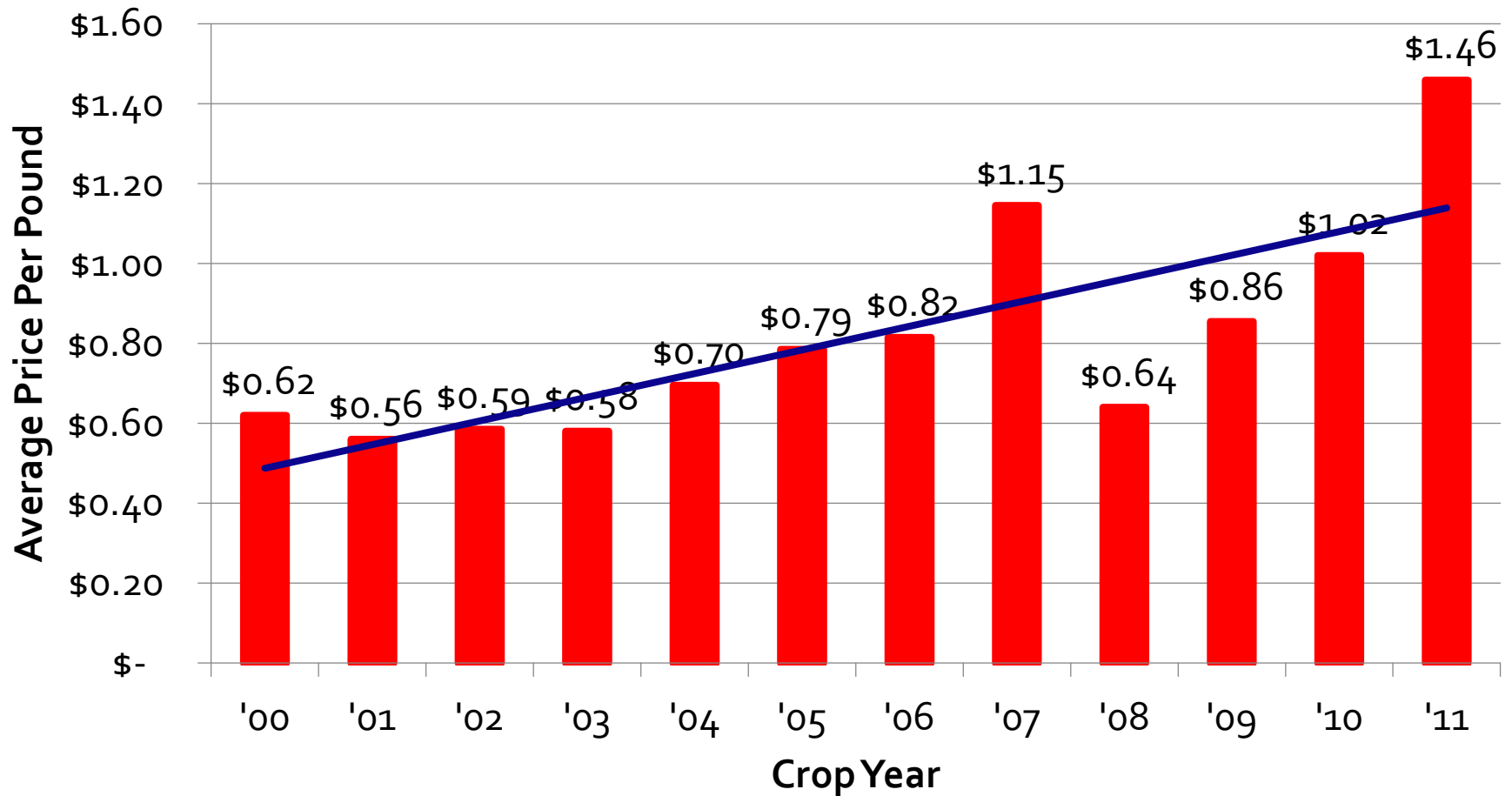
BEARING ACREAGE



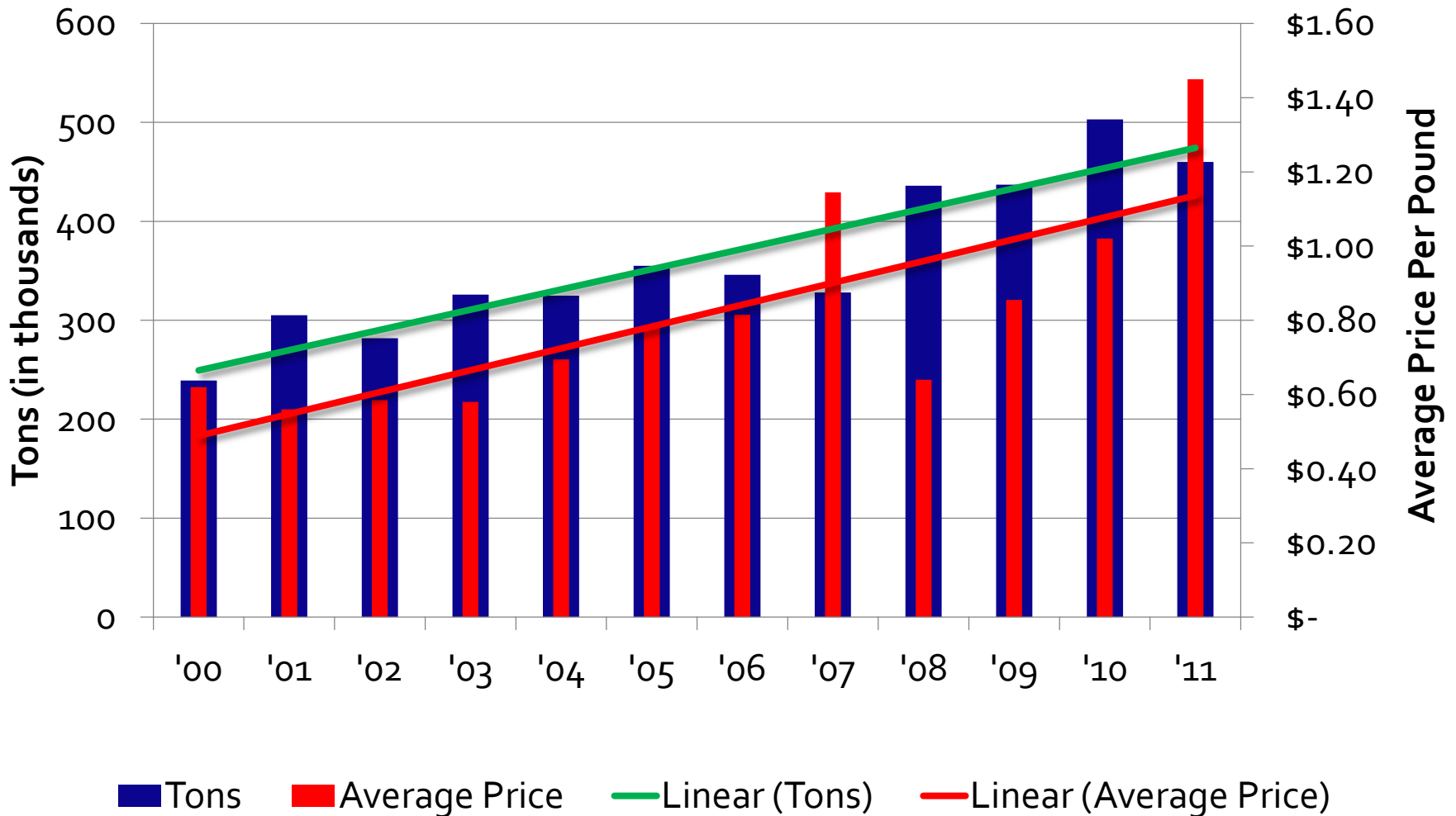
PRODUCTION



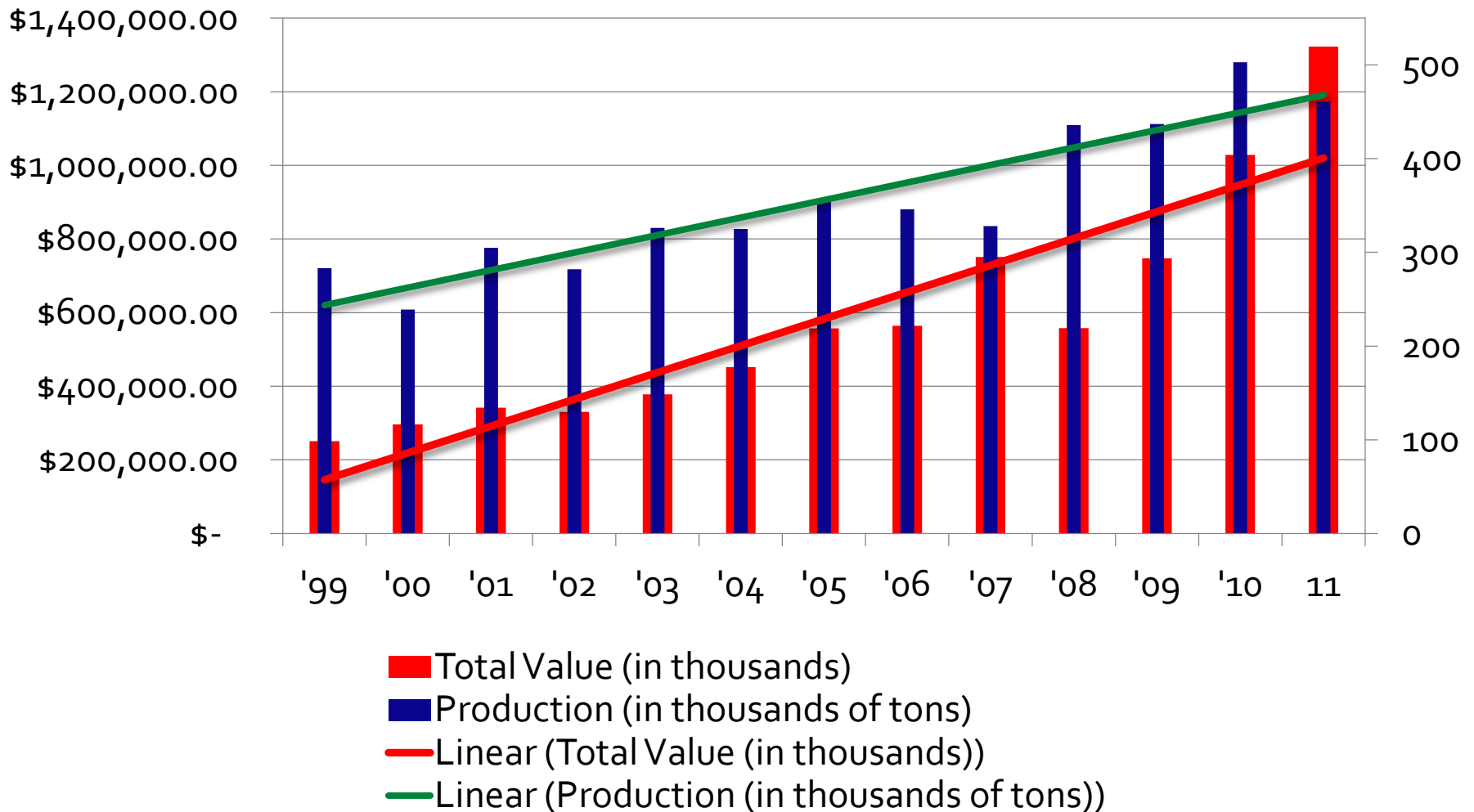
AVERAGE WALNUT PRICES



PRODUCTION & AVERAGE PRICE PER POUND

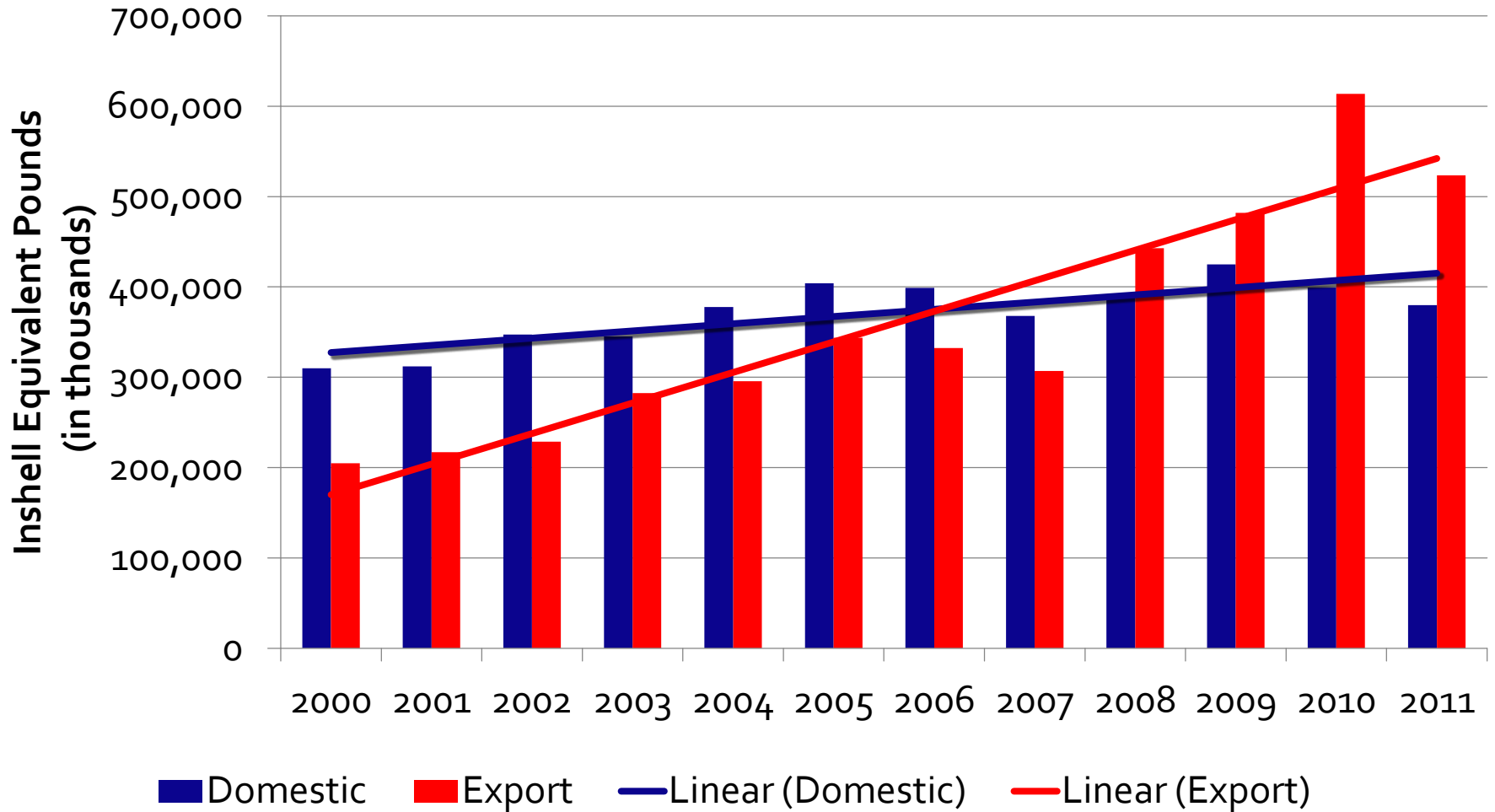


PRODUCTION & TOTAL VALUE

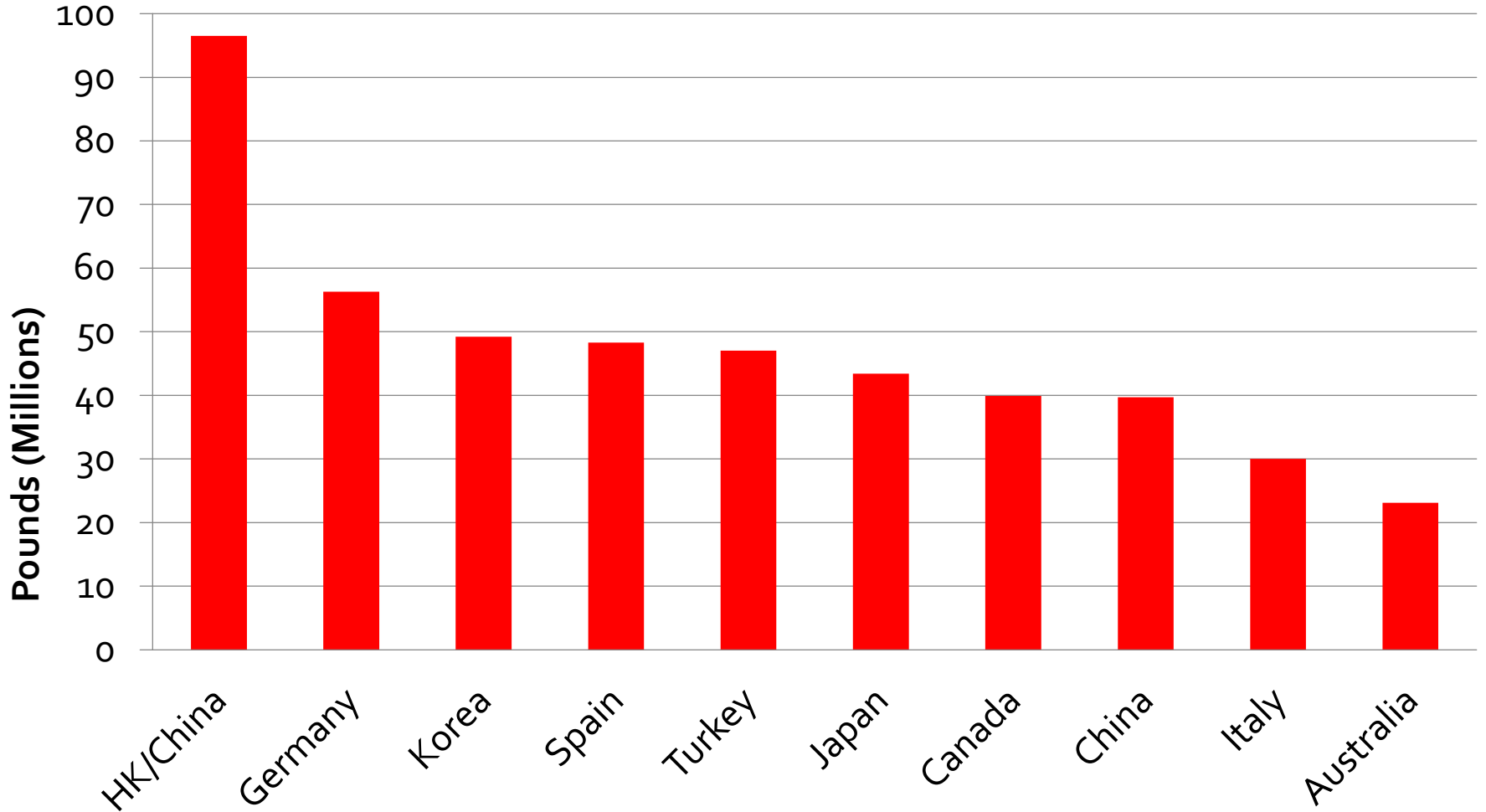


Source: 2011 California Walnut Acreage Report; USDA, National Agricultural Statistics Service

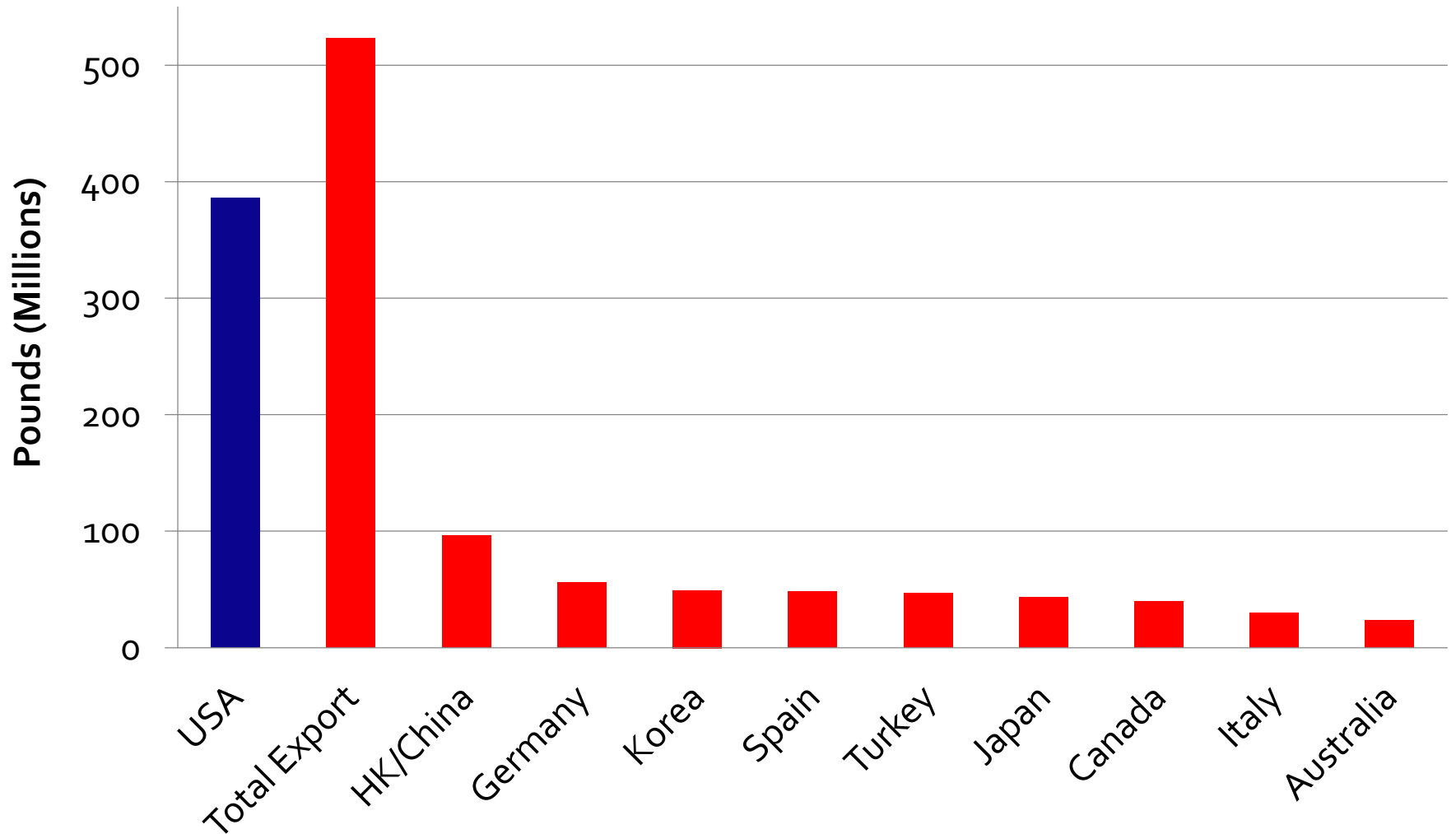
DOMESTIC & EXPORT SHIPMENTS




TOP MARKETS – 2011 Crop Year



TOP MARKETS – 2011 Crop Year



**YOUR ASSESSMENT AT WORK:
PRODUCTION RESEARCH
ACHIEVEMENTS**

1970's  TODAY

the **BiG** **BANG** THEORY





1970's

1971

Ethephon spray
for early harvest
Codling moth
pheromone

1975

'Blackline' virus
discovered

1977

Identified 13
species of
Phytophthora
causing root and
crown rot

1979

'Chandler' and
'Howard' released
95,285 acres
Chandler
22,461 acres
Howard

1980's and '90's

1980's

Higher planting densities

Mechanical hedging & pruning

1993

'Tulare' released.

Ranked #3 in 2011 plantings

1994

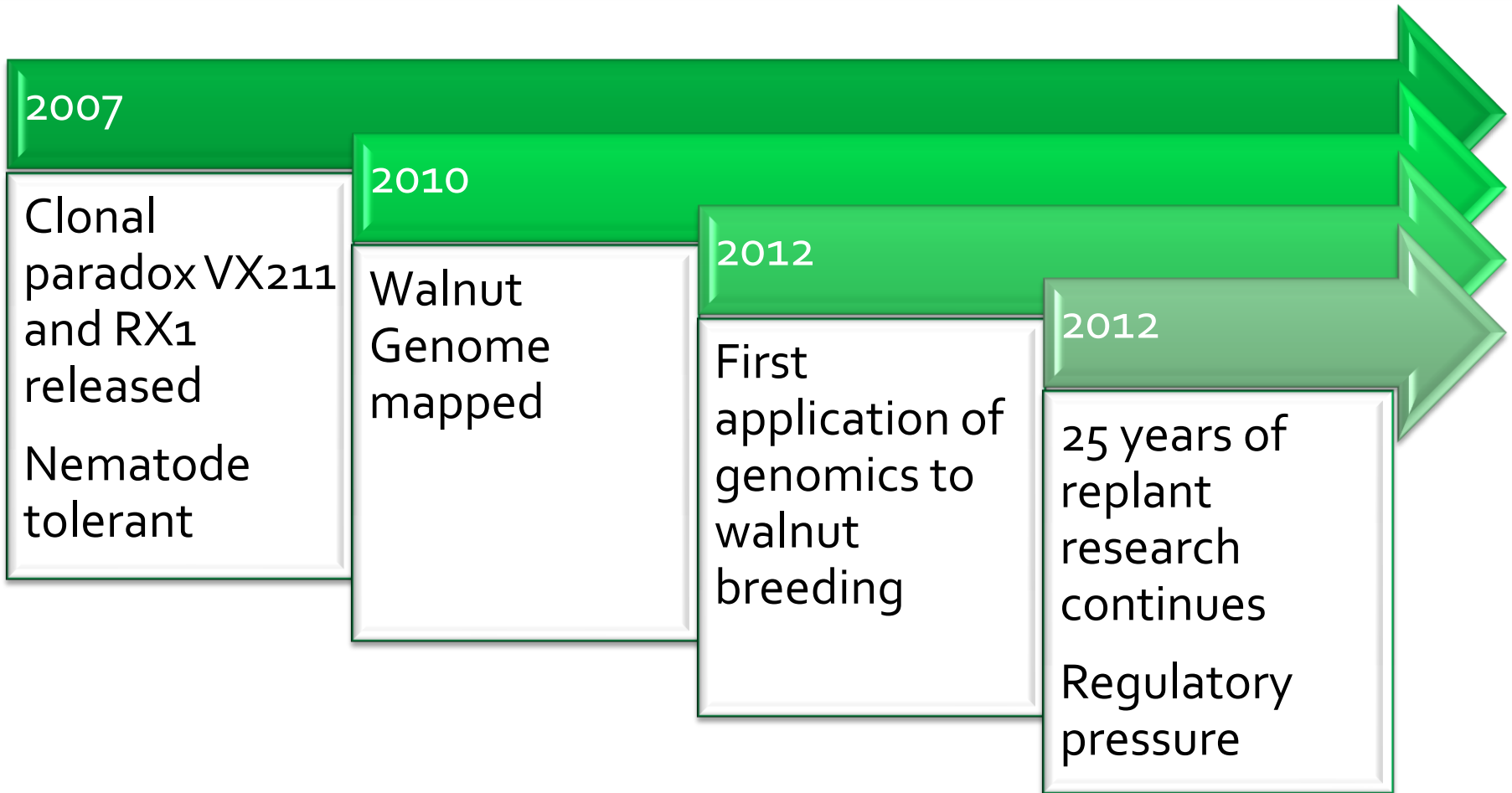
'Manex' Section 18 registration for blight control.

20 years (longest on record)


1996

'Paradox' Genetic Diversity Study started.

2000's to Present



**YOUR ASSESSMENT AT WORK:
HEALTH RESEARCH
ACHIEVEMENTS**

1990's  TODAY

HEALTH RESEARCH ACHIEVEMENTS

1987

Research shows
0% like walnuts
for health
benefits.

US shipments –
93 million
pounds

1991

First health
study begins at
Loma Linda
University

1993

Study publishes
in New England
Journal of
Medicine – 244
million
impressions

1995

CWC forms
Scientific
Advisory Council

HEALTH RESEARCH ACHIEVEMENTS

2001

Barcelona
Walnut Trial
Publishes

268 million PR
impressions

2003

PREDIMED
Trial Begins in
Spain

2004

Walnuts
Receive FDA
Health Claim

1.4 billion PR
impressions

2005

Receive the 1st
research grant
from American
Institute for
Cancer
Research

HEALTH RESEARCH ACHIEVEMENTS

2011

2nd Breast
Cancer Study
Receives 738
million
impressions

2011

Health is the
#1 reason for
purchase
86% say
walnuts are
healthy

2011

AHA
Certification of
Walnuts



2012

Walnuts
Receive 4
Health Claims
from European
Union (1
specific)

189 million shelled pounds shipped in 2011

HEALTH RESEARCH - TODAY

85 Published Papers to Date

Recently Published

- UCLA (Robbins) – Male Reproductive Health
- Harvard (Hu) – Alpha-Linolenic Acid
- Penn State (Van Den Heuvel) – Breast Cancer
- Tufts University (Carey) – Cognitive Function

In Progress (30)

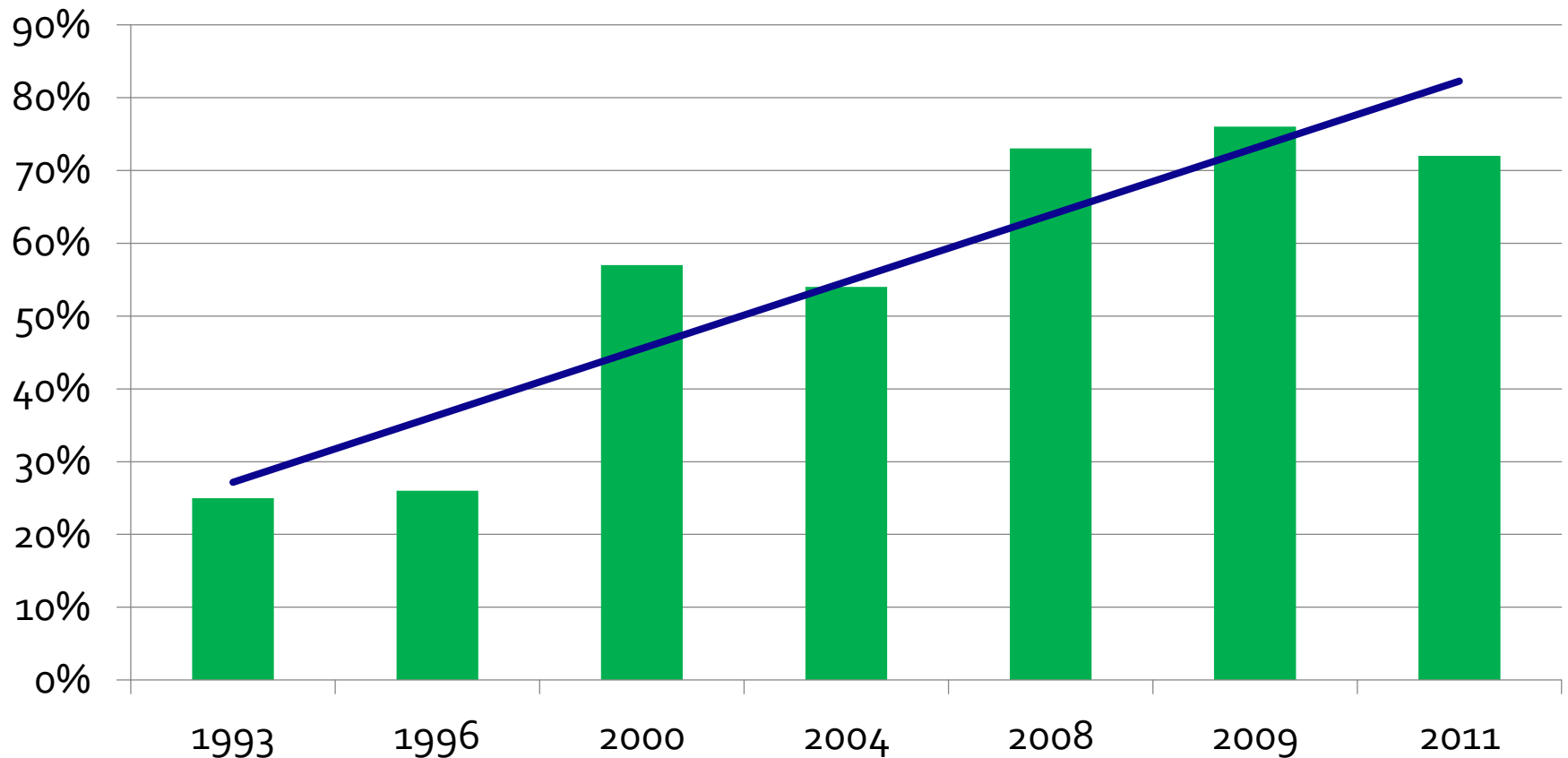
- Cardiovascular
- Cancer
- Cognitive Function
- Diabetes
- Male Reproductive Health
- Weight Management

8 in 10 PR impressions health-related

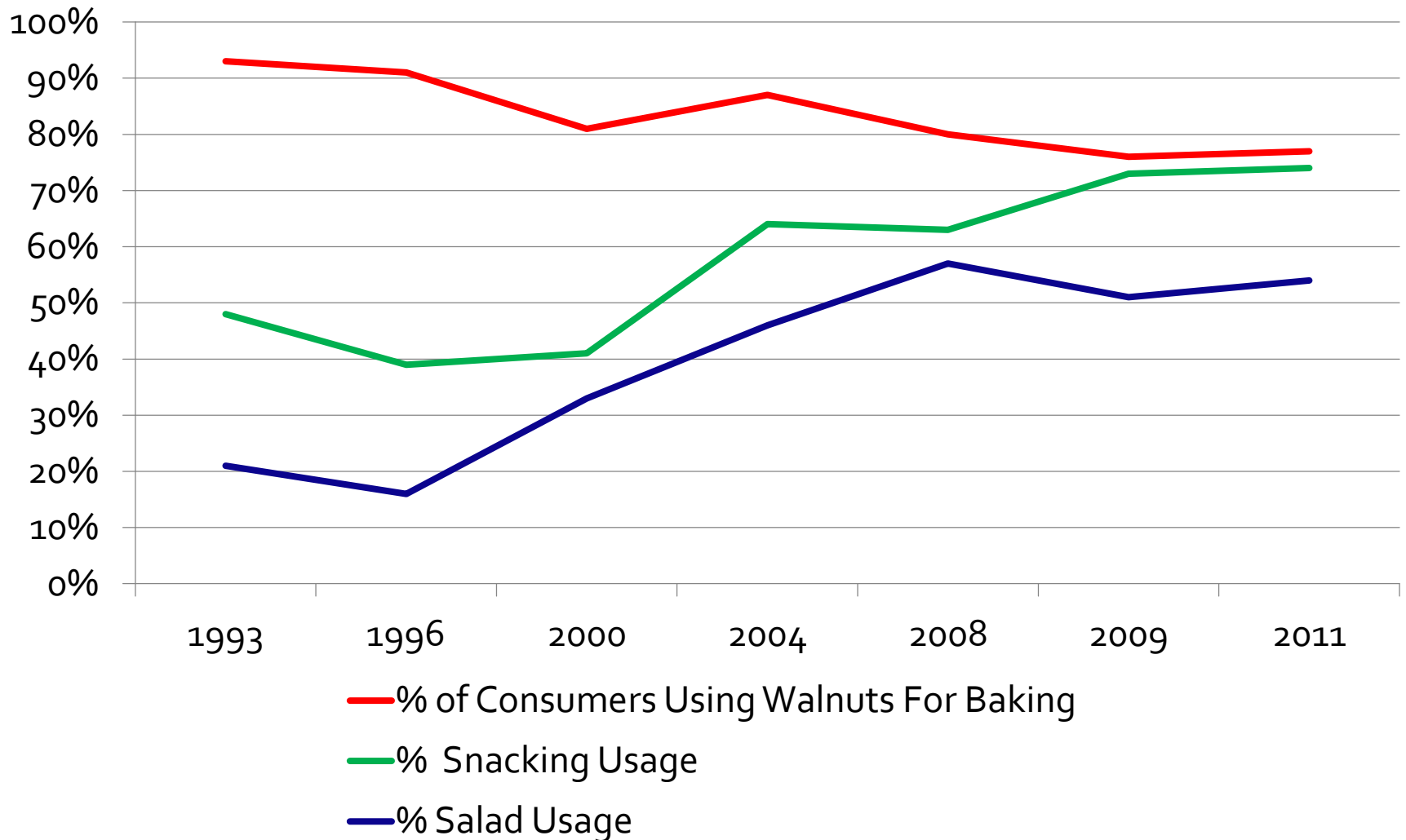


CONSUMER PERCEPTIONS

% of Consumers Using More Walnuts Because They Are Healthy/Good For You/Nutritious



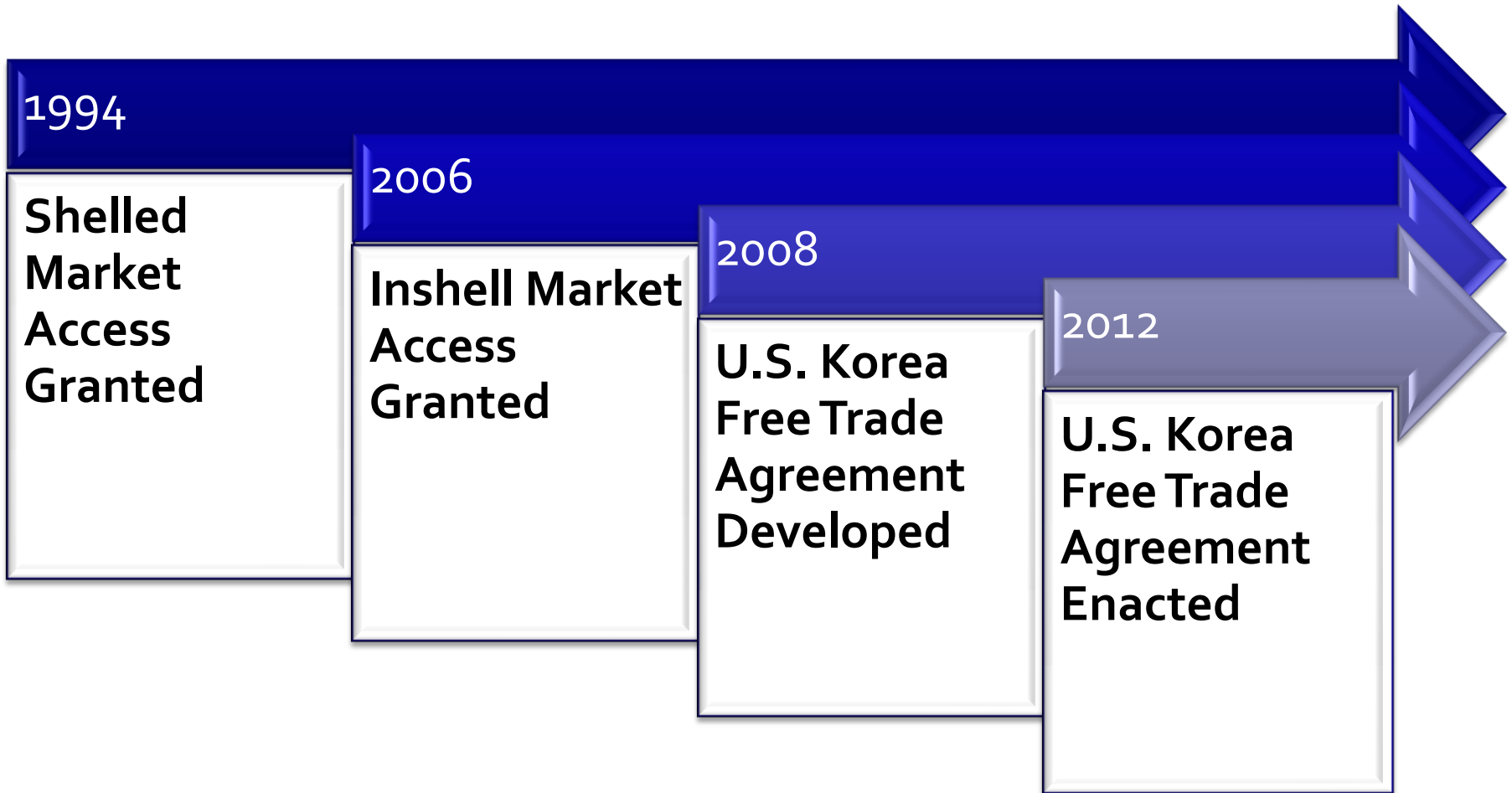
CONSUMER PERCEPTIONS



**YOUR ASSESSMENT AT WORK:
MARKET DEVELOPMENT
ACHIEVEMENTS**

1980's → TODAY

South Korea Market Development Achievements



Japan Market Development Achievements

1986

**Inshell Market
Access
Granted**

1989

**New Product
Development
Competition
Begins**

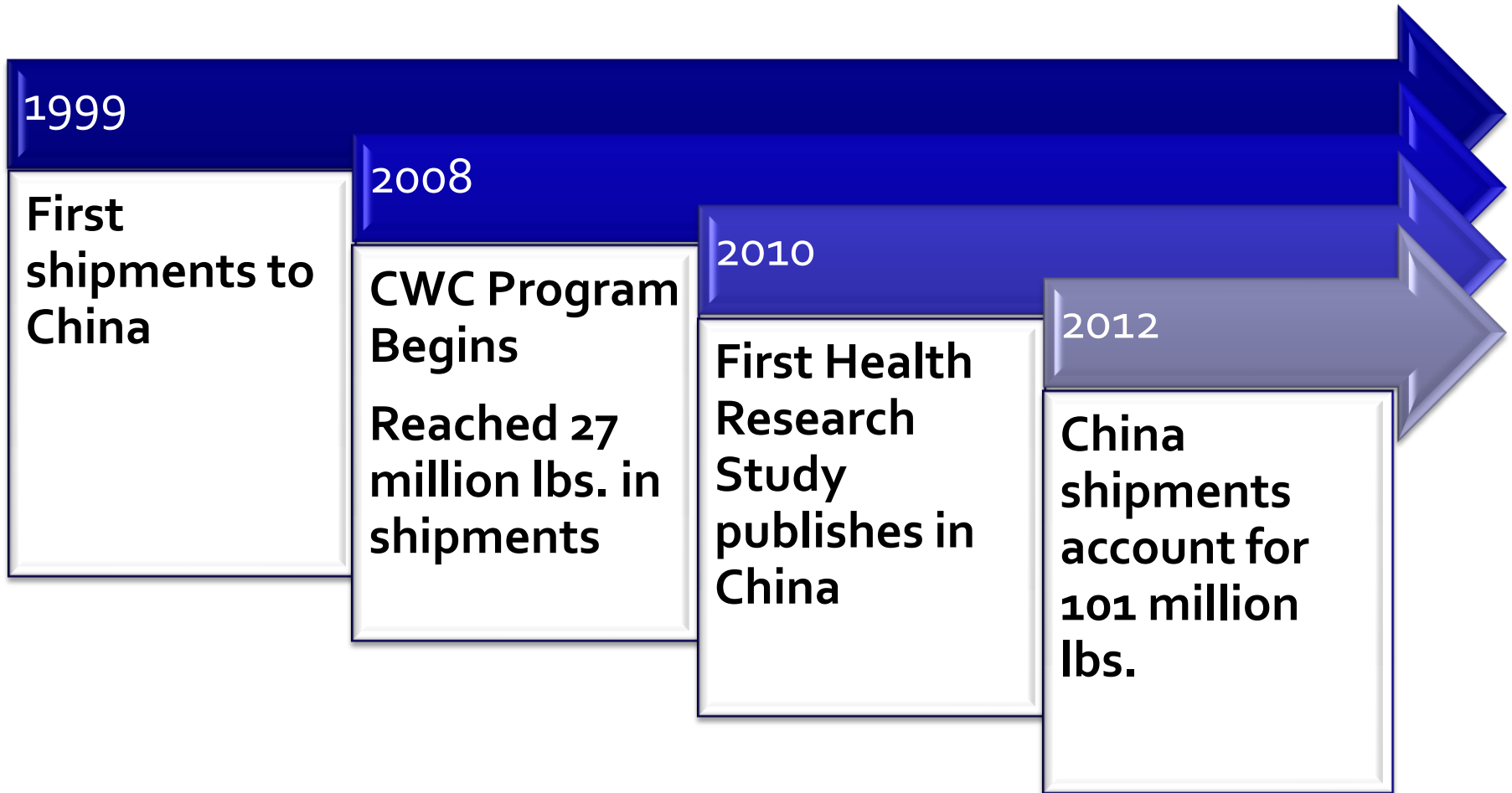
2012

**Bakery Sector
continues to
account for
70+% of total
volume
shipped**

2012

**Market Share
in 1989 from
40% vs. 96%
Today**

China Market Development Achievements



MARKET DEVELOPMENT ACHIEVEMENTS

Coming Soon - 2013

India Market Access

Protocol Pending

EXPORTS - Then vs. Now

- Export growth 52M tons 1985 to 263M tons in 2011
- 406% increase



CURRENT MARKETING HIGHLIGHTS

U.S. ADVERTISING



CALIFORNIA WALNUTS

NATURAL DEFENDERS OF THE HUMAN BODY™

Nutritious California Walnuts are a convenient source of energy for hard working bodies. They're rich in the essential plant-based omega-3 fatty acid ALA. And the American Heart Association certifies foods, including walnuts, for the contribution they can make to an overall heart-healthy diet.



*Supportive but not conclusive research shows that eating 1.5 ounces of walnuts per day, as part of a low saturated fat and low cholesterol diet and not resulting in increased caloric intake, may reduce the risk of coronary heart disease.†FDA One ounce of walnuts provides 18g of total fat, 2.5g of monounsaturated fat, 11g of polyunsaturated fat including 2.5g of alpha-linolenic acid -- the plant-based omega-3 fatty acid and 2.6mmol of antioxidants.

WALNUTS.ORG FACEBOOK.COM/CAWALNUTS TWITTER.COM/CAWALNUTS

For one ounce serving. See heartcheckmark.org/guidelines



CALIFORNIA WALNUTS

NATURAL DEFENDERS OF THE HUMAN BODY™

Why should your family's diet include delicious, heart-healthy California Walnuts? They're rich in the essential plant-based omega-3 fatty acid ALA. And since they're naturally sodium and cholesterol free, walnuts are certified heart-healthy by the American Heart Association. Learn more at walnuts.org.



For one ounce serving. See heartcheckmark.org/guidelines

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CALIFORNIA WALNUTS

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U.S. ADVERTISING 2012-13

- Better Homes & Gardens
- Cooking Light
- Eating Well
- Health
- Martha Stewart Living
- Real Simple
- Saveur
- Sunset
- Women's Health

\$2 million
investment



314 million
impressions

EXPORT PUBLIC RELATIONS

- Health Related Media Coverage Drives Consumption
 - 60 % of media coverage in Japan & Korea health related
 - Secret of Healthy Human Life (Korea)
 - NHK's Asa-ichi (Japan)
 - Retail sales increases of up to 600%, post air



EXPORT TRADE PROGRAMS

- Korea Retail Sales Competition
- China Retail Promotions



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Food Safety Modernization Act on the Horizon

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Industry Newsletter

Walnut news

Food Safety Modernization Act on the Horizon

YOUR ASSESSMENT AT WORK: **IN SUMMARY**

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1. Position walnuts as a healthy food
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3. Improve production practices

The result?

**Economic Growth of the
California Walnut Industry**

Thank you!

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