

California Walnut Annual Report 2007/08

Presented to Growers

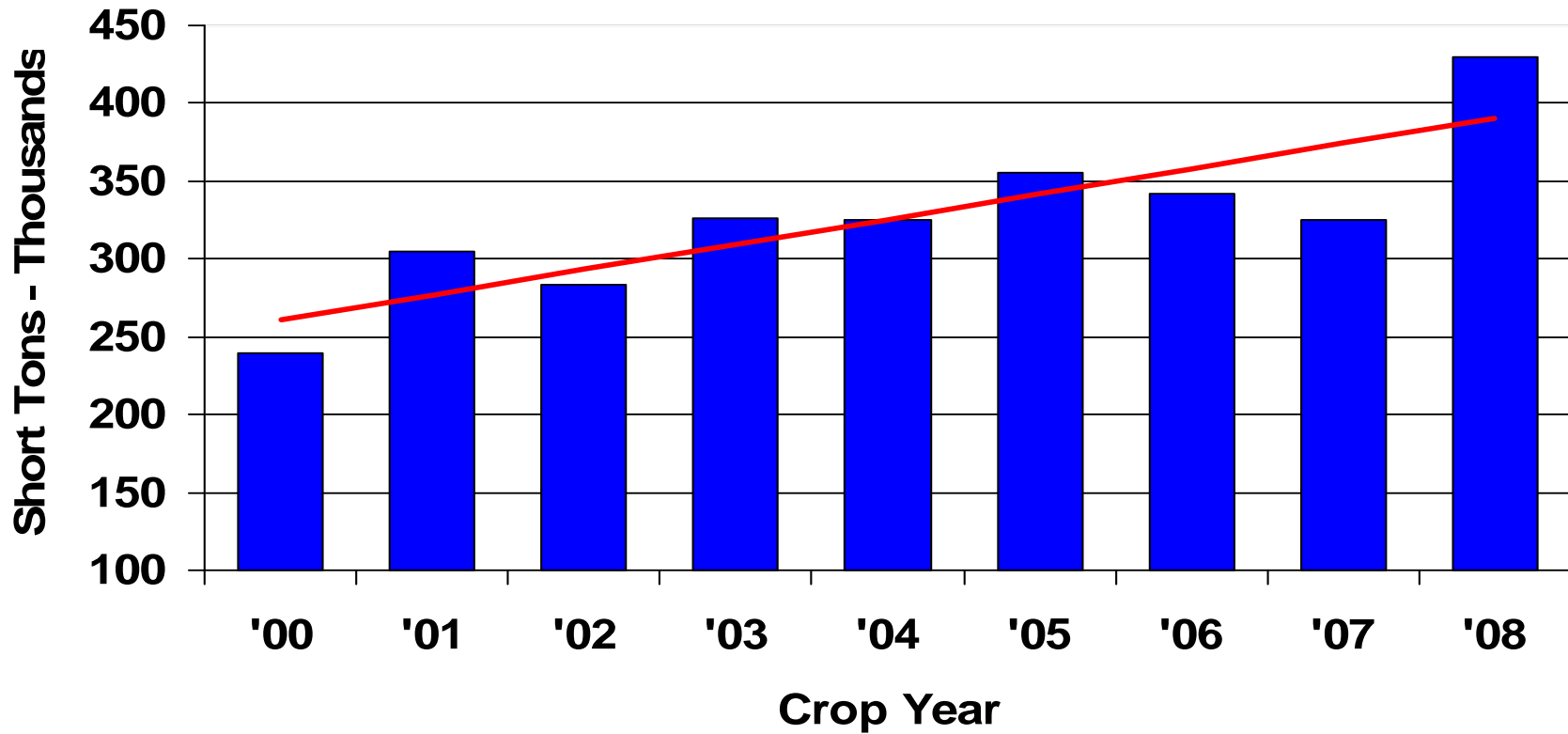


OVERVIEW

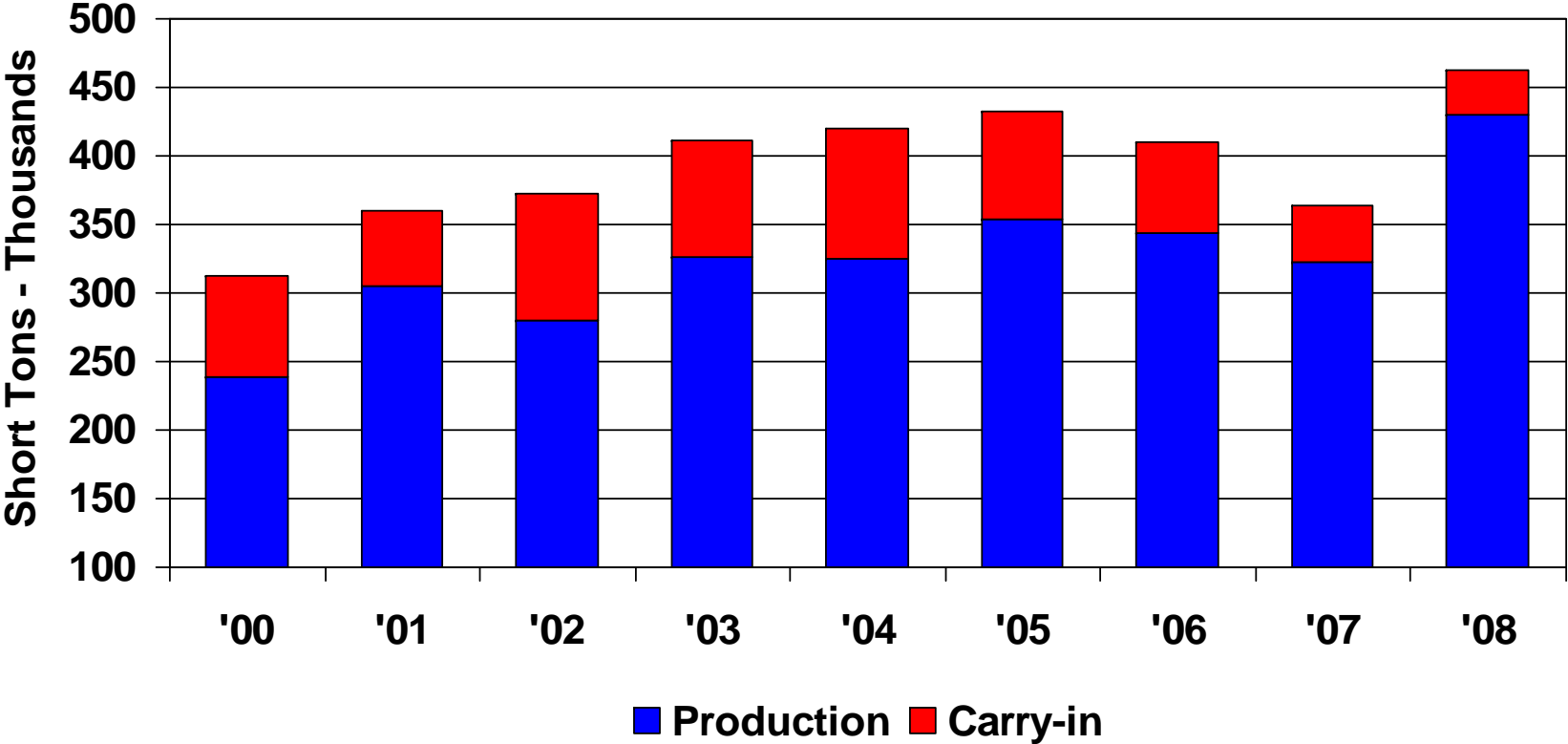
- 07/08 Statistics
- Market Situation – U.S. & Abroad
- Health Research
- Referendum
- Regulatory



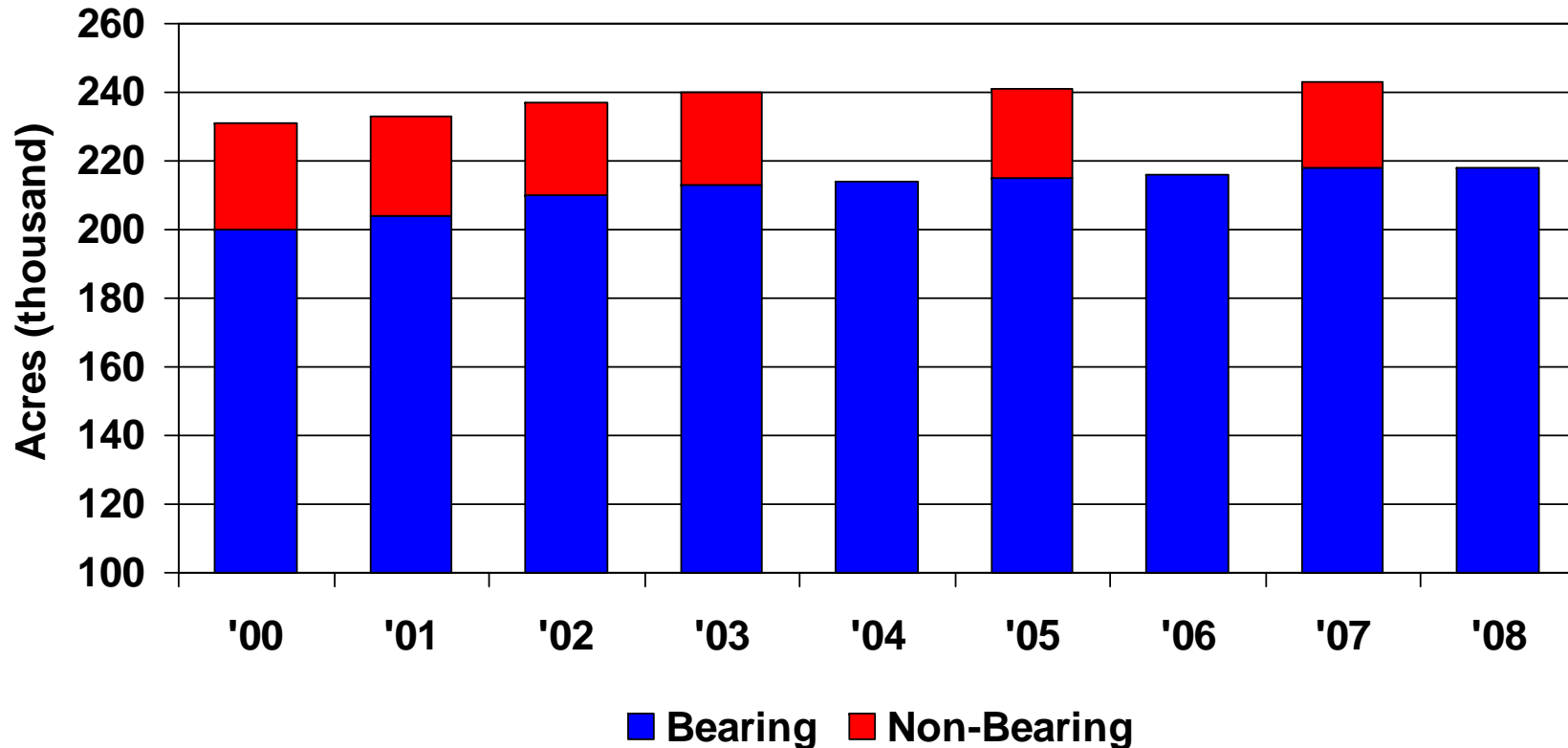
U.S. Walnut Production History



Total CA Walnut Availability



Bearing Acreage



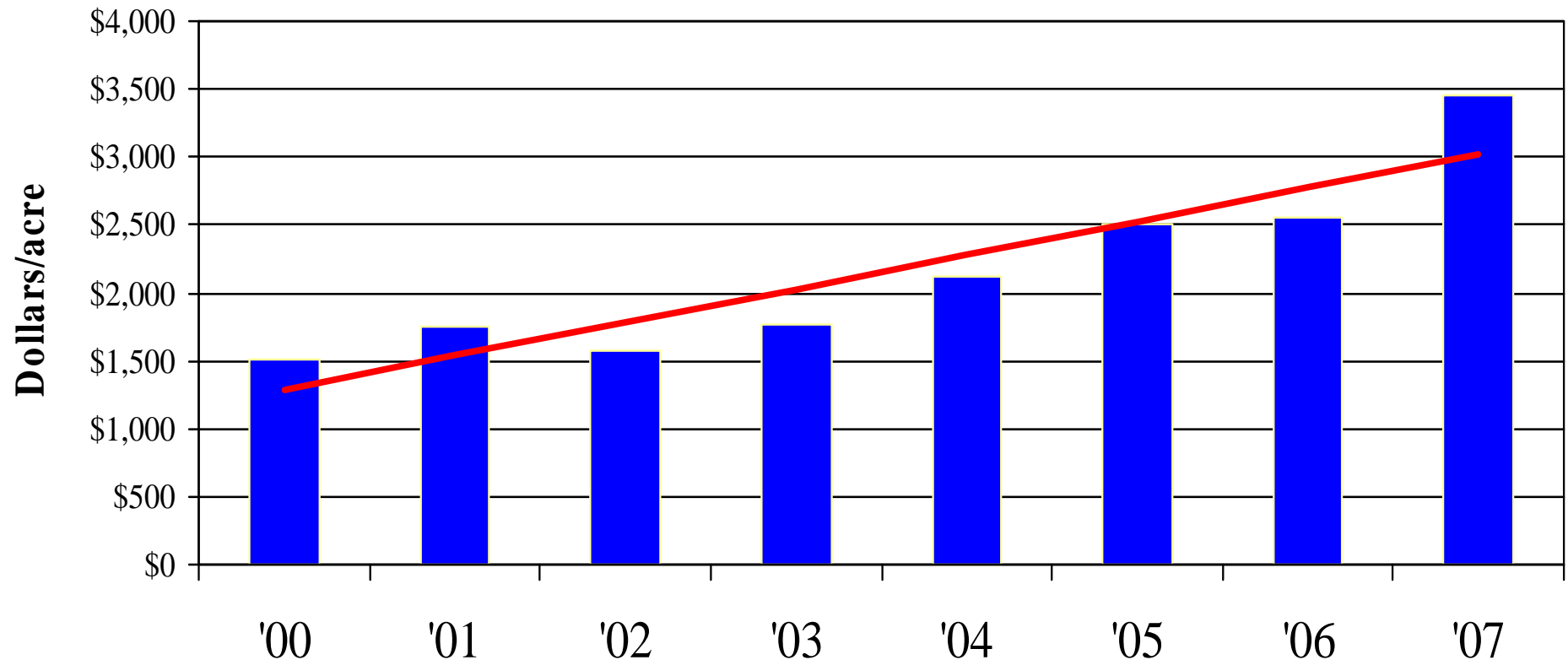
Average 5,000 acres every 5 years

* Note Acreage Survey conducted every other year since 2003



Higher Return with Large Crops

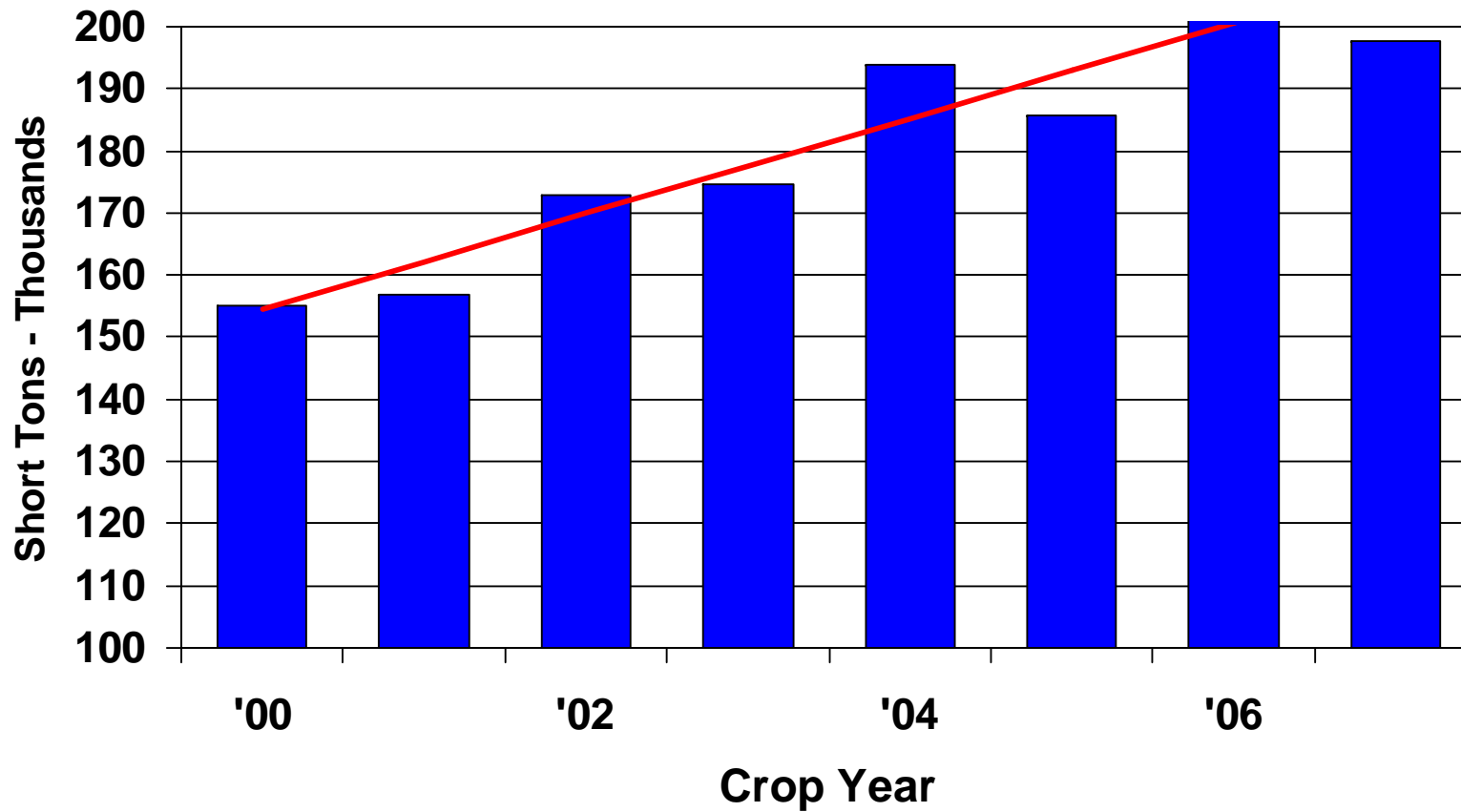
Average Revenue/Acre



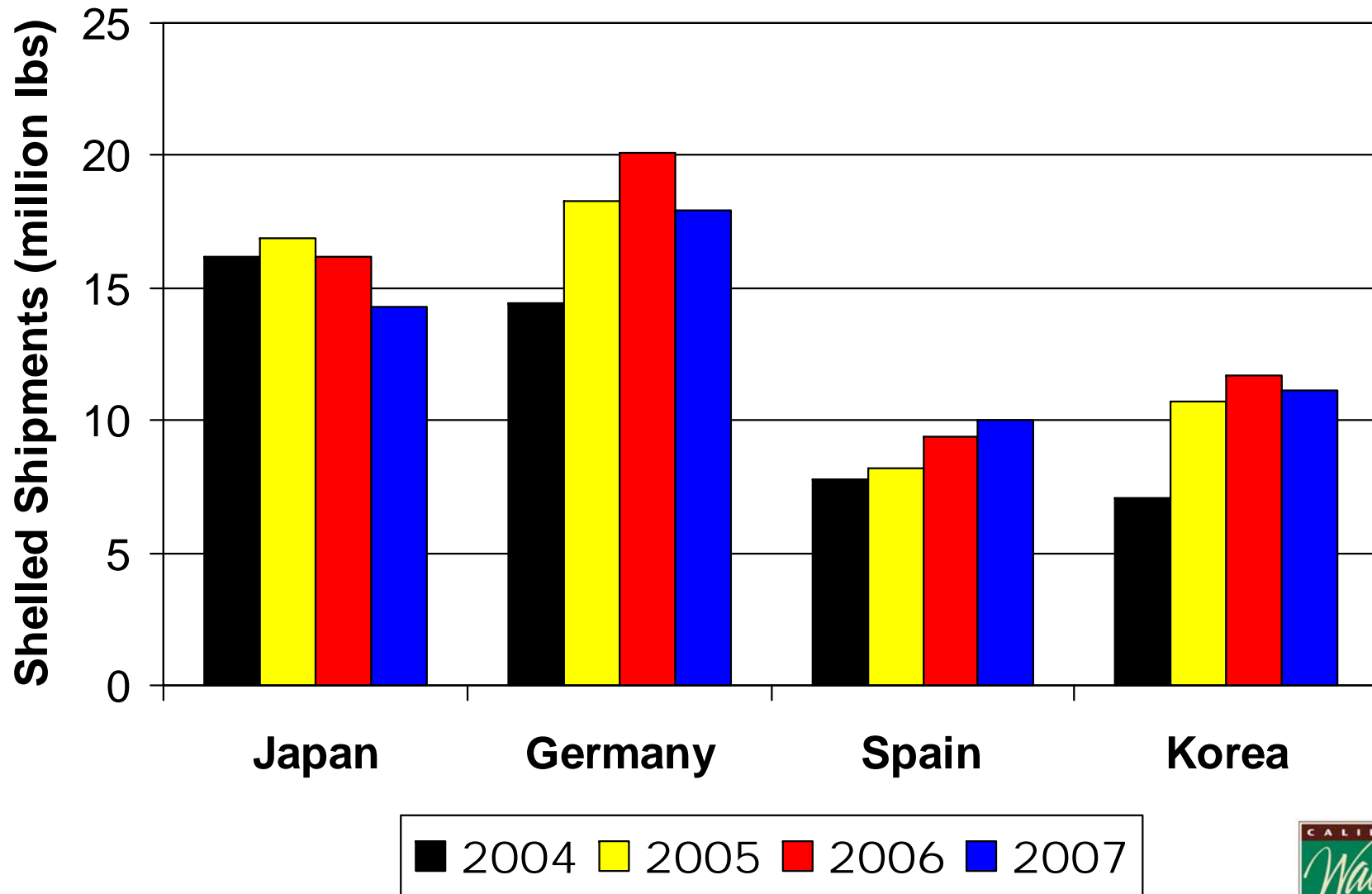
Crop-year



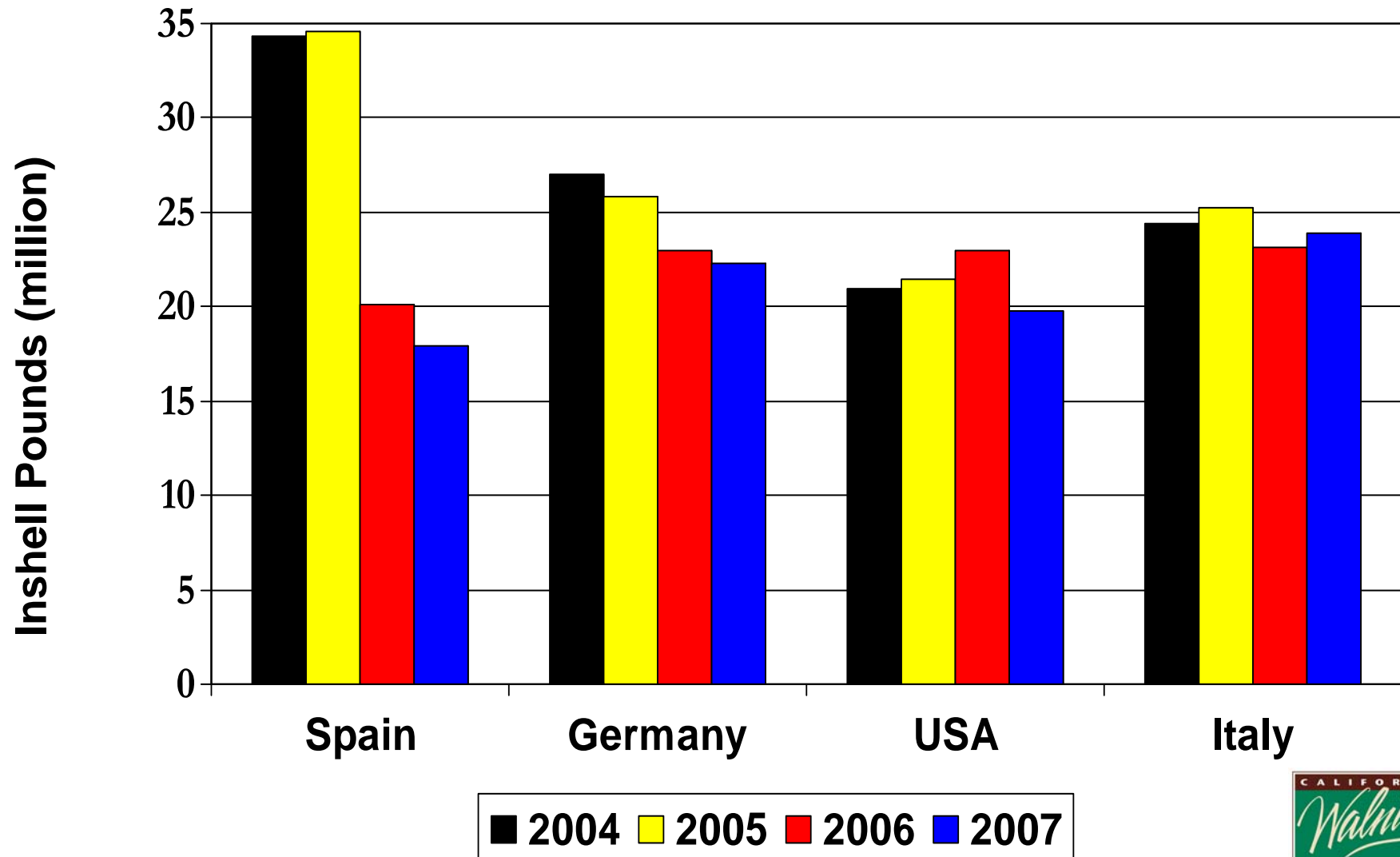
Total US Shipment History



Shelled Export Markets



Inshell Markets



Market Situation

U.S. & Abroad

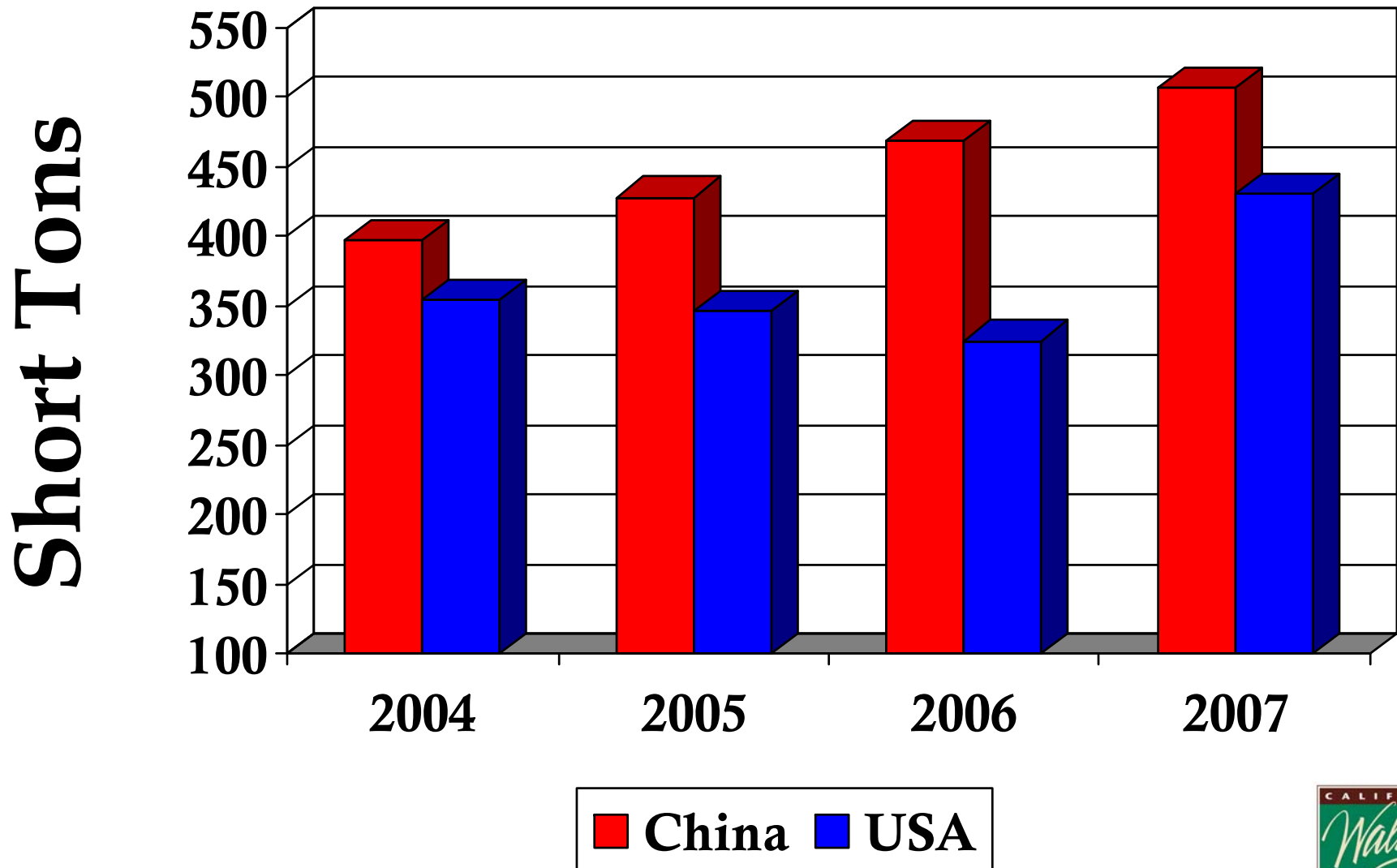


Trends & Insight

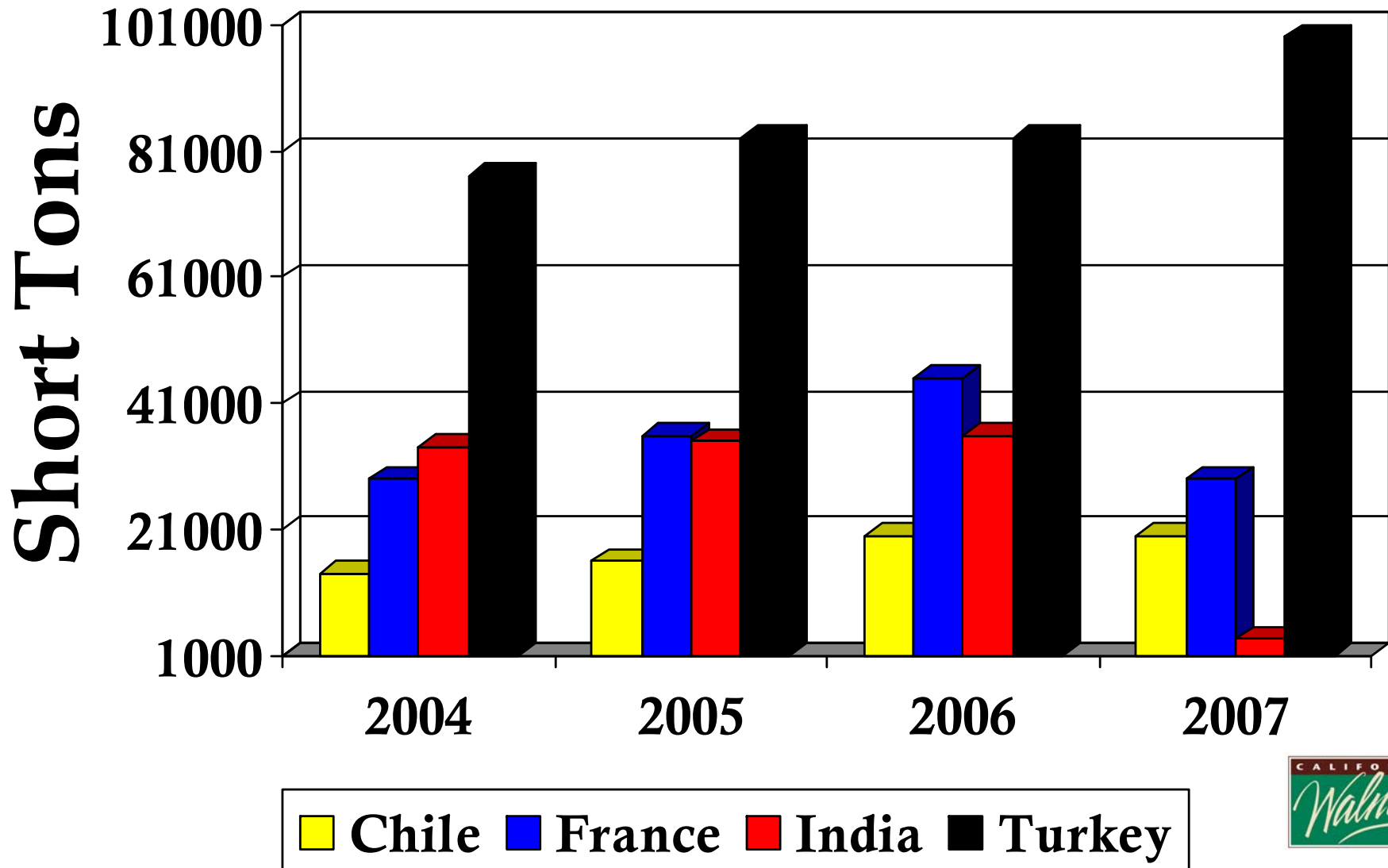
- Foreign Crop
Production/World Supply
- Economic Conditions



Foreign Crop Production



Foreign Crop Production



Currency

Euro/Dollar Exchange

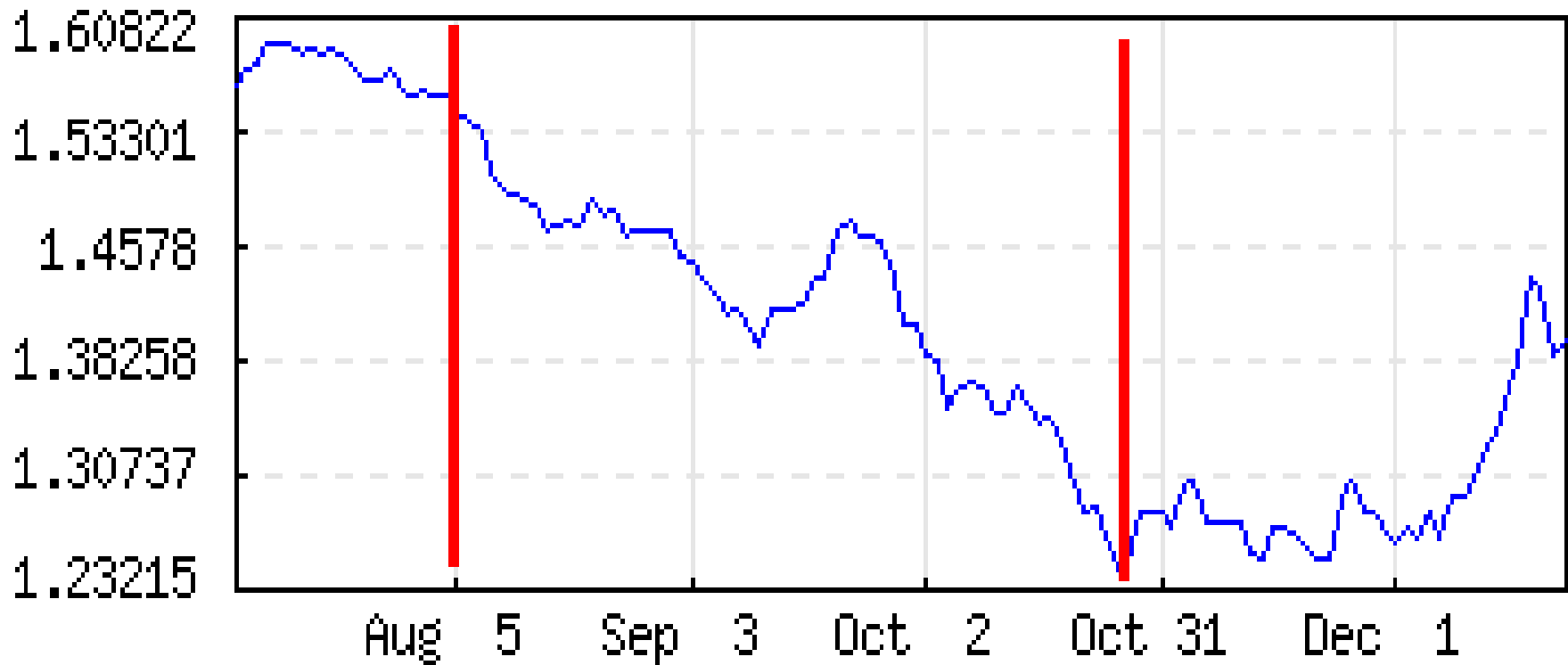
20% Less Buying Power
in 8 weeks time

<u>August 1, 2008</u>	<u>October 27, 2008</u>
1.5567	1.2446



Currency

USD



(c)2008 x-rates.com

Euro/USD Aug -Dec, 2008



Economic Conditions

Global Economic Crisis

- Instability in Currency Markets
- U.S. Recession? Others?
- Consumer Fear



Walnuts Around the World



UNITED STATES

What does the consumer tell us?

– 67% believe walnuts are healthy

– Where do they get their health information?

- Internet (77%) – Google, WebMD, Yahoo!
- Print (46%) – People, Good Housekeeping, Readers Digest, US Weekly, Cooking Light, Prevention



UNITED STATES

What does the consumer tell us?

– Versatility sets walnuts apart:

- 80% good ingredient for baking
- 63% good as a snack
- 57% good in salads



UNITED STATES

- RealAge Pilot Program
- Cooking Light/My Recipes.com
- RealAge.com
- Oprah.com
- WebMd.com

The advertisement features the California Walnuts logo at the top left, with the tagline "Essential Food for Health". The main headline is "Walnuts For Heart Health and More". Below this, a paragraph states: "Eating a handful of walnuts everyday is one of the easiest ways you can improve your diet and your health!". To the right of this text is a red heart icon made of puzzle pieces, with a walnut piece fitting into it. Below the paragraph are two video links: "Hear what Dr. Oz has to say about walnuts. Watch Video" and "Hear what Dr. Roizen has to say about walnuts. Watch Video". Below these links is a "Download Quicktime" link and a sign-up form with an "Enter" button. On the right side, there is a section titled "How Does Your Favorite Nut Stack Up?" which states: "Walnuts have the most plant-based ALA/Omega-3 fatty acid of any nut." Below this is a bar chart showing the Omega-3 Content (grams/ounce) for various nuts. The chart shows Walnuts with the highest content at 2.6 grams/ounce, followed by Pecans at 0.28, Pistachios at 0.07, Almonds at 0, and Peanuts at 0. Below the chart is a button that says "Learn more about Walnuts and Your Health. Click here." At the bottom left, there are two images of walnut recipes: a bowl of walnuts and a bowl of walnuts with fruit. Below these images are two sections: "Try some of these delicious snack ideas." and "Be inspired with these delicious healthy recipes." To the right of these sections is a list of "Easy Ways To Eat Healthy" with six items: "Toss into salads", "Mix into muffins", "Top pancakes, waffles or French toast", "Bake into breads", "Stir into hot or cold cereal", "Sprinkle on your favorite soup", and "Snack on a handful". At the bottom of the advertisement, there is a copyright notice: "© Walnut Marketing Board 1996-2008 | Non-Discrimination Statement".

CALIFORNIA Walnuts
Essential Food for Health

Walnuts For Heart Health and More

Eating a handful of walnuts everyday is one of the easiest ways you can improve your diet and your health!

- ▶ Hear what Dr. Oz has to say about walnuts. [Watch Video](#)
- ▶ Hear what Dr. Roizen has to say about walnuts. [Watch Video](#)

[Download Quicktime](#)

Sign up to receive info about walnuts!

How Does Your Favorite Nut Stack Up?

Walnuts have the most plant-based ALA/Omega-3 fatty acid of any nut.

Omega-3 Content (grams/ounce)

Nut	Omega-3 Content (grams/ounce)
ALMONDS	0
PEANUTS	0
PECANS	0.28
PISTACHIOS	0.07
WALNUTS	2.6

Learn more about Walnuts and Your Health. [Click here.](#)

Easy Ways To Eat Healthy

- ✦ Toss into salads
- ✦ Mix into muffins
- ✦ Top pancakes, waffles or French toast
- ✦ Bake into breads
- ✦ Stir into hot or cold cereal
- ✦ Sprinkle on your favorite soup
- ✦ Snack on a handful

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UNITED STATES

- Reaching Consumers through opinion leaders
- Focus on Taste, Health & Versatility
- Harvest Event/Spring Online Media Event



UNITED STATES

Smart Nutrition with California Walnuts

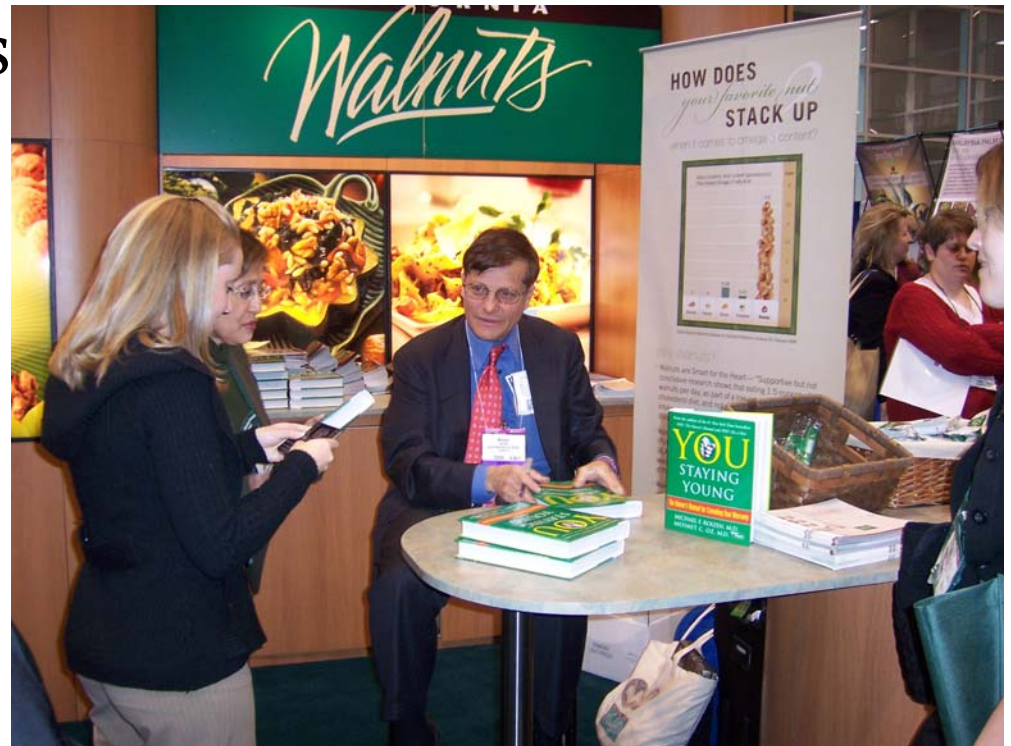
– Establish walnuts as “Smart” Choice



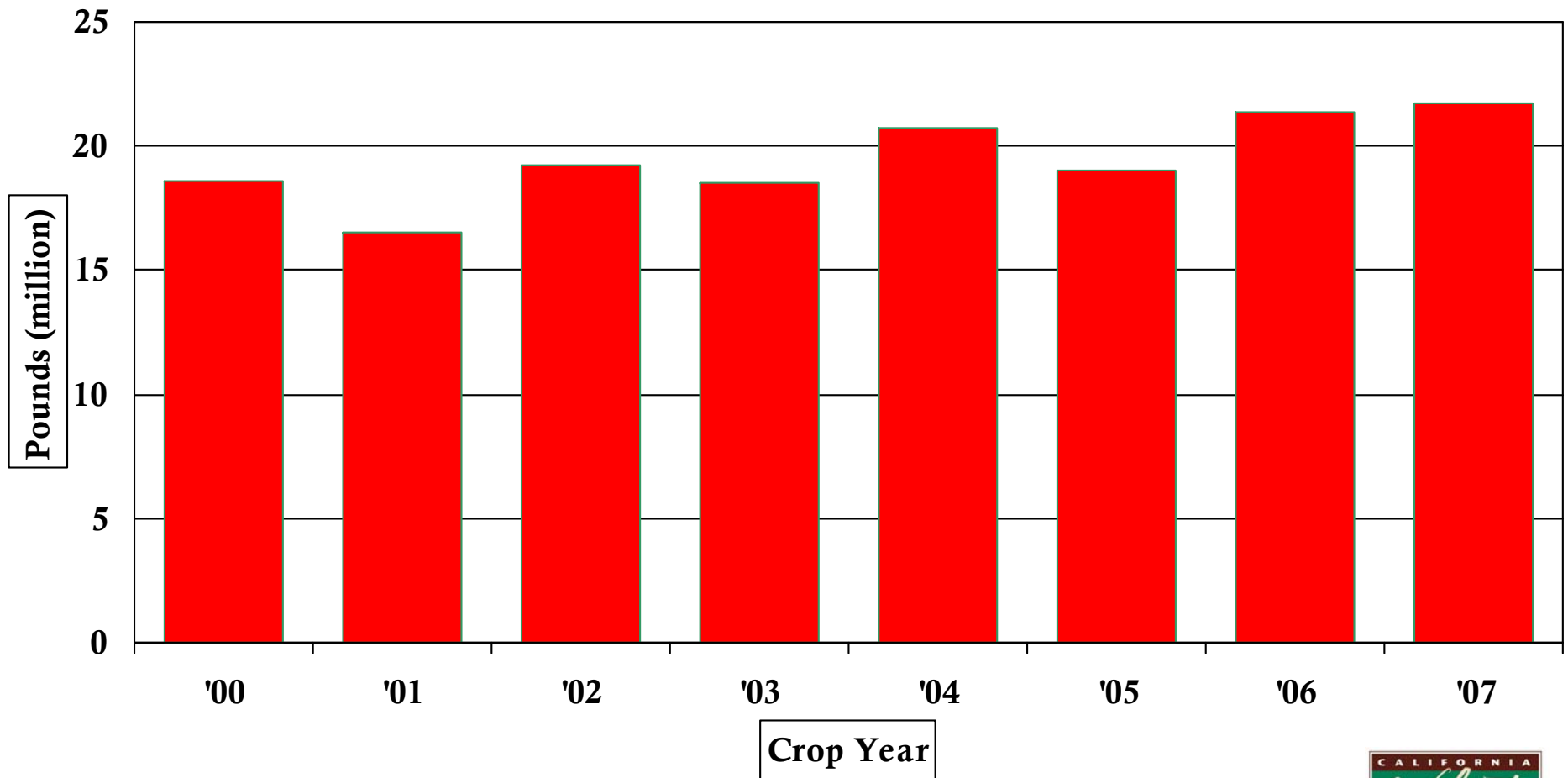
UNITED STATES

Health Professional Outreach

- Conferences
 - Dietitians
 - Physicians Assistants
 - Diabetes Educators
- Desk side Briefings



Japan: Shelled Shipments



Japanese Import Statistical Data



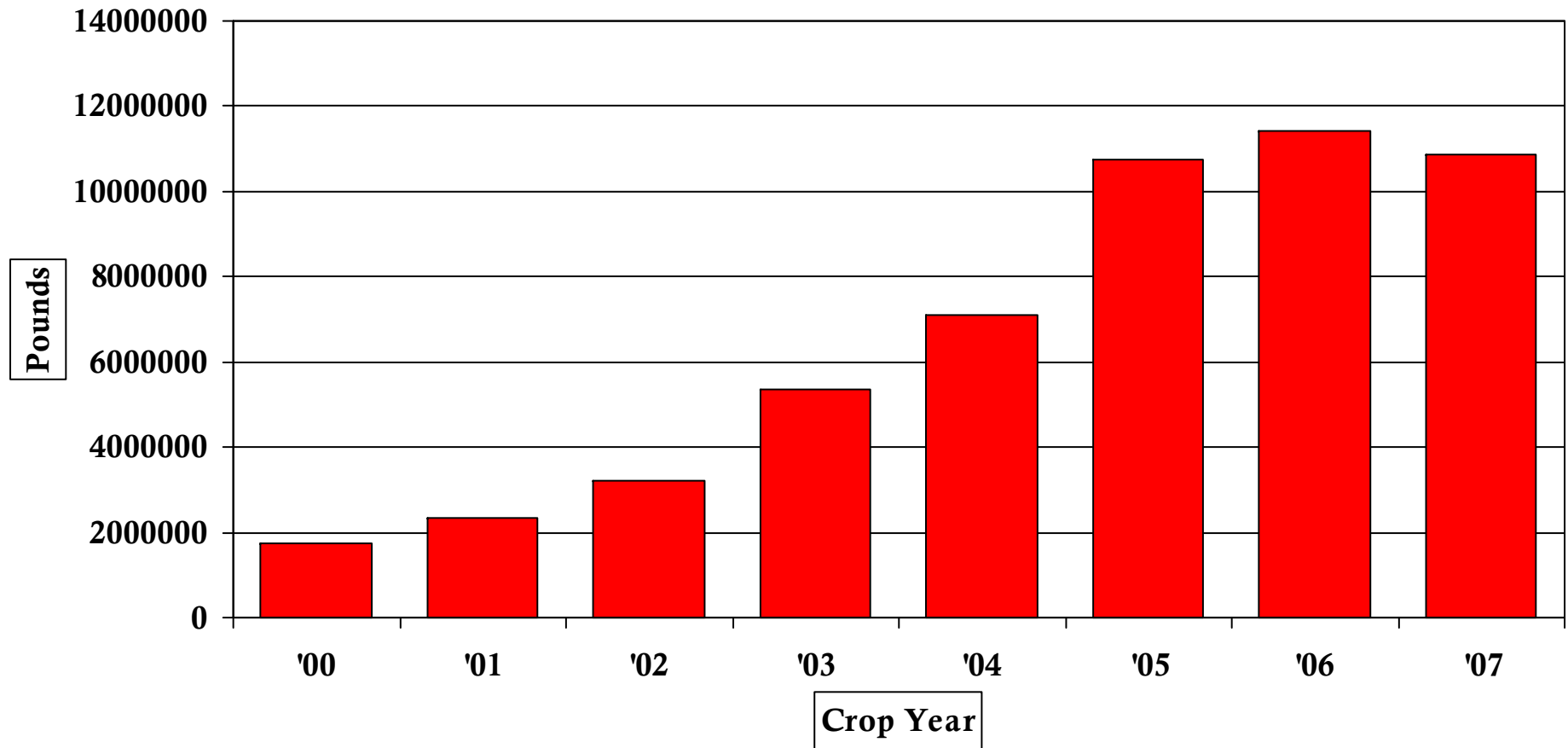
JAPAN

- Targeted Advertising (i.e. Tokyo)
- Sweepstakes/Bakery Campaigns
- 19th New Product Development Competition
 - 232 Applicants
 - 3 products to be launched in coming months

**NPDC Grand Prize
Walnuts Crown**



Korea: Shelled Shipments



KOREA

Home Shopping

- Were featured on all 5 channels nationally
- Were the #2 selling product
- Airtime decrease of 10-15%
- Walnut sales decreased by approx. 30%



KOREA

- Advertising
- In-store Promotions
- 13th New Product Development Competition
- Product of the Year

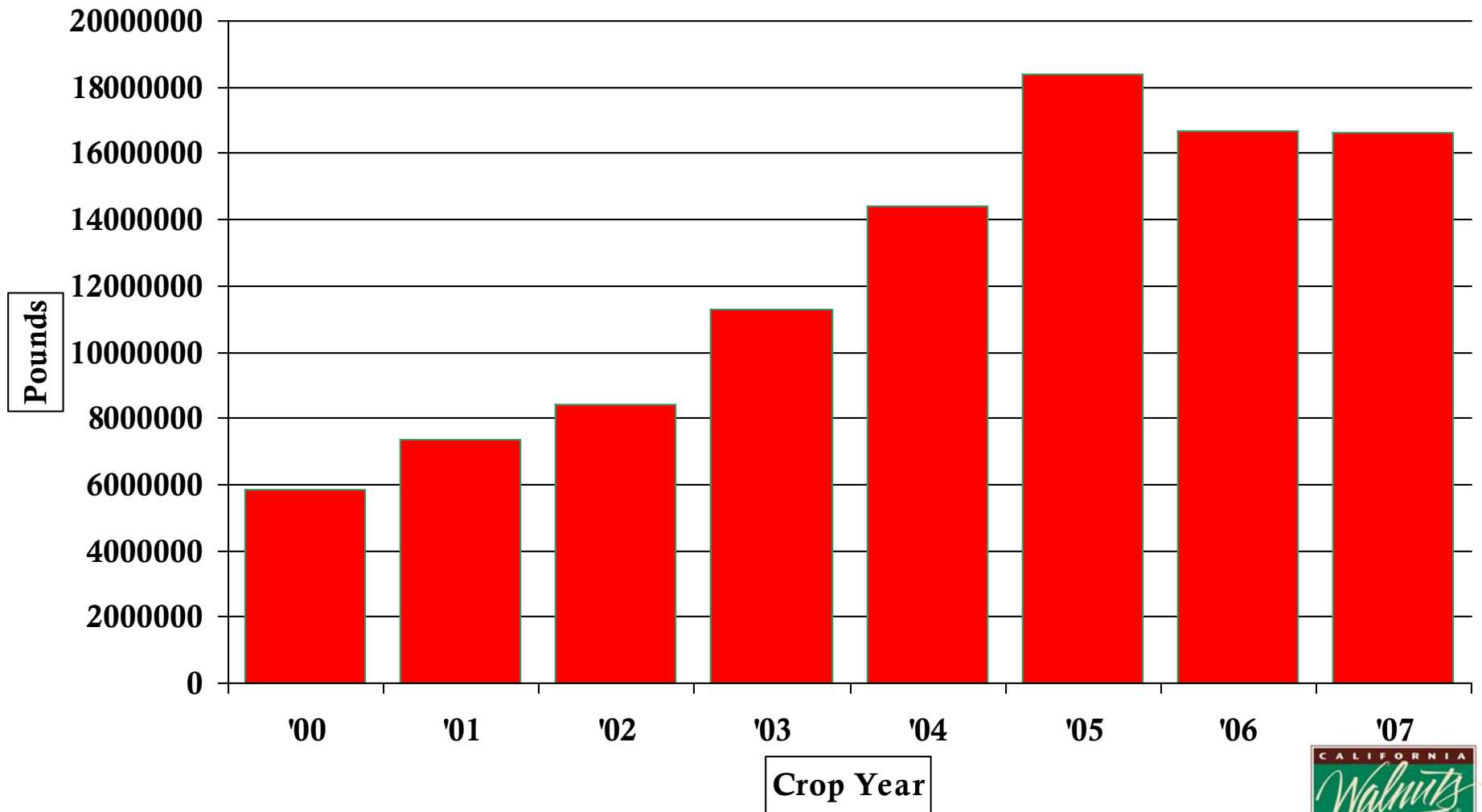


KOREA – NEW PRODUCTS

Dunkin Donuts –new
baked donuts & scone
featuring walnuts



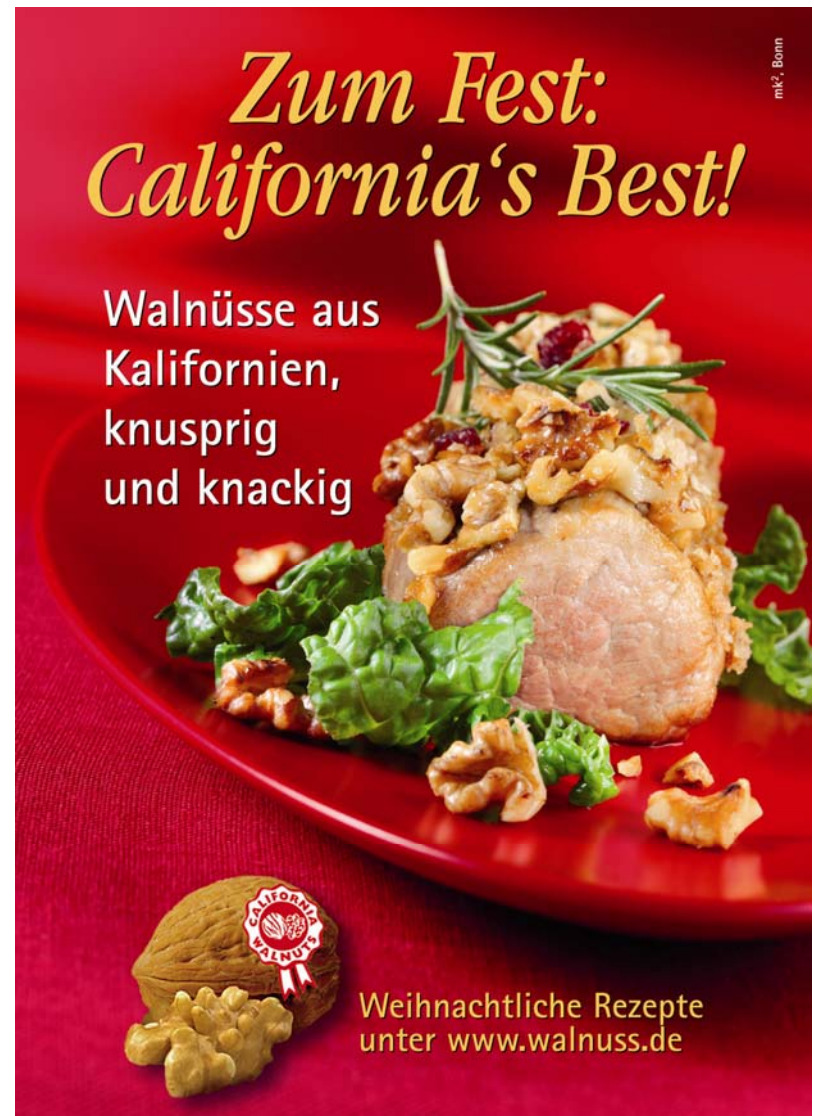
Germany: Shelled Shipments



GERMANY

Consumers

- Public Relations
 - 941,652,604 Circulation
 - AEV of \$1.35 million
- Advertising
 - Fall Inshell Campaign
 - Spring/Summer Shelled Campaign
- Point of Sale/In-store
 - Brochures
 - Retailer/Importer Support



*Zum Fest:
California's Best!*

Walnüsse aus
Kalifornien,
knusprig
und knackig

mk², Bonn

California
Walnuts

Weihnachtliche Rezepte
unter www.walnuss.de

GERMANY

Trade Program

- Mailings
- Technical Guidebook

Liebe Walnusskenner,

Hier haben wir nicht nur, wie üblich, den Geschmack von kalifornischer Walnuss aus Kalifornien mit Weihnachtsrezepten verbunden. Die Endenrezeptur aber möchten wir ein wenig der Tradition weihen, die Sie so lieben. Deshalb haben unsere Probe-Büchlein zu Weihnachten auch in diesem Jahr „Zum Fest: California's Best“ den mit der Walnuss verbundenen Duft und das weiche, weihnachtliche Lichtspiel.

Mit den besten Rezepten für Ihren Tisch werden wir ab Oktober 2016 wieder Bücher auf den Weg schicken. Die Bücher erscheinen in Französisch, Englisch, Spanisch, Italienisch, Niederländisch und Deutsch. Sie sind für Sie, Ihre Freunde und Ihre Gäste. Sie sind für Sie, Ihre Freunde und Ihre Gäste. Sie sind für Sie, Ihre Freunde und Ihre Gäste.

Zum Fest: California's Best!
Walnüsse aus Kalifornien, knusprig und knackig

Zum Fest: California's Best!
Walnüsse aus Kalifornien, knusprig und knackig

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Zum Fest: California's Best!
Walnüsse aus Kalifornien, knusprig und knackig

Kulinarische Weihnachtsüberraschung
Festliche Rezepte mit Walnüssen

Schon weg?
Rezeptbuch zum Beispiel der California Walnut Board Nr. 19. Bitte, lesen Sie uns an und bestellen Sie hier.


Mischchen & Mischchen
Kalifornische Weihnachtsüberraschung
Festliche Rezepte mit Walnüssen

Knackig aus Kalifornien

www.walnuts.de

Rezept & Foto: Michael Wolf

Technische Informationen der California Walnut Commission
BOTANIK



Klassifikation

Die Botaniker streiten sich noch, ob die Frucht der Echten Walnuss (*Juglans regia*) botanisch gesehen eine Nuss ist oder nicht. Das hängt direkt mit der Interpretation der Hülle zusammen, die um die eigentliche Nuss herum liegt. So wird die Walnuss entweder als Steinfrucht, wie Pfirsiche und Pflaumen, oder als Nuss bezeichnet.

Veredelung

Durch Pfropfen wird ein Reis der Echten Walnuss (*Juglans regia*) mit dem Wurzelstock der in Kalifornien heimischen Schwarzwalnuss (*Juglans nigra*) verbunden. Dies geschieht, wenn der Baum ein bis zwei Jahre alt ist. Die meisten Walnussbäume werden kurz über dem Boden veredelt. Sie sind sehr ertragreich. Mit ihren weiten, ausladenden Kronen können sie einen Durchmesser von über 12 Metern und eine Höhe von 15 Metern erreichen. Es sind sommergrüne Bäume mit großen, aromatisch duftenden Blättern, die gleichzeitig männliche und weibliche Blüten tragen. Weithin leuchtende Blütenblätter, die bei anderen Pflanzen die Insekten anlocken, sind nicht nötig, da die Walnuss ausschließlich vom Wind bestäubt wird.

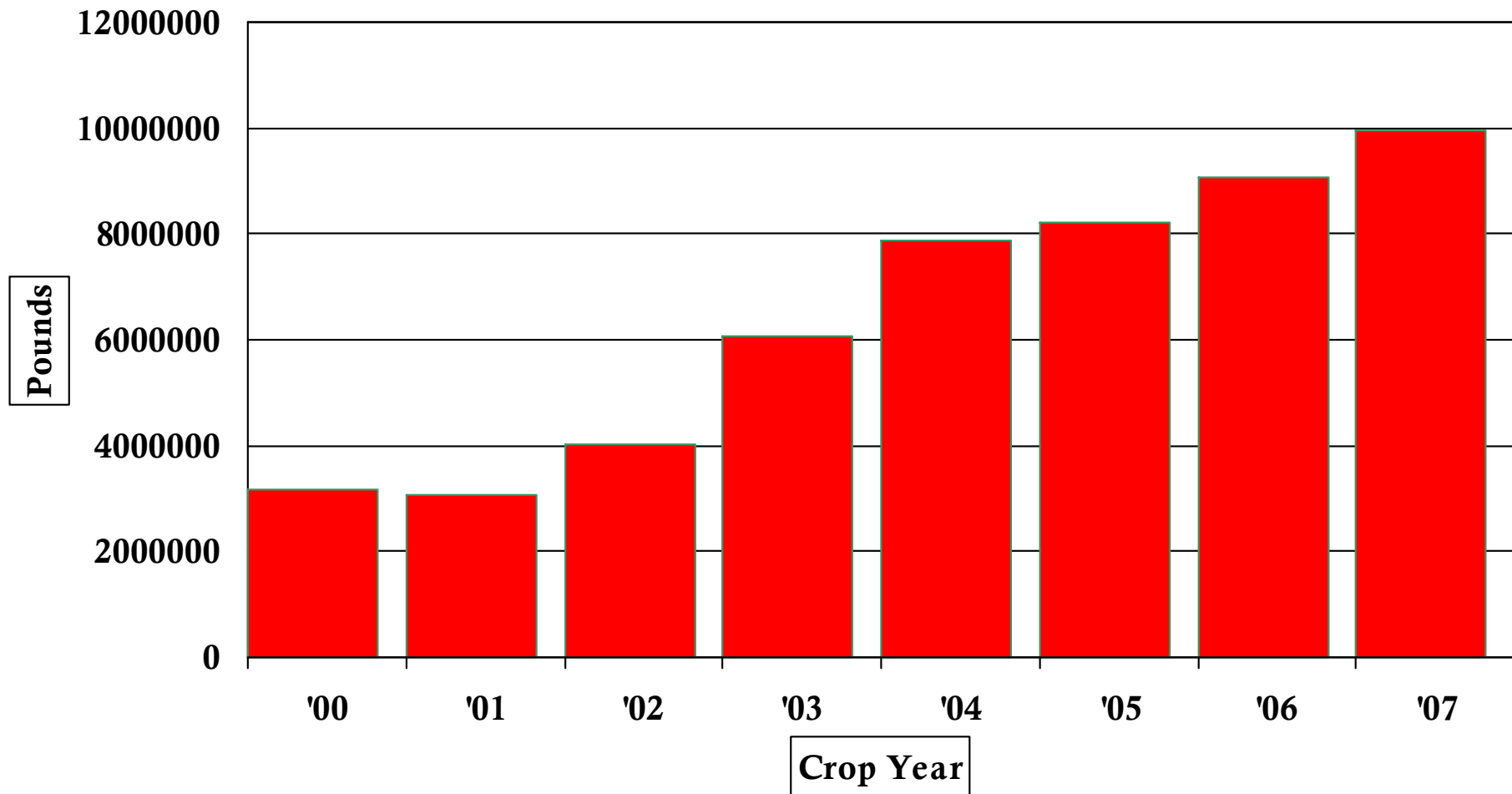
Sorten

Kaliforniens Walnusserzeuger bauen über 30 verschiedene Sorten an. 60% der Gesamtproduktion aber entfallen auf die Sorten Chandler und Hartley.

3.1

3 • BOTANIK

Spain: Shelled Shipments

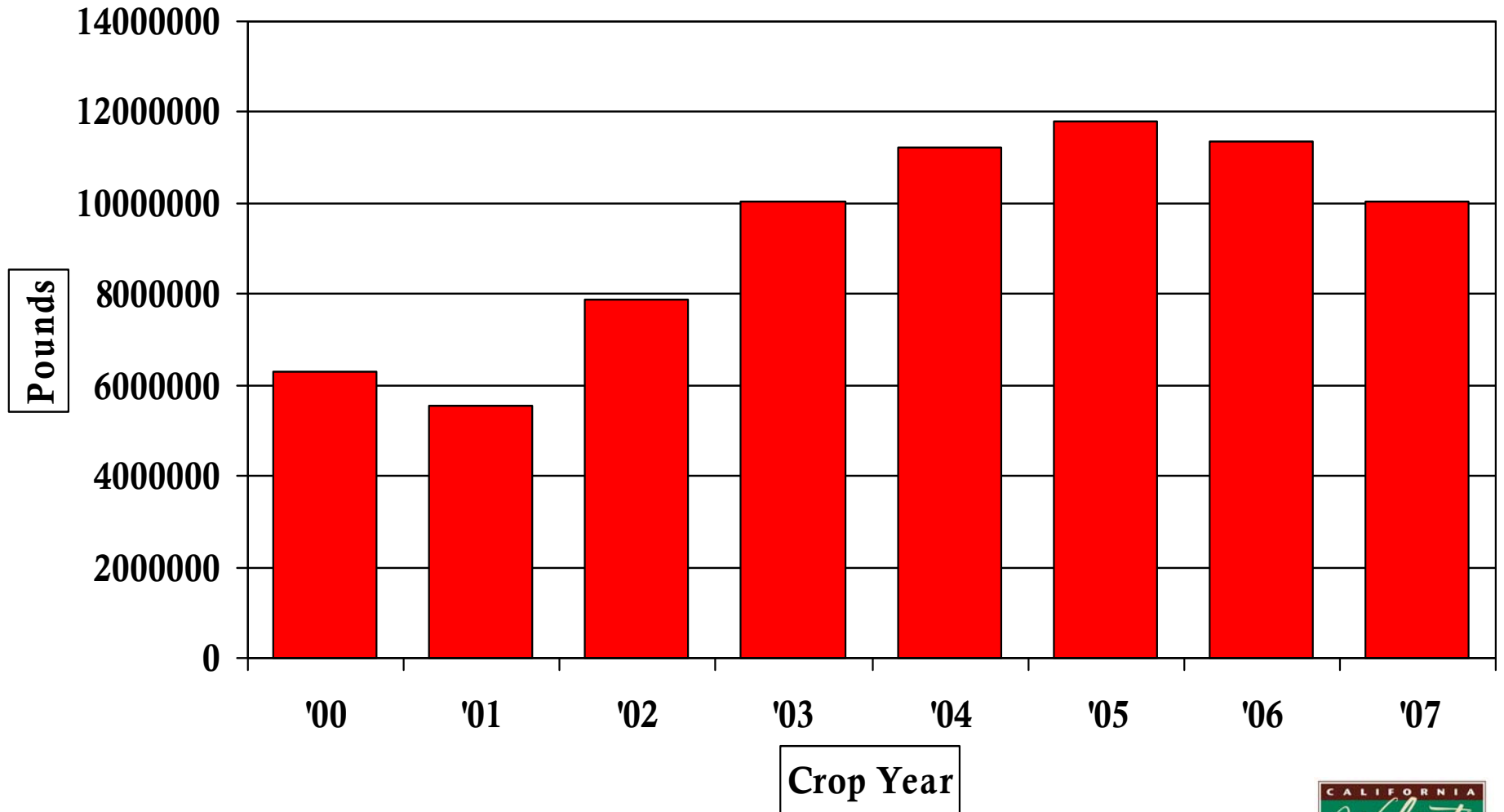


SPAIN

- Public Relations
 - 889 articles/features in newspapers, TV, radio & online
 - AEV of \$2.8 million
- Advertising
 - Fall Inshell Campaign
- In-store
 - 500 centers nationally
 - El Corte Ingles, Carrefour, Hipercor



Canada: Shelled Shipments



CANADA

- Consumer
 - Communicating Science
 - New Website
- Trade
 - New Product Development
 - Competition
 - Technical Seminars
 - Instore Demos

California Walnuts
...at the heart of every meal



The screenshot shows the California Walnuts website homepage. At the top, there is a navigation bar with links for Home, Walnut Info, Recipes, Health Benefits, Media Resources, Trade & Foodservice, About Us, FAQs, and Links & Affiliates. A search bar for recipes is also present. The main content area features a 'Featured Holiday Recipe' section for Walnut Pesto, a 'Get DELICIOUS CALIFORNIA WALNUT RECIPES right in your INBOX!' sign-up form, and a 'Sign up for the Recipe Club' form. Below this is a 'HEALTH BENEFITS' section titled 'Not All Fats Are Created Equal:' with an image of a person exercising and a 'Read More' link. On the right side, there is an 'About Us' section with a photo of a walnut grove and text describing the California Walnut Commission (CWC).

CANADA - New Products

- Burger King
Cranberry Walnut Salad



- A&P
(Canada's third largest grocery retailer)
Walnut Raisin Rolls



The Focus on Health

*Proven health benefits are driving demand
for California walnuts*



The Changing Perception of Walnuts



“Stock up on Omega-3 from other food sources like walnuts...” (Dr. Sanjay Gupta, *CNN* Chief Medical Correspondent, 09/08)



“Walnuts are Heart Candy” (Dr. Mehmet Oz, *You Tour*, 2007)

Nuts & Fat are Bad!
(*Newsday*, 12/23/90)

1990

2005

2007

2008



The Best of the Nuts
“...the best nuts, those highest in omega-3 fatty acids, are walnuts...” (Dr. Michael Roizen, *You: The Owner's Manual*, 2005)



Walnut Health Research

Recent Publications

- Hardman/Marshall University
 - Breast Cancer
- Ros /PREDIMED (Spain)
 - Metabolic Syndrome
- Hartman/Penn State
 - Prostate Cancer



Walnut Health Research

Accepted Publications

- **Joseph - Cognitive Function**
- **Sabate - Fish vs Walnut (omega 3s)**
- **Tapsell – Satiety & Energy Expenditure**
- **Sabate - Antioxidant**
- **Ros – PREDIMED-Adipokines and markers of inflammation**



Pending Publications

**4 papers under review at
various journals**



Walnut Health Research

Studies in progress

16



Walnut Health Research

- Then and now!
 - 1993 (\$125,000)
 - Step by step.
 - Progression
 - Basic Science
 - Clinical Trails (18-30 cohort, 6 weeks/months)
 - 2008 (\$400,000+)
 - Boutique Science
 - Cutting Edge and Beyond
 - Clinical Trials (60-200, 6 months/2 years)
 - Competition for Publication



Referendum

- The 2008 Referendum Canceled
 - The bar codes on the envelopes were printed incorrectly by the State printing office.
 - Ballots were sent to mail limbo.
 - No way to recover
- New Referendum to be scheduled for later this year or Spring 2010



Regulatory

- Section 18 for Manex/Maneb
 - Early issuance – get out for your supply **NOW!**
 - Shorter supply and competition from row crops!
- UN/ECE
 - In-shell trial suspended.
 - 2002 Standard in effect (we are standing fast)!
- Critical Use Exemption for Methyl Bromide
 - 75% cut for 2010.



Thank You!



Questions?

California Walnut Commission

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