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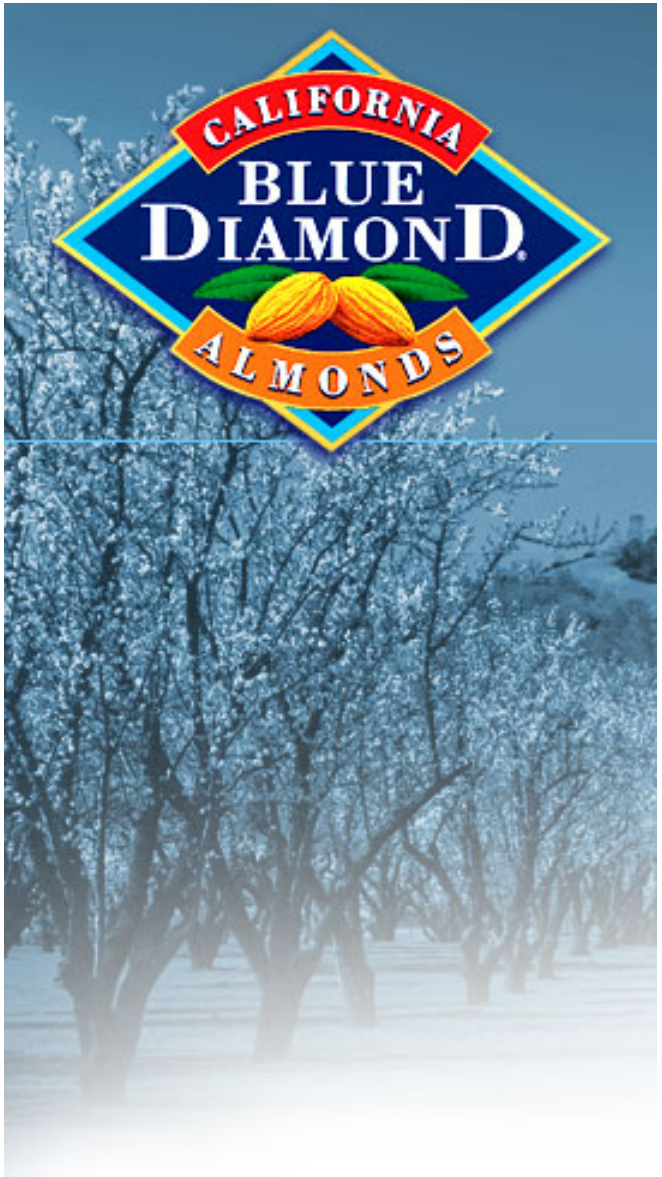
Agricultural Outlook Forum Presented: February 16, 2006

TARGETING OPPORTUNITIES AND MANAGING CHANGE: A PERSPECTIVE FROM BLUE DIAMOND GROWERS

Dale Darling
Manager of International Sales
Blue Diamond Growers



Strategic Thinking for Global Operations:The Case of Blue Diamond Growers

Dale Darling

Export Industrial and Retail Sales

February 16, 2006

Overview

- California Almond Industry
- California Production and Shipments
- World Almond Production
- Effects of Almond Pricing
- Increased Plantings and Future Supplies
- Major Markets

Overview- continued

- Almond Usage
- Almond Nutrition Facts
- Education
- Strategy to marketing almonds

California Almond Industry Overview

- Approximately 6,000 Almond Growers
- 570,000 bearing acres
- 900 million pounds
- 115 handlers
- 80% of world’s production
- Virtually100% of domestic needs
- Data from Almond Board of California

ALMONDS

- California's largest tree nut crop in Value and Acreage
- 2005-06 valued at $2.7 Billion
- The largest U.S. Horticultural export
- Exported to 83 countries in 2004-05

Natural Almonds

Dollar Value by Crop Year

Crop Year	Farm Value (000)
2000-01	$666,487
2001-02	$740,012
2002-03	$1,200,687
2003-04	$1,600,144
2004-05	$2,189,000
2005-06	$2,724,876

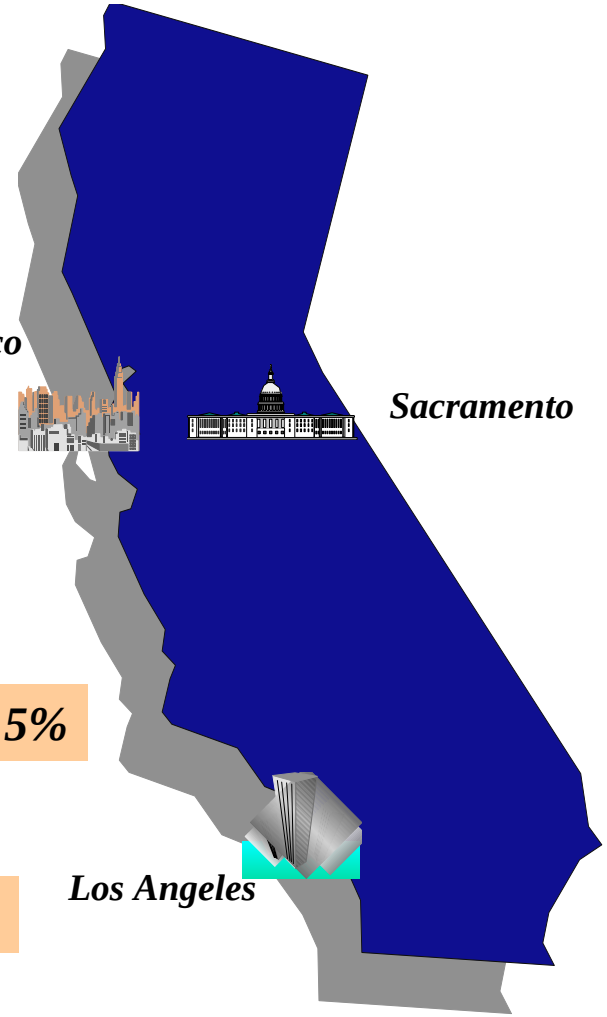
California Almond Crop

North Counties: Appox. 15%

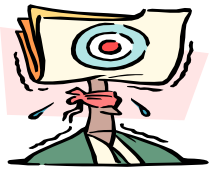
Central Counties: Approx. 50%

Fresno County Areas. Approx. 15%

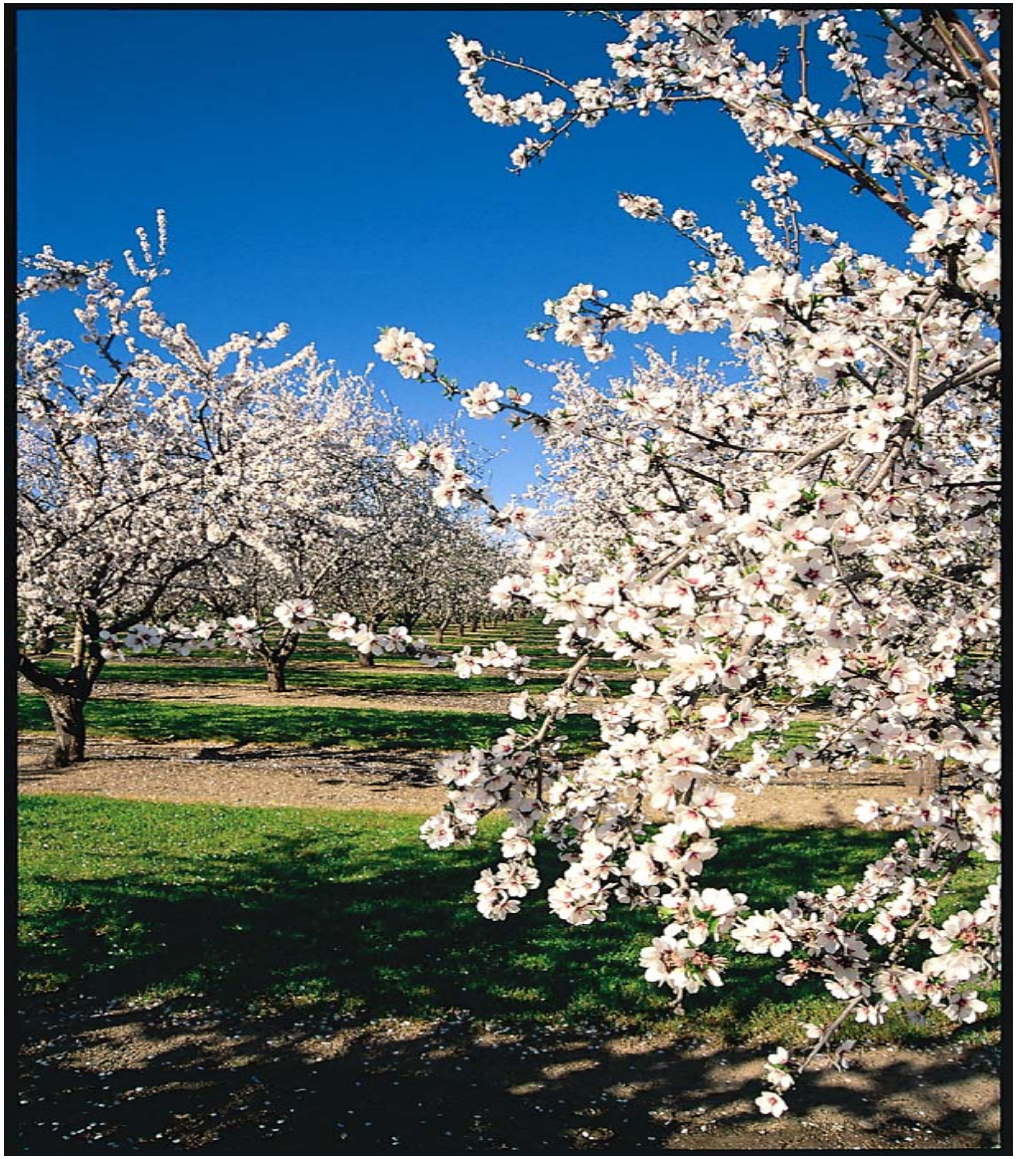
Kern County. Approx. 20%



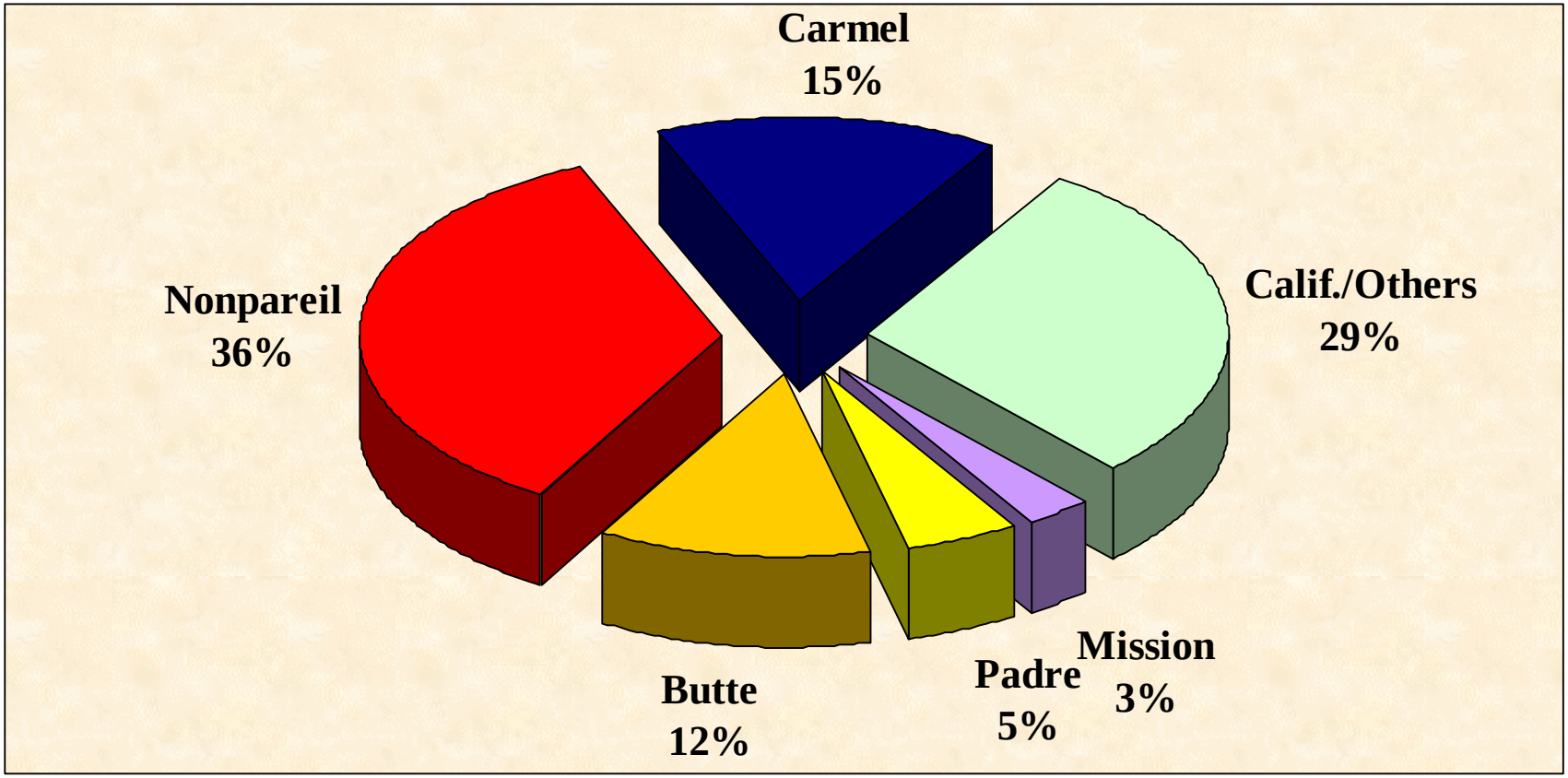
California Almond Crop Time Line

January	*Dormant*	
February	*Bloom*	*Rain / Frost / Wind Considerations*
March	*Nut Maturity*	
April		
May		*Subjective Estimate*
June		
July	*Hull Splits & Dries*	*Objective Estimate* 
August		
September	*Harvest*	
October	*Leaf Fall*	*Heavy Shipments*
November		
December	*Dormant*	

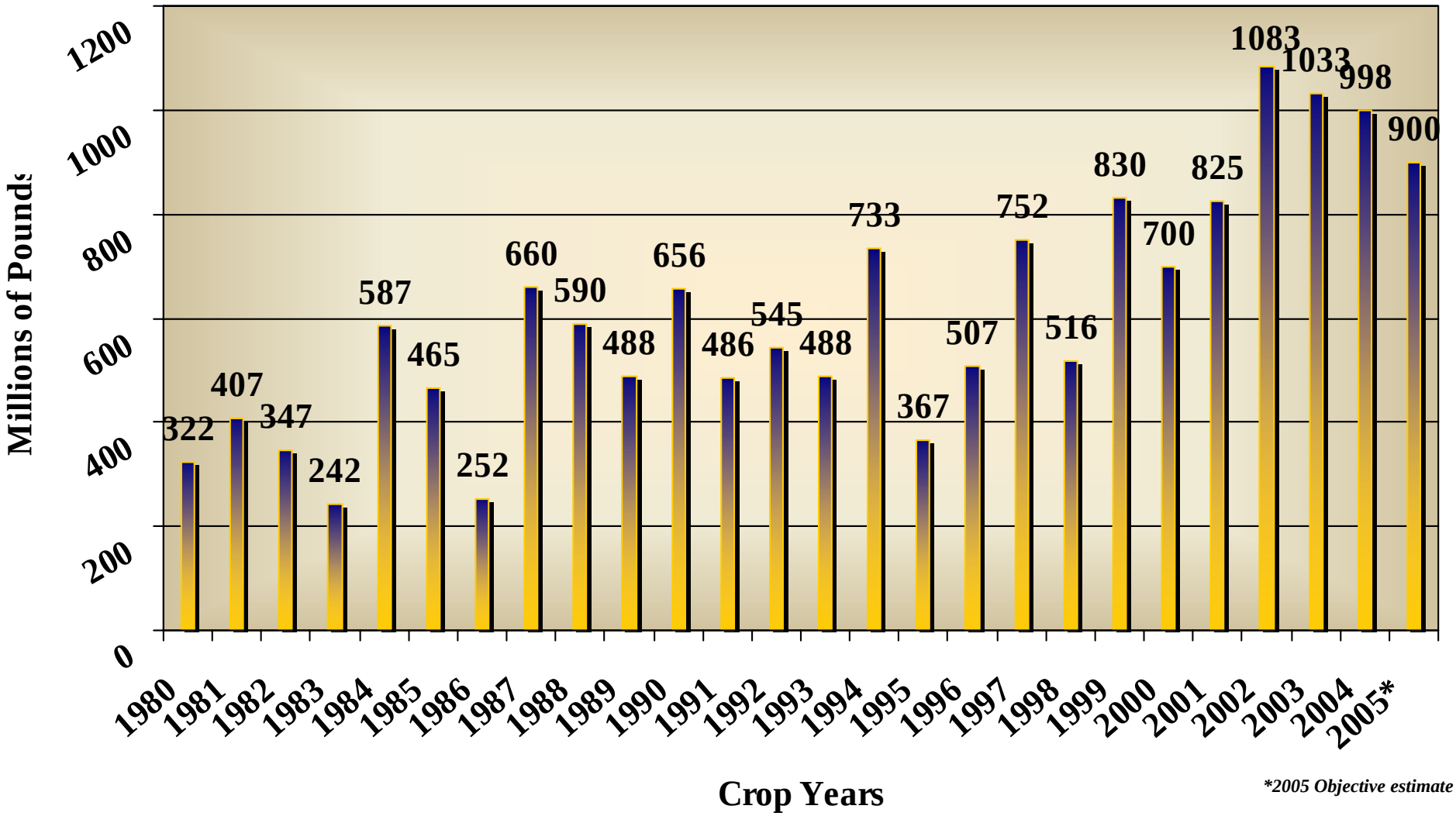
Almond Bloom



California Almond Acreage by Variety – 2004

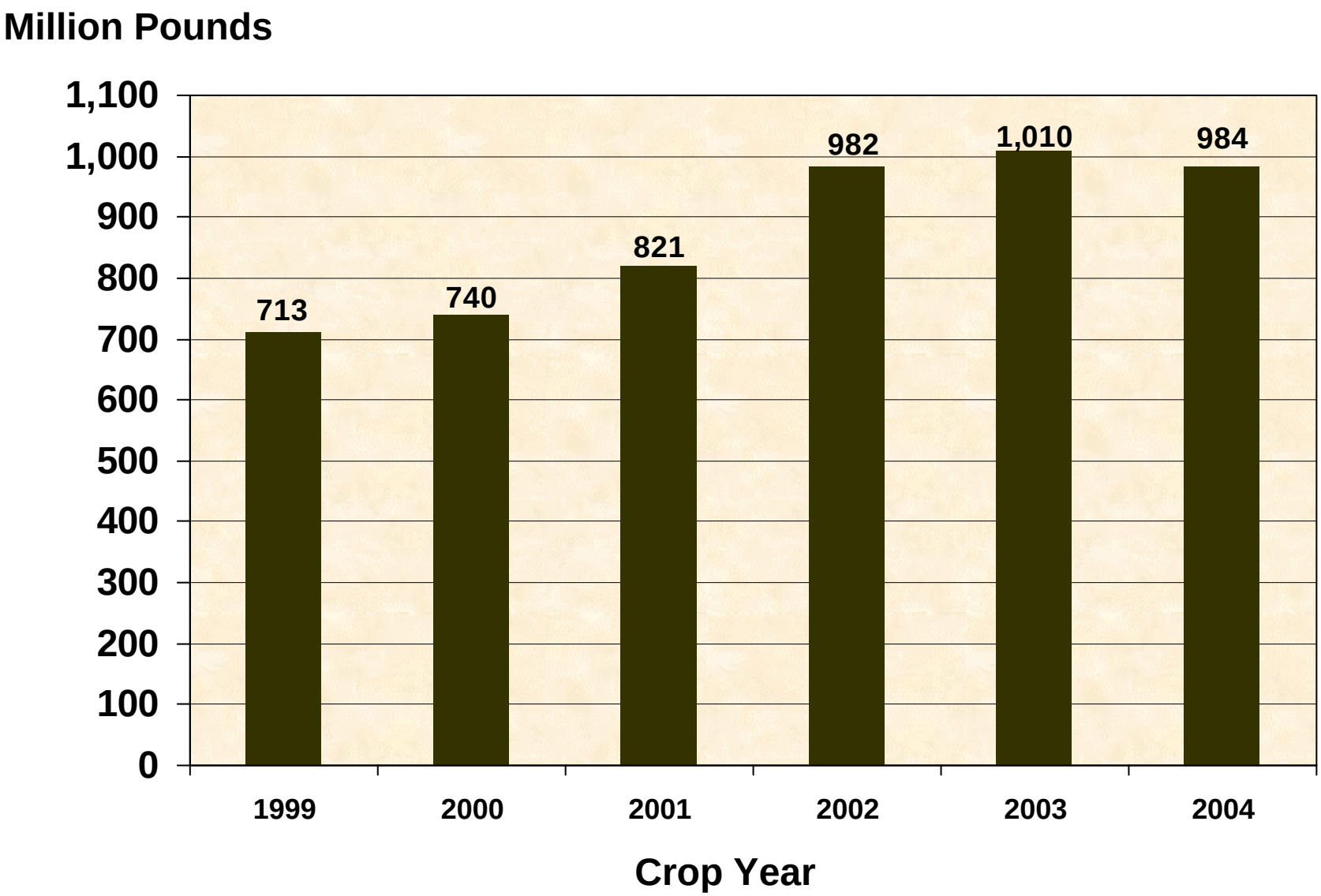


California Almond Crop
1980 – 2005

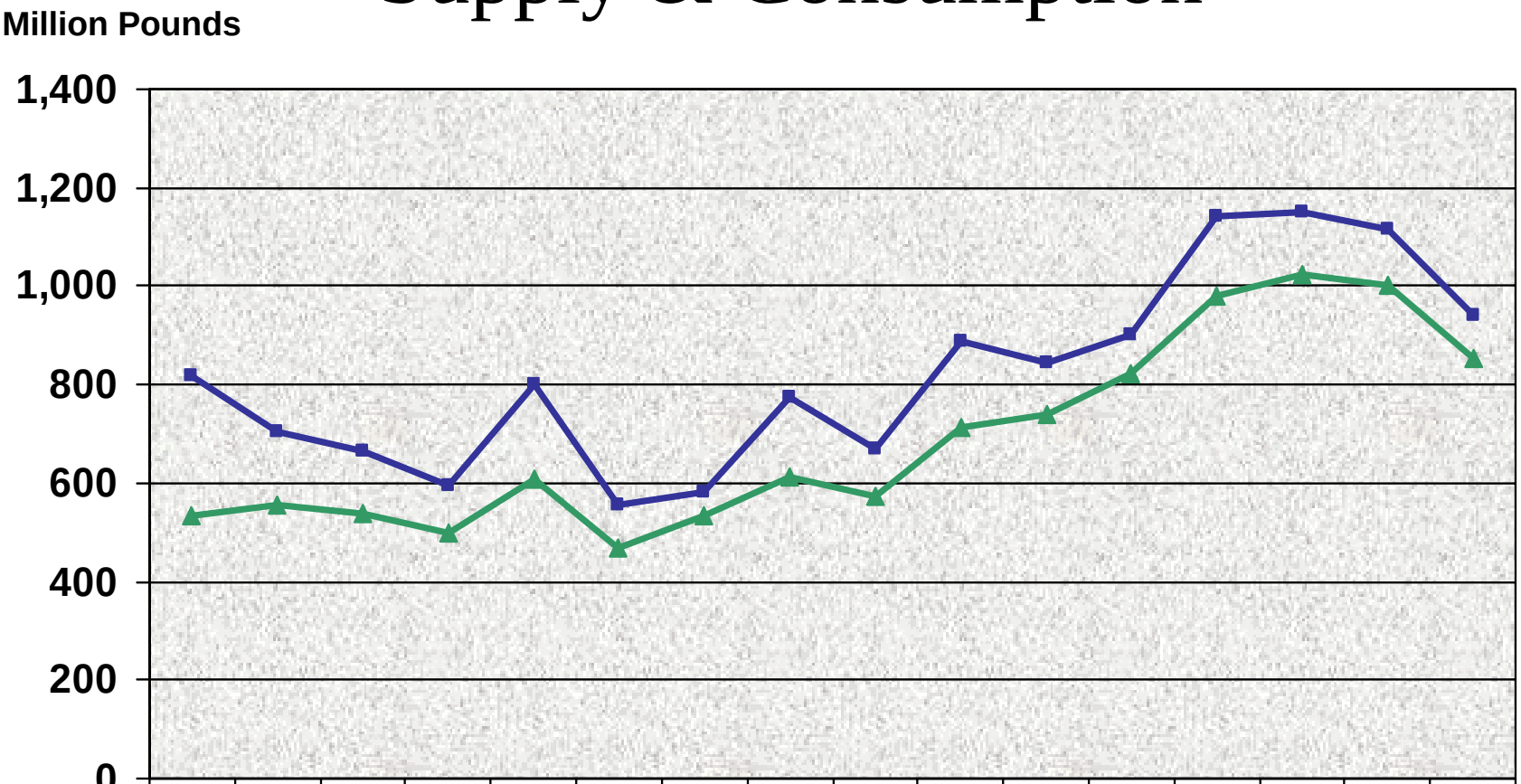


**2005 Objective estimate*

California Shipments

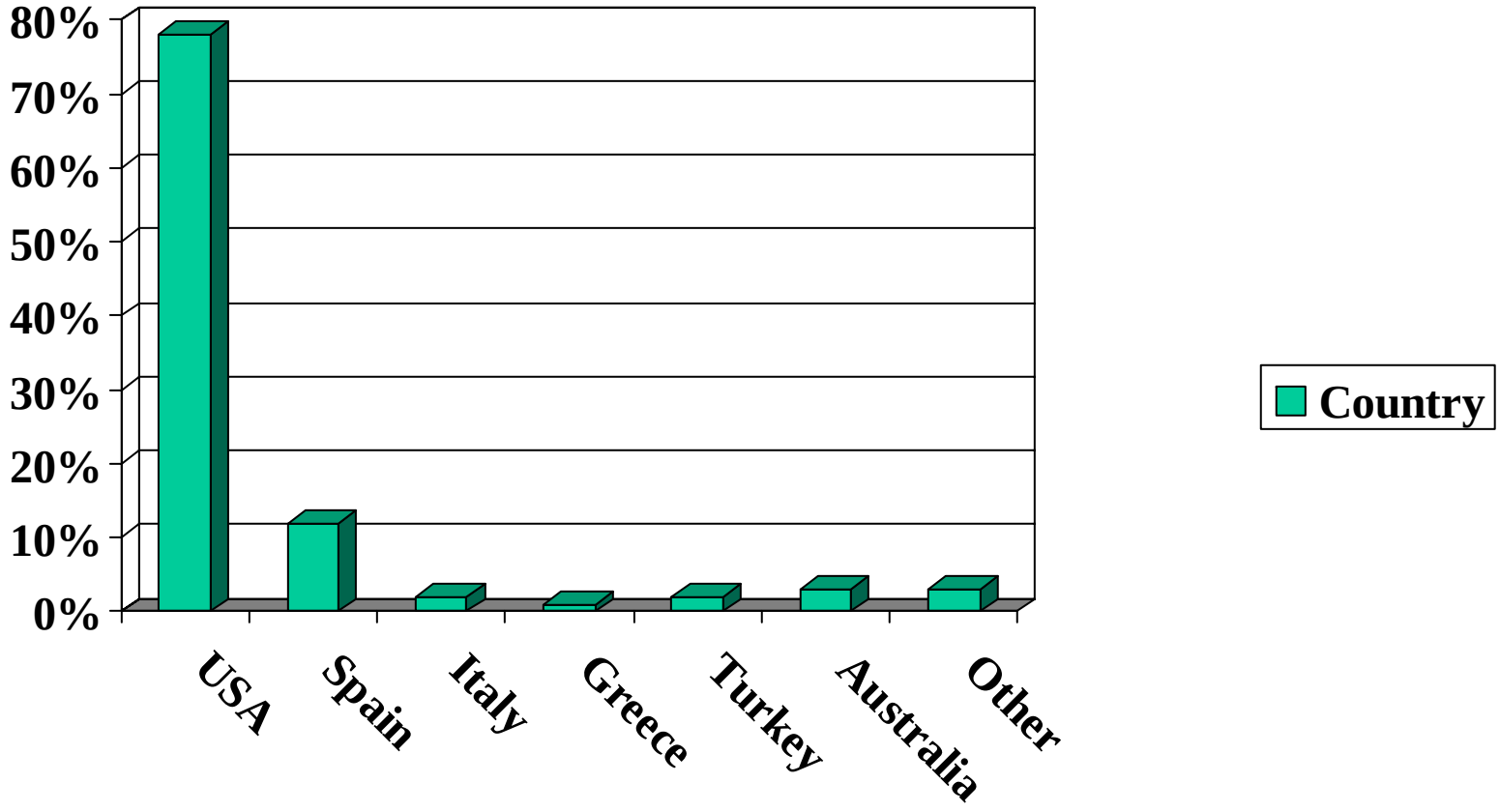


California Almond Supply & Consumption

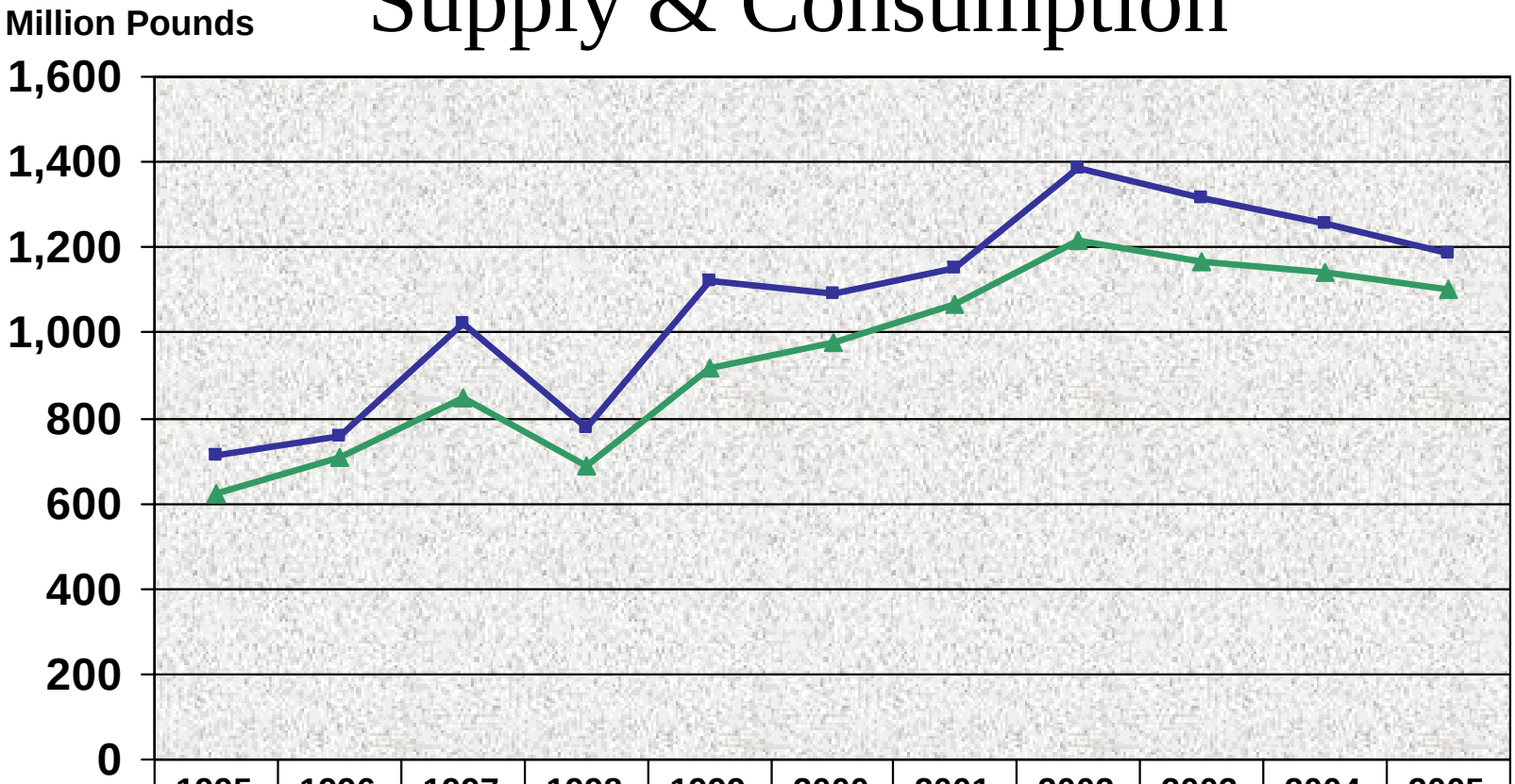


	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Calif. Supply	819	706	664	597	799	556	580	775	668	888	845	902	1144	1152	1117	942
Calif. Shipments	534	556	536	498	609	468	533	612	573	713	740	821	982	1024	1000	854

2004-05 World Almond Supply

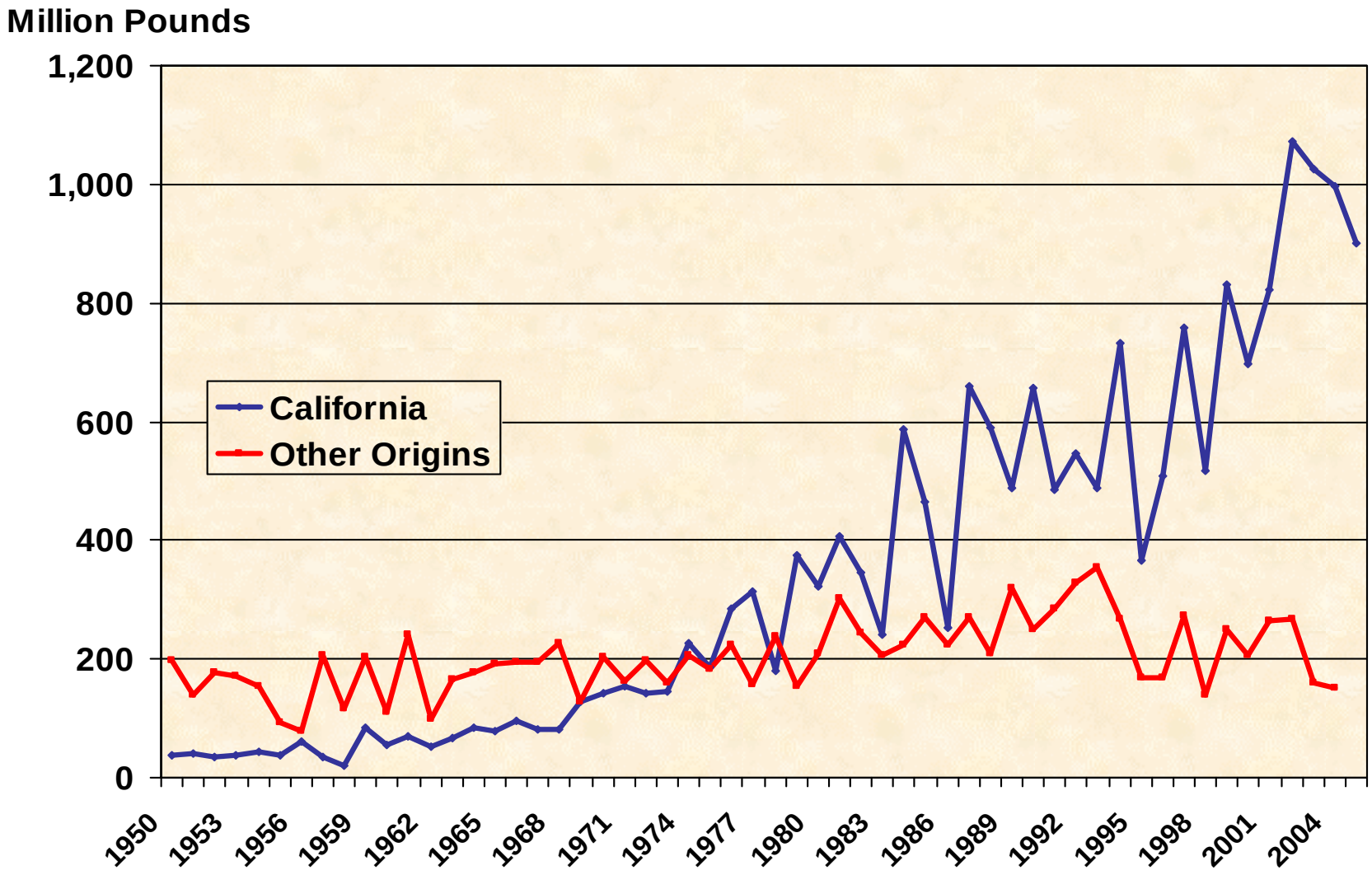


World Almond Supply & Consumption

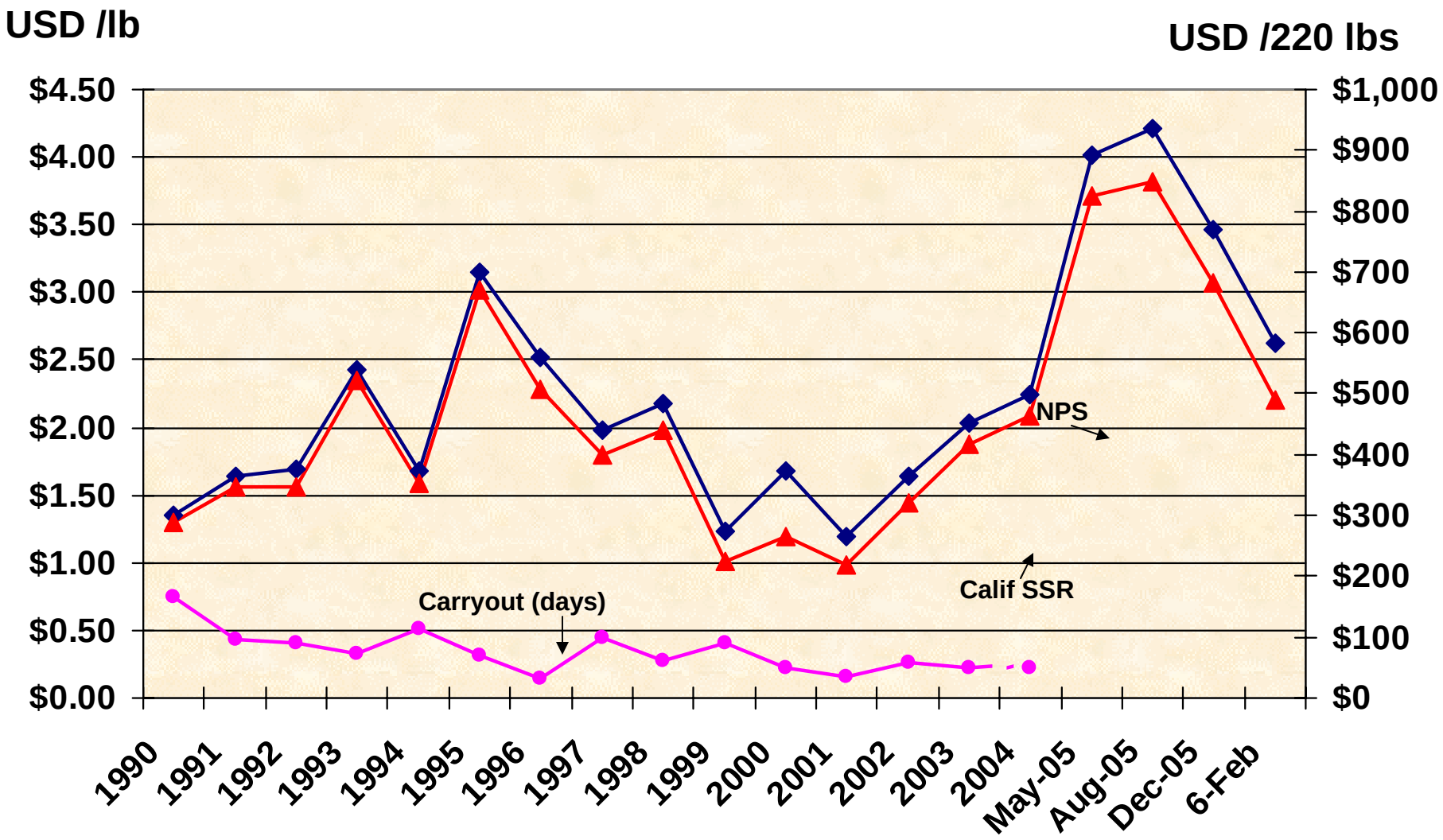


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
World Supply	714	758	1021	779	1123	1093	1150	1387	1314	1258	1188
Consumption	621	710	849	687	918	975	1069	1217	1165	1141	1100

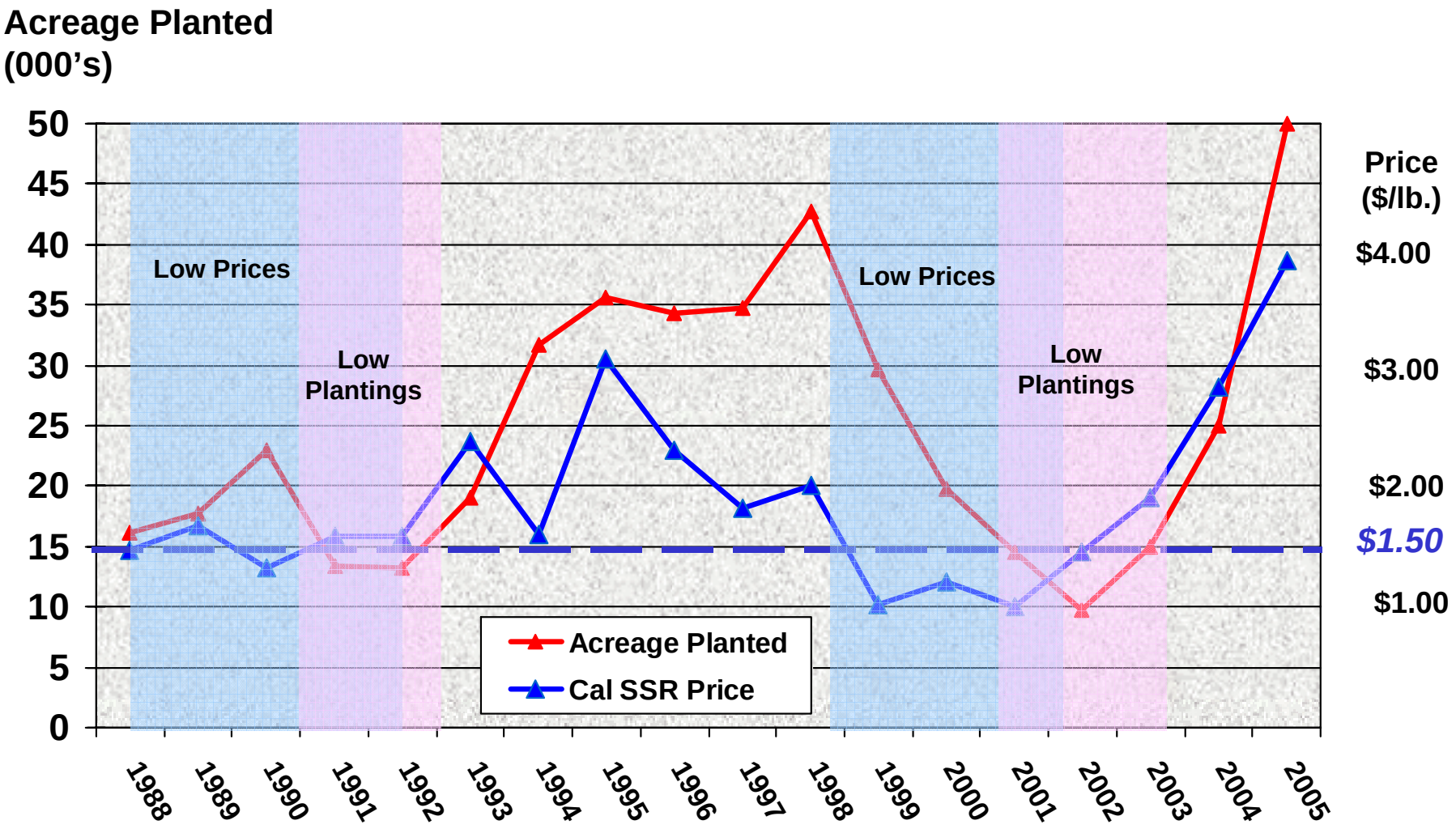
Historical Almond Production



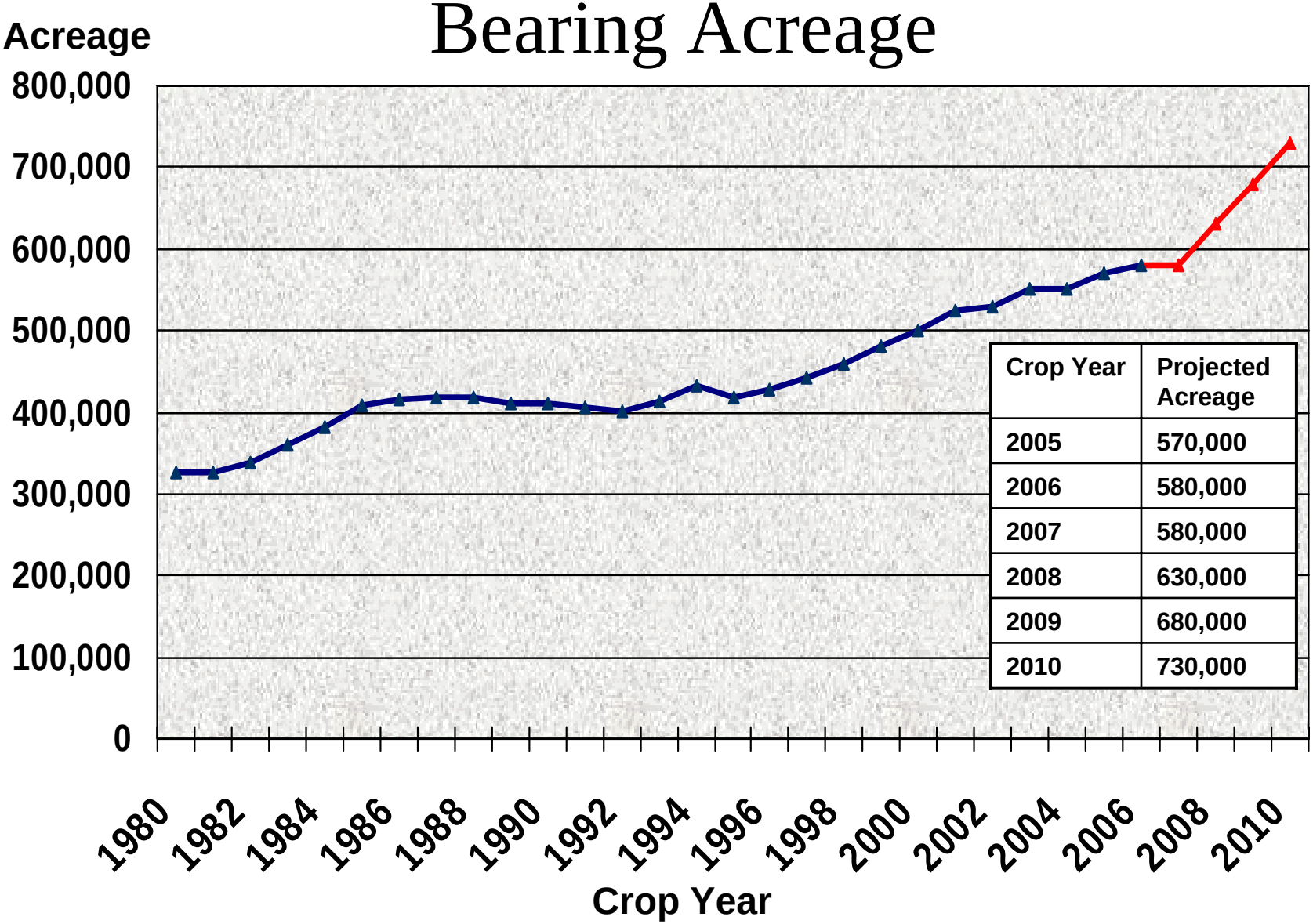
California Almond
NPS / Calif SSR Price History



Effect of Almond Prices on New Acreage Planted

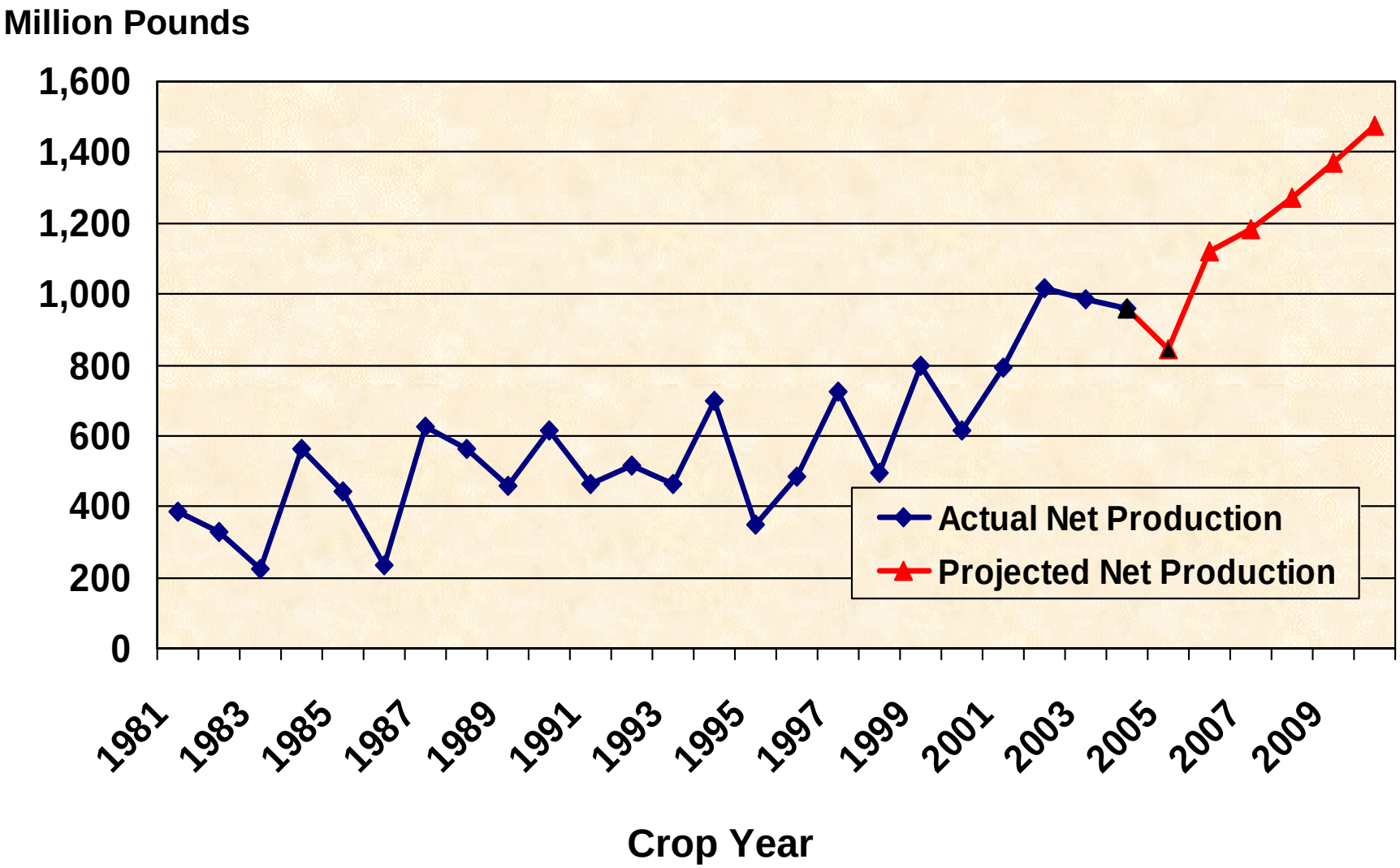


California Almond Bearing Acreage

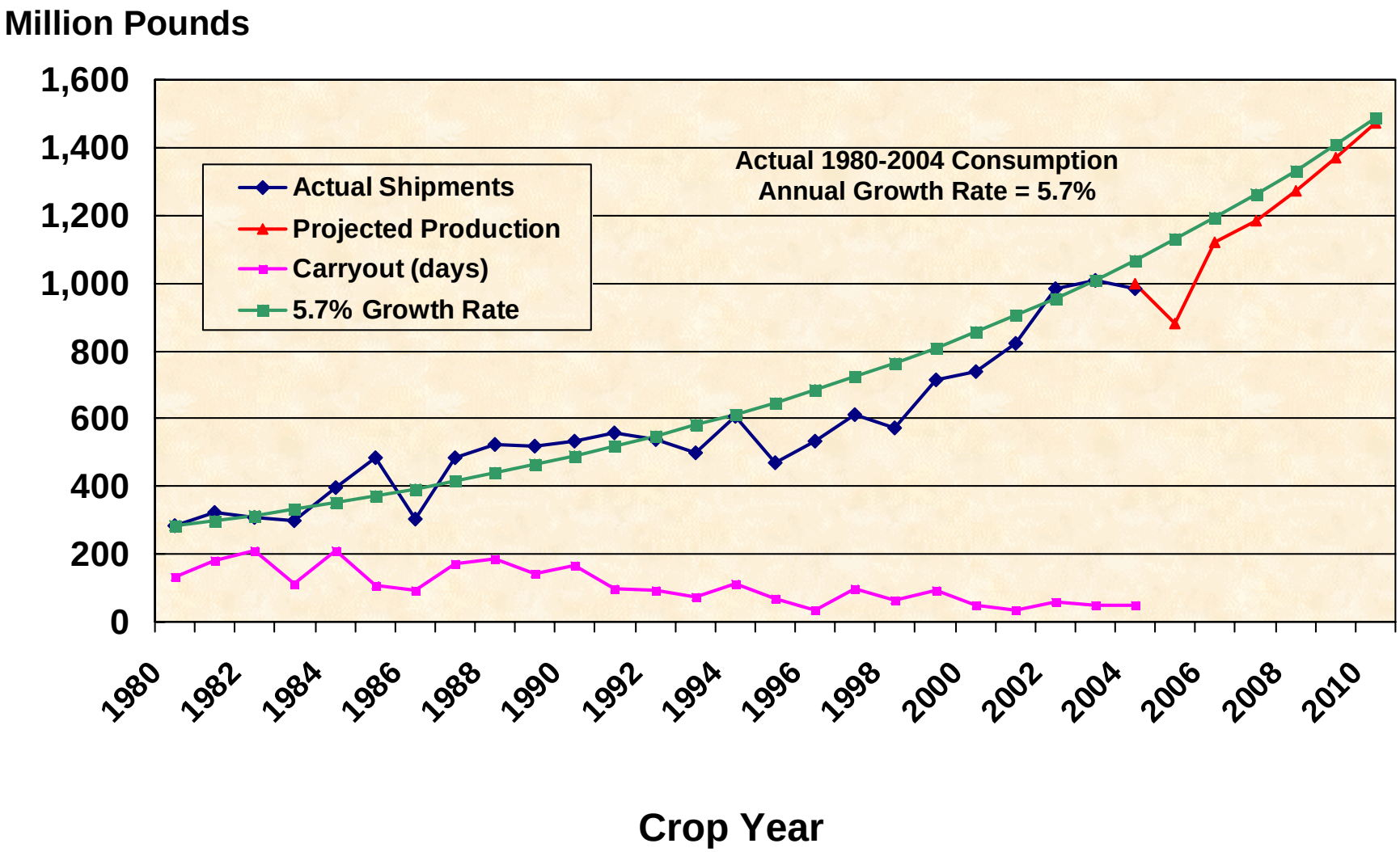


Crop Year	Projected Acreage
2005	570,000
2006	580,000
2007	580,000
2008	630,000
2009	680,000
2010	730,000

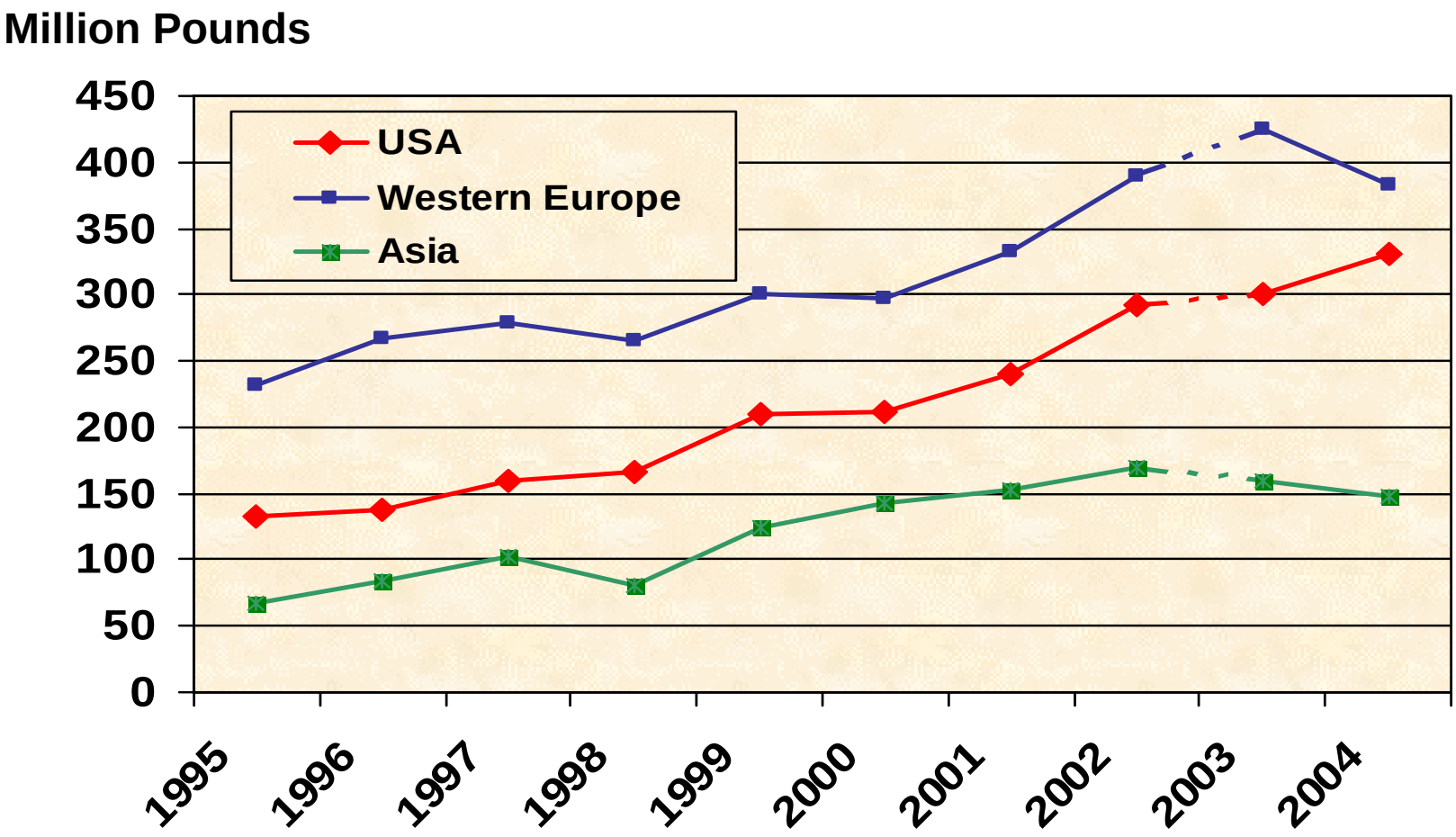
California Almond Crop Production



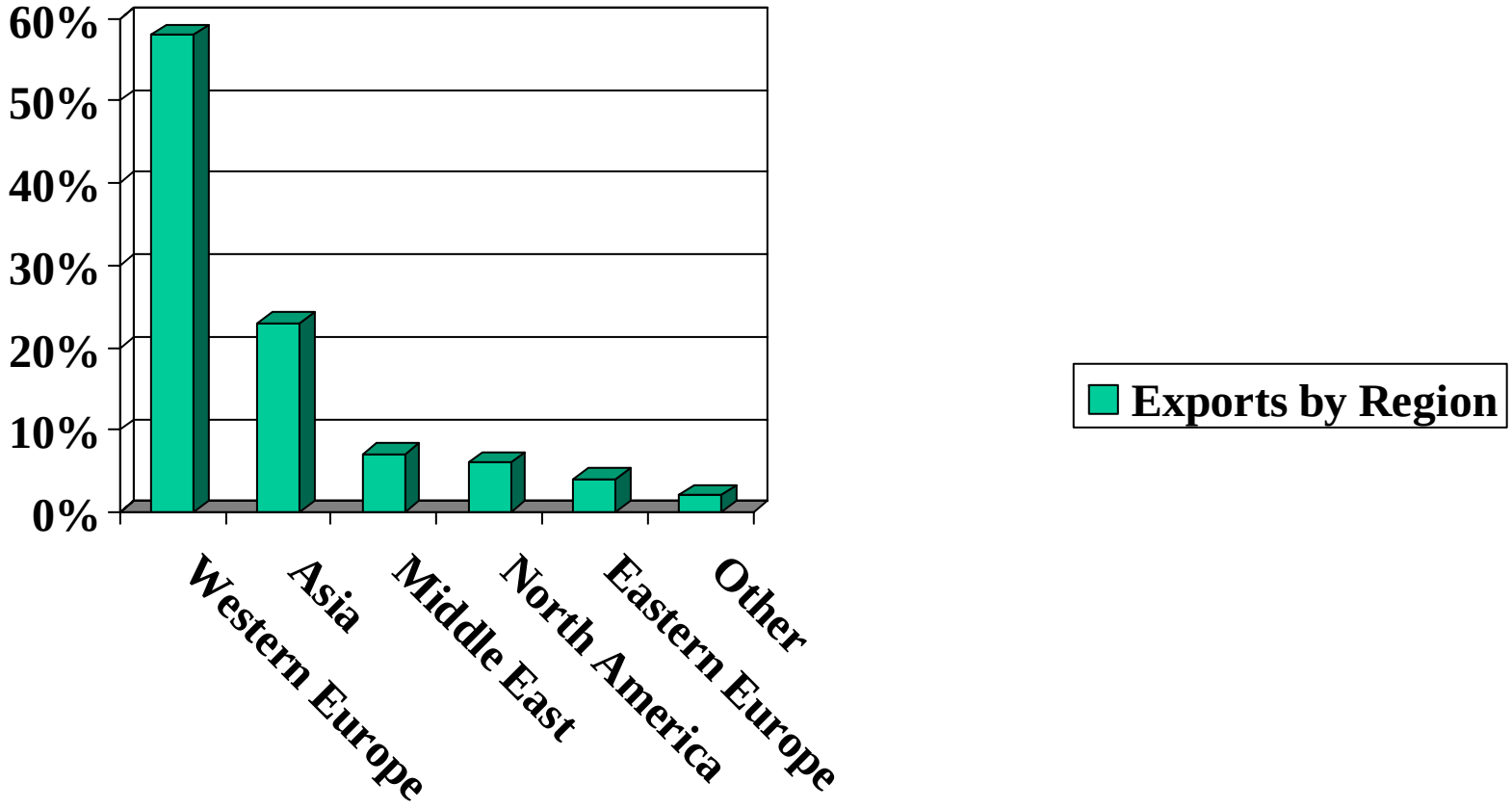
California Almond Production/Shipment Trend



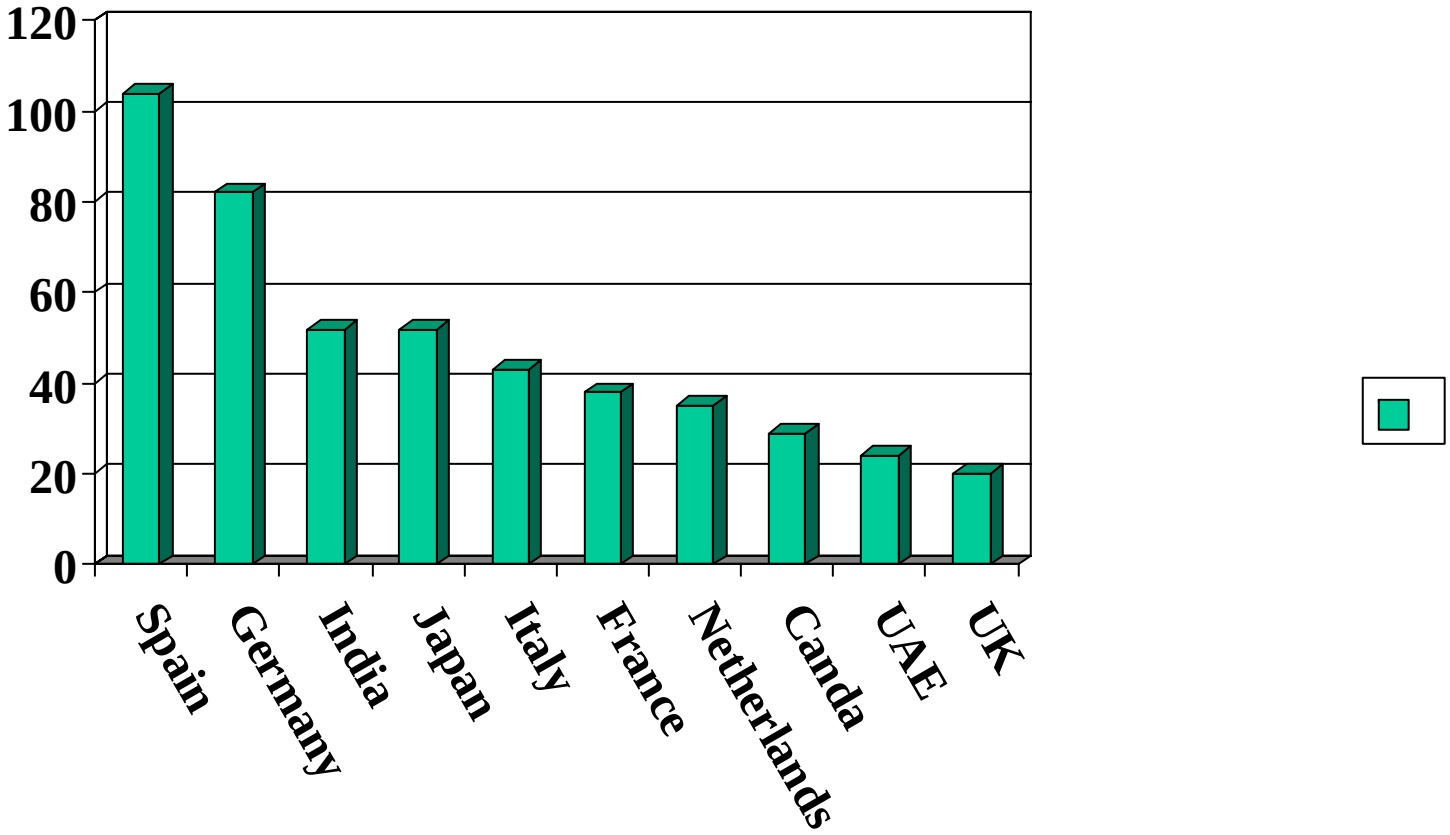
Almond Consumption Growth in Major Markets



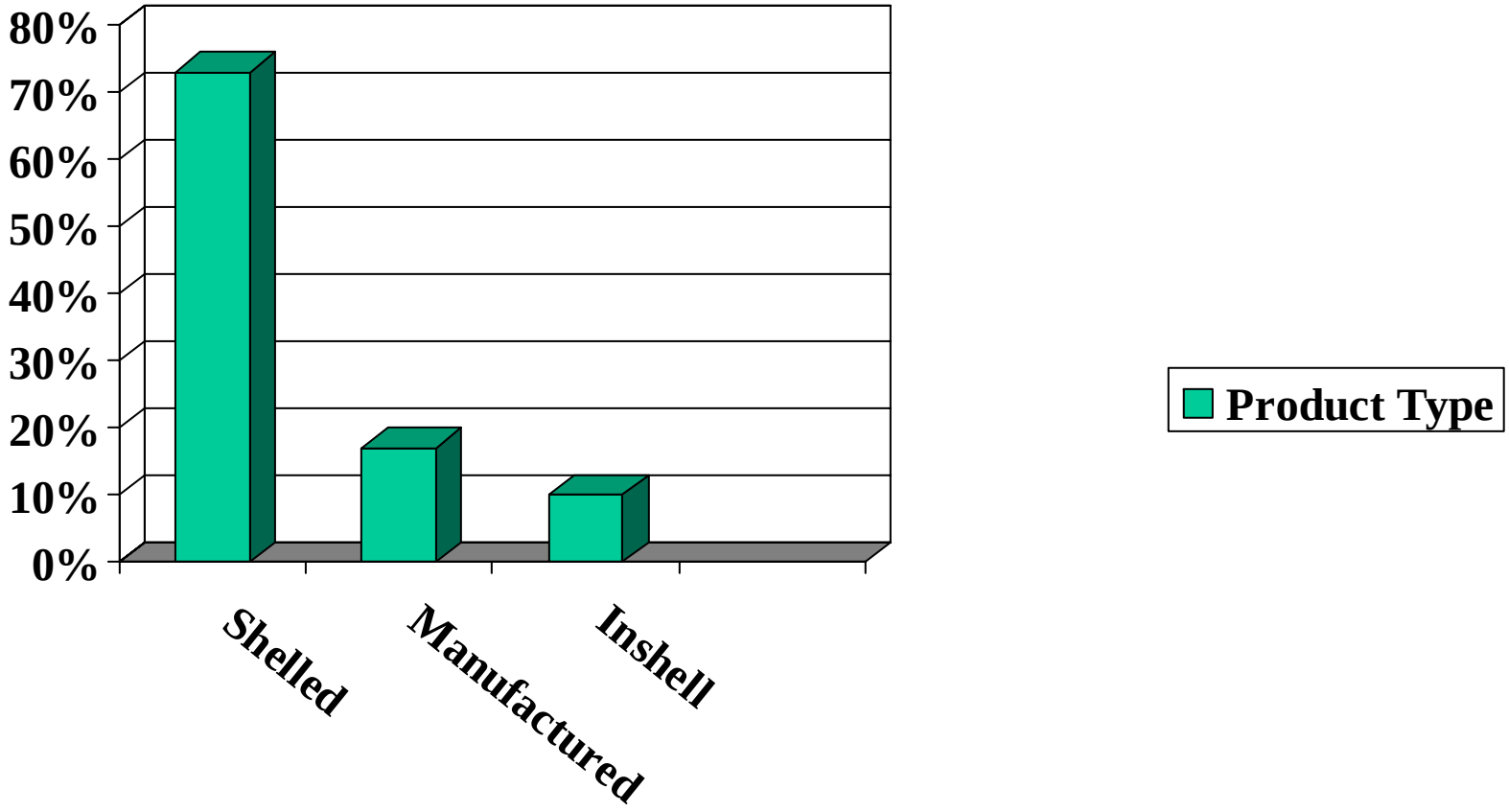
Exports by Region 2004-05



Top Ten Export Markets 2004-05



Exports by Product Type



Almond Examples

Utilization of Almonds

- Marzipan
- Baking
- Confectionery
- Chocolates
- Snacks
- Cereals
- Ice cream

Nuts about good health

- Almond promote good health when consumed as part of a healthful diet that is rich in fruits, vegetables, whole grain products, and foods that are low in saturated fats. Almonds are loaded with nutrition, not empty calories, and fit perfectly in consumers' healthy lifestyle and menu planning.

Almonds Contain

- 35% of the Daily Value for Vitamin E
- 3 grams of Fiber (more than any other nut or seed)
- 6 grams of Protein
- Important Vitamins and Minerals
- No Cholesterol
- 92% Unsaturated Fat (good fat)

Almond Bloom

Almond Nutritional Research

- Almonds help maintain healthy hearts
- Almonds help lose weight
- Almonds help prevent diabetes
- Almonds help lower cholesterol
- Research supports the health benefits of almonds. Specific research study references available upon request.

Blue Diamond Growers

- Al Almond Growers Cooperative with over 3,200 Grower Members.
- Founded in 1910 in Sacramento, CA.
- We work for the farmers to promote California agriculture and healthy eating.
- Our business is approximately 86% bulk industrial almonds and 14% retail almonds.
- Largest Supplier of Almonds in the World.

Blue Diamond's Marketing Strategy

- Direct relationships with Manufacturers, Retailers, Snack Firms, Bakers, and Industrial users.
- Minimize marketing costs
- Greater understanding of clients' requirements
- Avoid selling to traders/speculators in the industry.
- Service orientated
- Maximize margins on value added products

Challenges

- Changing market dynamics
- Import Duties/Taxes
- Microbiological-Phytosanitary requirements
- Weather affecting the Crop
- Transportation Issues

Opportunities

- Almond consumption is growing in Eastern Europe, India, China, and the USA.
- Larger almond crops will allow more favorable pricing to stimulate consumption.
- New products containing almonds
- Global consumer awareness of almonds as a snack item
- Expand consumer awareness of almonds
- Expand retail branded business

Retail Snack Almonds

CHOCOLATE
Luscious Taste!
Smart Choice!
BLUE DIAMOND
NATURAL
Almond Breeze
THE PREFERRED TASTE ALTERNATIVE
Made From Real Almonds
THAN THE LEADING SOY BEVERAGES
25% Fewer Calories
Smooth & Creamy
CHOCOLATE
Non-Dairy Beverage
32 FLUID OZ (1QT) 946 mL
VANILLA
Luscious Taste!
Smart Choice!
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ORIGINAL
Luscious Taste!
Smart Choice!
BLUE DIAMOND
NATURAL
Almond Breeze
THE PREFERRED TASTE ALTERNATIVE
Made From Real Almonds
THAN THE LEADING SOY BEVERAGES
50% Fewer Calories
Smooth & Creamy
ORIGINAL
Non-Dairy Beverage
32 FLUID OZ (1QT) 946 mL

New Flavors

Intense Taste!
Smart Snacking
BLUE DIAMOND
ALMONDS
BOLD
Jalapeño Smokehouse
Intense Taste!
BLUE DIAMOND
ALMONDS
BOLD
Wasabi & Soy Sauce
Intense Taste!
Smart Snacking
BLUE DIAMOND
ALMONDS
BOLD
Maui Onion & Garlic
Smart Snacking
BLUE DIAMOND
ALMONDS
BOLD
Lime 'n Chili

Nature’s Healthy Snack

THANK YOU

- Blue Diamond Growers appreciates your interest and business for our wonderful tasting high quality almonds!!!