The Wonderful World of Fresh Fruits and Vegetables

What's So Special About Our Industry?

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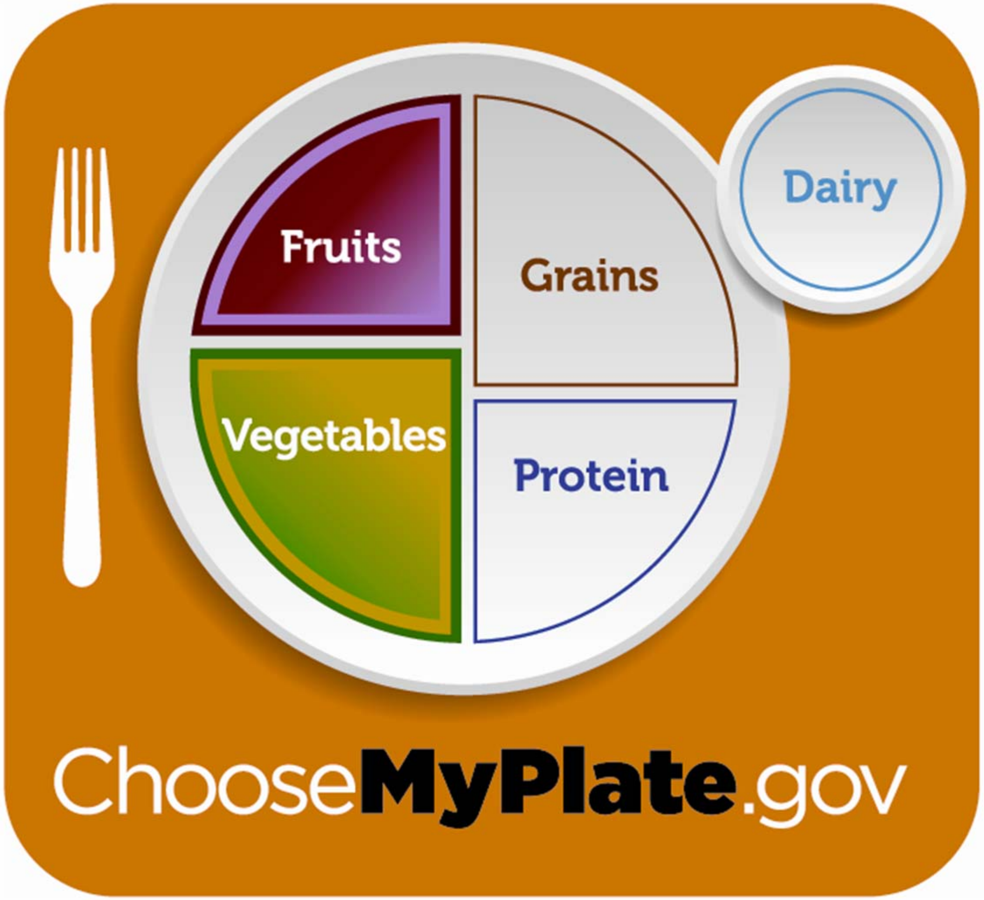
We're the key to good health!



But also great taste!

And convenience!

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What's not to like?

Good Health

Great Taste

Amazing Convenience

- *But there are some warning signs for the future – labor, food safety, food competition . .*

Today's Discussion

1. About United Fresh
2. Snapshot of fruits and vegetables in U.S. food supply today
3. Potential challenges to future growth
4. Some reasons for optimism

A United Fresh Update

- We bring together the total produce industry supply chain
  - Growers, wholesalers, fresh processors, distributors, retailers, restaurants, service providers, allied associations
- 1,500 companies; 10,000 individuals
  - More than 100 commodity boards; local, regional, national, international associations
  - Members in every state, 25 countries
  - 300 volunteers on boards, councils

Our Mission

1. **Bringing supply chain partners together** to grow your businesses
2. **Developing solutions** for companies to address complex issues
3. **Providing training** to enhance your team's skills, leadership
4. **Shaping government p**olicy that affects our industry
5. **Growing fresh produce consumption** for long-term success

Now, On To That Industry Snapshot …

Data From USDA Agriculture Census

U.S. Fruit & Veg Production

- 230,755 farms (10.9%)
- 9.8 million acres (1.1%)
  - 7.5 million irrigated acres (76.5%)
- $57.2 billion market value (14.5%)
  - 27% of all crop value

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Crop Comparison

Commodity	Market Value	Acreage
Corn	$67.2 billion	94.5 million
Soybean	$38.7 billion	76.1 million
Fruits, Berries, Tree Nuts	**$25.9 billion**	**5.5 million**
Vegetables, Melon, Potato	**$16.9 billion**	**4.2 million**
Wheat	$15.8 billion	49.0 million
Rice	$2.9 billion	2.7 million

Ownership of F&V Farms

Ownership	Number of Farms	Percent of Farms
Family	**197,652**	**79.8%**
Partnership	22,544	9.1%
Family Owned Corporation	21,110	8.5%
Cooperative	3,589	1.4%
Non-Family Corporation	2,877	1.2%

Size of F&V Farms

Acreage	Number of Farms	Percent of Farms	Market Value ($billions)	Percent of Market Value
<100	178,028	71.9%	$10.5	17.6%
100-1,000	54,866	22.1%	$20.9	34.9%
>1,000	14,878	6.0%	$28.4	47.5%

Concentration of F&V Farms

- Concentration by geographic region
  - Varies somewhat by commodity
  - **California is still king**

3 CA Counties Exceed 47 States

	Fruits	Vegetables	Total
Fresno	$2.5 billion	$727 million	$3.2 billion
Kern	$2.5 billion	$415 million	$2.9 billion
Monterey	$1.1 billion	$1.7 billion	$2.8 billion

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Fruits, Nuts and Berries

State	Market Value	Percent of US Market Value
1. California	$17.6 billion	67.9%
2. Washington	$2.9 billion	11.2%
3. Florida	$1.8 billion	6.9%
4. Oregon	$517 million	2.0%
5. New York	$308 million	1.2%
6. Georgia	$308 million	1.2%
7. Michigan	$257 million	1.0%
8. Texas	$252 million	1.0%
9. Wisconsin	$219 million	0.8%
10. Pennsylvania	$160 million	0.6%
Top 10 States	**$24.3 billion**	**93.9%**

Vegetables, Melon, Potatoes

State	Market Value	Percent of US Market Value
1. California	$6.3 billion	37.5%
2. Florida	$1.3 billion	7.7%
3. Washington	$1.1 billion	6.5%
4. Idaho	$968 million	5.8%
5. Arizona	$764 million	4.5%
6. Wisconsin	$555 million	3.3%
7. Oregon	$492 million	2.9%
8. Texas	$474 million	2.8%
9. Michigan	$463 million	2.7%
10. Georgia	$412 million	2.4%
Top 10 States	**$ 12.8 billion**	**80.0%**

Import Share of Consumption

	1980	1990	2000	2010
All fresh fruit	26.7%	34.9%	42.4%	48.8%
All fresh vegetables	8.0%	10.3%	13.2%	24.5%
Avocados	2.2%	13.2%	48.9%	79.7%
Grapes	13.6%	37.0%	45.2%	50.3%
Melon	10.3%	15.5%	25.1%	28.9%
Asparagus	10.8%	29.8%	59.0%	89.1%
Garlic	12.5%	17.4%	29.0%	59.5%
Tomatoes	22.3%	20.5%	30.0%	52.3%

Source of Fruit and Veg Imports

	2012 Value	Percentage
Mexico	$7.0 billion	51.3%
Chile	$1.2 billion	8.8%
Canada	$1.2 billion	8.8%
Guatemala	$923 million	6.8%
Costa Rica	$920 million	6.7%
Ecuador	$449 million	3.3%
Peru	$448 million	3.3%
Honduras	$258 million	1.9%
Columbia	$246 million	1.8%
Rest of World	$996 million	7.3%

Dollar Growth in Exports

	2000	2005	2010	2013
All fresh fruit	$2.1 billion	$2.7 billion	$4.0 billion	$5.0 billion
All fresh vegetables	$1.2 billion	$1.5 billion	$2.1 billion	$2.4 billion

Per Capita Consumption (Lbs)

	1980	1990	2000	2013	% Change
All Fresh Vegetables	113.0	147.1	174.5	169.8	50.3%
All Fresh Fruit	88.4	92.0	101.2	110.5	25.0%
Broccoli	1.4	3.4	5.9	6.8	386%
Strawberries	2.0	3.2	4.9	7.9	295%
Bell Pepper	2.9	5.9	8.2	10.3	255%
Grapefruit	7.3	4.4	5.0	2.8	-62%
Peach/Nectarine	7.1	5.5	5.3	3.1	-56%
Head Lettuce	25.6	27.8	23.5	12.5	-51%

Fresh vs. Processed (Lbs)

	1980	1990	2000	2012	% Change
Fresh Fruit	106.5	117.0	128.8	131.0	23.0%
Processed Fruit	159.3	141.0	158.0	113.7	-28.6%
Fresh Vegetables	151.8	176.4	200.8	191.7	26.3%
Processed Vegetables	186.2	214.8	223.5	203.2	9.1%

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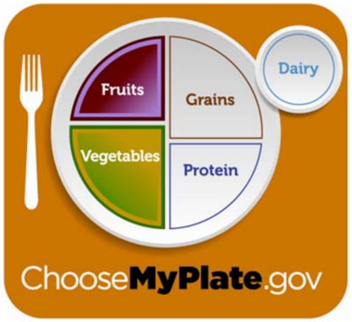
Per Capita Consumption (Lbs)

	30-Year Trend Percent Change
All Fresh Vegetables	50.3%
All Fresh Fruit	25.0%
Seafood	22.0%
Meat & Poultry	4.0%

Where From Here?

Can we continue – and accelerate – the trend to increasing fresh fruit and vegetable consumption?

What would half a plate mean?



- Americans consume less than half of recommended levels
- If you could snap your fingers
  - Save tens of billions in healthcare costs
  - Cut the childhood obesity epidemic, early onset of diabetes and other illnesses
  - Reduce chronic diseases such as cancer, heart disease, hypertension
  - Have an unbelievable impact on our industry

But there are warning signs

- Labor availability
- Misinformation on food safety
- Competitive foods pushback
- International trade dynamics

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Labor Availability

- US labor availability
  - We’re highly labor-intensive industry
  - 75% workforce likely falsely documented
  - And, we’re even losing those workers
    - To other industries
    - To demographics and enforcement
  - With no replenishment of workers
- US immigration reform is needed now!
- Labor practices will also matter

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Food Safety Misinformation

- Fresh produce is extraordinarily safe
  - Over 1 billion servings a day, without incident
  - Incidence of illness is rare, but will be increasingly visible, from new sources
- But, we grow produce outside in nature, not in manufacturing plants
  - Cannot control every possible risk
  - No “kill step” that cooks produce
- Public perception still expects zero risk

Competitive Foods Pushback

- Fresh produce is finally competing for real dollar share
- Competitors are pushing back hard
  – Certain food sectors are opposing health standards in nutrition and feeding programs
  – Processed food interests marketing aggressively against fresh foods
  – Meat industry is challenging government promotion of fruits and vegetables

International Trade Challenges

- Trade is a dynamic issue for the fruit and vegetable industry in the United States
- U.S. consumer/retail demand for year-round product has required U.S. producers to invest/partner in operations in other parts of the world.
- For the produce industry, trade affects commodities/regions differently
    - Export markets remain a key for many commodities
    - Others are import sensitive, with many members adverse to competition

Three Reasons for Optimism

1. Childhood obesity crisis has galvanized understanding of health consequences
   – In a way that long-term chronic disease did not
2. Industry innovation is exploding
   – In new product development
   – In expanding sales channels
   – In supply chain technology from field to table
3. We're focused on changing the world for the next generation, not one person at a time

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Obesity Crisis Has Our Attention

- Today's children may be the first generation with a shorter life expectancy than their parents
- Health care costs related to obesity top $150 billion every year
  - Childhood obesity accelerates cost impact
- Increasing fruit and vegetable consumption is no longer just our business goal
  - *It's critical to the nation's health, physically and financially*

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Innovation in Product Development

- Growth in consumption will come from new products, not commodity yields
- New varieties with enhanced consumer attributes, quality, taste, nutrition
- Fresh-cut, convenience, value-added
- Who’s next?
  - Bagged salads, baby carrots, sliced apples transformed these commodities

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Innovation in Sales Channels

- Fresh convenience is driving the market
  - Supermarkets must become “fresh”
  - Convenience channel, small footprint stores
  - Online, delivery, new food channels
- Health and wellness snacking needs

  - School foodservice and vending
  - Institutional settings from hospitals and universities to corporate business settings

Innovation in Supply Chain

- Production
  - Mechanization and labor saving tools
  - Greenhouse, protected agriculture
  - Food safety solutions
- Distribution
  - Freshness is the most critical element in delivering positive eating experience
  - Quality control throughout the cold chain is the key

We're Changing the Way Kids Eat

- Increasing produce consumption requires policy and environmental change
  - We can't just work to change one person's eating habits; we must change millions
  - Increasing access, availability of high-quality, great-tasting fresh fruits and vegetables
  - Schools have become a primary intervention point to change lifestyle
- Kids will ***choose*** fresh produce with early access and exposure

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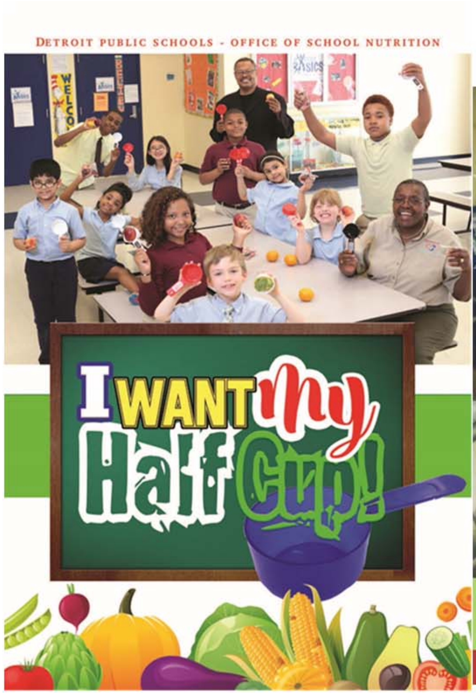
Child Nutrition Programs

FRESH
FRUIT &
VEGETABLE
PROGRAM



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Thank you for the opportunity!

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