

## California Walnut Board

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# CALIFORNIA WALNUT BOARD MEETING MINUTES

**Friday, February 27, 2009**

**Monterey Plaza Hotel**

**Monterey, CA**

A meeting of the California Walnut Board was called to order by Chairperson Dr. Jerome Siebert at 10:09 a.m. The roll was called by Mr. Dennis Balint, Executive Director. Mr. Balint advised Chairperson Siebert that a quorum was present. The following members and alternates were present:

**Members:**

William Carriere

Al Bonturi

Earl Lindauer

Jack Mariani

Jim Frazier

Jerome Siebert

Jerry Moore

Sam Keiper

**Alternates:**

Donald Norene

Phil Short

Pete Turner

Steve Giovannoni

Michael Petz

Jack Gilbert

Gary Ford

Board Member Earl Perez was absent, as were Board alternates Walter Deardorff, Karen Klonsky and Bill Tos. Alternate Jack Gilbert filled in for the vacant position left by the passing of Mr. Waggershauer. Also in attendance were Mr. Duane Lindsay, CWC Technical Advisor; Dr. David Ramos, CWB Research Director; Mr. Vic Tolomeo of CASS; Ms. Debbie Wray and Mr. Kurt Kimmel of USDA/AMS; and Mr. David Ljung, CPA, of Gilbert Associates.

Chairperson Siebert called for a motion to approve the minutes of the September 12, 2008 California Walnut Board meeting as mailed. Mr. Frazier so moved and Mr. Gilbert seconded. The motion carried unanimously.

The next item on the agenda was the Crop Report to be presented by Mr. Vic Tolomeo of the California Agricultural Statistics Services (CASS). Mr. Tolomeo indicated that the forecast for the 2008/2009 crop year presented in September was 375,000 tons and CASS was as surprised as the rest of the industry when receipts for the crop came in at over 430,000. He stated that this is not only a record production, but also a record yield.

Mr. Tolomeo presented some slides demonstrating the objective forecast versus the final production. The difference in the 2008 forecast versus final is the largest it has ever been.

CASS has been analyzing the data and model to try to determine why there was such a big difference this year. In reviewing the 2008 season, there was ideal weather, excellent sizes and quality, two down years prior, but nothing completely out of the ordinary. The one anomaly they did notice was the Chandler set was up 33 percent. When the production came in, the county numbers were up dramatically; Butte County was up 32 percent; San Joaquin up 57 percent; and Tulare was up 46 percent.

Mr. Tolomeo then explained the computer model that CASS uses to calculate the objective forecast – it is a regression model. The model calculates the forecast with a 20 percent confidence interval either up or down. The confidence level for the 2008 crop was a high of 412,000, 20 percent over the forecast of 375,000. No amount of manipulating the model would have brought it to the final production number of 434,000 tons. CASS has been reviewing procedures and analyzing the sensitivity of the regression model to any changes in variables such as acreage, the impact of newer varieties (especially Chandlers), and field practices like harvesting and pruning.

Mr. Keiper asked Mr. Tolomeo if CASS has a specific proposal of procedures they are going to be looking at to improve future crop estimates. Mr. Tolomeo responded that they have a lot of ideas they would like to investigate and they would also like to bring in an independent party to review the procedures and make recommendations; however, everything they do will impact the cost of the forecast. He stated that CASS could come up with a proposal for the Board to review in May.

Mr. Keiper made a motion to direct CASS to conduct an internal evaluation of objective forecast procedures and also solicit the use of an outside resource to review the regression model and report the recommendations to the Board at their spring meeting in May. Mr. Gilbert seconded the motion and it carried unanimously.

There was a further discussion about the CASS methodologies of gathering the data for the forecast and speculation as to the variables that may have caused the large difference between the forecast and the final production.

Chairperson Siebert thanked Mr. Tolomeo for his report and asked Mr. Balint to present the next agenda item, Current Walnut Supply and Demand Situation. Mr. Balint stated that this has been an unusual year with the impact of the exchange rate, pricing and the global economy to consider. He presented a slide detailing foreign walnut product which was down slightly from 2007 and another slide detailing China's production versus consumption. He commented that China continues to consume most of what they produce. The schedule of competing tree nuts shows that almond production was up in 2008, pistachios, pecans and hazelnuts were down.

Mr. Balint then presented a slide of walnut production by variety which showed that Chandlers represented over 40 percent of the total crop in 2008. The walnut production by county indicated that four counties, San Joaquin, Butte, Tulare and Stanislaus, produced almost 60 percent of the total crop in 2008.

Inshell exports in the top six markets were up in Italy and Turkey, but down in Canada, Germany, Netherlands and Spain. Shelled exports for the top six markets were up in Israel, but down in the other five: Canada, Germany, Japan, Korea and Spain.

Mr. Balint then presented the walnut supply and utilization projection slides which indicated a total projected availability in the 2008/09 season of just over 932 million pounds. The projected utilization for the 2008/09 season is 616 million pounds, leaving a projected ending inventory of 158,000 tons. Mr. Balint explained that some of the high inventory can be

attributed to the block in some overseas markets due to the high priced inventory that is still in the hands of importers. Domestically, Mr. Balint commented that we are beginning to see prices fall in the marketplace.

Chairperson Siebert thanked Mr. Balint for his presentation and introduced Mr. Jack Mariani to present the report of the Market Development Committee. Mr. Mariani stated that our PR agency, Torme Lauricella, reported to us recently that our impressions to consumers across the country have increased 3 percent over last year to over 1.5 billion. He then showed two media clips highlighting walnuts; one from the *Martha Stewart Show*, and another from an appearance by Dr. Oz on *Oprah*. He also presented several articles featuring walnuts from major national magazines including *Prevention*, *Eating Well*, *You Docs* (a syndicated column from Dr. Oz and Dr. Roizen), and *Parade Magazine* which appears in the Sunday paper across the nation.

Mr. Mariani then introduced Ms. Jennifer Getz, Assistant Marketing Director of the CWB, to present the U.S. Market Highlights for the season. Ms. Getz began by showing a clip of an appearance by Drs. Oz and Roizen on *Good Morning America* where they discussed the health benefits of walnuts. She also highlighted several walnut related articles that appeared in *Everyday Food*, *Good Housekeeping* and *Marie Claire*.

Ms. Getz then presented some slides of the new program that was launched in the fall during the Harvest Tour which features Dr. Oz and Mollie Katzen – the Smart Menu Makeover Program. There was a satellite media event in New York City with Dr. Oz and Ms. Katzen participating in 22 interviews with different TV stations throughout the nation. Ms. Getz showed a video clip of the satellite media tour.

Ms. Getz turned the presentation over to Ms. Michelle McNeil, Marketing Director, to report on the California Walnut Commission's U.S. Marketing Program. Ms. McNeil stated that the Commission domestic activities included the Smart Nutrition Program which is the new platform for educating dietitians and health professionals on the healthy benefits of walnuts. Other outreach to health professionals included health study communication; conferences for dietitians, physician assistants and diabetes educators; and desk side briefings. Also part of the Commission marketing activities is PREDIMED which is a large study being conducted with over 7,000 participants who consume a Mediterranean diet including nuts. It is important to note that the nut portion of the diet is 50 percent walnuts, 25 percent hazelnuts and 25 percent almonds.

Ms. McNeil moved on to the consumer advertising campaign. She stated that we are extending our outreach to consumers on the web, including ad on sites such as Cooking Light, My Recipes, RealAge, Oprah and WebMD. We have also continued with advertising in health professional publications such as *Today's Dietician*, *American Journal of Lifestyle Medicine* and *Diabetes Forecast*, among others.

Ms. McNeil continued with the next agenda item, Health Research Update. She indicated that recent health research publications include Dr. Hardman's study on breast cancer; Dr. Ros' work on metabolic syndrome; and Dr. Hartman's study on prostate cancer. Currently we have several studies that have been accepted for publication including: a study from Dr. Joseph on cognitive function; one from Dr. Sabate on fish vs. walnuts for omega-3s; a study from Dr. Tapsell on satiety; another from Dr. Sabate on antioxidants in walnuts; and another paper from Dr. Ros out of the PREDIMED study on the markers of inflammation. There are four papers that are pending publication and another 16 studies currently in progress.

An unidentified audience member asked Ms. McNeil if the CWB/CWC is doing any marketing specifically for organic walnuts and what percentage of the marketing is organic. Mr. Balint commented that the Board and Commission do not track receipts of walnuts on the basis of organic versus non-organic. He explained that our marketing approach has always been to increase the demand for all walnuts in a way that consumers who choose organic walnuts will be motivated in the same way as consumers who choose non-organic. The dilemma in promoting based on the organic/non-organic status implies an advantage of one versus the other which would not be in the best interest of the industry overall.

Mr. Mariani asked Ms. McNeil to present the next agenda item, the Attitude and Usage Study. Ms. McNeil stated that our industry routinely conducts surveys of consumers to determine their usage of walnuts, what they think about them and how we can encourage their use of them. This past November we conducted our first on-line study that went out to 1,000 men and women. The participants were primary grocery shoppers, 18 years of age and older, and had purchased walnuts within the past 12 months.

The findings of the Attitude and Usage Study indicated: 80 percent of consumers are eating healthier than a few years ago; 50 percent are eating more nuts; and 60 to 70 percent believe that walnuts provide health benefits. Top health concerns of consumers are obesity and weight management, cancer, heart disease and high cholesterol. Web-based sources of health information that consumers visit include Google, WebMD, Yahoo and MSN. Eating habits for improving health include eating more nuts and more omega-3. Ninety-six percent of consumers indicated that walnuts have good fat and 40 percent named walnuts as a food containing ALA (omega-3).

Ms. McNeil stated that one common misunderstanding among consumers is that just as many consumers credit almonds for their omega-3 content as walnuts. Also, 59 percent of respondents believe that all nuts contain omega-3 and 47 percent believe all nuts are a good source of antioxidants. Consumers are finding their information from a variety of sources, including print (magazines/newspapers), as well as the internet and television. Purchase patterns indicate that consumers purchase walnuts on average 3.4 times per year and the top choice for usage is baking, followed by snacking and salads. Versatility is the key to converting lighter users into heavier users. Consumers are frequently using web recipe sources for new ideas, so that plays directly into our ongoing project to redevelop our website and to do some specific placement within search engines like Google and Yahoo.

Chairperson Siebert thanked Ms. McNeil for her presentation and introduced Mr. Earl Lindauer to give the report of the Production and Post-Harvest Research Committee. Mr. Lindauer indicated that many Committee members attended the annual Walnut Research Conference in Bodega Bay in January. This is the conference where the researchers present their project reports to the Committee and also present any proposals for future projects. The Committee will meet on March 11<sup>th</sup> to review and consider the projects for the coming year.

Mr. Lindauer asked Mr. Duane Lindsay to give the report on the Section 18 and the Methyl Bromide update. Mr. Lindsay stated that EPA approved the Section 18 on Manex early this year and he hopes that all handlers have gotten their supplies for application of the product. DPR is currently looking at a Section 3 application for Mancozeb which would increase the supply of Manex. Our allocation of methyl bromide was cut to 75 percent in 2010 by EPA based on some misleading information they received regarding the drop-in replacement status of sulfuryl fluoride for methyl bromide. As the industry is aware, sulfuryl fluoride has not proven effective on codling moth egg kill. We are currently waiting for the information for the next round of CUE applications from EPA.

Mr. Lindauer asked Ms. Donoho to give the report on the U.C. Research Endowment. Ms. Donoho indicated that the value of the Research Endowment as of December 31, 2008 was approximately \$1,010,000. This is down from June 30, 2008 by about 22 percent which is consistent for investments given the state of the economy.

Dr. Siebert thanked Mr. Lindauer for his report and introduced Mr. Sam Keiper to give the report of the Grades & Standards Committee. Mr. Keiper stated that the main issue the Grades & Standards Committee has been working on is the language change to the inspection procedures for walnut material less than one-eighth inch in size. The Committee has drafted some language and submitted it to USDA for approval. That process is still on-going. The Committee hopes that through the additional efforts of the CWC's Issues Management Committee's annual trip to Washington D.C. in May, the language issue will soon be resolved to the benefit of the industry.

Ms. Debbie Wray of USDA presented conforming language changes that would bring some reporting and record keeping dates into conformance with recently enacted marketing order amendments. The language changes to the marketing order would reflect the Board's marketing year start date that was recently changed from August 1<sup>st</sup> to September 1<sup>st</sup> and also make changes related to the Board's name change from Walnut Marketing Board (WMB) to California Walnut Board (CWB). The final change is in Section 471 which changes the term "carryover" to "inventory" in order to bring that section into conformance with the terminology used in section 71.

Mr. Keiper made a motion to accept the conforming language changes as presented by Ms. Wray. Mr. Carriere seconded the motion and it carried unanimously.

Mr. Keiper also commented on the timely issue of food safety. He would like to see a recommendation made to the chair of the Budget & Personnel Committee to form a sub-committee to address issues of food safety and quality. Mr. Frazier made a motion that the Board recommend to the Budget & Personnel Committee the formation of a sub-committee to address any food safety and quality issues within the industry. Mr. Keiper seconded the motion and it carried unanimously.

Chairperson Siebert thanked Mr. Keiper for his report and introduced Mr. Martin Mariani, CWB/CWC Treasurer, to give the report of the Audit Committee. Mr. Mariani stated that the Committee met on February 4, 2009 to receive the audit report from David Ljung of Gilbert Associates. The Committee also reviewed some policies and procedures including the CWB employee manual, to assure that they are following best practices. In addition, the Committee agreed to retain Gilbert Associates to conduct the financial audit functions for the current fiscal year 2008/09.

Ms. Donoho stated that the Board needs to approve the Policies and Procedures and Employee Handbook and give the authority to the Audit Committee to make housekeeping changes to those documents. Chairperson Siebert asked Mr. David Ljung to make his presentation to the Board first, then the Board will take that motion into consideration along with the approval of the audit at the same time.

Mr. Ljung stated that his agency, Gilbert Associates, was retained to conduct the independent financial audit of the California Walnut Board for the 2007/2008 marketing year; this is the third financial audit that Gilbert Associates has done for the CWB. He met jointly with

the CWB/CWC Audit Committees at their meeting on July 15, 2008 to plan the audit and again on February 4, 2009 to present the results of the audit.

Mr. Ljung stated that the results of the audit cover a 13-month period (due to the fiscal year-end change from July 31 to August 31 last year for the CWB). The audit report resulted in a clean or unqualified opinion. Gilbert Associates reviewed not only the financial aspects of the Board, but also the internal controls over the organization. They identified some weaknesses in those controls and made recommendations for strengthening. All of their recommendations have been addressed by the Board and have either been corrected or are in the process of being corrected. There were no further recommendations as a result of the 2008 audit.

Chairperson Siebert asked the Board to entertain a motion to accept the report of the financial audit and the policies and procedures and approve the engagement letter retaining the services of Gilbert Associates for the 2008/09 audit. Mr. Frazier so moved, Mr. Moore seconded and the motion carried unanimously.

Chairperson Siebert asked Mr. Balint to present the next agenda item, Current Year Budget Change. Mr. Balint stated that he is presenting this issue as informational, there is no action required on the part of the Board. As many industry members are aware, despite the record crop, we are having a shortfall in shipments. Shortfalls in shipments result in shortfalls in inspections; and therefore, a shortfall in income to the Board. The Board will, in fact, be facing a potential budget shortfall of over \$800,000 this year which has resulted in all marketing activities from March 1 on being suspended. At their afternoon meeting, the Commission will be presented with an option to assume some of the Board's marketing activities in order for the programs to continue uninterrupted.

Mr. Balint explained that the Board and Commission use the previous year's crop number to set budgets for the following year. As a result, he is going to recommend to the Board that a three-year rolling average of the crop be used for budgeting purposes beginning this May. That figure would equate to 370,000 tons for the 2009/2010 year.

Mr. Keiper made a motion to adopt the three-year crop average in determining the Board budgets beginning with the 2009/2010 marketing year. Mr. Carriere seconded the motion and it carried unanimously.

Chairperson Siebert asked Ms. McNeil to present the next agenda item, Strategic Planning. Ms. McNeil stated that staff is recommending two pre-strategic planning meetings: one for the Market Development Committees of the Board and Commission; and the other for the Production and Post-Harvest Research Committee. After those Committees conduct their meetings, the full Board and Commission will convene for two days in either August or January for strategic planning.

Mr. Carriere made a motion to approve the proposal of pre-strategic planning meetings for the Market Development Committees and Production and Post-Harvest Committee prior to the full Board and Commission two-day strategic planning event to take place later in the summer or winter. Mr. Frazier seconded the motion and it carried unanimously.

Chairperson Siebert moved on to the next agenda item, California Walnut Board Elections. Ms. Steindorf explained that the election process has just started with the mailing of nomination petitions to all growers and handlers. Incumbents will receive a form to complete if they wish to have their name on the ballot. The nomination period is 30 days; after 30 days

have passed, the ballots will be compiled and mailed to all growers. The election process should be completed by June 1<sup>st</sup> with results announced in the summer.

Chairperson Siebert thanked Ms. Steindorf for the election update and asked Mr. Balint to present the next agenda item, AMS Oversight. Mr. Balint explained that oversight refers to communications. USDA/AMS has a policy of reviewing every ad, press release and brochure that are distributed by boards and committees that have promotion programs. Mr. Balint is on a task force made up of several Board leads that has met with AMS twice so far and will be meeting again in March. They are making some progress on the "grey areas" of the oversight that AMS is requesting. He indicated that this issue will be on the agenda for the Issues Management Committee's annual trip to Washington D.C. in May.

Mr. Balint continued with the next agenda item, School Lunch Buy. He indicated that the news he had from Washington is that the purchase documentation for the Section 32 is on the Secretary of Agriculture's desk. It could take a day, a week or a month for it to be signed, however. Mr. Balint, on behalf of the industry, requested 18,600 tons to be purchased, however, anything over 15,000 tons would be good news. Staff is waiting for the purchase announcement and will keep the industry informed of any updates.

There was no Executive Session necessary and Chairperson Siebert stated that the time and the place of the next meeting of the Board and Commission will be May 18, 2009. Hearing no further business, he adjourned the meeting at 11:55 a.m.

I HEREBY CERTIFY that the above is a full, true and correct copy of the minutes of the meeting held on February 27, 2009, in Monterey, California, by the Board of the California Walnut Board.



5/5/09

\_\_\_\_\_  
Date

\_\_\_\_\_  
Dennis Balint, Executive Director

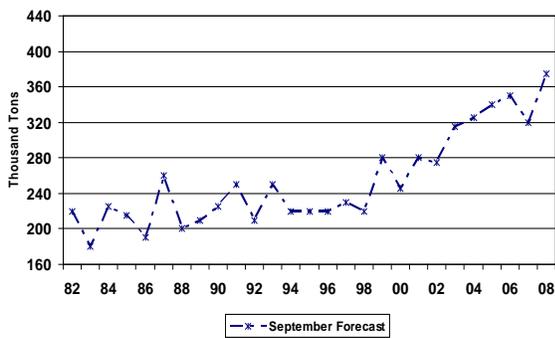
## 2008 Walnut Crop

Presented by Vic Tolomeo  
 USDA, National Agricultural Statistics Service  
 California Field Office  
 February 27, 2009

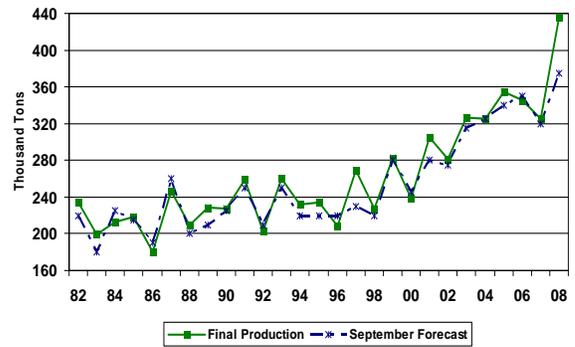
## 2008 Walnut Objective Forecast

- Forecast, September 4, 2008:  
**375,000 Tons (In-Shell)**
- Handler Receipts, December 31, 2008:  
**434,301 Tons**

### CALIFORNIA WALNUTS Sept. Objective Forecast



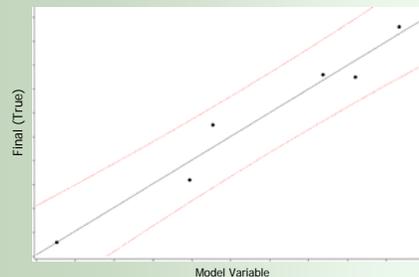
### CALIFORNIA WALNUTS Sept. Objective Forecast vs. Final Production



## 2008 Season

- Ideal weather conditions during spring, cool summer
- Excellent sizes and quality
- Followed two down years
- Production by County:
  - Butte County, up 32%
  - San Joaquin County, up 57%
  - Tulare County, up 46%

## Regression Model



## Review

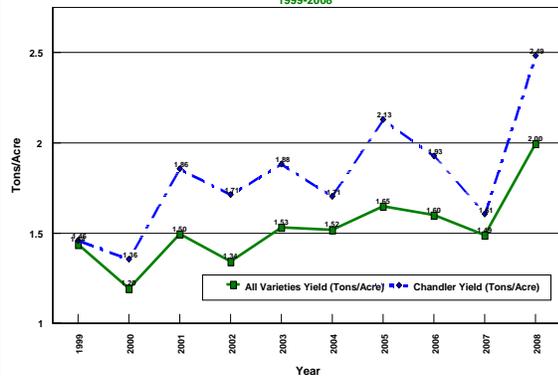
- Looked at the following:
  - Models using recent years
  - Models with increases in acreage
  - Models eliminating years
  - Impact of newer varieties

## Production by Variety

	Tons					
	2001	2003	2005	2006	2007	2008
Chandler	90,591	115,251	138,060	129,153	110,863	176,846
Hartley	73,678	63,290	69,002	59,594	58,082	59,980
Howard	1,643	5,691	13,724	21,315	27,926	30,599
Tulare	4,709	10,965	20,418	28,534	25,266	46,516

Source: Walnut Marketing Board

California Walnuts, Yield per Acre  
1999-2008



## Chandler Sample

	Year Planted				
	1976-1984	1985-1989	1990-1994	1995-1999	2000-2004
% of Acres	2.4	3.6	9.0	11.6	5.0
% of Sample	2.0	4.5	9.9	13.0	6.4

## Factors

- Back to back low crop years
- Cultural practices
- Acreage & variety mix
- ?

## 2008 Walnut Crop

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 February 27, 2009



## CALIFORNIA WALNUT BOARD

February 27, 2009

### FOREIGN WALNUT PRODUCTION 2007 to 2008 (short tons)

COUNTRY	2007	FORECAST 2008
Chile	22,000	25,000
China	507,000	507,000
France	42,000	n/a
India	40,000	41,000
Italy	n/a	n/a
Turkey	99,000	94,000
<b>TOTAL</b>	<b>710,000</b>	<b>667,000</b>

### CHINA WATCH 2004-2007 (short tons)

YEAR	PRODUCTION	IMPORTS	EXPORTS	DOMESTIC CONSUMPTION	% OF PRODUCTION
04/05	396,900	2,688	36,360	363,227	91.52%
05/06	427,770	3,087	43,550	387,308	90.54%
06/07	468,563	9,261	36,383	441,441	94.21%
07/08	507,150	9,647	35,831	480,965	94.84%

### SCHEDULE OF COMPETING TREE NUTS 2006 to 2008 Production Tons - Inshell Basis (Almonds 1,000 Lbs Shelled)

TREE NUT	2006	2007	2008
Walnuts	344,000	320,000	434,301
Hazelnuts	41,000	33,000	32,000
Pecans	94,450	167,000	95,540
Pistachios	119,000	205,000	142,500
Almonds	1,120,000	1,390,000	1,570,297

### CALIFORNIA WALNUT PRODUCTION BY VARIETY 2007 & 2008 Crop (Percent of Total)

VARIETY	2007	2008
Chandler	34.31%	40.72%
Hartley	17.98%	13.81%
Serr	9.52%	7.16%
Howard	8.64%	7.05%
Vina	7.33%	8.35%
Tulare	7.82%	10.71%

### CALIFORNIA WALNUT PRODUCTION BY COUNTY 2007 & 2008 Crop (Percent of Total)

COUNTY	2007	2008
San Joaquin	16.54%	19.37%
Butte	14.20%	13.93%
Tulare	12.82%	13.89%
Stanislaus	10.17%	11.13%
Sutter	8.47%	8.57%

INSHELL EXPORTS: AUG/SEP-DEC  
Top Six Countries (lbs)

COUNTRY	2007/08	2008/09
Canada	3,244,045	2,107,254
Germany	17,692,596	15,711,600
Italy	23,772,637	24,413,527
Netherlands	4,865,773	3,842,563
Spain	21,348,171	20,689,588
Turkey	8,304,968	12,556,196

SHELLED EXPORTS: AUG/SEP-DEC  
Top Six Countries (lbs)

COUNTRY	2007/08	2008/09
Canada	4,432,901	3,129,058
Germany	9,559,315	4,518,546
Israel	2,990,545	3,712,161
Japan	5,505,959	3,585,540
Korea	4,609,496	3,510,520
Spain	5,727,098	3,458,430

WALNUT SUPPLY AND UTILIZATION PROJECTION  
February 27, 2009

AVAILABILITY	ACTUAL 2007/08	ORIGINAL 2008/09	CURRENT 2008/09
August Inventory			
Inshell	2,108	3,127	3,127
Shelled	<u>33,753</u>	<u>27,397</u>	<u>27,397</u>
Inshell Equivalent	81,155	64,281	64,281
Production	<u>646,214</u>	<u>750,000</u>	<u>868,602</u>
Total Available	727,369	814,281	932,883

WALNUT SUPPLY AND UTILIZATION PROJECTION  
February 27, 2009

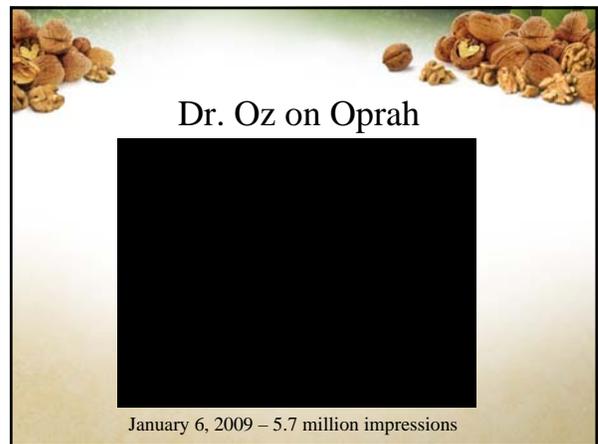
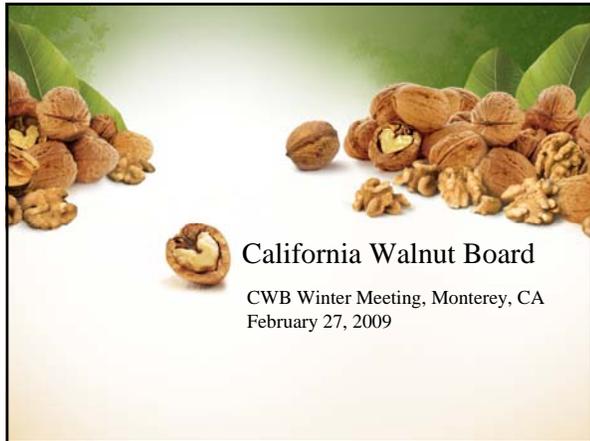
UTILIZATION	ACTUAL 2007/08	ORIGINAL 2008/09	CURRENT 2008/09
Inshell Domestic	<u>19,774</u>	<u>22,000</u>	<u>16,000</u>
Inshell Export	<u>99,033</u>	<u>106,000</u>	<u>100,000</u>
Shelled Domestic	<u>152,381</u>	<u>158,000</u>	<u>134,000</u>
Shelled Export	<u>89,642</u>	<u>96,000</u>	<u>76,000</u>
Inshell Equivalent	662,686	715,963	616,000

WALNUT SUPPLY AND UTILIZATION PROJECTION  
February 27, 2009

ENDING INVENTORY	ACTUAL 2007/08	ORIGINAL 2008/09	CURRENT 2008/09
Inshell Equivalent (lbs)	64,281	98,318	316,883
Inshell Equivalent (tons)	32,141	49,159	158,442

WALNUT SUPPLY AND UTILIZATION PROJECTION  
February 27, 2009

- Conversion Rates:
  - Beginning Inventory 2007/08 = 42.7
  - Utilization 2007/08 = 44.5
  - Ending Inventory 2007/08 = 44.8
  - Beginning Inventory 2008/09 = 44.8
  - Utilization 2008/09 =





## Prevention Magazine

15,989,184 Impressions




## EatingWell Magazine Hardman Study

3,079,747 impressions




## YOU Docs Syndicated Column

Printed by [April](#), February 08, 2009 16:25PM

In a recent appearance on "Good Morning America," we recommended [millet](#) made with this seed as a great way to eat a whole grain that contains healthy omega-3 fat. Hmm, a very thoughtful researcher in the omega-3 field, rest us a critical but timely letter about why he thought we weren't fat to the fat known as DHA.

DHA is one of the omega-3 fats, the good fats that protect your eyes, brain and heart, and found in fish oil and algae. Another important omega-3 fat is ALA (also called alpha linolenic acid, if you want to get formal), in chia, flax and walnuts, which the body eventually, but in small quantities, converts to DHA.

A third is EPA, also found in fish oil. Here's what [Helen's](#) concern was (we edited her letter a little): "I've seen walnuts or chia as a source of DHA or as good for brain health is incorrect. Walnuts and chia are sources of ALA and do not contain any DHA. Repeating the rate and weight in nutritional equivalents to fish oil or algae oil with respect to omega-3 content is incorrect and further confuses confusion about sources of omega-3s and the role that each fatty acid plays in human health."

We guess we to post our letters have a limited ability to convert ALA to DHA. Less than 1 percent of it is turned into DHA (although women convert it better than men do). And, he clarifies that people eating nuts, "Women derive less their ability to convert it even more because they eat too many omega-6 fats from corn and soybean oils (American average 10 grams a day of omega-6 fat from these oils).

The trouble: These omega-6 fatty acids compete with ALA for conversion. So, for instance, if a person consumed an ounce of walnuts per day, they'd get approximately 2,500 mg of ALA. But it would, at best, convert to just 25 mg of DHA, a small fraction of the DHA necessary (600 mg) for optimal health.

Helen agrees that ALA isn't fat. Some research shows that it can have positive effects on heart health (DHA does, too). But for brain development and health, research has shown only DHA to be beneficial. So he argues that the only way to achieve the DHA blood and tissue levels essential for optimal health and disease risk reduction is to get at least 600 mg of preformed DHA per day through fish, foods fortified with DHA or DHA supplements from algae oil or fish oil.

We agree that ALA is not a substitute for DHA. But we do think ALA is healthy and that eating it can be smart -- especially when you choose foods containing ALA over those lacking sources of it and saturated fat.



## Parade.com

924,271 Impressions



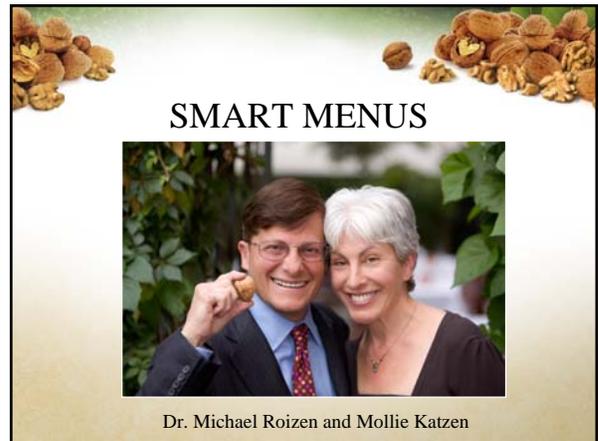
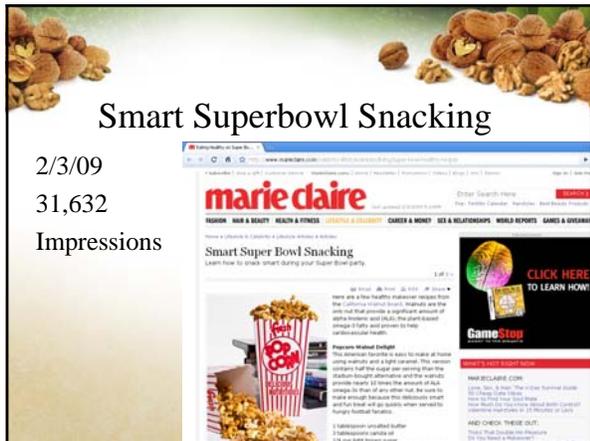
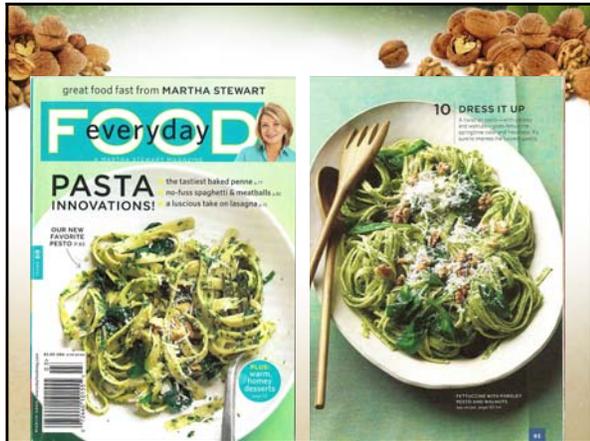

## U.S. Marketing Highlights

California Walnut Board  
Jennifer Getz



## Good Morning America YOU: Being Beautiful

December 2, 2008 – 3,626,000 Impressions



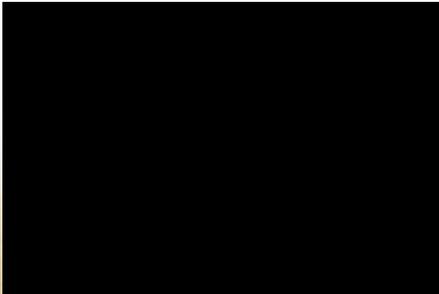


**Dr. Mike & Mollie  
Satellite Media Tour**

- New York City - January 5, 2009
- Smart Nutrition
- Conducted 22 interviews with TV stations



**SMT Video**




**Report of the CWC  
U.S. Marketing Highlights**

Michelle McNeil



**SMART NUTRITON**  
Focus on health and nutrition media  
and key opinion leaders




**Health Professional Outreach**

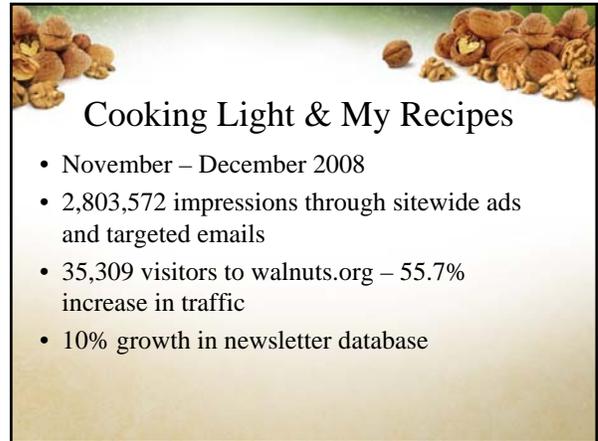
- Health Study Communication
- Conferences
  - Dietitians
  - Physicians Assistants
  - Diabetes Educators
- Desk side briefings




**PREDIMED Study**



December 12, 2008, WBBM, Chicago – 32,688 Impressions





## HEALTH PROFESSIONAL ADVERTISING

- Journal of Cardiovascular Nursing
- Today's Dietitian
- American Journal of Lifestyle Medicine
- JAAPA
- The Diabetes Educator
- Diabetes Forecast
- Today's Diet & Nutrition

32 Insertions, 14,865,788 Impressions

## Health Research Update

Michelle McNeil

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

- ## 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**



**Studies in progress  
16**



Thank you!



Any Questions?



## U.S. Attitude & Usage Study 2008

Monterey Plaza Hotel  
February 27, 2009



## Methodology

- 1,000 men & women interviewed via web
- Qualified Participants:
  - Primary Grocery Shopper
  - 18 years or older
  - Purchased Walnuts in the last 12 months



## Top Line Findings

- 80% Eating Healthier than a few years ago, up from 74% in 2004
- 50% Eating More Nuts
- 67% of consumers believe walnuts provide health benefits



## Top Health Concerns

- obesity/weight management (55%)
- cancer (43%)
- heart disease (42%)
- high cholesterol (27%)
- skin health/appearance/aging (27%)
- high blood pressure (24%)
- brain function/Alzheimer's (22%)
- type 2 diabetes (15%)



## Web Health Information Sources

- 65% Google
- 61% WebMd
- 34% Yahoo
- 21% MSN



## Eating Habits

Current Eating Habits to Improve Health:

- 50% eating more Nuts
- 36% Adding more omega-3's



### Foods with Good Fat

- Foods that Contain Healthy Fat
  - 96% indicated nuts/seeds
- Food that contain Omega-3 (ALA)
  - 40% named walnuts



### Health Benefits – All Nuts

- 59% - Contain Omega-3 fatty acids
- 47% - Good source of Antioxidants
- 46% - Reduce the risk of heart disease
- 44% - Good for weight management
- 33% - Reduce Cholesterol



### Nuts - Benefits

- 80% Believe that nuts are not created equal, having varying health benefits
- Just as many consumers credit almonds for their omega-3 content (40%) as walnuts (40%)



### Health Benefits of Walnuts

	2008 %
They contain Omega-3 fatty acids (ALA)	48
They may reduce the risk of heart disease	39
They are a good source of antioxidants	38
They are good for weight management	34
They are good for brain function/aging (i.e. Alzheimer's)	33
They reduce cholesterol	32
They are good for skin health/ appearance/aging	28
They may reduce the risk of cancer	24
They may reduce the risk of Type 2 Diabetes	17
Other	4
None of the above	18
BASE	(1011)



### Where they learned about walnuts

	2008 %
Print/magazine/newspaper	43
The Internet/website	42
Television (i.e. news shows, personality)	33
Family member/friend/associate	26
Books/cookbooks	24
Physician	15
Diet/weight loss programs (i.e. Weight Watchers, etc.)	10
Radio (i.e. news, shows, personality)	7
Registered dietician/nutritionist	7
Government/government agency	2
Pharmacist	2
Other health professional	1
BASE*	(833)



### Purchase Frequency

	<u>2008 %</u>
Once a year or less	25
2 – 3 times a year	35
4 – 5 times a year	17
6 times a year or more	22
Average	3.47
BASE	(1011)



### Purchase Products with Walnuts

	2008 %
Once a year or less	13
2 – 3 times a year	27
4 – 5 times a year	21
6 times + a year	33
Average	4.25
BASE	(1011)



### USAGE

How walnuts are used?

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



### USAGE

Versatility is key to converting lighter users into heavy purchasers

	FREQUENCY PURCHASE WALNUTS			
	Once a year or less	2-3 times/yr or	4-5 times/yr	6+ times/yr
As a baking ingredient/for baking	73	84 a	83 a	81 a
In desserts	54	65 a	70 a	71 a
As a snack	39	61 a	75 ab	85 abc
In salads	39	59 a	61 a	73 abc
As a healthy addition to my diet	11	25 a	43 ab	65 abc
In cereal/for breakfast	17	32 a	29 a	50 abc
To serve to guests/when entertaining	17	20	28 ab	38 abc
In entrees/an ingredient in entrees	12	18	25 a	37 abc
In pasta dishes	5	6	15 ab	15 ab
BASE	(256)	(351)	(171)	(226)



### Frequency of Cooking

- Frequency of Cooking Meals
  - 47% cook 4+ meals per week
  - 41% cook 1-3 meals per week



### Purchasing More Walnuts Because

	2004	2008
They are healthy/good for you/nutritious	54	73
I have more time to cook/bake	14	34
They are versatile/can be used in many different ways	NA	31
My family likes them	NA	29
I have more recipes that include walnuts/I know how to use them	NA	21
They are convenient to use	32	21
Using walnuts instead of other nuts	13	14
They are a good value for the money	5	14
BASE*	(161)	(504)



### Web Recipe Sources

- 64% Foodnetwork
- 52% Google
- 43% Myrecipes
- 25% Yahoo
- 18% Epicurious



## Strategic Planning

Dennis A. Balint  
Michelle McNeil

California Walnut Industry Annual Winter  
Meeting  
Monterey, CA  
February 27, 2009

## History

- Revised plan established in January, 2007
- Board & Commission Joint Meeting

## Since then...

- 2008 Short Crop
- 2009 Record Crop

## Present

- Growth Projections as established in 2007 of concern

## High Level Goals Set

Expand Markets by 60 Million Shelled Pounds Over  
the Next 5 Years

- US	30.0MM
- Japan	7.0MM
- Germany	8.0MM
- Spain	2.0MM
- Korea	8.0MM
- China/HK	5.0MM
- Canada	1.5MM
- Israel	0.0MM
- Turkey	5.0MM
- India	<u>0.0MM</u> LT goal: research & send team

**Total 66.5MM**

## Present & Future

- 60 million pound goal was hit in two years
- The plan does not account for larger crops should they persist

## Suggested Actions

- Establish Working Group Meetings by area:
  - Production/Post harvest
  - Marketing

## Timeline

- Working Group Meetings – late May
- Joint Strategic Planning Session – late May/ early June