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GOLD
BORRELL USA
The Almond Conference
Economics of Almond Production

Moderator: Bill Harp, ABC Board Director

Presenters:

Bill Harp, The Fabbri Group/Grower

Karen Klonsky, UC Davis

Terry Withrow, Ciccarelli & Withrow

Rob Geis, A Grower

Dan Cummings, A Grower
Almond Grower  ROA Basics with a Review of 2001-2010 and an Outlook for 2011-2016
Bill Harp, The Fabbri Group/Grower
Bill Harp, COO of The Fabbri Group

• Independent Grower Director – California Almond Board
• Arkansas “born, raised, and educated”, but California "enlightened”
• Licensed Professional Engineer
• Food Plant Designer and Entrepreneur
• A California Almond Grower
# Grower Return by Region for 2010 CY

<table>
<thead>
<tr>
<th>Almond Growing Region</th>
<th>Northern</th>
<th>Central</th>
<th>Southern</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yield Per Acre</td>
<td>1,698</td>
<td>1,853</td>
<td>2,762</td>
<td>2,200</td>
</tr>
<tr>
<td>Bearing Acres</td>
<td>130,869</td>
<td>318,129</td>
<td>291,002</td>
<td>740,000</td>
</tr>
<tr>
<td>Total Reported Production</td>
<td>222,198,895</td>
<td>586,123,982</td>
<td>819,869,378</td>
<td>1,628,192,255</td>
</tr>
<tr>
<td>Inedible %</td>
<td>0.8%</td>
<td>1.2%</td>
<td>1.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Inedible Lbs</td>
<td>1,733,151</td>
<td>6,835,378</td>
<td>9,561,317</td>
<td>18,129,846</td>
</tr>
<tr>
<td>Total Paid Weight</td>
<td>220,465,744</td>
<td>579,288,604</td>
<td>810,308,061</td>
<td>1,610,062,409</td>
</tr>
<tr>
<td>Total Paid Weight/Acre</td>
<td>1,685</td>
<td>1,821</td>
<td>2,785</td>
<td>2,176</td>
</tr>
<tr>
<td>Grower Return/Lb: (Wtd avg. based on Variety) *1</td>
<td>$1.80</td>
<td>$1.77</td>
<td>$1.79</td>
<td>$1.78</td>
</tr>
<tr>
<td>Calculated Paid Grower Return/Acre:</td>
<td>$3,030</td>
<td>$3,215</td>
<td>$4,974</td>
<td>$3,874</td>
</tr>
<tr>
<td>Growing Costs/Acre SJ Valley:</td>
<td>$2,700</td>
<td>$2,700</td>
<td>$2,700</td>
<td>$2,700</td>
</tr>
<tr>
<td>(Based on 2010 UC Davis Study which excludes land and trees @ $1,106/acre)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Discounted Growing Cost per Acre:</td>
<td>$400</td>
<td>$200</td>
<td>$0</td>
<td>$157</td>
</tr>
<tr>
<td>(Due to Cheaper Water)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Estimated Grower Cost:</td>
<td>$2,300</td>
<td>$2,500</td>
<td>$2,700</td>
<td>$2,543</td>
</tr>
<tr>
<td>Net Grower Return/Acre:</td>
<td><strong>$730</strong></td>
<td><strong>$715</strong></td>
<td><strong>$2,274</strong></td>
<td><strong>$1,331</strong></td>
</tr>
</tbody>
</table>

*1 - Based on the Grower Returns per pound by Variety as reported by the States top 5 Processors.
Almond Grower ROA Terminology

Almond Grower ROA Definition:
Almond Grower ROA (Return on Asset) is defined as the yearly percentage of the net average marginal grower return in dollars of one acre of bearing almonds divided by the average asset value of one acre of bearing almonds in dollars.
### Grower Return (ROA) History

#### Analysis of the most recent past 10 Years: 2001 - 2010

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</thead>
<tbody>
<tr>
<td>Wtd. Avg Yield/Acre</td>
<td>1,810</td>
<td>1,830</td>
<td>2,172</td>
<td>2,200</td>
<td>1,943</td>
</tr>
<tr>
<td>Wtd. Avg Net Return/Acre</td>
<td>$545</td>
<td>$1,854</td>
<td>$981</td>
<td>$1,331</td>
<td>$1,207</td>
</tr>
<tr>
<td>Wtd. Avg Value of 1 Mature Acre *1</td>
<td>$7,500</td>
<td>$14,000</td>
<td>$17,300</td>
<td>$18,000</td>
<td>$13,500</td>
</tr>
<tr>
<td>Pre-Tax Return on Asset *2</td>
<td>7.3%</td>
<td>13.2%</td>
<td>5.7%</td>
<td>7.4%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

*1 Value of 1 Mature Acre - Source from the "Trends" in Agricultural Land and Lease Values Annual Report & cross checked with local land appraisers records.

*2 ROA = based on weighted average market value of 1 acre of mature almonds for given period.
Almond Grower ROA Target Range

(A Grower’s Perspective):

As an independent California Almond Grower and Investor, my opinion of an acceptable ("fair and reasonable") Almond Grower ROA is the following range:

- **10-20% Yearly Return on Asset**
- **Supported by the expectations of other growers knowledgeable of the risks associated with Almonds Orchards based on at least a 20-25 year life.**
- **Use 10% as a minimum target ROA.**
## Return on Asset Analysis vs. Target

Analysis of the most recent past 10 Years: 2001 - 2010

### State-wide average per Acre

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</tr>
</thead>
<tbody>
<tr>
<td>Target Average Net Return @ 10% pre-tax ROA</td>
<td>$750</td>
<td>$1,400</td>
<td>$1,730</td>
<td>$1,800</td>
<td>$1,350</td>
</tr>
<tr>
<td>Actual Average Net Return more/(less) than Target:</td>
<td>($205)</td>
<td>$454</td>
<td>($749)</td>
<td>($469)</td>
<td>($143)</td>
</tr>
</tbody>
</table>

### State-wide total $ more/(less) than Target (in millions)

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Annual Net Revenue vs. Target:</td>
<td>($111)</td>
<td>$273</td>
<td>($472)</td>
<td>($347)</td>
<td>($88)</td>
</tr>
<tr>
<td>Crop Year Grouping Net Revenue vs. Target:</td>
<td>($334)</td>
<td>$1,094</td>
<td>($1,415)</td>
<td>($347)</td>
<td>($883)</td>
</tr>
</tbody>
</table>
## Projection of Bearing Acreage Increase Based on Known & Estimated Plantings and Removals

### Table: Projected Bearing Acres 2011 - 2016

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecasted Bearing Acres</td>
<td>740,000</td>
<td>750,000</td>
<td>764,222</td>
<td>770,601</td>
<td>779,601</td>
<td>812,601</td>
<td>845,601</td>
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<tr>
<td>Estimated Plantings</td>
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<td></td>
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</tr>
</tbody>
</table>

### Additions and Adjustments

- **Acres Planted 3 years prior (as originally Reported)**: 21,678, 18,264, 13,362, 15,000, 30,000, 30,000
- **Adj. Planted Acreage: 60% more than Orig. Reported**: 34,850, 29,222, 21,379, 24,000, 48,000, 48,000
- **Expected Removals (average of 2004-2010)**: 24,850, 15,000, 15,000, 15,000, 15,000, 15,000
- **Net Increase in Bearing Acres (estimated) vs prior year**: 10,000, 14,222, 6,379, 9,000, 33,000, 33,000

### Additional Notes

- Acres Planted and are Standing as of 2010 that are more than 20 years old (1989 or earlier planting): 102,475
- Acres Planted and are Standing as of 2010 that are more than 17 to 20 years old (1990-1992 plantings): 40,255
# Demand Growth History - California Almond Industry

<table>
<thead>
<tr>
<th>Actual Demand Growth</th>
<th>3 Year</th>
<th>5 Year</th>
<th>10 Year</th>
<th>15 Year</th>
<th>Period when Target ROA Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>7.5%</td>
<td>10.2%</td>
<td>9.1%</td>
<td>10.0%</td>
<td>'04 - '07</td>
</tr>
<tr>
<td>Export</td>
<td>10.9%</td>
<td>14.2%</td>
<td>8.8%</td>
<td>9.7%</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>9.8%</td>
<td>12.9%</td>
<td>8.8%</td>
<td>9.7%</td>
<td></td>
</tr>
</tbody>
</table>

Recent Demand Growth Averages

<table>
<thead>
<tr>
<th>Period when Target ROA Achieved</th>
<th>'08-'10</th>
<th>'06-'10</th>
<th>'01 - '10</th>
<th>'96 - '10</th>
</tr>
</thead>
<tbody>
<tr>
<td>'04 - '07</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
It Appears Future Demand Growth will be Restricted by Acreage Growth

2011 - 2016 Demand Growth based on Projected Bearing Acres

<table>
<thead>
<tr>
<th>Projected Demand Growth</th>
<th>Restricted Growth Based on Projected Bearing Acres @ Random Yield/Acre Averages 2012 - 2016</th>
<th>Unrestricted Conservative Demand Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,400</td>
<td>2,500</td>
</tr>
<tr>
<td>Domestic</td>
<td>3.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Export</td>
<td>3.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Total</td>
<td>3.1%</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

= Conservative Demand Growth Forecast based on Research & Recent History
= Actual Avg. 2008 - 2010
= Deloitte 2011 Study
= Assumes Industry must carry-out 14% of Total Supply each year.
Acreage Restricted Supply (Available to Ship) vs. Conservative Unrestricted Demand Growth @ 7.3%

Available Supply at Yield/Acre Scenario

- **Demand**
- @ 2,400
- @ 2,500
- @ 2,600
- @ 2,700

Acreage Restricted Supply = Net Edible Production + carry-in supply – (less: required carryout supply)

Required carryout = 14% of Total Supply for a given CY.
Bearing Acreage Required to Meet Projected Avg. Demand of 7.3% (2011 – 2016)

Acreage at Yield/Acre Scenario

Projected Acres

@ 2,400
@ 2,500
@ 2,600
@ 2,700

Avg. Yearly Net Increase in Bearing Acres 2011 - 2016

@ Current Projected Acres: 18,000

Yearly Acreage Increase required

@ 2,400 lbs/acre: 46,000
@ 2,500 lbs/acre: 39,000
@ 2,600 lbs/acre: 33,000
@ 2,700 lbs/acre: 27,000

Model assumes 15% of Total Current Demand must be carried-out each crop year (=13% of Total Supply)
Outlook for 2011-2016

Bill Harp, The Fabbri Group, A Grower
Outlook for 2011-2016

Optimism for Grower Returns for 2011-2016
(A Grower’s Perspective):

• 10-20 % Grower ROAs are possible with projected almond supply and demand fundamentals.
• Growers need to become informed, aware, and involved to support our capable Almond Handlers.
• Grower Regional Informational Meetings in February.
• Challenge to Growers to “Grower-Up” and “Git-R-Done”
Economics of Almond Production

Karen Klonsky
Dept. of Agricultural & Resource Economics
University of California, Davis
Outline of Presentation

• Costs to establish and produce almonds
• Risk analysis – breakeven yields and prices
• Return on investment – internal rate of return
• Payback period for investment
• Almond acres planted by year and variety
• Cost factors impacting net returns
Cost and Return Study
Almond Orchard Assumptions

San Joaquin Valley North, 2011
16’ x 22’ spacing, 124 trees per acre
40 contiguous acres
Microsprinkler irrigation
Custom harvest
25 year orchard life
Cost and Return Study Authors

Roger Duncan, UCCE Stanislaus County
Paul Verdegaal, UCCE San Joaquin County
Brent Holtz, UCCE San Joaquin County
David Doll, UCCE Merced County
Rich DeMoura, Dept. of Ag. & Resource Econ. UCD
Karen Klonsky, Dept. of Ag. & Resource Econ. UCD
Cost Components

Cultural Costs
Harvest Costs
Cash Overhead
Noncash Overhead
Costs of Production

Cultural Costs
• Pruning
• Floor management
• Disease and pest control
• Irrigation and fertilization
• ATV and pickup use

Harvest Costs
Cash Overhead
Noncash Overhead
Costs of Production

Cultural Costs

Harvest Costs
- Shake, sweep, rake
- Pick up and haul
- Hull and shell nuts

Cash Overhead

Noncash Overhead
Costs of Production

Cultural Costs

Harvest Costs

Cash Overhead
- Office expenses
- Liability Insurance
- Sanitary Service
- Property Taxes and Insurance
- Repairs on Buildings and Irrigation System

Noncash Overhead
Costs of Production

Cultural Costs

Harvest Costs

Cash Overhead

Noncash Overhead (Capital Recovery)

• Buildings, Shop, and Field Tools
• Irrigation System
• Fuel Tanks
• Equipment ownership
• Trees
• Land
Equipment Costs

Cultural costs
- Fuel and lube
- Repairs

Cash overhead
- Insurance
- Taxes

Noncash Overhead (Capital recovery)
- Principle and interest or ownership costs
Almond Orchard Establishment Cost per Acre

Total Investment - $8,738
Almonds Total Cost of Production, $3,974 per acre

- Cultural costs: $1,782 (45%)
- Harvest: $345 (9%)
- Trees: $376 (9%)
- Land: $750 (19%)
- Equipment: $279 (7%)
- Cash overhead: $442 (11%)
Almonds Total Cost of Production, $3,974 per acre
Almonds
Cultural Costs $1,782 per Acre

- Pickup & ATV: $123 (7%)
- Pollination: $280 (16%)
- Prune: $183 (10%)
- Weeds: $188 (11%)
- Insects & gophers: $328 (18%)
- Fertilize: $321 (18%)
- Irrigate: $207 (12%)
- Disease: $152 (8%)
Almonds
Cultural Costs $1,782 per Acre

- Pollination: $280 (16%)
- Custom pruning: $189 (10%)
- Labor: $386 (22%)
- Fuel: $105 (6%)
- Materials: $821 (46%)
Comparison of 2011 and 2006 Cultural Costs

$1,782/acre in 2011 up from $1,578 in 2006

- Fuel: 2011 - 105, 2006 - 78
- Pruning: 2011 - 189, 2006 - 162
- Pollination: 2011 - 280, 2006 - 250
Risk analysis

Expected yield range: 1,400 – 2,600 lbs. per acre

Expected price range: $.90 - $2.10
Average Annual Prices

Source: NASS. 2010 California Acreage Report
# Almonds

## Cost Per Pound at Varying Yields

<table>
<thead>
<tr>
<th>Cost per Pound</th>
<th>Pounds per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>1,400</td>
</tr>
<tr>
<td>0.50</td>
<td>1,600</td>
</tr>
<tr>
<td>1.00</td>
<td>1,800</td>
</tr>
<tr>
<td>1.50</td>
<td>2,000</td>
</tr>
<tr>
<td>2.00</td>
<td>2,200</td>
</tr>
<tr>
<td>2.50</td>
<td>2,400</td>
</tr>
<tr>
<td>3.00</td>
<td>2,600</td>
</tr>
</tbody>
</table>

**Legend:**
- **Total cost**
- **Cash cost**
- **Operating cost**

![Graph showing the relationship between cost per pound and pounds per acre for almonds at varying yields.](image-url)
Almonds
Cost Per Pound at Varying Yields

<table>
<thead>
<tr>
<th>Pounds per Acre</th>
<th>$ per Pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,400</td>
<td>2.00</td>
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<tr>
<td>1,600</td>
<td>1.75</td>
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<tr>
<td>1,800</td>
<td>1.50</td>
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<tr>
<td>2,000</td>
<td>1.25</td>
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<tr>
<td>2,200</td>
<td>1.00</td>
</tr>
<tr>
<td>2,400</td>
<td>0.75</td>
</tr>
<tr>
<td>2,600</td>
<td>0.50</td>
</tr>
</tbody>
</table>

- **Total cost**
- **Total - land**
- **Cash cost**
- **Cultural + harvest**

Grower Return
## Almonds

### Cost Per Pound at Varying Yields

<table>
<thead>
<tr>
<th>Cost per Pound</th>
<th>Pounds per Acre</th>
<th>Total cost</th>
<th>Cash cost</th>
<th>Cultural + Harvest</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>1,400</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>0.50</td>
<td>1,600</td>
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<tr>
<td>1.00</td>
<td>1,800</td>
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<td>2,000</td>
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<td>2.50</td>
<td>2,400</td>
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<tr>
<td>3.00</td>
<td>2,600</td>
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</tbody>
</table>

**Breakeven yield**

2,000 pounds at $1.90 per pound
Annual Net Returns Excluding Land Cost
2,000 Pounds, Per Acre, $1.80 Per Pound
## Internal Rate of Return at Varying Yields and Prices

<table>
<thead>
<tr>
<th>Lbs. /A</th>
<th>1,800</th>
<th>1,900</th>
<th>2,000</th>
<th>2,100</th>
<th>2,200</th>
<th>2,300</th>
<th>2,400</th>
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<tbody>
<tr>
<td>$1.50</td>
<td>---</td>
<td>---</td>
<td>-7%</td>
<td>-2%</td>
<td>1%</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>$1.60</td>
<td>-13%</td>
<td>-5%</td>
<td>-1%</td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
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<tr>
<td>$1.70</td>
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<td>3%</td>
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<td>7%</td>
<td>9%</td>
<td>11%</td>
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<tr>
<td>$1.80</td>
<td>1%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>$1.90</td>
<td>4%</td>
<td>7%</td>
<td>9%</td>
<td>11%</td>
<td>12%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>$2.00</td>
<td>7%</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
<td>14%</td>
<td>16%</td>
<td>17%</td>
</tr>
</tbody>
</table>
Accumulated Net Return per Acre
2,000 lbs. per acre and $1.80/lb.
### Payback Period for Investment (Years)

#### Varying Yields and Prices

<table>
<thead>
<tr>
<th>Lbs. /A</th>
<th>1,800</th>
<th>1,900</th>
<th>2,000</th>
<th>2,100</th>
<th>2,200</th>
<th>2,300</th>
<th>2,400</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.50</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>23</td>
<td>19</td>
<td>16</td>
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<tr>
<td>$1.60</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>21</td>
<td>17</td>
<td>15</td>
<td>13</td>
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<tr>
<td>$1.70</td>
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<td>19</td>
<td>16</td>
<td>14</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>$1.80</td>
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<td>18</td>
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<td>13</td>
<td>12</td>
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<td>$1.90</td>
<td>17</td>
<td>14</td>
<td>13</td>
<td>11</td>
<td>11</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>$2.00</td>
<td>14</td>
<td>12</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>
Almond Acres

Source: NASS. 2010 California Acreage Report
Almond Acres Planted by Year and Variety

Source: NASS. 2010 California Acreage Report
Almond Price Per Pound

Source: NASS. 2010 California Acreage Report

Cost per pound

Source: NASS. 2010 California Acreage Report
Tax Planning Today for Tomorrow’s Operation
Terry Withrow, Accountant
Return on Investment

Risk

Taxes
Return on Assets

Opportunity Cost

Land Appreciated Value
What’s New for 2011
Maximum limit on earnings subject to Social Security tax remains $106,800

Social Security part of the self-employment tax decreases from 12.4% to 10.4%

S/E tax is reduced from 15.3% to 13.3%
Section 179 expense

The maximum amount you can elect to deduct for most section 179 property you place in service in 2011 is:

- Federal $500,000
- California $25,000
Special Depreciation Allowance

50%  January 1, 2008 - September 8, 2010

100%  September 9, 2010 – December 31, 2011

50%  January 1, 2012 – December 31, 2012
Qualified Property

Acquired by purchase

Acquired NEW
Estate Tax Details

Exemption $5 million ($10 million if married)
Unused portion transferred to surviving spouse

Tax rate 35%
Tax Planning Today for Tomorrow’s Operation
Sample Data Summary

- 6,061 acres of mature almonds in Kern County
- Aged 6 years to 25 years old
- Fan jet irrigation with reservoir storage
- 90% well water with electric pumps
- 10% Federal surface water
- Equipment usage is 100% custom farming
Almond Growing Costs

Accounting for Costs

• Cost accounting software AG Star – Crop Specific & Overhead
• Detailed line item budgets
• Budget vs. Actual Monthly Reporting
• Annual CPA reviewed accrual based Financial Statements
Almonds - Cost of Production

Cultural, Harvest & Cash Overhead $2,742

- Cultural: $2,003 (73%)
- Harvest: $430 (16%)
- Cash Overhead: $309 (11%)
Almonds: Return on Asset

- We use ROA as an indicator for how profitable an investment is relative to its total asset value. Net Income/Total Assets
- Calculation is performed before interest expense or rent to determine operating returns before cost of servicing debt.

\[
\begin{align*}
\text{Costs of Production} & : \quad $4,590 - ($2,742) \\
\text{Net Income} & : \quad $1,848 \\
\text{Ground} & : \quad $10,000 \\
\text{Development} & : \quad $6,000 \\
\text{Total Asset} & : \quad 16,000
\end{align*}
\]

\[
\frac{\text{Net Income}}{\text{Total Asset}} = 12\% \text{ ROA}
\]
We work very closely with our Processor/Handler on timing of sales for all our processed and brown skin almonds. We have the ability to increase or decrease sales volume based on current market data; shipping numbers, supply & demand changes, general market news, specific product demands. We stay informed and aware.

Make every effort to avoid making sales in a downward trending market or slow buyer activity period
A Grower’s Perspective

Dan Cummings, A Grower
<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Actual/Acre</th>
<th>Budget</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Almond Revenue</td>
<td>$1,807,570</td>
<td>$ 4,204</td>
<td>$ 1,659,647</td>
<td>$ 147,923</td>
</tr>
<tr>
<td><strong>Expense</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor</td>
<td>$ 108,264</td>
<td>$ 252</td>
<td>$ 93,565</td>
<td>$ 14,699</td>
</tr>
<tr>
<td>Farm Mgt &amp; Prof. Services</td>
<td>$ 59,407</td>
<td>$ 138</td>
<td>$ 55,776</td>
<td>$ 3,631</td>
</tr>
<tr>
<td>Supplies/Replants</td>
<td>$ 5,793</td>
<td>$ 13</td>
<td>$ 2,981</td>
<td>$ 2,812</td>
</tr>
<tr>
<td>Pollination</td>
<td>$ 147,576</td>
<td>$ 343</td>
<td>$ 151,000</td>
<td>$ (3,424)</td>
</tr>
<tr>
<td>Chemicals</td>
<td>$ 99,427</td>
<td>$ 231</td>
<td>$ 120,455</td>
<td>$ (21,028)</td>
</tr>
<tr>
<td>Fertilizer</td>
<td>$ 199,673</td>
<td>$ 464</td>
<td>$ 195,528</td>
<td>$ 4,145</td>
</tr>
<tr>
<td>Hulling &amp; Trucking</td>
<td>$ 62,300</td>
<td>$ 145</td>
<td>$ 69,841</td>
<td>$ (7,541)</td>
</tr>
<tr>
<td>Equipment</td>
<td>$ 136,696</td>
<td>$ 318</td>
<td>$ 123,150</td>
<td>$ 13,546</td>
</tr>
<tr>
<td>Property Tax/Insurance</td>
<td>$ 25,011</td>
<td>$ 58</td>
<td>$ 25,073</td>
<td>$ (62)</td>
</tr>
<tr>
<td>Utilities/Irrigation</td>
<td>$ 26,137</td>
<td>$ 61</td>
<td>$ 35,297</td>
<td>$ (9,160)</td>
</tr>
<tr>
<td><strong>Total Expense</strong></td>
<td>$ 870,284</td>
<td>$ 2,024</td>
<td>$ 872,666</td>
<td>$ (2,382)</td>
</tr>
<tr>
<td><strong>Total Gross Profit</strong></td>
<td>$ 937,286</td>
<td>$ 2,180</td>
<td>$ 786,981</td>
<td>$ 150,305</td>
</tr>
</tbody>
</table>
Investment Considerations

ROI/ROA
Portfolio Diversification
Inflation Hedge
Global Commodity
Tax Planning
Estate Planning
Crop Selection

Ag Real Estate
Tree Crops
Highest & Best Use
Optimal Mix: 2/3 Almonds, 1/3 Walnuts
Marketing Strategy

Handler Mix: Philosophy & Performance
Custom Pack
LT Fixed Rate Contracts
BDG Pool Deferral
 Discipline