



Annual Report

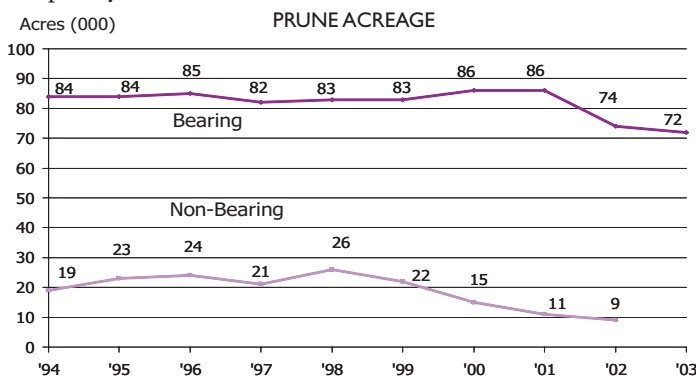
No. 134

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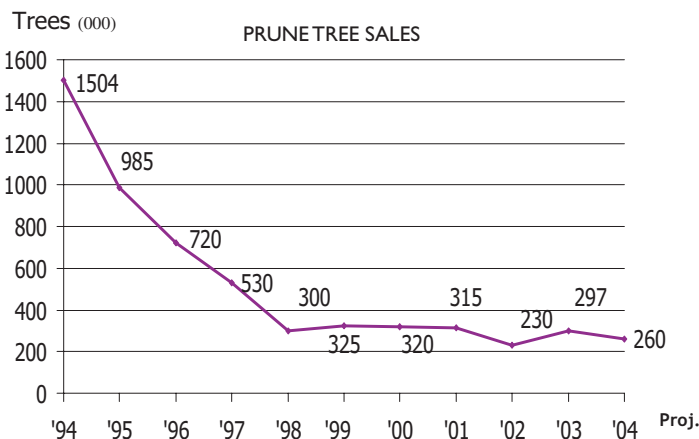
This Annual Report was developed in accordance with the Agricultural Marketing Act of 1937 to provide you with a summary of California Dried Plum Board activities for the 2002/03 marketing year. Special recognition should go to the members and alternates of the Board and Committee shown on page 8 and the various subcommittees who have devoted many hours to California prune industry matters during the course of the year.

PRODUCTION AND SUPPLY

Bearing prune acreage for 2002 was estimated by the California Agricultural Statistics Service (CASS) at 74,000 acres which was down 12,000 acres as a result of the industry tree pull program with an additional 2,000 acre reduction in 2003 projected. In all, about 18,000 acres of prune orchards were removed due to the USDA and industry-funded tree pull programs. Non-bearing acreage for 2002 was estimated at 9,000 acres, down 18% from the prior year.

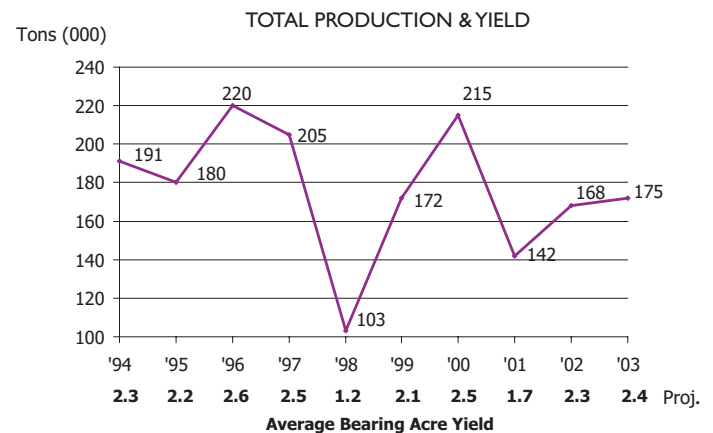


Prune tree sales reported by nurseries increased by 29% in 2003 to 297,000 trees, which is close to the historical annual replacement level of about 300,000 trees. The projection for 2004 sales was 260,000 trees.



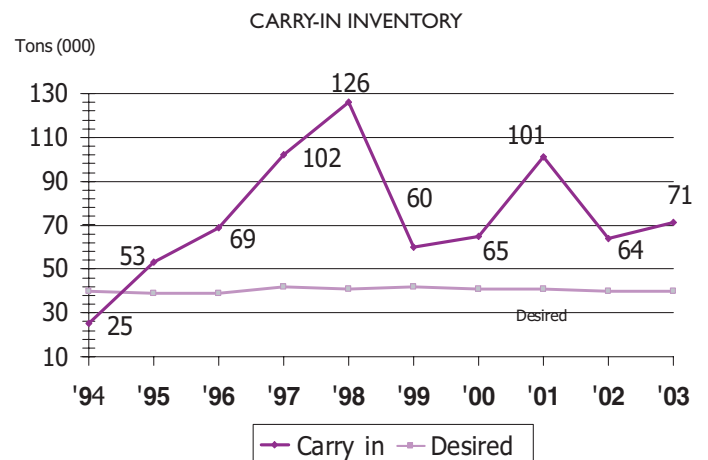
2002 prune production reached 168,366 tons which was 18% larger than the 2001 crop. This was close to the prior five-year average and 4% below the 175,000 tons projected for 2003. The 2.3 ton yield per bearing acre was 15% higher than the previous five-year average. The 23 Screen undersize content and trash totaled 6,107 tons or 3.6% of total production.

The North Sacramento Valley (Glenn, Tehama, Butte and Shasta Counties) accounted for 37% of total production, down from 39% in 2001. The South Sacramento Valley's contribution jumped from 36% from 45%. San Joaquin Valley production dropped from 25% to 18%.



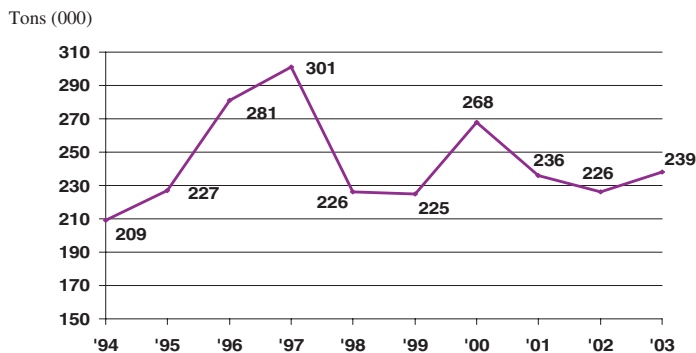
The average size count in 2002 was 59 compared to 65 in 2001 and 71 projected for 2003. Average sizes by region were 62 in the San Joaquin Valley, 59 in the North Sacramento Valley and Coastal Region and 58 in the South Sacramento Valley.

The 2002 carry-in of 63,536 natural condition tons was 37% below the 2001 carry-in but still more than 23,000 tons above the desired inventory level. The 2003 carry-in increased to 71,320 tons.



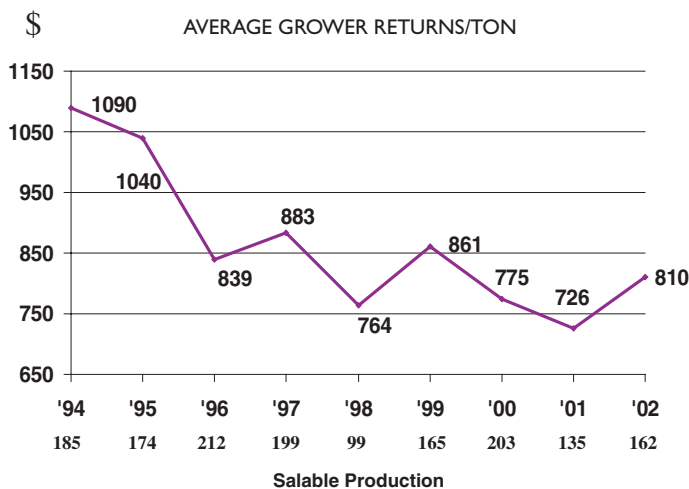
When combined with 2002 marketable production of 162,259 tons, the result was a total supply of 225,795 tons which was 4% lower than the 2001 supply and 6% lower than the projected 2003 supply.

NATURAL CONDITION SUPPLY



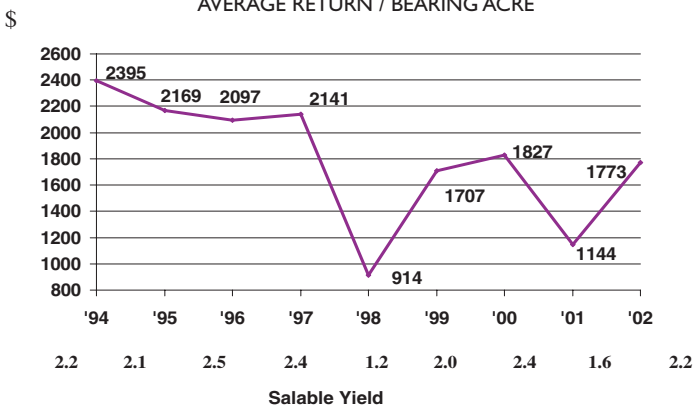
The average grower return per ton increased by nearly 12% to \$810/ton for 2002 according to the California Agricultural Statistics Service. While higher than three out of the four prior years' returns per ton, it was still well below the prices of the mid-1990s.

AVERAGE GROWER RETURNS/TON



The average return per bearing acre increased by 55% in 2002 to \$1,773 due to the increases in both return per ton and yield per acre and was 15% higher than the prior five-year average.

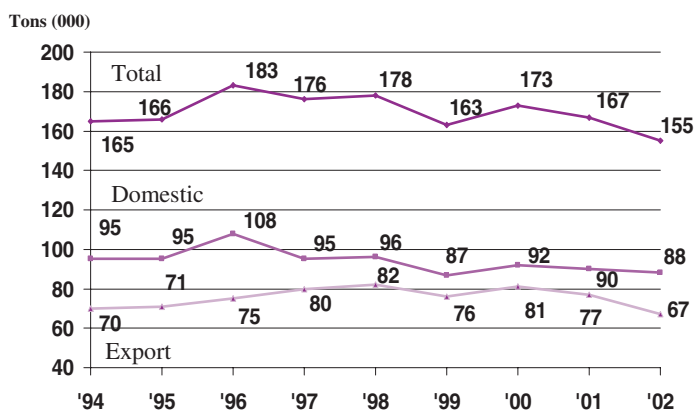
AVERAGE RETURN / BEARING ACRE



SHIPMENTS

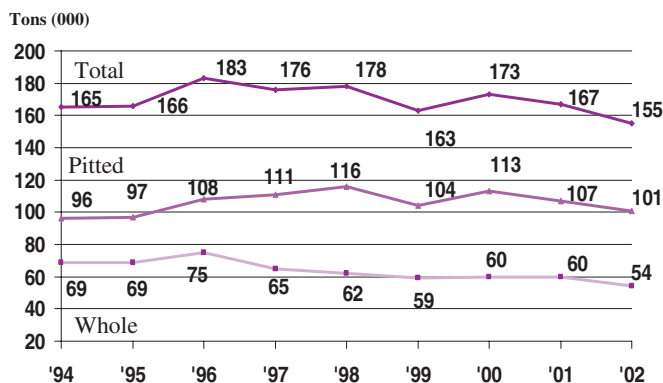
Total 2002 shipments of 154,508 processed condition tons were down 7% from 2001. Domestic shipments were down 3% due to an 8,800 ton decrease in government purchases. Exports declined by 13% due primarily to the European Union-Chile Free Trade Agreement, the West Coast dock strike and the SARS epidemic in Asia. Exports as a percent of total shipments dropped by nearly three percentage points to 43.5%.

TOTAL SHIPMENTS

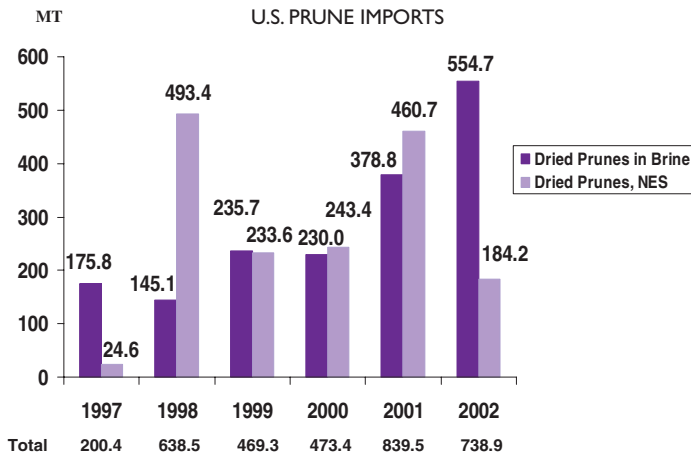


Shipments of pitted prunes declined 6% while whole prunes declined 11% from 2001. Pitted prune shipments as a percent of total domestic shipments jumped by over 12 points to 60.2%, while the pitted percent of exports remained unchanged at 72.5%.

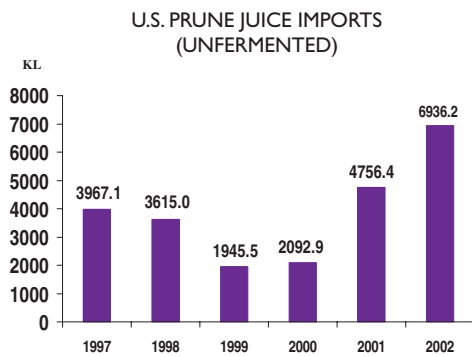
SHIPMENTS - WHOLE & PITTED



U.S. prune imports last year totaled 738.9 MT with 75% of the tonnage being dried prunes in brine which is a specialty product that caters to Asian and Latino tastes. This represented a decline of 12% from the prior year. The majority of the prunes in brine came from China and Taiwan, while Argentina was the source of the prunes not elsewhere specified (NES).



Imports of unfermented prune juice/concentrate increased by 45%, however, to 6,936.2 kiloliters. Chile is the primary source for imported prune juice.



DOMESTIC MARKETING

Advertising



Plums of Wisdom Magazine Advertisement

Marketing programs in 2002/03 were designed to achieve the following objectives:

- To continue to increase awareness of California Dried Plums.
- To build salience for California Dried Plums as a fruit.

The target audience was women 30-49 who are looking for balance in their lives including a good diet and exercise for

better health. Their main priority is “doing the right thing” which was consistent with our brand vision “California Dried Plums offer a simple way to do something good for yourself.”

The brand positioning statement was “to women who take a common sense approach to health, California Dried Plums are a natural snack that makes all the goodness of fruit convenient.” We want them to know that dried plums are their best snacking choice.

National magazines were selected as the most effective, cost efficient and targeted way to reach the target audience based on the \$1.1 million advertising budget. Health, fitness, women’s lifestyle and parenting magazines were selected including: Fitness, Yoga Journal, Organic Style, Cooking Light, Working Mother, Parents and Woman’s Day. The plan delivered a reach of over 68% against the target audience with an average frequency of four times.

The campaign consisted of full page, full color ads that addressed the benefits of eating California Dried Plums with a “Plums of Wisdom” theme. The ads were designed to break through the clutter with charming, colorful illustrations and “Plums of Wisdom” truisms about life.

Public Relations

Research showed that sports, fitness and nutrition related activities are relevant to our target audience. The CDPB sponsored Women’s United Soccer Association (WUSA) games, which provided us with advertising, product sampling, event appearances, team web site links and game-day recognition.



Celebrity Spokesperson Brandi Chastain

In April, the CDPB conducted a satellite media tour and radio media tour with soccer star Brandi Chastain as celebrity spokesperson. Brandi conducted 12 television interviews and 19 radio interviews reaching an audience of over 7.5 million. Her remarks focused on the convenience and health benefits of dried plums under the “Plums of Wisdom” theme.

The CDPB also sponsored several events for the Danskin Triathlon Series, the world’s largest and longest running multi-sport series. These events enabled us to distribute product samples and nutrition information to a very receptive, fitness-oriented audience.

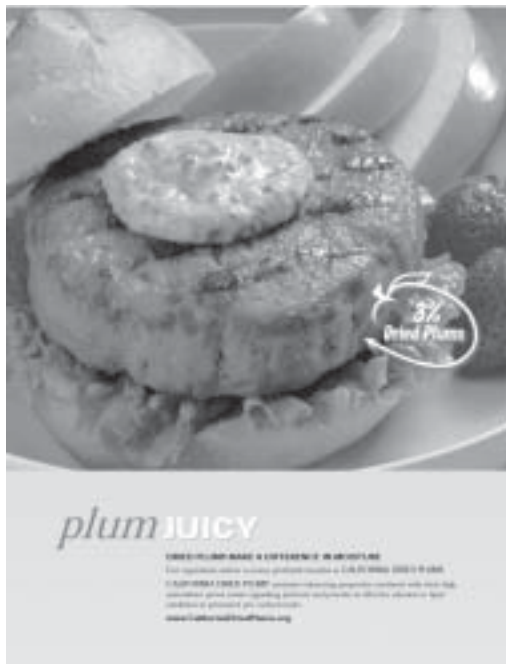
Product sampling was also conducted at health clubs and fitness/nutrition-related events. The CDPB exhibited and distributed samples to opinion leaders at conventions for the American Dietetic Association and International Association of Culinary Professionals.



Industrial

In 2002/03, industrial market efforts focused on manufacturers of pre-cooked meat and poultry products and related products such as sauces, marinades, meat snacks, vegetarian foods and pet foods. Secondary targets included bakers, manufacturers of energy bars/nutritional and snack bars.

Dried plums were positioned as a natural, multi-functional product improvement (fat replacer, moisture enhancer, nutrition enhancer, functional food ingredient, etc.). For processors of pre-cooked meat and poultry products, these benefits include moisture retention; higher yield; food safety; reduction of warmed-over flavor; and elimination or reduction of such ingredients as caramel color, salt, corn syrup, soy protein, antioxidants, etc. that also reduce costs / improve margins. Bakery improvements include fat replacement, calorie reduction and humectancy.



Food Product Design Advertisement

Industrial media advertising consisted of nine full page, full color insertions in Food Product Design and three half-page, full color insertions in various meat publications.

Monthly publicity releases were sent to the food technology and foodservice media communicating meat and bakery applications. We continued to promote “Plum Juicy”™ Meat Moisture Enhancer as the generic version of dried plum puree.

We worked with NASA to develop new applications using dried plums as ingredients for foods in space. A table top demonstration was provided for R & D and marketing personnel at Tyson Foods.

The CDPB exhibited at the following trade shows: Institute of Food Technologists, Research Chefs Association, American Meat Institute and the American Association of Cereal Chemists. All trade leads generated were pre-qualified by the CDPB’s industrial marketing consultant and e-mailed to handlers for follow-up.

INTERNATIONAL MARKETING

California Prune Board support from USDA’s Market Access Program (MAP) declined by 4% to \$1,832,000 in 2002/03. Marketing support was continued in Germany, Italy, the United Kingdom, Japan and China. Spain and India were added as new promotional markets.

Japan

Prunes continued to gather media attention with spot television advertising and consumer public relations activities. During the spring flight run in Tokyo, Osaka and Nagoya, according to the Nikkei POS data, average sales showed an 11% gain during the 15-day campaign and a 15% increase in the following two weeks, when compared with the two-week pre-campaign period. In December prunes were featured in the most influential Japanese TV variety program under the theme of “Iron,” with a commercial value equivalent to \$2.5 million U.S. Two more national TV programs and several print media



Japanese Television Commercial

also featured prunes in December. The frequent media exposure contributed to a continued sales growth, and prunes were posted as No. 1 in ranking of the best 100 growing markets for food in December in Nikkei MJ, a reliable marketing-oriented journal.

More than ten brands of small packs are available at convenience store and drug store chains to take advantage of a trend toward individual portions as a reflection of the country’s lifestyle changes. The Board participated in the 2003 Supermarket Trade Show in March and received a great number of trade leads for the



use of prunes as ingredients. Three large-scale foodservice and bakery/café chains also started using prune ingredients in their hamburgers, cake, bread, and yogurt desserts. Three companies that produce school lunch/company cafeteria foods utilized prune ingredients in their hamburgers to take advantage of prunes' multifunctional benefits.

China



In-Store Promotion in China

California prunes are being accepted as a healthy food by more and more Chinese consumers. The CPB attended the National Candy & Spirit Fair in Changsha and Chengdu and participated in the Food China Show in Shanghai. These trade shows increased the traders' awareness and developed new traders.

During the National Day holiday and Spring Festivals, the CPB conducted two rounds of retail promotion in Shanghai, Guangzhou, Beijing, Tianjin, and Shenzhen. Since children are the main consumers of prunes, the CPB conducted a prune gift package promotion on Children's Day. The CPB also conducted public relations activities, including radio promotion and New Mom & Pregnant Salon in Beijing. For young adults the CPB conducted a Health Club Promotion in Guangzhou. The CPB China has an active media campaign in Shanghai, Guangzhou, Beijing, Dalian, Qindao, Tianjin and Chengdu. Our print advertisements were in 20 magazines aiming at women and healthy families. Martin Yan, the world famous chef, developed recipes for communicating with the local bakeries and food processors to help them develop bakery products.

India

California prunes began to establish their presence in India last year. The trade feels that India is standing at the threshold of a major boom in prune consumption. Generic trade and consumer promotion campaigns were launched for California prunes in the Indian market last fall. These promotions were organized in various Indian cities and caused a substantial increase in trade volumes and new traders and retailers showing interest in the product. The CPB participated in India's leading food trade events including "IFE India 2002" and "AAHAAR 2003" in New Delhi and also in "Express Hotelier and Caterer 2003" and "HOST Food Show 2003" in Mumbai. The CPB India office also conducted two reverse importer missions to California with trade delegation teams from India.



India Trade Show

The CPB India office conducted a number of generic consumer promotion campaigns at retail outlets, health shows, art exhibitions, shopping fests, etc. in metro cities and potential markets like New Delhi, Mumbai, Kolkata, Bangalore, and Ludhiana. An attractive recipe booklet of Indian recipes incorporating California prunes and a prune mouse pad were developed for distribution among consumers during the promotions. All these activities were supported by a very effective media campaign. Articles on California prunes were published in prominent daily newspapers, business dailies, and popular women's magazines of the country at regular intervals.



Italy

The Board activities supported our key snacking/versatility message to Italian women 25-65 years of age. Traditional public relations activities including one-on-one meetings with editors, press packs with updated imagery, product information and CDs containing tailor-made editorial information were distributed to the national press. A new consumer color 32 page “Fast Snack” recipe / information leaflet was produced



Italian Recipe Leaflet

and distributed to the public via magazine insertion in two key women’s magazines, point-of-sale, consumer press and road shows in Milan and Rome during April and May. At the road shows consumers had the opportunity to taste California prunes in a fun educational environment - interactive competitions, product information and nutritional advice were available at each venue. In addition, a new website was developed giving Italian consumers a chance to download California prune health information, recipes and also enter competitions from the comfort of their own home/office.

Germany

Our 2002/03 campaign continued to reinforce California prunes as a quality, healthy snack to women 25-65 years of age. The focus of the public relations activities was on achieving national media exposure through new press pack materials and key ORAC/Osteoporosis research information repackaged for journalists. New point of sale including a poster and a 6-page color consumer information leaflet was distributed in stores, nationwide AOK centers (the biggest health insurance company in Germany offering consumers health prevention advice through regional centers) and through road shows. Road shows with the theme “The Clever Snack” traveled to four cities across Germany providing a key presence in city centers and attracting many consumers to taste and appreciate the health benefits of California prunes.



The Clever Snack Road Show

United Kingdom

To enhance a point of difference between prunes and all the many other dried fruits available in this market, the Board’s message to UK women 25-65 was that California prunes are THE healthy dried fruit snack. To this end a two-tiered public relations campaign was undertaken with a new media hook developed for the younger target market - a California Style Guide “minizine” - a glossy, stylish



48 page minizine which, to provide cost efficiencies, also doubled as our consumer leaflet. The minizine proved extremely popular with journalists and consumers alike and was distributed through queue samplings at key consumer exhibitions and through national gym net-



United Kingdom Minizine

works who made the minizines and samples available to their members for a promotional period. Our older target market was reached through more traditional public relations materials announcing the Osteoporosis research results to underpin our healthy dried fruit snack message. Radio coverage was also achieved on 10 radio stations in May utilizing Michael van Straten, author of the new ORACLE Diet book published in the UK as a result of the Board's publicity surrounding the Tufts University ORAC research results.

Spain

Last year, the CPB reintroduced marketing activities in Spain after a hiatus of several years. With a single brand/distributor controlling the vast majority of California's market, the CPB explored ways to run regional promotional activity to ensure our competitors do not benefit from our activity. The versatility and key health benefits of California prunes were our key messages to women 25-65 years of age. To this end three recipe brochures were developed to run as a set, with each illustrating the individual versatility of the product: one features snack recipes, one features culinary recipes for the more traditional cook and the third features more modern healthy recipes. The brochures were distributed through the trade for use regionally at point of sale.

PRODUCTION RESEARCH

The California Dried Plum Board funded a variety of production research projects in 2002/03 as well as membership in the Minor Crop Farmer Alliance and the Implementation Working Group at a total cost of \$170,000. Donald Vossler served as Chairman of the Research Subcommittee and Gary Obenauf, President of Agricultural Research Consulting, coordinated all research activities. For a report on these prune research projects, contact the Board office.

2002/03 BOARD INCOME & EXPENSES

The 2002/03 Board statement of income and expenses is shown below. These represent audited figures verified in the Board's annual audit by Hood & Strong, Certified Public Accountants.

INCOME:

Carryover Funds	\$801,945
Sales Promotion	118,582
Production (Assessable tons only)	162,259
Assessment Rate per ton	\$ 50.00
Assessment Income	8,115,606
Misc. Income (Interest, etc.)	25,116

TOTAL INCOME \$8,942,667

EXPENSES:

Operating Expenses	\$260,845
Consulting Expenses	116,527
Uncollectable Assessment Expenses	62,687
Crop Estimating Services	29,400
Production Research & Coordination	235,586
Public Relations	1,736,574
Advertising	1,317,942
Consumer Research	89,527
Sales Promotion	118,582
International Market Development	2,026,204
Administration	496,773

TOTAL EXPENSES \$6,490,647

FUNDS CARRIED OVER \$2,452,020

-ADDRESS SERVICE REQUESTED-

3841 North Freeway Blvd., Suite 120
Sacramento, CA 95834

CDPB (916) 565-6232

PMC (916) 565-6235

FAX (916) 565-6237

E-mail: pconine@cdpb.org

Web Site: www.californiadriedplums.org



*California Dried Plum News is published by the
California Dried Plum Board (CDPB) &
the Prune Marketing Committee (PMC)*

Vern Vereschagin, Chairman, CDPB

H.A. (Gus) Collin, Chairman, PMC

Richard Peterson, Executive Director, CDPB & PMC

2002/03 MARKETING YEAR

CALIFORNIA DRIED PLUM BOARD

PRUNE MARKETING COMMITTEE

DISTRICT/

AFFILIATION

MEMBERS

ALTERNATES

PRODUCERS

1	Vern Vereschagin (a)(c)	Stan Lester
2	Warren Riley (d)	Jeff Boone (e)
3	Jaswant Bains	Neill Mitchell
4	Ken Lindauer (c)	Al Lengtat
5	Ron Giovannetti	Jon Lavy
6	Steve Danna	Ranvir Singh
7	Chris Steggall	Lucille Demetriff
Co-op	Gus Collin (c)	Bob Amarel, Jr. (f)
Co-op	Ren Fairbanks (g)	Jill Cenedella (h)
Co-op	Jane Flynn	Joe Turkovich (i)
Co-op	Bob Kolberg	Gary Thiara
Co-op	Hans Smith	Greg Correa (j)
Co-op	Tim Smith	Brendon Flynn
Co-op	Donald Vossler (b)	Larry Waters (k)

PROCESSORS

Co-op	Arthur Driscoll	Harold Upton
Co-op	Dane Lance (l)	Steve Ricardelli (m)
Co-op	Harold Schenker (c)	David Pierson
Independent	Kent Mannee	Dennis Serger
Independent	Mark Mariani (c)	George Sousa, Jr.
Independent	Dick Onyett	Brad Stapleton (c)(r)
Independent	Rick Wilbur (n)	Emily Wilbur (q)

PUBLIC MEMBER

Karen Berke

Michele McCormick (s)

MEMBERS

ALTERNATES

PRODUCERS

Vern Vereschagin (c)	Keith Larrabee
Warren Riley (d)	Jeff Boone (e)
Joginder Bains	Neill Mitchell
Ken Lindauer (b)(c)	Dorothy Lindauer
Ron Giovannetti	Jon Lavy
Steve Danna	Ranvir Singh
Dwayne Cardoza	Jeff Jue
Gus Collin (a)(c)	Bob Amarel, Jr. (f)
Ren Fairbanks (g)	Jill Cenedella (h)
Jane Flynn	Joe Turkovich (i)
Bob Kolberg	Gary Thiara
Hans Smith	Greg Correa (j)
Tim Smith	Brendon Flynn
Donald Vossler	Larry Waters (k)

PROCESSORS

Mark Dalrymple	Bruce Norton
Arthur Driscoll	Harold Upton
Harold Schenker (c)	David Pierson
Kent Mannee (o)	Dick Onyett
Mark Mariani (c)	George Sousa, Jr.
Dennis Serger	Richard Taylor (p)
Rick Wilbur (n)	Emily Wilbur (q)

PUBLIC MEMBER

Karen Berke

Michele McCormick (s)

(a) Chairman, (b) Vice Chairman, (c) Executive Committee Member, (d) Replaced Jim Thomas (resigned), (e) Resigned during term.

No replacement. (f) Replaced Jeff Stephens, (g) Replaced Greg Correa, (h) Replaced Ken Kaplan, (i) Replaced Guy Garcia, (j) Replaced

Cherie Stephens, (k) Replaced Todd Southam, (l) Replaced Howard Nager, (m) Replaced Evan Fineman, (n) Replaced Mark Nesbitt,

(o) Replaced Rick Wilbur, (p) Replaced Kent Mannee, (q) Replaced Richard Burreight, (r) Replaced Rick Wilbur, (s) Replaced Anna Olivares