

Case for change

Key messages

- Pecan industry facing several challenges, and pain points exist for both growers & shellers
- Pecans lag other tree nuts on key dimensions
 - Pecan awareness is low, demand is flat...
 - ...while other tree nuts are growing on back of nutrition and snacking trends
 - 'Adversarial' industry practices hinder industry's ability to grow
- Meanwhile, supply growth in other markets (e.g. South Africa, China) presents potential oversupply situation if no change in demand
- We have a great product and the potential to grow demand for it...
- ...but must work together collaboratively to solve challenges & move industry forward

Production expense: Pecans more expensive to grow than other tree nuts

Regardless of region, pecans generally cost more to grow vs. other tree nuts given lower yield per acre

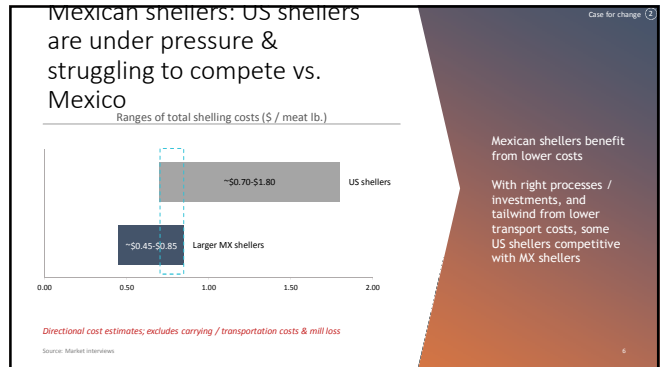
	Pecans	Almonds	Walnuts	Pistachios	
Representative East		Representative West	Representative Almond cost	Representative Walnut cost	Representative Pistachio cost
Growing cost (\$/acre)	-2,000	-2,500	-3,300 to 4,900	-3,200 to 3,750	-3,750 to 3,900
In-shell yield (lbs/acre)	-1,000	-2,000	-	-5,000 to 6,000	-2,600 to 2,800
% meat	-45%	-55%	-	43.5% ¹	50%
Meat yield (lbs/acre)	-450	-1,100	-2,200 to 3,000	-2,200 to 2,600	-1,300 to 1,400
Meat growing cost (\$/lb)	-\$4.40	-\$2.30	~\$1.50 to \$1.70	-\$1.40 to 1.45	-\$2.80 to 2.90
Weighted Average			-\$3.10-\$3.60		

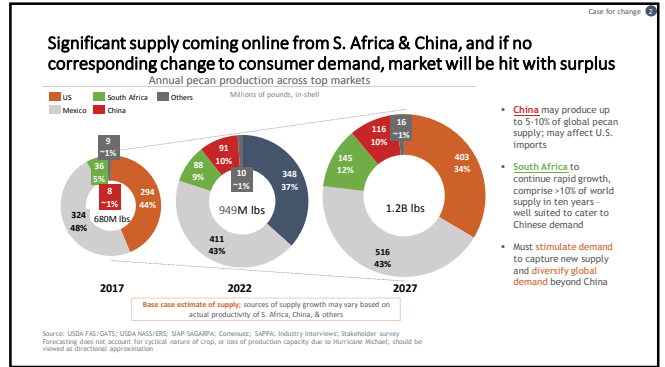
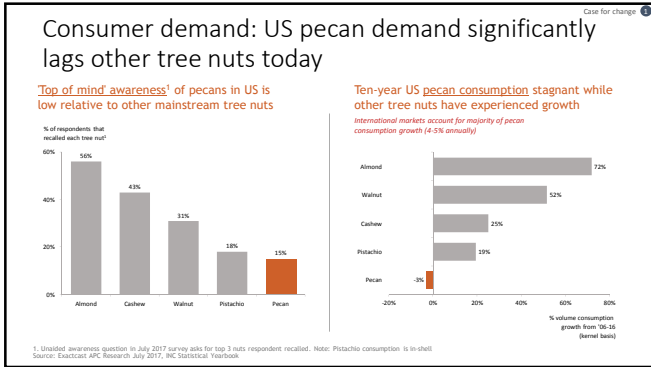
Cost per pound highly variable—both across and within regions—given differences in scale, yield, weather, alternate bearing seasons, etc.

1. Based on USDA ERS "Fruit and Nut Tree Yearbook" average walnut kernel yield.
 Note: Growing cost per acre includes amortization of land and tree establishment investments. Almond figures reported in meat yield basis only.
 Source: Almond Board; UC Davis; USDA; market interviews.

There are many structural challenges grounded in the nature of the pecan market

- Variations in growing costs both across & within regions
- More costly to grow pecans than other tree nuts
- Pressure from low-cost Mexican growers and shellers





Transaction model: Many pain points from how growers & shellers transact today

Recurring pain points from interviews and stakeholder survey

Growers

- Tension between growers and shellers on price and yield
- No ability to capture upside if demand grows and pecan prices rise

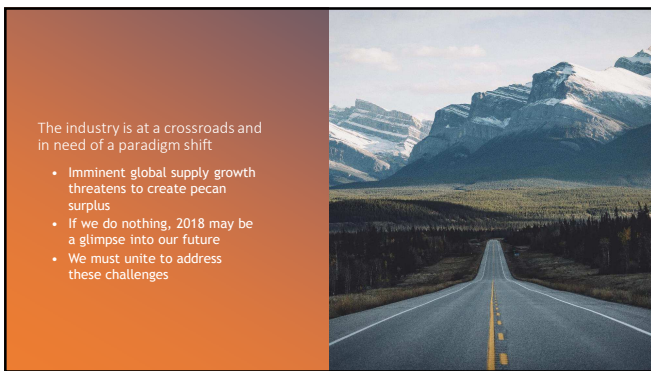
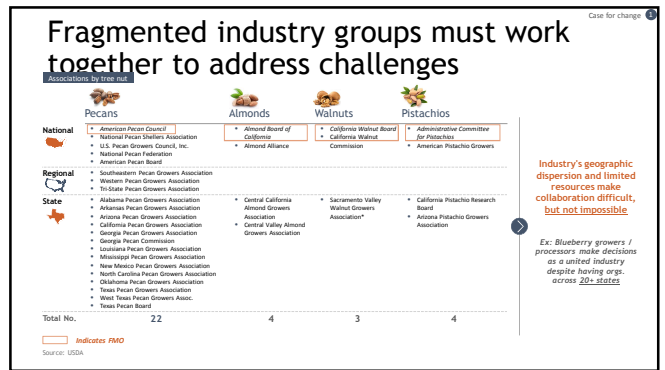
Shellers

- Significant upfront capital commitment and high interest expenses
- Market risk, and "sandwich position" between in-shell price increases and retail negotiations

1 Pecans are the decentralized, Wild West of nuts...I think pecan growers over time would do better if they adopted a [new transaction] model.

4 Every time I look at the pecan model and the adversarial relationship, it's like being in a different world [relative to almonds & pistachios].

Source: Market interviews; quotes from interviews with almond and diversified tree nut growers

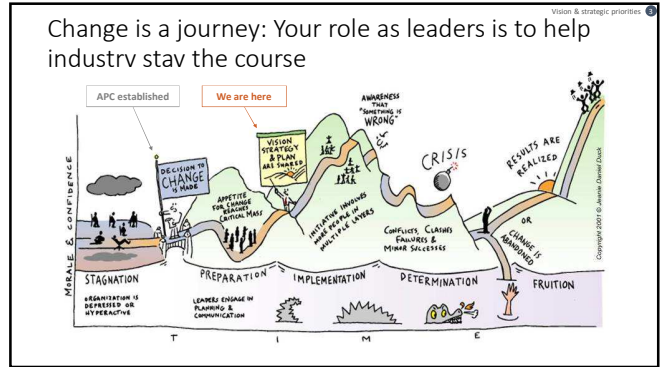
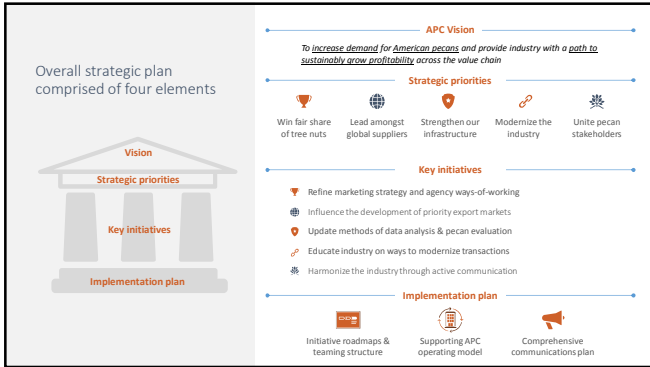


Vision and strategic priorities

Key messages for today

- Today, more than ever, the pecan industry is in need of a long-term strategic plan
- Together, we've crafted that plan, with input from you and others across the industry
- This strategic plan represents a shared vision for industry - for both growers and shellers
- It's comprised of five intertwined and reinforcing priorities to rally the industry
- Plan is not about mandating change
- Goal is to provide options and tools we can use to resolve long-standing challenges, with the hope these will be adopted as benefits are realized

12

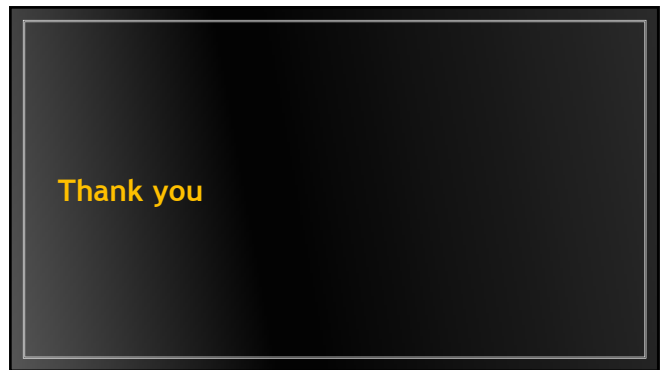


AMERICAN PECAN
STRATEGIC PRIORITIES

- Win fair share of tree nuts
- Lead amongst global suppliers
- Strengthen our infrastructure
- Modernize the industry
- Unite pecan stakeholders

Five priorities underpin APC's strategic vision

"To increase demand for American pecans and provide industry with a path to sustainably grow profitability across the value chain"



Together we can achieve our future-state aspiration for the industry

	From - Current State	To - Future State
Win fair share of tree nuts	Seasonally consumed, indulgent ingredient not lagging growth of other tree nuts...	...a differentiated, nutrition-oriented everyday snacking nut capturing fair share of market growth
Lead amongst global suppliers	Trade show-based "push" export strategy with resources spread across many markets...	...a consumer-driven export marketing strategy focused on few highest potential markets
Strengthen our infrastructure	Limited, unreliable data and non-uniform standards enforced inconsistently...	...improved data availability to support decision making & objective implementation of uniform standards
Modernize the industry	Transaction model that prevents value chain partnerships and inhibits market growth...	...renewed best practices that educate industry on sharing risk & upside to promote stability & efficiency
Unite pecan stakeholders	Fragmented stakeholders acting in individual interest with limited collaboration...	...a unified stakeholder base with a common strategy working together to benefit American pecan industry