



Maximizing Return on Grower Investment

“What’s News?”

Second Quarter 2008

New Industry Nutrition Campaign: “Potatoes...Goodness Unearthed™”

- Program launched in January 2008 included:
 - Full page, color newspaper insert on the International Year of the Potato using new campaign message
 - A microsite on the Foodnetwork.com and banner ads driving visitors to the potato site
 - A complete redesign and renaming of the USPB’s consumer website, www.potatogoodness.com
- “Potatoes...Goodness Unearthed™” now being incorporated into the current USPB Best In Class (BIC) and BIC Fast Track programs to retail partners and consumer communications programs
- “Potatoes...Goodness Unearthed” will become the long-term, comprehensive, industry effort to establish a lasting identity for potatoes in the minds of consumers, just as “Pork. The Other White Meat®”, “Cotton. The Fabric of Our Lives®” and other commodity promotion programs have sought to create strong bonds with consumers
- “Potatoes...Goodness Unearthed” will deliver a base level nutrition message and consumer recognition all organizations can build on in their own programs to increase consumption of US fresh potatoes and potato products



For more information, or to receive the Campaign Signature art files and design guidelines, or to request review of proposed marketing materials, contact David Fairbourn at david.fairbourn@uspotatoes.com or 303-873-2331.

Nutrition

The goal of the USPB’s nutrition program is to keep the good nutrition of potatoes in front of consumers, as research continues to tell us this is our most effective message in motivating consumers.

The HEALTHY MR. POTATO HEAD™ three-year campaign was completed in November 2007 – with 356+ million consumer impressions for the nutrition message of potatoes, a remarkable achievement.

The UN declared “International Year of the Potato” is delivering both the healthy potato message and ideas on the many delicious ways potatoes are prepared around the world.

USPB is seeing serious traction in the nutrition opinion leader program, with online and print stories by Registered Dietitians touting the good qualities of potatoes.

Partnerships with nutrition coalitions, such as the Nutrient Rich Coalition of commodity groups and the Latino Nutrition Coalition, keep potatoes in good nutrition company and expand the reach of our messages.

Scientific research with good news about potatoes is continually released to the media. Independent research is also being conducted to plug the research “gaps.”



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NEWS! This Quarter:

- A second media wave in January for the UN's "International Year of the Potato" featured a micro-site on the Food Network's home page, a satellite media tour with two popular chefs, and a color, full page feature in newspapers. Over 50 million media impressions have been achieved to date. Plus, many major publications in the US and internationally are covering this story, highlighting the importance of potatoes as a worldwide crop and as a potential way to end world hunger
- The Potato Underground www.potatounderground.com, the USPB's online blog, is creating excellent pick-up of potato nutrition and recipe stories, including demonstrations of innovative and easy cooking techniques. These stories are appearing in online nutrition and cooking sites, plus of course, traditional print media. A new feature of the blog is pick-up of positive potato stories and quotes from other publications or sites.

For more information, contact Linda McCashion at lindam@uspotatoes.com or 303 873-2326.

Foodservice

With the goal of increasing the number of Healthy Potato sides and salads in restaurant chains, the USPB has held three custom seminars at the Culinary Institute of America (CIA) in Napa Valley, CA. Chefs attending to-date represent restaurants with \$29 billion in sales and 40,000 units. Forty percent of those attending are adding new potato items to their menus (or have already added them).

The foodservice program also includes continuing publicity in foodservice media and attendance at key chef conventions

NEWS! This Quarter:

- A fourth CIA custom seminar for chefs is scheduled for October 2008. USPB is following up and offering previous attendees assistance in developing new menu items. The CIA posted concepts from this program on its Pro Chef web site www.ciaprochef.com. We continue to see more new potato items in testing and/or added to menus.
- The second potato innovation brochure, using the best ideas and techniques of the seminars, is complete. Visit www.potatogoodness.com and click on foodservice to view.
- Plans are underway to partner with school foodservice operations to deliver Healthy Potato menu items and nutrition information to students.
- Entries are coming in for the "50 States of Potatoes" recipe contest for chiefs. Deadline was May 15. Winning recipes will be publicized to showcase the many ways potatoes are enjoyed around the country.

For more information contact Linda McCashion at lindam@uspotatoes.com or 303 873-2326.

International Marketing Overview

- US exports continued to grow during the first six months of the 2008 marketing year, topping record breaking levels in FY07
- Exports of frozen potatoes increased 10% by volume and 19% by value, led by significant gains throughout Asia
- Exports of fresh potatoes (including both table and chip-stock) increased 21% by volume, 6% in value, based on strong exports to Mexico, Canada and Asia
- Exports of dehydrated potatoes were down 9% by volume and 2% in value, due to limited supplies in the US, restricting exports to all markets despite strong demand
- Seed potato exports were up due to good growth in exports to Uruguay and the Dominican Republic and the first ever commercial shipments to Brazil

Domestic Marketing Overview

The US Potato Industry is huge, competitive and diverse – but regardless of the segment – it's consumer driven!! And information can support decisions you make in your business.

NEWS! This Quarter:

- We have completed the 2007 National Eating Trends report and the 2007 Attitude and Usage Report. Both provide valuable consumer insights and are now available on CD. **Contact the USPB if you'd like to receive a copy.**
- 2003 through 2007 Nielsen sales data for Fresh, Frozen, Refrigerated, Dehy and Chip is available. Data is by the nine Nielsen regions and by quarter. Information is available on CD, **Contact the USPB if you'd like to receive a copy.**
- Frozen Foodservice data is also available for 2003 through 2007 and is on the same CD. **Contact the USPB if you'd like to receive a copy.**



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The domestic marketing program is designed to help the industry understand the consumer and support the industry's ability to respond to the changes that are taking place.

Table-Stock – International

The USPB works to increase the export of fresh table-stock potatoes through efforts to open foreign markets. However, unjustified phytosanitary barriers still restrict access to US potatoes in many markets such as Mexico, Japan and China.

In markets where the US can ship, such as Taiwan, Hong Kong, Malaysia and Singapore, consumers are being taught the excellent nutrition from US potatoes and how they can incorporate them into their diet through uses in Western, as well as local cuisines.

NEWS! This Quarter:

- Thirty retail outlets in Malaysia, Singapore, Hong Kong and Mexico received training in proper storage, handling and marketing of US fresh table-stock potatoes
- Nutritional information on US potatoes was highlighted in a number of consumer magazine articles and web-sites in Mexico, Singapore, Taiwan and Malaysia
- Support was provided to USDA APHIS for the bi-lateral SPS negotiations on US fresh potatoes with AQSIQ from China
- A consultant was hired to assist our partners in Mexico in their efforts to change the regulations governing the importation of US fresh potatoes into Mexico
- An export protocol for US fresh potatoes to enter Russia was drafted and submitted
- A new menu item utilizing US table-stock potatoes was featured at a restaurant chain in Hong Kong with promotional support provided by the USPB

Table-Stock - Domestic

Increasing demand for fresh potatoes, by responding to the consumer, is the goal of the Domestic Table-Stock program through Best In Class. The implementation of the “Best Practices” programs has produced positive results with all USPB retail partners. The program is supported with research and two training programs available through the USPB to help grower/shippers take their accounts to the next level

NEWS! This Quarter:

- Reminder, the new fresh potato nutritional label went into effect January 1, 2008. **You should have already made this change on your packaging.**
- COOL (Country Of Origin Labeling) goes into effect September 2008. There has been some confusion and misunderstanding about the implications, etc., among shippers and retailers. United Fresh Fruit and Vegetable has prepared a white paper on the subject available through them, or contact John Keeling at the NPC.
- Making fresh potatoes more convenient for today's time starved consumer will support getting them back on the table. The USPB new products team, Turover-Straus, has developed three (3) product concepts that include packaging ideas and seasoning packets to make potatoes a “turn key side dish”. The concepts continue to be refined for presentation to fresh shippers in 2008.

Table-Stock – Retail

- The USPB has been working with major retailers across the US to implement the six (6) “Potato Best Practices”: **merchandising, pricing, promotion, assortment, communication** and **packaging**, to prove that by using these Best Practices (BPs), they can grow sales—and its working. Our three “Best In Class” accounts have consistently been outperforming their competition in both dollars and pounds.
- The program now goes into “overdrive” with “Best In Class Fast Track”. Six (6) new retail partners have signed up – we'll work with about 10% of their stores, prove that our program works – then it's up to the retailer and their suppliers to roll the program out. The test stores for all Fast Track partners have been reset and many have incorporated the new campaign signature. Results will be reviewed and analyzed for refinement and roll out to other stores within the chain.
- The USPB offers two training courses to help you help your accounts respond to the consumer.
 1. Best In Class, and
 2. Category Management and Development



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- Both are one-day classes recommended for key sales and marketing shipper staff. 20 +/- people per class are needed to make it cost effective
- How to “Introduce a new item to a retailer” training module is now completed. **For details of this and the other two classes, contact Carroll Graham at 303-369-7783 or carrollg@uspotatoes.com**

Frozen – International

The USPB is working to expand the sale of frozen potato products through new products and channels, and establishing US fries as the standard in developing markets. Demand is also being built through the inclusion of frozen potatoes into local cuisines and the delivery of a positive nutrition message for potatoes in all markets.

NEWS! This Quarter:

- The USPB’s new international marketing program for Central America began in January with the hiring of a representative for the region, based in Costa Rica
- The 120 outlet restaurant chain Torona Japan launched two new side dishes, one featuring frozen baked potatoes from the US and the other using frozen wedges
- Two restaurant chains in China added a total of 8 new menu items made with US frozen potatoes
- In Korea, Pizza Hut launched a new pizza made with frozen basket weave potatoes, while Bennigans introduced three new items using frozen wedges, and Quizno’s launched its first ever potato dish made with frozen wedges from the US
- Costco Japan introduced a new ready-to-eat meatloaf and mashed potato item made with frozen mashed from the US
- In Korea, 4 different retail outlets added ready-to-eat potato dishes to their delis made with US frozen fries, while a third online shopping service added 10 different US frozen potato products to its website
- The Cathay Cineplex chain in Malaysia started serving US fries at their cinemas with USPB support
- A seminar on “soft foods”, featuring frozen and dehydrated mashed potatoes was given in Tokyo with 51 attendees from institutional food service providers
- Three media seminars and the release of press releases in China with potato nutrition information resulted in over 60 positive potato stories
- KFC Philippines added potato rounds to their menus at all 166 outlets, while A&W Thailand, with 31 outlets, added a second frozen potato product to their menu

Chip-Stock – International

Internationally, the USPB is working to educate chip manufacturers and build a greater understanding of US chipping potato varieties, characteristics and technical requirements.

NEWS! This Quarter:

- Guidance was provided to USDA in their efforts to allow potato chip manufacturers in Japan, located outside of ports, to receive US fresh chipping potatoes
- A report was given on the international markets for US chipping potatoes at the Chip Seminar in Orlando
- Chip-stock samples were successfully sent to a chip manufacturer in Malaysia with good results
- An additional chip manufacturer in Thailand began importing substantial quantities of chipping potatoes from the US

Chip-Stock – Domestic

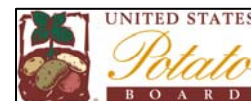
Through a 20-member grower Chip Committee, USPB is supporting industry efforts to improve grower returns through education, networking, and new variety trials and development. Internationally, the USPB is working to educate chip manufacturers and build a greater understanding of US chipping potato varieties, characteristics and technical requirements.

NEWS! This Quarter:

- The 2008 Chip Seminar was held in Orlando, FL, March 5–8, and was another great success as over 200 growers, manufacturers, and suppliers heard speakers discuss acrylamide, zebra defect, supply and demand, global warming, and the



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economy, to name a few. Most importantly, the seminar provided great networking opportunities to openly discuss issues and opportunities. A CD is available of all the speakers over the seminar. **Contact the USPB office for a copy.**

- Additional tests were conducted to refine the frozen export chip concept (Chipping potatoes sliced and quick frozen to be fried out by chip manufacturers in export markets. Concept gets around phyto/tariff issues). Tests provided further evidence the concept is feasible. A whitepaper is now being prepared to send to processors for interest/commercialization.
- The Chip Committee approved the extended cold storage chipping potato study test, along with stem end research. Additionally, we're taking a proactive step in "fast tracking" chipping varieties with good potential. The committee also approved continued "Zebra Complex" studies. All these activities are designed to help chippers provide the consumer with a great end product
- Three new members were nominated and approved by the committee, Lon Baley, Bill Walker, and Brian Kirschenmann.

Dehydrated – International

The USPB is increasing demand of US dehy in international markets through general education of the foreign trade and technical training. Additionally, considerable time is devoted to increasing use of dehy in US government funded international food aid settings.

NEWS! This Quarter:

- Knorr Mexico launched 4 new packaged soups made with dehydrated potatoes from the US
- A food manufacturer in Japan developed and began distributing "potato mochi" as an alternative to the popular rice based mochi
- HUB, an Irish Pub themed restaurant chain with 43 outlets in Japan, added three mashed potato side dishes made with US dehy
- The USPB exhibited US dehy at the Bali Bakery show in Indonesia
- A seminar on "soft foods", featuring frozen and dehydrated mashed potatoes, was given in Tokyo with 51 attendees from institutional food service providers
- Input was provided to USDA on the new MRL regulations being developed in Hong Kong and Taiwan

Dehydrated – Domestic

The USPB retained the American Institute of Baking (AIB) to help us help the industry. When the USPB asked dehyers how we could help support their sales efforts domestically, it was virtually unanimous --- and it was in the area of high volume bakery applications. Work has been underway for several months, and AIB made their first presentation to dehyers at the October 29, 2007, industry meeting in Pasco, WA

- We received the final report in February from AIB. The muffin project looks very promising. AIB is preparing summary reports and presentation documents to be used by Dehyers and USPB to present /sell concept.
- Phase 2 project: frozen doughs. Final report from AIB did not demonstrate sufficient benefit to proceed.

Seed – International

The USPB seed export program is working to increase demand for US seed potatoes in world markets through research, market development and market access work.

NEWS! This Quarter:

- Trials were planted in Nicaragua with seed from California, Colorado, Wisconsin and Maine
- Trials were planted in Uruguay with seed from Colorado and Maine
- Market visits with US growers and USPB personnel were carried out in the Dominican Republic, Honduras, Uruguay and Nicaragua
- After years of effort, four more US varieties were successfully registered in Brazil's National Registry of cultivars