



Maximizing Return on Grower Investment

“What’s News?”

First Quarter 2009

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

NEWS! This Quarter:

- Highly tested USPB print ads ran in the September and October issues of *Cooking Light*, *Redbook*, *Southern Living*, *Taste of Home*, *Weight Watchers*, *Parents*, *Family Circle* and *Woman’s Day* magazines delivering the campaign and core nutrition message to our target audience: women with children at home.

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.



45% Daily Supply of Vitamin C | Naturally Fat Free | Full of Vitamins and Minerals

Nutrition

The USPB Nutrition Program goal is to keep the good nutrition of potatoes in front of consumers. Research continues to say this is the most effective message for motivating consumers to enjoy more potatoes.

NEWS! This Quarter:

- A publicity blitz, launched in conjunction with the “Peel Back the Truth” ads September 2008 appearance in national magazines, included:
 - Comprehensive press kits to national and local media
 - A “Peel Back the Truth” recipe and nutrition brochure
 - Press information to business and food media
 - momsdinnerhelper.com web site and blog
 - Follow-up communication with key media outlets
- The 2008 UN-declared “International Year of the Potato” delivered extensive coverage for both the potato goodness message and ideas on the many delicious ways potatoes are prepared around the world.
- An ongoing program is outreach to Registered Dietitians and other nutrition/health professionals, as this group has high credibility with the media and consumers. USPB regularly sends potato nutrition information and research updates to this group and is seeing increased media coverage with RDs as a result.
- 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 USPB messages.
- Scientific research with good news about potatoes is continually released to media, and independent research is conducted to plug research “gaps” to increase the body of evidence documenting the positive nutritional and health qualities of potatoes.



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Foodservice

With the goal of increasing the number of Healthy Potato sides and salads in restaurant chains, the USBP has held four custom seminars at the Culinary Institute of America (CIA) in St. Helena, CA.

NEWS! This Quarter:

- The 52 chefs who have attended these seminars represent 84,000 restaurant units and \$71 billion in sales. The USBP provides regular follow up with these chefs to offer assistance in their efforts to develop new potato items. To date 50 percent of previous attendees have added or are testing new potato dishes.
- The CIA posted concepts from the program on its Pro Chef web site www.ciaprochef.com to increase awareness of these innovative ideas.
- The foodservice program also includes continuing publicity in foodservice media and attendance at key chef conventions.
- 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.
- Preparation is underway to showcase potatoes in Worlds of Flavors – Mediterranean and Latin Flavors events.

International Marketing Overview

- US exports reached a record \$1.1 billion for fiscal year 2008, up 12% by value and 11% by volume over FY07
- Frozen potato exports were the largest contributor to the record, 20% by value and 12% by volume, fresh potato exports grew 12% by value and 16% in volume
- Dehydrated potato exports were hurt by high prices and limited supplies and declined 8% in value and 12% in volume
- 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
- Asia remains the largest market for US potatoes, led by Japan, Korea and China. The highest growth rates were to the SE Asian countries of Thailand, the Philippines, Malaysia and Indonesia. Mexico & Canada are also very strong markets, while Central America is expanding based on the improved access through CAFTA

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:

- 2nd Quarter 2008 (April-June) Nielsen sales data for Fresh, Frozen, Refrigerated, Dehy and Chip is now available. Data is by the nine Nielsen regions and by quarter
- 2nd Quarter 2008 (April-June) Frozen Foodservice data is also available
- Microwaveable “Steamable” Vegetable category analysis was recently completed and distributed

Contact Alexandra Grimm at the USBP, 303-369-7783 or agrimm@uspotatoes.com, if you'd like to receive a copy of these reports

The USBP Domestic Marketing Program is designed to help the industry understand the consumer and support the industry's ability to respond to the changes taking place to reconnect potatoes with today's time-starved consumer.

Table-Stock – International

The USBP 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, the Philippines and China.

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



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NEWS! This Quarter:

- In-store retail promotions were conducted for US table-stock potatoes at 8 Jusco outlets in Hong Kong from July 25th to August 7th, featuring 5 US potato varieties including russet, yellow flesh, white, red and purple potatoes. The promotion increased the chains' variety assortment from 1 to 5 for the 14 days.
- The Isetan supermarket chain in Singapore increased their variety assortment from 1 to 3 US potato varieties, reintroducing purple and red potatoes to their consumers
- The Chinese restaurant "Golden Peony" at the Conrad hotel in Singapore ran a menu promotion August 4th and 5th that introduced a potato puff to consumers that was a dessert style item with mashed US purple potatoes in a pastry puff
- A TV show in Singapore, "Instant Chef", featured blue/purple US potatoes, including information on nutritional benefits of potatoes and cooking tips
- The USPB cooperated with the Tinkerbelle School in Hong Kong in a US Potato Day to provide education about potatoes as a part of a healthy diet. During the event, the teacher demonstrated recipes that included buttered potatoes, curried potatoes and cumin seed potatoes. Five sessions were held with a total of 140 students and more than 100 parents.
- Press releases from the USPB office in Mexico were picked up by a number of publications. The Platicos Dieteticos Magazine, circulation 30,000, published a baked potato recipe. El Porvenir newspaper, circulation 21,900, published an article about potato properties in their kitchen section; and El Universal newspaper, circulation 144,000, published an article about the 2008 International Year of the Potato in their menu section. The Gastrotur de México magazine, circulation 70,000, published a USPB recipe called "Especialidad de papas Asadas con Hierbas". The Menu Diario Magazine with a circulation of 75,000 published a USPB recipe called "Papas en Hojas." The Diario de Morelos newspaper, circulation 30,500, published nutritional information and potato variety characteristics. The Cocina Vital Magazine, circulation 45,000, featured US potato information in 4 sections of the magazine. The information included potato benefits and characteristics and recipes with photos.

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:

- 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 were tested in consumer focus groups with two of the three scoring very highly and moving on to retail testing as the next step. A detailed report on the focus group results will be sent to the industry in the near future.
- Fresh shipper updates were distributed to deliver the latest information to the fresh industry. **Contact Alexandra Grimm at the USPB, 303-369-7783 or agrimm@uspotatoes.com to be added to this list and receive valuable information for your business.**

Table-Stock – Retail

NEWS! This Quarter:

- USPB Retail Marketing Program Team solicited industry input for shopper marketing concepts to test at retail surrounding the "Potatoes...Goodness Unearthed™" campaign. The industry was asked, if favorable results are proven, what concepts they would execute with their own retail partners.
- French Onion Potatoes and Chicken convenience recipe was used by Jewel, a Midwest retail chain, in a feature circular. All "Convenientized" Potato Recipes are shared with retailers and offered for use with each Retail Outreach presentation.
- 2 of 10 Retail Outreach Presentations completed. The Meijer chain of Grand Rapids, MI, and the Martin's chain of South Bend, IN, were nominated via supplier outreach. Additional retailers have been nominated and appointments are being sought with:
 - Safeway Eastern
 - Weis Markets
 - SaveMart
 - Schnuck's
- Based on Retail Outreach, a new full Best in Class program partner and a new FY09 Fast Track Program partner were gained



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- Revamping all training programs; launch of program training to coincide with launch of Fast Track accounts in Spring 2009
- Q2 2008 Nielsen data released to industry August 15, 2008 and included in September *State of the Potato Category Update*
- A Fast-Track partner is now progressing to Phase II

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:

- Six restaurant chains in China, Central America, Indonesia and Malaysia switched to US fries from other sources
- Two new retailers in Korea and one in Indonesia started to carry US frozen potato products.
- Four new channels were developed for US frozen products: a company with 1,200 push carts throughout Indonesia, a movie chain in Malaysia, a food manufacturer in Korea producing a quail egg and potato salad and another movie theater in Mexico
- Positive potato messages, based on the nutrition and convenience of frozen US potato products, were conveyed in all markets through, seminars, trade shows, press releases and websites
- Three research studies were initiated: one on the potential of frozen fries for call center employees in the Philippines, another on consumer purchases at hypermarkets in Thailand and a look at misperceptions about GM potatoes in Korea.
- New US frozen potato items were added to the menus at six different restaurants in Japan, China, Korea and Malaysia
- Training activities for proper storage and handling were carried out for 100s of restaurant chains in Mexico, China, Central America, Indonesia, Malaysia and Thailand
- One new importer and distributor began importing US frozen potato products in Central America

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:

- Worked with representatives in China, Philippines, Thailand, Japan and Malaysia to recruit participants to set up an RTM to visit Oregon and California
- The release of sprouted potatoes, held by the import authorities in Taiwan, was negotiated and the potatoes released for processing
- Work continued in Japan to get approval for shipment of US potatoes across Japan to a processing plant at Kagoshima. This would then be the second plant approved by MAFF to receive US chipping potatoes

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 for consumer product improvement.

NEWS! This Quarter:

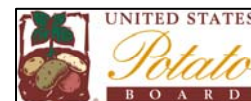
- The Chip Committee continued its cold storage chipping potato variety testing, stem end research and “fast tracking” chipping varieties with good potential. The committee also continued its investment in “Zebra Complex” studies. All these activities are designed to help chippers provide the consumer with a great end product.

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.



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NEWS! This Quarter:

- Four new products made with US dehy were launched in Japan. The bakery chain, Bigot, launched a potato bagel and roll. The snack company, Ginbis, launched a new extruded potato snack. Another snack maker, Meiji, launched a very delicious chocolate cookie snack and Taisei Foods launched a new noodle product made with US dehy.
- Four new products made with US dehy were also launched in Mexico. Knorr launched a new instant soup using US dehydrated potato dices, an enhancer made with flakes used to prepare hamburger patties and a new product called “Picadillo Primavera” that is used as an enhancer for recipes using meat. The snack company, Sabritas, launched the Nutritas brand of sheeted chips in 3 different flavors: original, lemon and red chili, made with US standard potato flakes and standard potato granules.
- In Korea, Samjo Celltech introduced dried mashed potatoes in cans for sale at Costco
- Au Bon Pan in Thailand introduced a bagel made with US dehy to follow on the success of their sandwich wrap made with dehy which was introduced in the spring
- Twenty one-on-one technical meetings were held with potential customers in China, Indonesia, Malaysia, the Philippines and Thailand
- Twenty-five new products made with US dehy are being developed by different companies in the Board’s target markets
- The USPB participated in large international food shows in Mexico and Thailand, attracting numerous potential new customers
- One new importer in Korea began bringing in a new dehy blend to that market

Dehydrated – Domestic

NEWS! This Quarter:

- American Institute of Baking (AIB) retained to help identify opportunities in high volume bakery applications: Muffin project looks very promising and AIB is preparing summary reports and presentation documents to be used by dehyers and USPB to present /sell concept

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:

- Plans for variety trials in Sri Lanka, Uruguay, the Dominican Republic and Nicaragua were put in place
- Worked with USDA/APHIS to generate letters to the governments Sri Lanka, Nicaragua and Thailand on increased access for US seed potatoes
- Obtained import permits for a US exporters for shipments to Nicaragua, after initial blockage by the Ministry of Agriculture