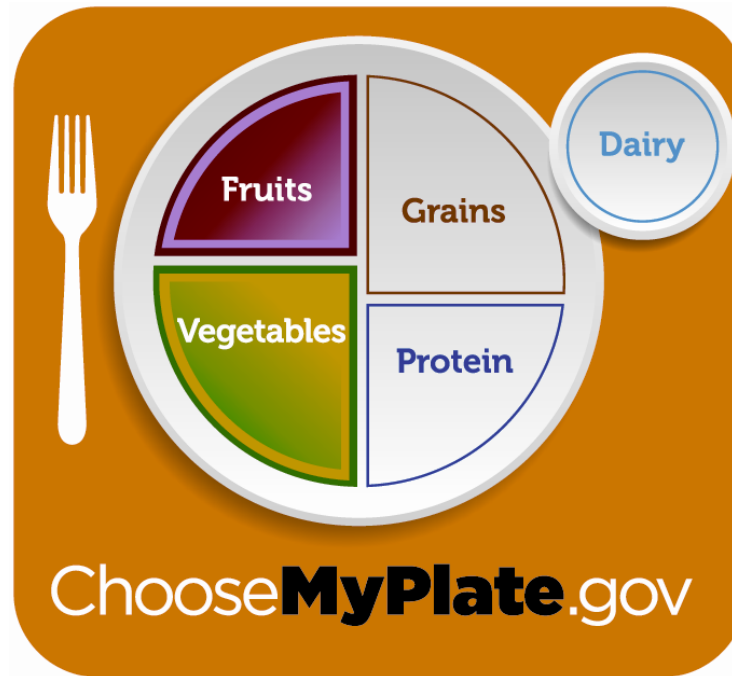

We're Driving a Fresh Revolution!

Tom Stenzel
President & CEO



We're the Key to Good Health!



That would mean doubling fruit and vegetable consumption in the United States!



But Also Great Taste!



And Convenience!



Fresh Produce Has It All!

Good Health

Great Taste

Amazing Convenience

We're Driving a Fresh Revolution!

- *A little history for context*
- *Then a snapshot of today's marketplace*



First, a Quick United Fresh Update

- 1,300 companies; 10,000 individuals
 - Growers, wholesalers, fresh processors, distributors, retailers, restaurants, service providers, allied associations
 - More than 100 commodity boards; local, regional, national, international associations
 - Members in every state, 25 countries
 - 300 volunteers on boards, councils



Our Mission

1. Building partnerships across the supply chain
2. Developing solutions for companies to address complex issues
3. Providing training to enhance employees' skills, leadership
4. Shaping government policy that affects our industry
5. Growing fresh produce consumption for long-term success



Per Capita Consumption (Lbs)

	1980	1990	2000	2014	% Change
All Fresh Vegetables	151.8	176.4	200.7	185.7	22.3%
All Fresh Fruit	106.5	117.0	128.8	135.9	27.6%
Broccoli	1.4	3.4	5.9	6.6	371%
Strawberries	2.0	3.2	4.9	8.0	300%
Bell Pepper	2.9	5.9	8.2	10.7	269%



Fresh vs. Processed (Lbs)

	1980	1990	2000	2014	% Change
Fresh Fruit	106.5	117.0	128.8	135.9	27.6%
Processed Fruit	158.5	154.4	158.0	123.4	-22.1%
Fresh Vegetables	151.8	176.4	200.7	185.7	22.3%
Processed Vegetables	186.5	214.9	223.6	199.7	7.1%



Per Capita Consumption (Lbs)

	30-Year Trend Percent Change
All Fresh Vegetables	22.3%
All Fresh Fruit	27.6%
Seafood	22.0%
Meat & Poultry	4.0%



But You Ain't Seen Nothing Yet!

- United's *Fresh Facts on Retail 2015* Report
 - Fresh produce retail sales up 3.4% in 2015
 - Average grocery store sales over \$50,000 per week
 - Average shopping basket with produce \$62, versus basket without produce only \$41
- Leading volume gainers – from 5-20% increase
 - Avocado, citrus, grapes, melons, berries
 - Packaged salads, cut veg, peppers, tomatoes
- Fresh produce now 11.4% total store sales
 - All fresh foods now 36.8% of all store sales



Supermarket News 2015 Research

- Fresh Foods 2015 Retail Survey
 - Perimeter sales increased in 70% all stores
 - 85% retailers predict further increases in 2016
 - 61% increasing space for fresh foods
 - 45% increasing space for fresh produce
 - 60% cite fresh produce as signature department
- Growth of the “Grocerant”
 - 55% grocery chains say #1 competitor in fresh foods are restaurants; only 33% cite other retailers



New Retail Channels for Fresh

- Convenience stores are looking for fresh
 - United Fresh/NACS partnership to tackle supply chain, merchandising challenges
 - *Building the Business Case for Produce at Convenience Stores*
 - The C-Store opportunity
 - Produce in C-stores approaching \$500 million
 - 80% products bought at C-stores are consumed in one hour or less
 - Average store sells \$150,000 in snacks



But...

There Are Warning Signs on the Horizon

What Do We Do About ...

- Labor shortages
- Water availability
- Misinformation on food safety
- Competitive foods pushback
- Small farm/anti-technology romanticism



Labor Availability

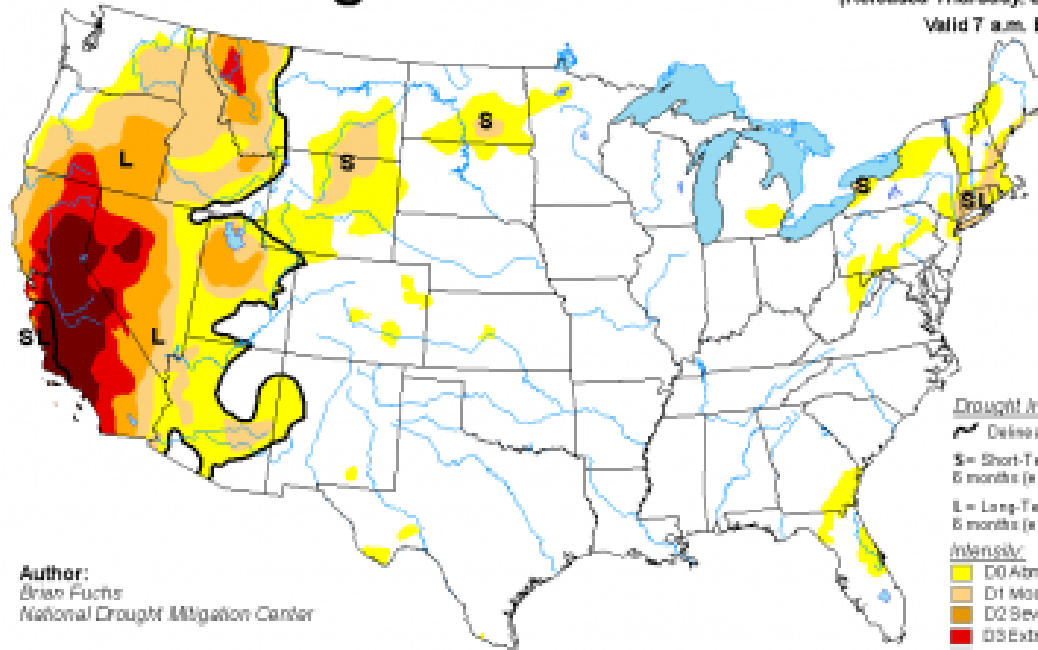
- US labor availability
 - Highly labor-intensive industry, with 75% workforce likely undocumented aliens
 - And, we're even losing those workers
 - To other industries
 - To demographics and enforcement
 - With no replenishment of workers
- Labor in Mexico also stressed
- Competition for labor is changing our industry



Water Availability

U.S. Drought Monitor

January 12, 2016
 (Released Thursday, Jan. 14, 2016)
 Valid 7 a.m. EST



Author:
 Brian Fuchs
 National Drought Mitigation Center

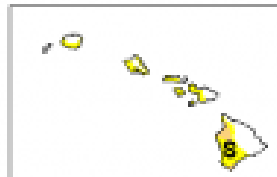
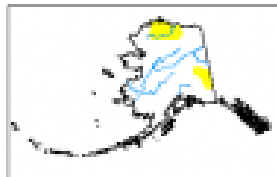
Drought Impact Types:

- Delineates dominant impacts
- S** = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L** = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>



Food Safety Misinformation

- Fresh produce is extraordinarily safe
 - Over 1 billion servings a day, without incident
 - Incidence of illness is rare, but will be increasingly visible, from new sources
- But, we grow produce outside in nature, not in manufacturing plants
 - Cannot control every possible risk
 - No “kill step” that cooks produce
- Public perception still expects zero risk



Competitive Foods Pushback

- Fresh produce is finally competing for real dollar share
- Competitors are pushing back hard
 - Ongoing debate on nutrition standards in school lunch and federal feeding programs
 - Processed food interests marketing aggressively against fresh foods
 - Meat industry is challenging government promotion of fruits and vegetables



Farm Romanticism

- Idyllic longing for romantic view of farming can potentially be detrimental
 - Rejection of technology
 - Organic is a great choice, but safe crop protection tools shouldn't be feared
 - Biotechnology will offer key solutions in health and sustainability
 - Diversion of limited resources
 - Government support of micro farms, farmers' markets with little real impact on feeding the country



Three Reasons for Optimism

1. Childhood obesity crisis has galvanized understanding of health consequences
 - In a way that long-term chronic disease did not
2. Industry innovation is exploding to meet that challenge
3. We're creating a new fresh produce experience for kids



1. Obesity Crisis Has Our Attention

- Without change, today's children may be the first generation with a shorter life expectancy than their parents
- Health care costs related to obesity top \$150 billion every year
 - Childhood obesity accelerates cost impact
- Increasing fruit and vegetable consumption is no longer just our business goal
 - *It's critical to the nation's health, physically and financially*



2. Industry Innovation Is Soaring

- New product development
- New sales channels
- Production and distribution technology



Innovation in Product Development

- New varieties with enhanced consumer attributes, quality, taste, nutrition
- Fresh-cut, convenience, value-added
 - Bagged salads, baby carrots, sliced apples
 - Growth of snacking the most significant change in U.S. food consumption today
- Transforming complete categories
 - Dozens of new apple varieties in past few years
 - Greenhouse tomatoes now dominate retail market with diverse tastes, shapes and sizes



Innovation in Sales Channels

- Fresh is driving new retail channels
 - Supermarkets competing to become “fresh” stores
 - Convenience channel, small footprint stores
 - Online, delivery, meal solutions
- Foodservice catching the wave



- Vending
- Contract foodservice in universities, hospitals, stadiums, corporate business settings
- New restaurant concepts featuring “fresh”



Innovation in Supply Chain

- Production technology
 - Mechanization and labor saving tools
 - Protected agriculture to create local supply
 - Food safety solutions
- Distribution technology
 - Freshness is the most critical element in delivering positive eating experience
 - Cold chain management is key to quality
 - Sole focus of our new Global Cold Chain Expo



3. Creating a New World for Kids



UNITED FRESH START FOUNDATION

Kids will choose fresh produce with early and easy access to great-tasting fruits and vegetables!

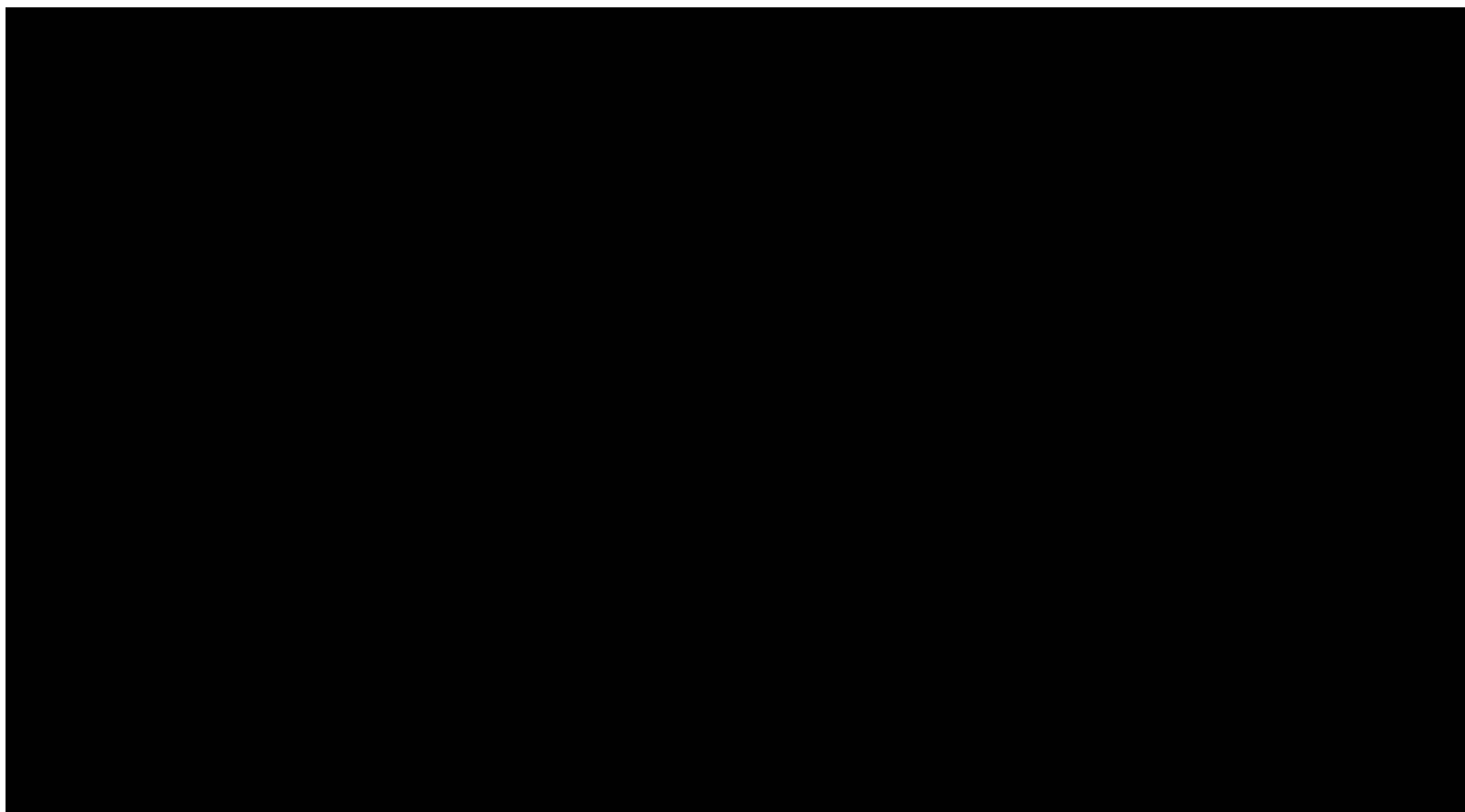


United Fresh Start Foundation

- Schools have become the intervention point to create real change
 - The one place in America where we reach almost every child, every day
- School salad bars have been a transformational opportunity
 - Psychology of salad bars and choice
 - We've raised over \$12 million and donated over 4,800 salad bars in all 50 states
 - Feeding over 3 million kids every day



We Are Making a Real Difference!



Thank You for Your Support!

