



UPDATE

RESPONDING TO THE NEEDS OF CALIFORNIA AVOCADO GROWERS - FEBRUARY 2006

PRESIDENT'S MESSAGE & BREAKING NEWS



Crop Plan 2006

from Steve Barnard

Unless Mother Nature intervenes, the 2006 California Avocado Crop will be one of the largest in history – and all this in addition to the millions of pounds imported annually from Chile and Mexico.

While many in this industry are overwhelmed with the crop, Mission has spent nearly ten years and millions of dollars planning for this event. With the development of the Mission Ripe Program and our National Distribution Network, which consists of seven Ripening and Distribution Centers, we are positioned to accelerate our “pull through” marketing plan. We have the capability to inventory, ripen, sort, label and deliver from all seven Centers. We can house several hundred thousand boxes in the regional market places, whereas the customer takes no inventory risk. Orders, large or small can be filled and delivered within a few hours.

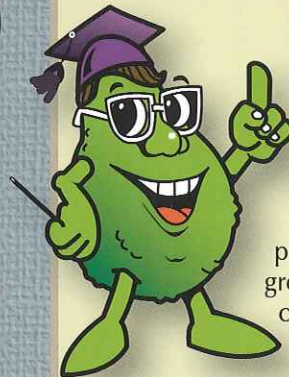
There is no disputing it. This system and philosophy sells more avocados. East Coast customers were afraid to take an inventory risk, or were unsure of how much to order, only to have the fruit sit on the shelf and not sell. Not anymore. With more frequent deliveries, exceptional customer service and high quality fruit, Mission customers continue to buy more and more avocados each year.

This system was developed and implemented by Mission. While we're not certain that it will solve all of the potential issues facing our industry in 2006, it will sell a lot of ripe avocados. Fruit will be pulled through the system by creating demand, not by using a lower price.

This year will have some challenges. But know that Mission has made the investment in facilities, people and systems to best address unforeseen issues. We have a clear vision of what is needed. Growers will need to look at their handlers to make sure they have a plan other than price. If not, we could all lose.

The 2006 Worldwide Avocado Crop

California	540 million lbs.	} 1.02 Billion Pounds
Chile	200 million lbs.	
Mexico	240 million lbs.	
Others	40 million lbs.	



Plant Growth Regulators

From Carol Lovatt, UC Riverside

Plant growth regulators (PGRs) are the most powerful tools available for manipulating tree growth and yield in an existing orchard. Current commercial uses of foliar-applied PGRs on apples, citrus, kiwis and grapes provide excellent examples of what can be accomplished. PGRs can be used to influence flowering, harvesting, fruit drop, yield, fruit size and fruit quality.

The PGR GA3 increases yield and fruit size. For Hass avocado trees in a commercial orchard, gibberellic acid (GA3) applied at the cauliflower stage of inflorescence development around March, or at the end of June significantly increased total yield as both pounds and number of fruit per tree, and significantly increased the yield of commercially valuable large size fruit (the combined pool of fruit sizes 60, 48 and 40). Statistically, the yield increases obtained for each GA3 treatment were significantly greater in the on-crop year, but only numerically greater in the off-crop year. However, each GA3 treatment resulted in a statistically significant increase in 2-year cumulative yield and in average yield for the on- and off-crop years, which is acceptable to the DPR. For GA3 applied at the cauliflower stage, the 2-year cumulative net increase in total yield was 3,771 lbs. per acre (110 trees) more than the untreated control. In addition, there was a 2-year cumulative net increase in fruit of packing carton sizes 60, 48 and 40 of 2,571 lbs. per acre. For the later GA3 application, the 2-year cumulative net increase in total yield over that of the untreated control was 6,579 lbs. per acre with 5,490 lbs of fruit sizes 60, 48 and 40.

Another PGR strategy can increase fruit size. Foliar-application of 6-benzyladenine (BA) at anthesis or GA3 applied in mid-July followed by prohexadione-calcium 30 days later in mid-August had no effect on total yield but significantly increased the pounds and number of large fruit sizes 40 and 36 and the combined pool of fruit sizes 40, 36 and 32 averaged across 3 years of the study, which included two off-crop years and one on crop year. The net

(continued)

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FEBRUARY 2006

Mission Growers

CALIFORNIA REGIONAL CROP REPORTS

San Luis Obispo

Santa Barbara

Ventura

Riverside

San Diego



From Ralph Gonzales 805 797 5036
Ventura & Santa Barbara Counties

As we head into the 2006 season, it seems that there's some uncertainty as to where you need to be positioned in order to maximize your returns. With over 500 million pounds forecast for this season we will all be challenged to harvest, pack and market this crop. Mission growers will be in good shape. With seven distribution centers and a refurbished Oxnard packinghouse, we will be ready to roll. If you are not a Mission grower we need to be talking. Aligning yourself with a quality house is going to be the key to the future. Decisions to harvest will be based more on factors favoring fruit flow and labor availability than returns. Chilean imports will be down in late January, giving California growers an opportunity to harvest early on size and relieve stress on the trees.

Overall fruit quality for the Ventura and Santa Barbara County area looks good with probably 10% number 2 fruit. For the most part, the first stage of the fruit set has sized fairly well, however the remaining crop size will depend on how nice Mother Nature is to us this winter. With the release of all sizes, some heavily set growers may want to harvest more of size 60's just to thin out some branches and give themselves some hope of growing the remaining crop. Let's keep in touch. We're here to help and keep you informed.



From Chris Dryden 805 797 3218
Ventura County

How many of us were in the avocado business back in 1992-93 when the size of the crop set an all time record at over 550 million pounds? Hopefully by now, everyone has been informed that the 2006 season will come close to the 92-93 crop record. Of the 8 avocado growing counties that report to the California Avocado Commission, Ventura has the highest early season estimated yield for Hass at over 10,200 pounds per acre. Coming in a close second is San Luis Obispo County with just over 10,000 pounds per acre. The challenge is now upon us to harvest, market and ship this crop in an orderly and timely fashion. As a packer/shipper we have held many face to face meetings with growers detailing how this "King Kong" sized crop must enter the market place. If you have not started to draw up an early, mid and late season harvesting strategy I would suggest you turn the football games off for the weekend and get after it.

The 2005 season had early season rainfall and the light fruit set saw an unprecedented percentage of large fruit being packed. Once again

the Ventura County area has a moderate amount of early season fruit size. The number 2 situation is light with some thrips and sunburn damage well below other counties but not as extreme as in years past. Growers need to really pay attention to the heavily weighted number of smaller pieces of fruit in the trees after the first size pick. How do you plan to address the undersized fruit situation? It is not by accident that everyone I have spoken and visited with since the early release has now have one eye on the market and the other one in the trees looking at a lot of 5 ounce fruit that will probably not grow larger than a single size before seasons end. It is a challenge but I will guarantee all of you one thing. It will not be another 13 years before we see another California avocado crop that will surpass this season's fruit set. Mission is ready and professionally poised for this challenge. Are you?



From Scott Scarbrough 760 802 1031
San Diego County

Coming out of an off-crop year with many uncertainties, we head into an on-crop with a sense of excitement. First and second quarter import fruit from Chile is slowing down to give us a lift for the start of our season. Retailers are aware of the diminishing imports and Superbowl will have California fruit to celebrate with this season. The size curve on Chile is to the small size as we finish their season leaving California with a premium on 48's and larger which will carry right through the second quarter into the Easter season. In addition, our avocado partners in Mexico will have their traditional slow down as we reach the 4th of July. This gives California growers a late season opportunity as we move into the 3rd quarter of the avocado season.

Fruit loads are heavy on the trees in the southern areas as well as the north. The estimate is at 507 million pounds of Hass this season and rising. It will be necessary to lighten the load several times this season with conscientious size picking which will lead into steady harvesting and returns. As previously discussed, the percentage of number 2 fruit will bring down the overall volume of number 1 fruit coming to market – the large crop and extended season will give us a great advantage to market quality fruit.

Diligence in pest control is going to be a key issue as we head into the season. With a demand for fruit quality, a solid pest control program for your avocados is vital. Mission plans to have several informative seminars on issues such as pest control and we invite all growers to join us. Feel free to call – I'll keep you posted.



From Albert Munoz 760 594 1459
Temecula Area & Riverside County

What a year this will be and the fun is just beginning! This crop is estimated to be the second largest in history and for a large percent of the growers this will be an experience like no other. Remember, a good harvesting plan and constant communication will help with any situations that may arise. Please call for the latest changes in the market and most current crop tracking. Following global avocado information that will affect our market is not only important, but will be beneficial. As with any large crop year the major concerns are the overall volume, inventories, crop completion and fruit quality. So far the biggest trend is a premium for large fruit. This should continue until the summer heat pushes the harvest. Creative packaging, strong ripe promotions and new customers will lead to record breaking shipment totals from California.

The second quarter will be of the utmost importance. We will need to push the harvest in order to stay ahead of this crop. History has proven

that on large crop years the harvesting gets backed up in the summer months and the prices and quality will suffer. Harvesting Thrips damaged fruit will test the acceptance level and may set the trend for the season with the food service industry. A consistent program on size 60's will be key to keeping the momentum with strong sales. So, fill up your tank with some high-octane fuel, the next journey on the avocado highway is calling for some high performance.



From Chris Mann 805 797 3219
San Luis Obispo & Ventura Counties

The 2006 avocado crop is monstrous. Ventura County groves are averaging near 10,000 pounds an acre. The crop seems to be clean. There is little Thrips damage, maybe close to 3% to 5%. However, there has been more and more sunburn popping up. Most groves in Ventura County will probably average around 8-12% number 2's. The thorn in the side will be the large volume of number 2's coming out of the South (San Diego). The South is averaging 15% to as high as 30% number 2 fruit. This amount will certainly keep our sales team very busy this year.

Growers should be looking at doing several selective picks this year. The selective picks will give the remaining fruit a chance to size up. Size will be the key this year and there will be a premium on larger fruit. Another benefit to an early selection pick is to relieve the tree of stored nutrients allowing the tree to set a half decent set for the following year.

San Luis Obispo County also has a very large crop. This will enable us to set up reliable markets for the fall months. We saw in the 2005 crop year that there wasn't enough fruit to hold contracts with food service customers. Typically the customers will stay with California because of quality. However if the supply isn't there they will shop somewhere else. Growers in the North should start looking at early size picks to help the remaining fruit size up.

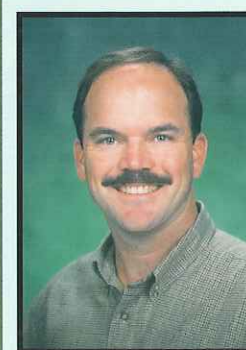
PGRs Continued

increase in yield of fruit sizes 40, 36 and 32 was 1,319 and 1,239 lbs. per acre per year, for the two treatments, respectively. An additional on-crop year would have likely shifted the peak pack-out to sizes 40 and 36.

What about the avocado? The avocado is relatively new compared to apples, citrus and grapes so the use of PGRs is less developed. Moreover, several problems have delayed progress toward the commercialization of PGR strategies for avocado production in California. With the limited amount of avocado acreage it is difficult for a manufacturer to justify the financial investment that would be required. In addition, the avocado, in many cases, responds differently to PGRs than other tree crops, preventing the simple adoption of a PGR strategy and necessitating development of a new one.

What's next? The solution is a partnership between the California Avocado Commission and the manufacturers of PGRs, with CAC supporting the basic development and manufacturers bearing the expenses incurred in meeting federal and state regulations. To meet the requirements of the state DPR, for each PGR we need to successfully reproduce the results in an additional study at a new orchard in a different avocado-growing area than our previous studies. We also need to demonstrate that total yield and the yield of large size fruit increases with increasing PGR concentration.

INTERNATIONAL MARKET NEWS



Global Avocado Status

from Jim Donovan

As you read this, Chile has finished its 2005-2006 crop. The total import volume from Chile for the 05/06 season will end at about 200 million pounds, down about 30% from the prior year. Chile is also finished about 4 weeks earlier than last season. Considering the large 2006 California crop, this decrease couldn't have come at a better time. Another important fact is, while Chile decreased shipments to the U.S., it increased shipments to Europe by 100% over the prior year. The main reason was a shortage of fruit from South Africa, Israel and Spain in the fall and winter of 2005. Once again this shows that this industry is truly global and we all need to stay informed.

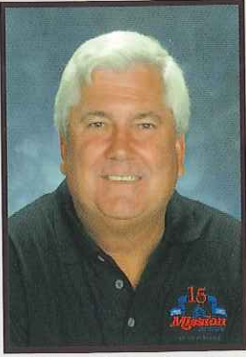
Looking forward, we will enter the billion pound zone. You've heard us talk about this for the last few years, but it's here in 2006. For the calendar year of 2006, I expect to see Mexico contribute about 300 million pounds to the market. Currently, it appears that the off-bloom or "flora loca" set is not very big and could mean lighter than normal Mexican volume in July to September. While this might sound great for the later California harvest, we need to remember that Chile normally has its first arrivals here in July and August. We'll keep our growers updated on this situation as we get further into the year. Another important factor to the volume that Mexico contributes will be how the California crop flows. Assuming we need to average about 20 million pounds per week, Mexico will need to fill whatever volume California doesn't. If California harvests 16 million per week, then we have to find another 4 million to keep the flow going. If we don't use this logic and planning, we'll end up having to do weeks of 25 million which could be very difficult.

The next Chilean crop is now set, but it has a lot of weather and growing to do so any projections are just estimates. We do expect Chile to be in an "on" year and perhaps have exports to the U.S. market of about 300 million pounds. For clarification this is the crop that would start about July 2006 and end around Feb 2007 (or later!). Right now I am advising the Chileans to be cautious of the July to September market here. California will have large volumes and will be "controlling" the market (if you assume the largest contributor is in control). This "plan" assumes that California's 2007 crop will be down from this years large set and the January to March 2007 window will be there for Chile.

Once we have satisfied the requirements of the DPR, we will have met the federal requirements for GA3 and BA, because both are exempt from the requirement for tolerance by the federal EPA. Additionally, commercial manufacturers of GA3 and BA are now showing interest in our data and in the possibility of labeling their products for use on the Hass avocado.

Within 3 to 4 years one or more PGR strategies should be available for use in commercial avocado production. For additional information, see the report on PGRs at the U.C. Riverside website.

Sales & Marketing



Moving the Record Crop

from Ross Wileman

Consuming over a billion pounds of avocados in the U.S. has long been discussed. It appears the reality of the event is now before us.

Fortunately, Mission Produce has been preparing for this for many years. Our development of Regional Ripe Centers and solidifying programs with our key retail and foodservice customers greatly enhances our ability to move Mission's growers' fruit this coming season. I'm not sure this will be the case for our competitors, who may not have put the energy or investment into their future.

2006 presents a few obstacles. With the large crop, we expect that fruit size will run smaller than usual. Our focus will be to structure programs to move 60's and smaller. We firmly believe that 48's and larger will enjoy a premium over the other sizes.

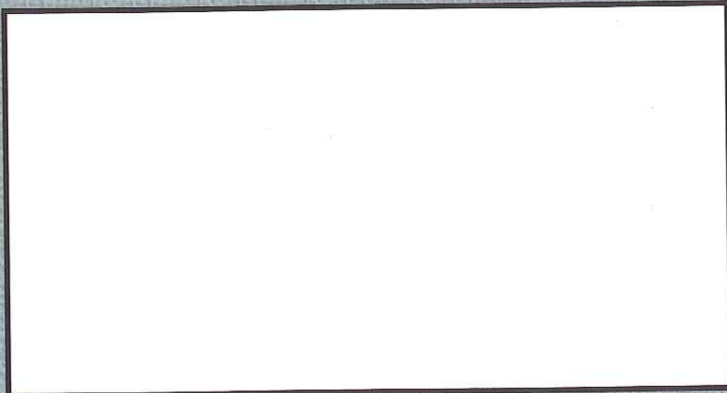
Our greatest concern however, will be how other shippers react. Those new to the avocado world or those who have developed a large grower base without a customer base to support their volume could hurt us. Our industry will only be as strong as the weakest link. Without a plan and customer base, some shippers will resort to their only other option: price discounts to move the fruit. This option is a poor choice for our growers.

In anticipation of a record percentage of # 2's we have hired Dan McGrath, our new Foodservice Manager, to increase our strength in the restaurant business. This will mean more contracts and volume going to foodservice than we've seen in the last few years. We will now bag #2 fruit for retailers who understand that the blemished fruit is only skin deep.

Logistics will also be of great importance in 2006. We have increased our transportation department to handle our Ripe Center replenishment and to deliver fruit from our Centers to our customers. Mike Cosgrove heads the department and is assisted by Mike Powell and Ed Cook. Bill Smith will continue to do his fine job as Replenishment Manager for the Ripe Centers.

It goes without saying that we have the finest sales staff in the industry – headed by Sales Manager Ron Araiza and backed up by Dave Fausset, Tony Worthington, Cruz Carrera, Teri Morrison, Blanca Holguin and Ryan Wileman. This team is specialized to handle the management responsibilities of our retail accounts. They are backed up by our national marketing team of Dave Austin and Tim Hallows, who are constantly on the road assisting retail with promotions and marketing throughout the year. And backing us all up is Bill Tarleton, our Marketing Communications Director. His creative advertising keeps Mission out front.

As you can see, Mission is prepared and ready to provide our growers with the very best our industry has to offer.



Avocadosource www.avocadosource.com
 California Avocado Commission www.avocado.org
 University of California Riverside www.ucr.edu

Web Sites of Interest

ALL GROWERS ARE WELCOME!

Aug 17
 Sep 21
 Oct 19

Board Meetings are in Santa Ana
 1251 East Dyer Road • 949 341 1955

Mar 16
 May 18
 Jun 15

California Avocado Commission Board Meeting Schedule

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