

# Regional Agribusiness Update

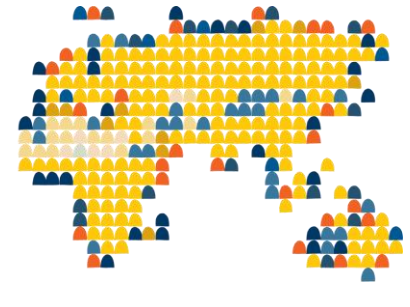
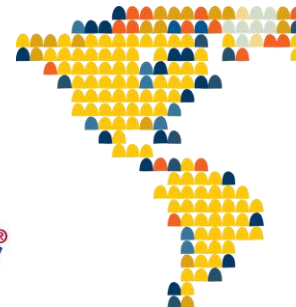
Steve Bannworth

VP Vegetable Business Unit & Corporate Farms

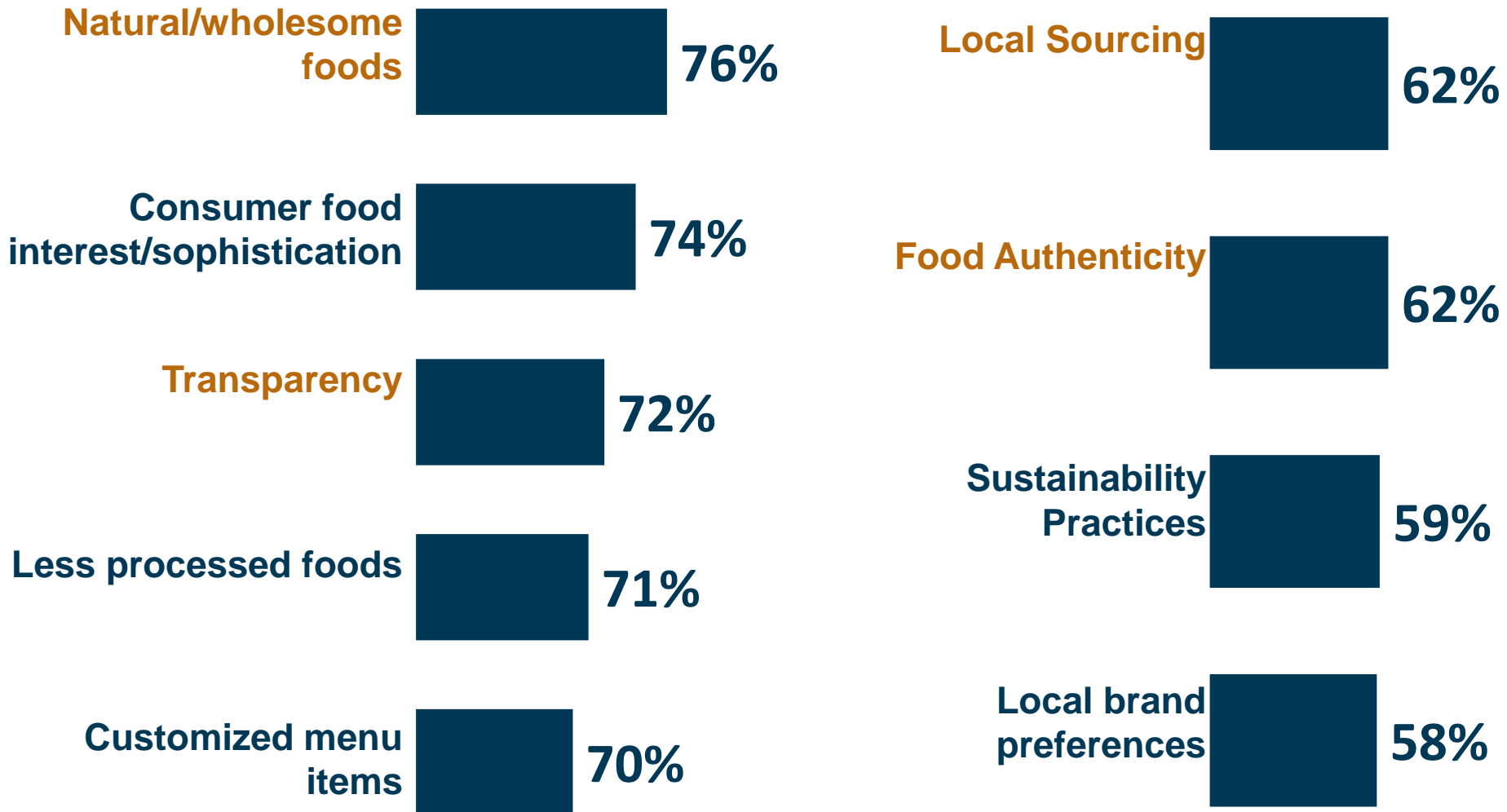


# Lamb Weston Highlights

- ✓ Global frozen potato and vegetable supplier with nearly \$3B Net Sales
- ✓ Strong presence in Northwest with 12 plants, a innovation center & 2 HQ's
- ✓ In excess of 6,200 employees North America
- ✓ Owns and operate a 20,000 acre company farm
- ✓ Partner with NW growers on over 150,000 acres of potatoes & vegetables
- ✓ Quality and Food Safety Leaders



# Food Trends See Changing Demands

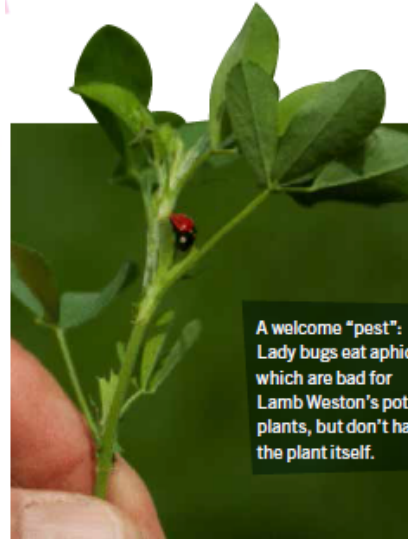


# Driving a continued emphasis to build on success of sustainability practices and local sourcing



## Potatoes

White potatoes used to produce our Lamb Weston frozen potato products — such as shoestring and crinkle-cut fries — are grown by farmers in the Pacific Northwest, near our network of more than a dozen facilities.



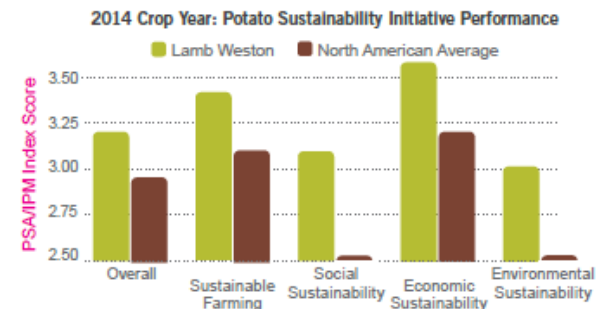
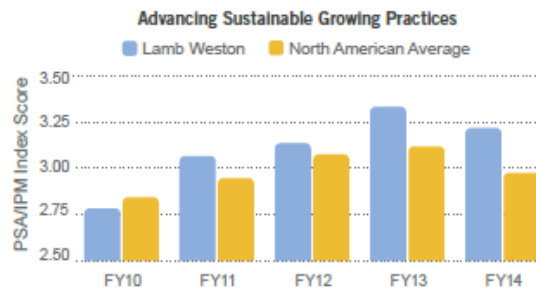
A welcome "pest": Lady bugs eat aphids, which are bad for Lamb Weston's potato plants, but don't harm the plant itself.

And our new Grower Information Edge program aims to consolidate critical data for all Lamb Weston growers over the next three years. This will centralize information and allow for the application of advanced analytics to enhance farming practices and establish benchmarks for growers related to their fields and the varieties of potatoes that they plant.

In a collaborative effort with customers, growers, academia and competitors, Lamb Weston participates in the Potato Sustainability Initiative. This program allows farmers to self-evaluate their farming operations against best practices in four areas:

- **Sustainable farming**, including food safety, seed handling and planting, pesticide and nutrient handling and application, pest, weed, and disease management, nutrient management, and overall farm management systems.
- **Social sustainability**, including working conditions and training.
- **Economic sustainability**, including cost of production, marketing, risk management and succession planning.
- **Environmental sustainability**, including water conservation and quality, soil conservation and quality, biodiversity, pollinator protection, energy conservation, and waste.

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# Key Factors Impacting Agribusiness



Weather



Speculators



Capacity / Yield

## Geopolitical Risk

## Monetary Policy



Oil / Biofuel



Emerging World  
Demand



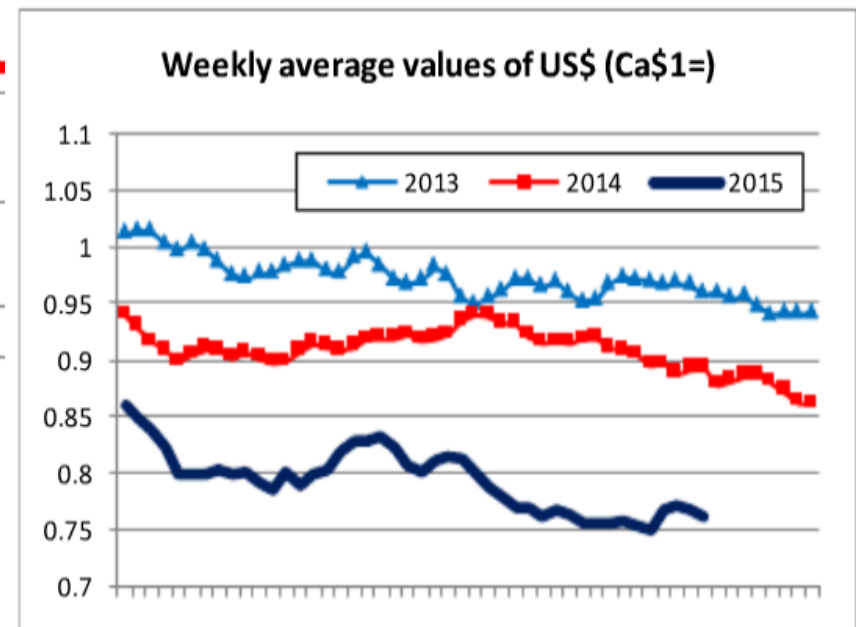
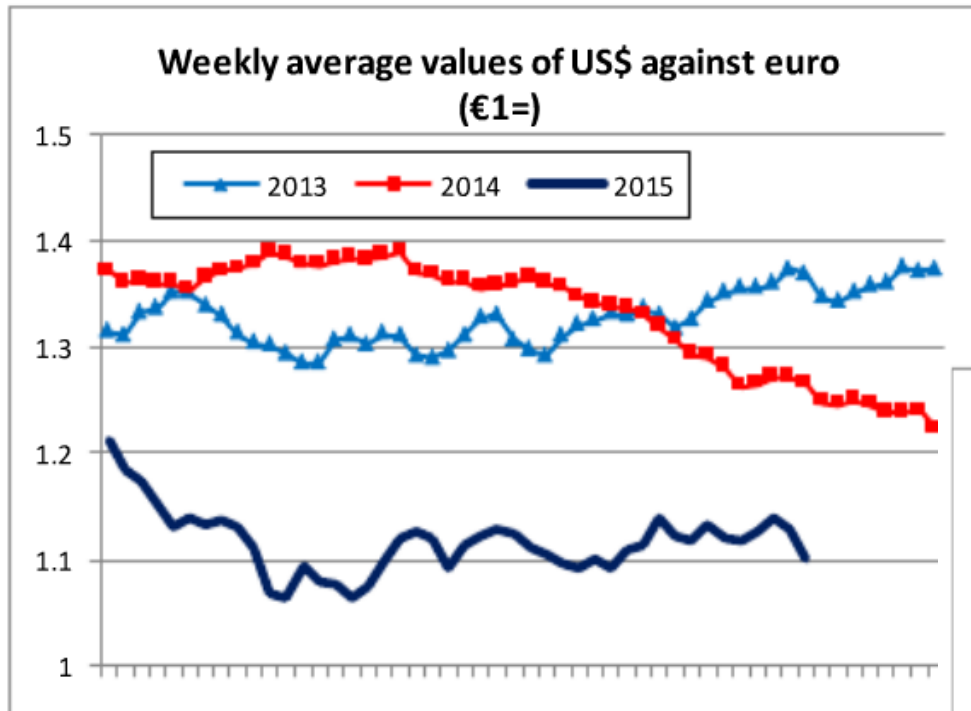
Land / Water  
Availability

Presidents Conference 2011  
WHERE LEADERS MEET

IFMA

IFDA

# A strong US Dollar vs. the Euro and Canadian Dollar make US product relatively expensive





# Major Crops Planted Acres

(millions of acres)

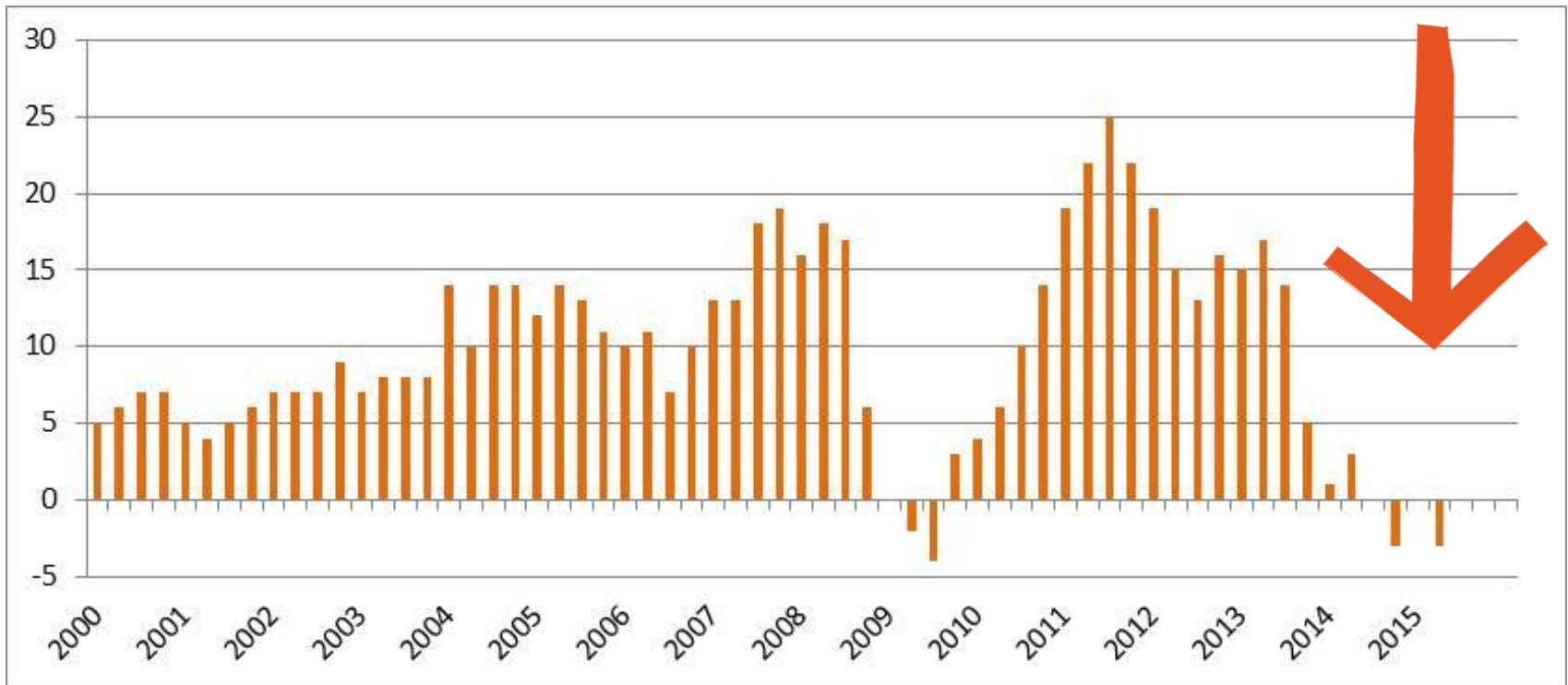
Crop	2007	2008	2009	2010	2011	2012	2013	2014	2015F	Change
Corn	93.5	86.0	86.4	88.2	91.9	97.2	95.4	90.6	88.0	-5.5
Total 8 Crops	247.5	253.0	248.7	245.0	249.0	257.2	254.9	257.6	251.7	4.2
Fall Potatoes	1.00	0.93	0.94	0.89	0.96	1.00	0.94	0.94	0.94	-0.06



- Corn, Sorghum, Barley, Oats, Wheat, Rice, Upland cotton, Soybeans
- Source: USDA

# Farmland Values

## Quarterly Year over Year Change in Value



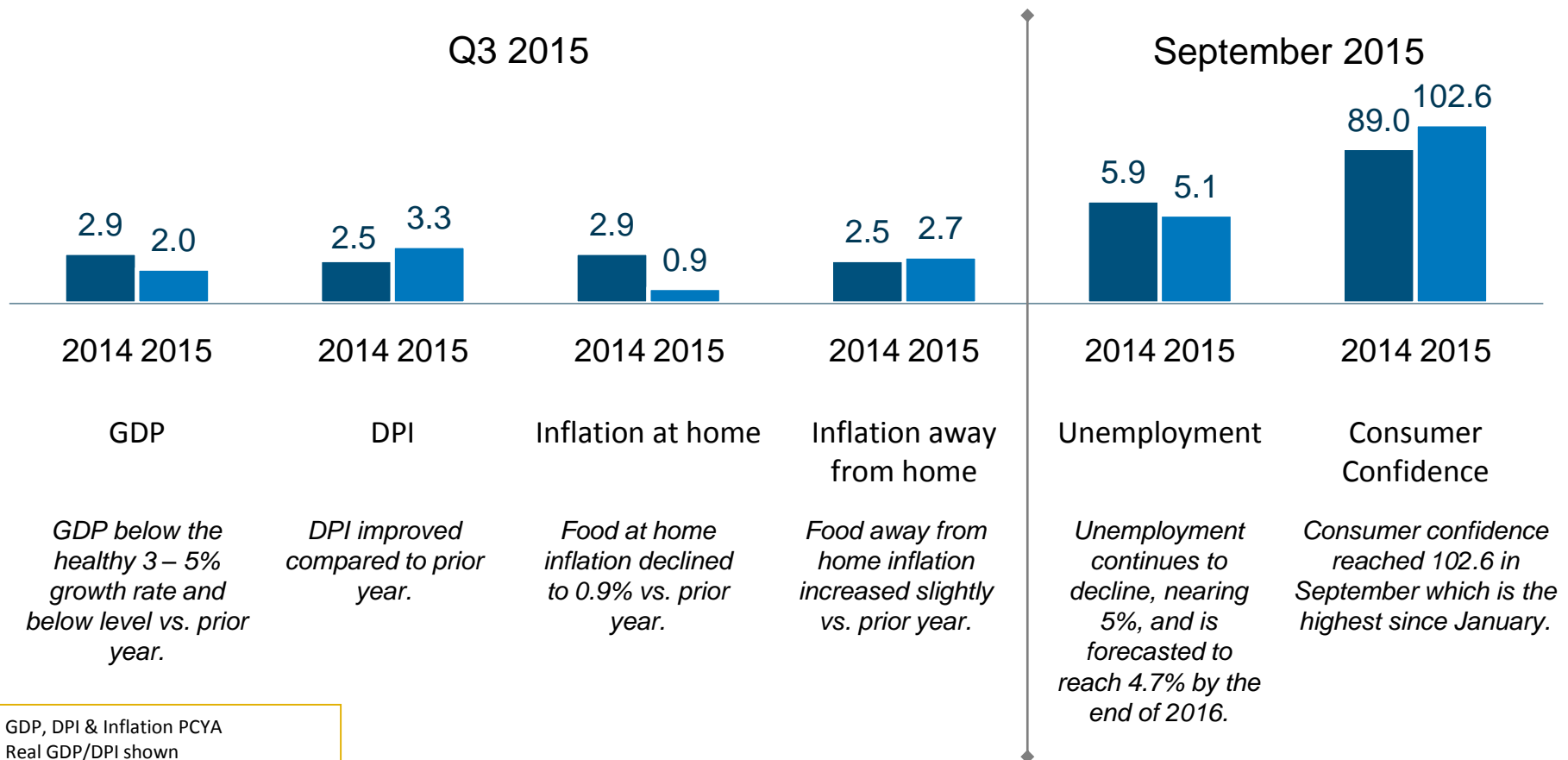
<https://www.chicagofed.org/research/data/index>

- ✓ Rising interest rates, strong dollar and lower for longer commodities are putting downward pressure on agricultural land values



# Key U.S. Economic Metrics

Increasing consumer confidence and decreasing unemployment rate are bright spots in the economy.



GDP, DPI & Inflation PCYA  
Real GDP/DPI shown  
Unemployment & CCI: Monthly Rates

Source: Bureau of Economic Analysis/Bureau of Labor Statistics/Confidence Board/Consensus Forecast

PCYA = percent change vs. year ago



# The Good News

- U.S. consumer confidence improving
- Restaurant Industry Traffic exceeded 61 Billion visits in 2015, an all-time high
- IFMA (International Foodservice Manufacturers Association) is estimating a 2.4% increase in the Foodservice industry in 2016
- The Columbia Basin agricultural community is well-poised to stay globally competitive
  - ✓ Historically consistent weather conditions
  - ✓ Access to water
  - ✓ Competitive yields and quality
  - ✓ Reasonable land values
  - ✓ Focus on sustainability and continuous improvement

