



September 26, 2007

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Dear Suntreat Grower,

It seems as though the last summer hot spell is behind us and so it is time to turn our attention to the upcoming season. Before we discuss the new navel crop, let me review where we are on the valencias and reflect a bit on the results of the 2007 freeze.

The 2007 freeze

We harvested the last bins of the freeze shortened GM-2 pool (January) on Saturday Jan. 13, the day after the "official" start of the freeze, but in reality 2 days after the first cold night, which snuck up on the industry, on Thursday night the 11th. With very cold temperatures forecast into the next week and with Saturday's pick in the barn, we thought we could very well be done with the 2007 crop. A valuable trading partner from Japan was in our office early the next week on a previously scheduled trip to finalize export plans for the year. I told him with absolute certainty that the only export we had remaining were the cartons sitting in the cooler that had been packed up before the freeze. As it turned out, I couldn't have been more wrong on both the amount of fruit we had yet to pack and on the amount we would export.

The freeze of 2007 will be remembered "fondly" by some (if remembering a freeze can ever be called a "fond" experience) and as a very bad memory by others. Those Growers with groves in the traditional citrus belt (Lindsay to Ivanhoe and the foothills of the northern and southern areas), who had adequate water and were able to keep their wind machines running, generally had a very good year. Those Growers with groves in the colder locations or who did not have water and wind machines, generally had to juice their fruit, collect their insurance money and wait for another year. I'm not sure that many of us would have imagined the amount of fruit that would be packed as we watched the thermometer dip to what should have been fruit freezing temperatures throughout the industry. When the ice was melted and the dust had settled (because we had no rain!) Suntreat Growers were able to pack 45% of all the fruit estimated to be left on the tree on January 14, which amounted to 970,056 cartons of navels, to be exact. Most of this fruit came from groves near the foothills and in fact, many Growers in these areas had what would be considered very high packouts. Of the post freeze fruit we shipped 40% (384,000 cartons) went to the export markets.

Why were we so successful in this freeze as compared to the 1998 freeze? I'm still scratching my head and trying to find an answer to hang my hat on. I don't have an answer that I'm 100% satisfied with, but we certainly have some clues. We had many "cold nights" before the freeze that "hardened off" the trees and helped them survive the colder weather to come. We had a significant amount of warning for this freeze. In fact, we pretty well knew it was coming for over a week, therefore Growers had a long time to prepare by irrigating to fill the soil profile with moisture, tuning up the wind machines,

etc. Having the chance to get prepared when you know cold is coming is a very valuable asset. This freeze was in January versus December, thus the fruit was 3 weeks more mature than in 1998. The sugar levels of this year's crop were very high, right from the start. Higher sugar levels raise the freezing temperature of the fruit, so that surely helped. Even though the temperatures were quite low in most places, there were better inversions than in 1998 so wind machines helped more in this freeze. Even with all these factors, I still am amazed at the final result. Anyone out there have a better explanation? I'd sure like to hear it!

Valencia Harvest

As it turned out, there were a lot more valencias to pack and sell than what was originally projected, as well. The industry set very high fobs early in the season anticipating a short crop, post freeze. In hindsight, the fobs were probably too aggressive for the amount of fruit that we have been able to ship. High fobs, combined with an average tasting piece of fruit have resulted in slow movement over the summer. The mild summer has resulted in much higher than average growth and very large sizes as we go into the fall. Fobs have moderated, movement has increased somewhat now that school is back in session, and we remain optimistic that we will be able to work through the remaining fruit, though it will likely take us into early November to finish. All things considered, it should be a good season for those who had fruit to pack.

The Upcoming Navel Season

The CASS navel estimate came out in mid September at 86 million cartons for the State, 84 million in Central CA. On paper, this would rank as the 3rd biggest crop in history. I will not be surprised to find, when it is all said and done, that the crop is a little bigger than the 84 million, but we shall have to wait and see. In any case, it is a large crop. The September 1 size measurements show the fruit to be *slightly* smaller than last year. As we have been looking at the new crop several factors are coming into focus. The fruit quality looks good, shape, defects etc. It appears that the color is coming on a bit earlier than normal, probably due to the cooler nights we have been having. Even though the fruit does not have a legal sugar/acid test yet, it is eating well, which will be very helpful in getting consumers to reorder after the first sales.

One thing we need to focus on is that with a large crop, such as the one we have, it is important to make sure the fruit will hold well on the tree until we can get it all picked, packed and sold. This would be the year that we need to be sure we have plenty of fruit with gibberellic acid (and 2, 4-D) so we can keep utilization higher on what will likely be a later finish to the season. Most Growers will need to be treating a higher than "normal" percentage of their crop with gib. Your fieldman will be in contact with suggestions as to which blocks may need gib this year. Also, in order to participate in the Suntreat export program, you will need to apply the copper-lime-zinc sprays as required for shipment to Korea. If you are unsure about the details, please contact your PCA and arrange to get your fruit sprayed. Traps for Bean Thrips are already in the fields so we will be ready for export to Australia and New Zealand. Tom Roberts reports that the prospect for export looks very good for the year. He and I will visit buyers in Japan in October.

The Lemon Crop

We started harvest today in southern Kern Co. on the 07/08 lemon crop. Harvest in the northern district should commence in early November. Over all, the crop is much lighter than last year, due to two factors; tree damage from the freeze, and normal alternate bearing following last year's heavier crop. The fruit quality looks good and the market is "on fire" due to low estimates from all three lemon growing districts. For those Growers with fruit, this should be a great year.

Mandarins

07/08 will be the first season that Suntreat will be gearing up to be in the mandarin business. This program will grow dramatically over the next few years. If you currently have mandarins planted we would like to discuss packing and marketing with you. If you are considering planting mandarins, we would like to discuss variety selection and grove layout considerations. The mandarin deal is for real. There are currently well in excess of 25,000 acres planted in California. This number will grow dramatically in the coming years. Demand for mandarins, especially late mandarins like the Tango, is growing at a dramatic pace, as well. Mandarins will be a significant part of the California citrus industry for the foreseeable future and we encourage each Grower to consider the role that mandarins should play in each of your variety portfolios.

The Final Word

As we get ready to start a new season, we want to take the time to express our gratitude to each of you for choosing Suntreat to pack and market your fruit. We realize that there are many good packing and marketing organizations that you can choose from and we continue to be humbled that you have placed your confidence in us. You have our word that we will always work our hardest to do the very best job picking, packing and marketing your crop. I believe that Suntreat has the best group of Managers in the industry. Together we have over 150 years in the citrus business. We look forward to doing our very best to get you, the Grower, the highest return.

Best regards,

Michael D. George
General Manager