



2018 Crop Delivery Information

This brochure contains important delivery information regarding your 2018 crop. Please read it carefully.

For your convenience, it may be kept as a permanent record. We urge you to do so and refer to it whenever questions arise.

If you have any questions not answered by the information given here, contact your local Regional Manager or call the Member Relations Department in Salida at **(209) 545-6225** or Sacramento at **(916) 446-8368**.

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IMPORTANT NOTICE FOR 2018

FDA FOOD SAFETY MODERNIZATION ACT (FSMA) COMPLIANCE

In addition to almond industry developed guidelines for food safety practices, there are new requirements issued under the FDA Food Safety Modernization Act (FSMA) that can apply to almond operations, including growers, in certain situations. One of the several FSMA regulations, which was issued in 2015, establishes science-based minimum standards for the safe growing, harvesting, packing, and holding of fruits and vegetables for human consumption. These standards are found in what is commonly referred to as “the Produce Safety rule.”

The Produce Safety rule applies to lots of different commodities, including almonds. Significantly, however, almond growers can be exempt from the requirements of the rule if the almonds they grow receive “commercial processing that adequately reduces the presence of microorganisms of public health significance.” According to the Produce Safety rule, almond growers can take advantage of this exemption from compliance with the rule’s growing, harvesting, packing and holding standards if they:

1. Disclose in documents “accompanying” the almonds, “in accordance with the practice of the trade,” that the almonds are “not processed to adequately reduce the presence of microbial pathogens” and;
2. Annually obtain a written assurance “from the customer that performs the commercial processing” that the customer has established and is following procedures that adequately reduce the presence of microorganisms of public health significance.

In accordance with the almond Federal Marketing Order, Blue Diamond Growers either (1) exports raw almonds; (2) sends raw almonds to approved Direct Verifiable (DV) purchasers; or (3) treats almonds with a processing step that has been validated to adequately reduce the presence of microorganisms of public health significance.

To assist you in complying with these requirements, Blue Diamond Growers has revised the Grower Tag issued to you to include the following statement: “Almonds are not processed to adequately reduce the presence of microbial pathogens.” Because the Grower Tag is a document that accompanies the almonds in accordance with the practice of the trade, including this statement on the Grower Tag satisfies your first obligation to provide a so-called “written disclosure” that the almonds have not been processed to reduce the presence of microbial pathogens. Thus, this exempts you from compliance with the Produce Safety rule.

At this time, and at least until January 2020, FDA is not enforcing the requirement that growers receive written assurances of commercial processing from their customers. FDA is delaying this requirement in the Produce Safety rule for two years while it works on addressing feasibility concerns with this provision and similar requirements found in other FSMA rules. Therefore, Blue Diamond Growers is not required to provide you with a written assurance at this time. Nonetheless, Blue Diamond Growers assures you that it complies with the marketing order as outlined above, follows a written food safety plan, and has documentation demonstrating the efficacy of its treatment processes.

Should you be inspected by FDA or by CDFA for compliance with the Produce Safety rule, you should explain to the investigator or inspector that your farm is exempt from the Produce Safety rule because the almonds you grow receive commercial processing that adequately reduces the presence of microorganisms of public health significance. You should show the investigator or inspector the Grower Tag that accompanies the almonds as they make their way to Blue Diamond Growers and that includes the required disclosure statement: “Almonds are not processed to adequately reduce the presence of microbial pathogens.” At this time, this is all you need to do to satisfy the conditions of receiving an exemption from compliance with the Produce Safety rule. If the requirements change, Blue Diamond Growers will update this Crop Delivery Information brochure.

GROWER STATEMENT

The following is an explanation of your grower statement. It will help you interpret the statements you receive this fall. If you have any additional questions, please contact your local Regional Manager.

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | | | |
|-----------------|---------|-------|------------------|--------------------|-------------------|------------------|-------------|---|--------------|----|------------------|---------|--------|-----------|----------|--------|
| Delivery Number | Variety | Grade | Delivered Weight | Foreign Material % | Excess Moisture % | Clean Dry Weight | Total Meats | | Reject Meats | | Good Meat Weight | Loose % | Chip % | Inshell % | Payments | |
| | | | | | | | Pounds | % | Pounds | % | | | | | Rate | Amount |

GRADE LEGEND: B-BLEACHABLE, Q-QUALITY, O-OILSTOCK, S-STANDARD, N-INSHELL, M-MEAT

- Total percentage of all foreign material in the delivery. This figure is a combination of the loose foreign material plus the hull portion of the sticktights. Note: Loose shell is considered foreign material in meat deliveries.
- Percentage of moisture over 5% in the nut meats.
- Weight of the delivery after removing the foreign material and excess moisture weight.
- Weight of all meats in the delivery.
- Percentage of all meats in the delivery. (column 4 ÷ column 3).
- Weight of inedible meats in the delivery.
- Percent of total meats that were inedible. (column 6 ÷ column 4).
- Weight of all edible meats in the delivery. This weight is what your payment is based upon.
- The percentage of meats contained in the delivery that were removed from the shell prior to being received by Blue Diamond.
- Percentage of edible loose meats that were chipped prior to delivery. This percentage applies to the loose meat weight of the delivery.
- Percent of inshell contained in a meat delivery.
- The current cents per pound value of deliveries and quality adjustments. Each quality adjustment is shown on a separate line.
- The value of your deliveries and quality adjustments.

EXPLANATION OF FACTORS USED IN GRADING

QUALITY ADJUSTMENT PREMIUMS and charges are based on the costs involved and will be calculated for foreign material, moisture, chipped, concealed damage and rejects.

OIL STOCK: Deliveries containing over 30% rejects will be classified as oil stock.

EXTRANEOUS ORGANIC MATTER: Deliveries containing extraneous organic material requiring special handling are subject to a charge of \$.25 per delivered pound (dry weight basis).

WASHING: Soiled meats which can be reclaimed by washing are subject to a charge of 10 cents per delivered pound (dry weight basis) for cleaning. Meats which cannot be reclaimed will be classified as oil stock.

DELIVERED WEIGHT: Weight of the material as delivered to the Blue Diamond receiving station excluding the weight of the container in which it is delivered.

VARIETY: Variety of almonds as determined by Blue Diamond Test Grading Procedure. Deliveries containing over 10% varieties other than the primary variety will be downgraded to the appropriate classification.

CLEAN DRY WEIGHT: This is the actual weight of the almonds and shell in the delivery, after foreign material and moisture are removed.

MEAT WEIGHT: The weight of the meats contained in the delivery as shown in the following manner:

- Total Meats - All meats in the delivery.
- Reject Meats - Those meats that are graded as reject with no value.
- Good Meats - All sound edible meats. Payment based on this weight.



2018 QUALITY INSHELL SCHEDULE

The schedule below applies to the varieties as indicated. Inshell deliveries meeting all of the criteria in one of the designations will receive the additional base payment indicated for that category. The individual quality adjustment tables will continue to apply. The **Sonora** variety will be paid the same base rate as Nonpareil **when delivered as inshell**.

| Designation | Nonpareil and Sonora Varieties | | | |
|-------------|--------------------------------|---------|------------------|----------------------------------|
| | Loose Meats | Rejects | Foreign Material | Q.N. Rate (Per good meat lb.) |
| Q1N | 0-10% | 0-2.5% | 0.0- 6.09% | \$.13/lb |
| Q2N | 0-10% | 0-2.5% | 6.1-10.09% | \$.11/lb |

| Designation | Independence Variety | | | |
|-------------|----------------------|---------|------------------|----------------------------------|
| | Loose Meats | Rejects | Foreign Material | Q.N. Rate (Per good meat lb.) |
| Q3N | 0-10% | 0-2.5% | 0.0- 6.09% | \$.09/lb |
| Q4N | 0-10% | 0-2.5% | 6.1-10.09% | \$.07/lb |

Note: A delivery will qualify for one of the above categories only.

The above Quality Inshell Schedule is in addition to the normal Quality Adjustment Schedule.

Stained or off-color shell will disqualify deliveries from participation in the program. Please contact your Regional Manager for an evaluation of any questionable product.

2018 QUALITY MEAT SCHEDULE

Meat deliveries that meet all of the criteria in one of the designations below will receive the additional base payment indicated for that category. Individual quality adjustment tables will continue to apply.

| Designation | Varieties | Foreign Material | Rejects | Chipped & Broken | Inshell | Q.M. Rate (Per good meat lb.) |
|-------------|------------|------------------|---------|------------------|---------|----------------------------------|
| Q+M | Nonpareil | 0-0.5% | 0-1.5% | 0.0-2.0% | 0-0.5% | \$.08/lb |
| Q1M | Nonpareil | 0-0.5% | 0-1.5% | 2.1-5.0% | 0-0.5% | \$.06/lb |
| Q2M | Nonpareil | 0-1.0% | 0-2.0% | 2.1-10.0% | 0-1.0% | \$.04/lb |
| Q3M | Nonpareil | 0-1.5% | 0-2.0% | 2.1-10.0% | 0-1.0% | \$.02/lb |
| Q4M | All Others | 0-0.5% | 0-2.0% | 0-10.0% | 0-0.5% | \$.04/lb |
| Q5M | All Others | 0-1.0% | 0-2.0% | 0-16.0% | 0-1.0% | \$.03/lb |
| Q6M | All Others | 0-1.5% | 0-2.0% | 0-16.0% | 0-1.0% | \$.02/lb |

Note: Mixed deliveries will not receive the Quality Meat Premium.

A delivery will qualify for one of the above categories only.

The above Quality Meat Schedule is in addition to the normal Quality Adjustment Schedule.

2018 VOLUME PREMIUM

Premium will be paid on the sum of the total good meat weight of all bulk deliveries received from a grower’s contract. Total good meat weight of all bulk deliveries from all sub-contracts will be combined to determine qualifying weight. Premium payment will be made by March 1st or after all deliveries have been completed.

| Sum of Total Good Meat Weight of All Varieties | Premium |
|---|---------|
| 75,000 – 149,999..... | \$0.005 |
| 150,000 – 499,999..... | \$0.010 |
| 500,000 – 999,999..... | \$0.015 |
| 1,000,000 – 1,499,999..... | \$0.020 |
| 1,500,000 – 1,999,999..... | \$0.025 |
| 2,000,000 – 2,999,999..... | \$0.035 |
| 3,000,000 – 3,999,999..... | \$0.045 |
| 4,000,000 – 4,999,999..... | \$0.055 |
| 5,000,000 – 7,499,999..... | \$0.065 |
| 7,500,000 – 9,999,999 | \$0.075 |
| 10,000,000 and Greater..... | \$0.085 |

PRODUCING INSHELL ALMONDS

Growing markets for inshell almonds in recent years have inspired many growers to seek the additional premium values available to those who can meet the quality specifications required. However, in addition to the abilities of the facilities growers use to hull their crop, producing inshell almonds requires careful consideration of cultural practices employed to grow the crop prior to hulling.

Obviously, whether a grower delivers the crop to a huller or sheller plays a major influence on what type of product is delivered to Blue Diamond. While some shellers are capable of also producing inshell, the condition of the crop delivered to the huller or sheller has an overriding influence on the quality of the meats or inshell produced.

Every orchard has green spots, wet spots and dry spots. These variables have an influence on the condition of the crop during harvest. Additionally, management practices also play a role in the condition of the crop. Many growers have adopted the practice of harvesting “early” in an effort to reduce exposure to Navel Orangeworm. However, many have moved their harvest timing earlier and earlier each year, to the point that immature nuts are being shaken from the trees. The desire to begin the harvest early has been exacerbated in recent years by the wet conditions we all experienced during the past few harvest seasons. Growers wish to bring their crops in without impact from rain can over-ride their ability to produce a good quality product capable of being marketed as inshell.

Unfortunately, harvesting too early, before the hulls have properly split and dried on the tree, can result in a large amount of green hull in the harvested crop. These hulls tend to curl around the shell as the crop dries on the ground, making them very difficult for the huller machinery to remove. Additionally, those hulls that do come loose often curl into pieces that are not easy to separate from the crop. Both cases increase the amount of foreign material in the harvested crop. Elevated foreign material levels, caused primarily by hulls, are the prime reason inshell deliveries fail to earn the additional premiums offered.

Good Inshell is Grown, Not Hulled

In other words... Growers intending to produce inshell should keep the saying “good inshell is grown, not hulled” in mind as they approach the harvest season. Almonds destined for inshell delivery should be allowed to dry thoroughly on the tree prior to shaking. This allows the hull plenty of time to open wide and expose the inshell almonds as they dry. Any stress or practice that causes the hull to curl or to stick to the shell will increase the level of foreign material in the final product delivery and cause a loss of premiums.



Moisture

This is the amount of moisture in excess of the normal moisture content (5%) of an almond. After the foreign material is deducted from the gross weight, the excess moisture weight is also deducted in order to obtain the delivery's clean dry weight.

Any moisture above 5% is considered excess moisture, therefore, 4.1% excess moisture equals a total moisture of 9.1%. Charges are based on the gross delivered weight.

*Increase at \$5/ton for each additional percentage of excess moisture.

| % Excess Moisture | Meats |
|-------------------|----------|
| 2.0- 4.0%..... | \$120.00 |
| 4.1- 6.0%..... | \$125.00 |
| 6.1- 8.0%..... | \$130.00 |
| 8.1-10.0%..... | \$135.00 |
| 10.1-13.0%..... | \$140.00 |
| 13.1-15.0%..... | \$145.00 |
| 15.1% and over . | * |

| % Excess Moisture | Inshell |
|-------------------|----------|
| 2.0- 4.0%..... | \$120.00 |
| 4.1- 6.0%..... | \$125.00 |
| 6.1- 8.0%..... | \$130.00 |
| 8.1-10.0%..... | \$135.00 |
| 10.1-13.0%..... | \$140.00 |
| 13.1-15.0%..... | \$145.00 |
| 15.1% and over . | * |

Foreign Material

Quality Adjustments are based on gross delivered weight.

| Percentage | Inshell Premium/(Deduction) |
|----------------------|-----------------------------|
| 0.0-0.9%..... | \$0.024 |
| 1.0-1.9%..... | \$0.022 |
| 2.0-2.9%..... | \$0.020 |
| 3.0-3.9%..... | \$0.018 |
| 4.0-4.9%..... | \$0.016 |
| 5.0-5.9%..... | \$0.014 |
| 6.0-6.9%..... | \$0.012 |
| 7.0-7.9%..... | \$0.010 |
| 8.0-8.9%..... | \$0.008 |
| 9.0-9.9%..... | \$0.006 |
| 10.0-10.9%..... | \$0.004 |
| 11.0-11.9%..... | \$0.002 |
| 12.0-12.9%..... | \$0.000 |
| 13.0-13.9%..... | \$(0.002) |
| 14.0-14.9 %..... | \$(0.004) |
| 15.0-15.9%..... | \$(0.006) |
| 16.0-16.9%..... | \$(0.008) |
| 17.0-17.9%..... | \$(0.010) |
| 18.0% and Over | * |

*-\$.002 Deduction per Percentage Point

| Percentage | Meats Premium/(Deduction) |
|----------------------|---------------------------|
| 0.0-0.4% | \$0.030 |
| 0.5-0.9% | \$0.0225 |
| 1.0-1.4% | \$0.015 |
| 1.5-1.9% | \$0.000 |
| 2.0-2.4% | \$(0.005) |
| 2.5-2.9% | \$(0.010) |
| 3.0-3.4% | \$(0.015) |
| 3.5-3.9% | \$(0.020) |
| 4.0-4.4% | \$(0.025) |
| 4.5-4.9% | \$(0.030) |
| 5.0-5.4% | \$(0.035) |
| 5.5-5.9% | \$(0.040) |
| 6.0-6.4% | \$(0.045) |
| 6.5-6.9% | \$(0.050) |
| 7.0-7.4% | \$(0.055) |
| 7.5-7.9% | \$(0.060) |
| 8.0-8.4% | \$(0.065) |
| 8.5-8.9% | \$(0.070) |
| 9.0-9.4% | \$(0.075) |
| 9.5-9.9% | \$(0.080) |
| 10.0-10.9% | \$(0.090) |
| 11.0% and Over | * |

*-\$.01 Deduction per Percentage Point

FOREIGN MATERIAL: Includes all matter except almonds and shell. It consists of:

1. Loose (this is all loose hulls, sticks, twigs, branches, rocks, etc., contained in the delivery.)
2. Sticktites: One-half of this weight is considered as foreign material except for Mission which is one-third.

PEERLESS VARIETY:

Peerless Bleaching

| | Bleachable Percentage | Quality Adjustment (per bleachable lb.) | Bleachable Percentage | Quality Adjustment (per bleachable lb.) |
|---|------------------------------|--|------------------------------|--|
| 1. Peerless Inshell deliveries will be paid on an Inshell basis only. Appropriate bleaching premiums will apply to those deliveries meeting the criteria listed. Peerless meat deliveries will be paid at the same rate as California type varieties. | 100.0-98.1% | \$0.0500 | 80.0-78.1% | \$0.0250 |
| | 98.0-96.1%..... | \$0.0475 | 78.0-76.1%..... | \$0.0225 |
| 2. To qualify for bleaching, deliveries must be received on or before October 15 and not exceed 40% non-bleachable material, 5% rejects and 5% excess moisture. | 96.0-94.1%..... | \$0.0450 | 76.0-74.1%..... | \$0.0200 |
| | 94.0-92.1%..... | \$0.0425 | 74.0-72.1%..... | \$0.0175 |
| | 92.0-90.1%..... | \$0.0400 | 72.0-70.1%..... | \$0.0150 |
| | 90.0-88.1%..... | \$0.0375 | 70.0-68.1%..... | \$0.0125 |
| | 88.0-86.1%..... | \$0.0350 | 68.0-66.1%..... | \$0.0100 |
| 3. Foreign Material Quality Adjustment Schedule will also be applied. | 86.0-84.1%..... | \$0.0325 | 66.0-64.1%..... | \$0.0075 |
| | 84.0-82.1%..... | \$0.0300 | 64.0-62.1%..... | \$0.0050 |
| 4. Bleaching Premiums will be paid on the bleachable weight of the delivery. | 82.0-80.1% | \$0.0275 | 62.0-60.0% | \$0.0025 |

Rejects

Premiums apply to Nonpareil, Carmel, Sonora, California, Independence, Ruby, Neplus, Monterey, Butte, Fritz, Padre varieties only. Premiums and charges are based on the total meat weight including rejects.

Rejects are any defect which makes the kernel or piece of kernel unsuitable for human consumption for any of the following reasons:

| | Percent Rejects | Premium/ (Deduction) | Percent Rejects | Premium/ (Deduction) |
|--|------------------------|-----------------------------|----------------------------|-----------------------------|
| | 0.0-0.5%..... | \$0.05 | 14.1-15.0%..... | \$(0.12) |
| | 0.6-1.0%..... | \$0.04 | 15.1-16.0%..... | \$(0.13) |
| | 1.1-1.5%..... | \$0.03 | 16.1-17.0%..... | \$(0.14) |
| 1. Visible evidence of insect, rodent or bird damage. | 1.6-2.0%..... | \$0.02 | 17.1-18.0%..... | \$(0.15) |
| | 2.1-2.5%..... | \$0.01 | 18.1-19.0%..... | \$(0.16) |
| 2. Gummy to the extent that the affected area covers 1/4 or more of the kernel's surface. | 2.6-3.0%..... | \$(0.005) | 19.1-20.0%..... | \$(0.17) |
| | 3.1-4.0%..... | \$(0.01) | 20.1-21.0%..... | \$(0.18) |
| 3. Brown spot caused by insects or disease on an immature almond where the combined affected areas are equal to a circle 1/8-inch or more in diameter. | 4.1-5.0%..... | \$(0.02) | 21.1-22.0%..... | \$(0.19) |
| | 5.1-6.0%..... | \$(0.03) | 22.1-23.0%..... | \$(0.20) |
| | 6.1-7.0%..... | \$(0.04) | 23.1-24.0%..... | \$(0.21) |
| | 7.1-8.0%..... | \$(0.05) | 24.1-25.0%..... | \$(0.22) |
| 4. Rancid, decayed or moldy. | 8.1-9.0%..... | \$(0.06) | 25.1-26.0%..... | \$(0.23) |
| | 9.1-10.0%..... | \$(0.07) | 26.1-27.0%..... | \$(0.24) |
| 5. Shriveled so that less than 3/4 of the kernel's skin is filled with meat, or if abnormally thin, withered and watery. | 10.1-11.0% | \$(0.08) | 27.1-28.0%..... | \$(0.25) |
| | 11.1-12.0%..... | \$(0.09) | 28.1-29.0%..... | \$(0.26) |
| 6. Dirt that cannot be easily removed by washing | 12.1-13.0%..... | \$(0.10) | 29.1-30.0%..... | \$(0.27) |
| | 13.1-14.0%..... | \$(0.11) | 30.1% and over...Oil Stock | |
| 7. Dark, "blackish" discoloration when the affected area covers 1/8-inch or more of the kernel surface. | | | | |
| 8. Imbedded foreign material including imbedded shell. | | | | |

Concealed Damage

This is damage that causes a darkening of the interior of the kernel. Obvious cases will be reported on the Delivery Advance Statement.

Samples suspected of containing concealed damage will be stored during the season and evaluated after January 1st. Growers will be notified of Concealed Damage lots as soon as possible after evaluation.

Deliveries having a combined total of the Concealed Damage and Reject levels greater than 30.0% will be graded as Oil Stock.

| Percent Concealed Damage | Premium/Deduction | Percent Concealed Damage | Premium/Deduction |
|--------------------------|-------------------|--------------------------|-------------------|
| 0.0-0.9%..... | \$-0.00 | 16.0-16.9%..... | \$(0.16) |
| 1.0-1.9%..... | \$(0.01) | 17.0-17.9%..... | \$(0.17) |
| 2.0-2.9%..... | \$(0.02) | 18.0-18.9%..... | \$(0.18) |
| 3.0-3.9%..... | \$(0.03) | 19.0-19.9%..... | \$(0.19) |
| 4.0-4.9%..... | \$(0.04) | 20.0-20.9%..... | \$(0.20) |
| 5.0-5.9%..... | \$(0.05) | 21.0-21.9%..... | \$(0.21) |
| 6.0-6.9%..... | \$(0.06) | 22.0-22.9%..... | \$(0.22) |
| 7.0-7.9%..... | \$(0.07) | 23.0-23.9%..... | \$(0.23) |
| 8.0-8.9%..... | \$(0.08) | 24.0-24.9%..... | \$(0.24) |
| 9.0-9.9%..... | \$(0.09) | 25.0-25.9%..... | \$(0.25) |
| 10.0-10.9%..... | \$(0.10) | 26.0-26.9%..... | \$(0.26) |
| 11.0-11.9%..... | \$(0.11) | 27.0-27.9%..... | \$(0.27) |
| 12.0-12.9%..... | \$(0.12) | 28.0-28.9%..... | \$(0.28) |
| 13.0-13.9%..... | \$(0.13) | 29.0-30.0%..... | \$(0.29) |
| 14.0-14.9%..... | \$(0.14) | 30.1% and over oil stock | |
| 15.0-15.9%..... | \$(0.15) | | |

Chipped & Broken

Graded on combined areas equal to 1/4-inch or greater. The premium or charge is based upon and applied only to the loose meat portion of inshell and meat deliveries. There are no charges or premiums on bleaching deliveries.

| Nonpareil | |
|----------------------|---------------------|
| Percent Chipped | Premium/(Deduction) |
| 0.0-0.9%..... | \$0.025 |
| 1.0-1.9%..... | \$0.020 |
| 2.0-2.9%..... | \$0.015 |
| 3.0-3.9%..... | \$0.010 |
| 4.0-4.9%..... | \$0.005 |
| 5.0-5.9%..... | \$0.000 |
| 6.0-6.9%..... | \$0.000 |
| 7.0-7.9%..... | \$0.000 |
| 8.0-8.9%..... | \$0.000 |
| 9.0-9.9%..... | \$0.000 |
| 10.0-10.9%..... | \$(0.01) |
| 11.0-11.9%..... | \$(0.01) |
| 12.0-12.9%..... | \$(0.02) |
| 13.0-13.9%..... | \$(0.02) |
| 14.0-14.9%..... | \$(0.03) |
| 15.0-15.9%..... | \$(0.03) |
| 16.0-16.9%..... | \$(0.04) |
| 17.0-17.9%..... | \$(0.04) |
| 18.0% and Over | * |

| All Other Varieties | |
|----------------------|---------------------|
| Percent Chipped | Premium/(Deduction) |
| 0.0-0.9%..... | \$0.020 |
| 1.0-1.9%..... | \$0.018 |
| 2.0-2.9%..... | \$0.016 |
| 3.0-3.9%..... | \$0.014 |
| 4.0-4.9%..... | \$0.012 |
| 5.0-5.9%..... | \$0.010 |
| 6.0-6.9%..... | \$0.008 |
| 7.0-7.9%..... | \$0.006 |
| 8.0-8.9%..... | \$0.004 |
| 9.0-9.9%..... | \$0.002 |
| 10.0-10.9%..... | \$(0.01) |
| 11.0-11.9%..... | \$(0.01) |
| 12.0-12.9%..... | \$(0.02) |
| 13.0-13.9%..... | \$(0.02) |
| 14.0-14.9%..... | \$(0.03) |
| 15.0-15.9%..... | \$(0.03) |
| 16.0-16.9%..... | \$(0.04) |
| 17.0-17.9%..... | \$(0.04) |
| 18.0% and Over | * |

*Additional (\$-.01) Deduction per Percentage Point

ACCOUNTING AND HAULING ALLOWANCES

SEPARATE ACCOUNTING: Please contact the Member Relations Department if separate accounting is desired for separate orchards.

ASSIGNMENTS: Blue Diamond can provide for assignments of crop proceeds from your accounts. Contact your Regional Manager or the Member Relations Department for the correct forms.

Hauling Allowance Rates

| Per Ton Rate | Distance From Huller/Sheller |
|---------------------|-------------------------------------|
| \$2.60 | 0.5 miles |
| \$8.00 | 0.6-15 miles |
| \$9.25 | 15.1 miles and over |

These rates are based on location of Huller/Sheller and are applied to both inshell and meats. Payments are on net delivered weight. No allowance is paid for box deliveries.

CONSOLIDATED BOX DELIVERIES

Where possible, samples from multiple boxes received from a single sub-contract will be consolidated at the time of analysis according to the following policy:

1. Samples from no more than 10 box deliveries will be consolidated at any one time.
2. Continuous flow, randomized samples will be drawn from each box delivery at the time of receipt.
3. Boxes to be consolidated must be:
 - a. From same Contract and Sub-Contract
 - b. Received from the same huller
 - c. Of same variety
 - d. Of same delivery type (Meat/Inshell)
 - e. From same origin (Stockpile/Regular)
 - f. Of like quality
4. Upon receipt at our testing facility, individual samples will be identified and a single consolidated sample analyzed.
5. Analyzed results will be determined and values assigned to all deliveries contained in the consolidated sample.



STANDARDS FOR SHELLING VARIETIES

SHELLING VARIETIES: This includes all varieties except Peerless Bleaching.

DELIVERY CLASSIFICATION: Deliveries are classified as Meats (if more than 30% of the clean delivered weight is shelled almonds) or Nuts (if 70% or more of the clean delivered weight is inshell almonds).

HULLERS: Hullers producing more than 15% meats with their inshell deliveries are required to separate the meats and deliver them either in bulk or in lined boxes.

GRADING INFORMATION: The content of each delivery will be provided on the Delivery Advance Statement which accompanies the first payment for each delivery. Growers should be aware that any delivery containing more than 1% bitters will be declared 100% bitters and of no value. The requirement on this variety is very strict due to the fact that the Food and Drug Administration prohibits the sale of bitter almonds in the United States.

ALMOND MEAT DELIVERIES

Meat deliveries are required to be made in bulk or lined boxes at all receiving facilities affiliated with Blue Diamond. Tests will be conducted to determine the sanitary condition of meats delivered.

SAMPLING AND ANALYSIS

SAMPLING: Bulk deliveries will be sampled upon delivery. The size of the sample will depend on the weight of the delivery. The larger the delivery, the larger the sample for test grading purposes.

At Blue Diamond, all deliveries will be sampled promptly. From this representative sample, a portion will be examined and percentages of sound meats, inedible kernels and foreign material determined.

REFERENCE SAMPLES: At the time of test grading,

the surplus of the sample is fumigated and saved as a reference sample for 60 days from the date of test grading. Any questions regarding test grading should be referred to the Member Relations Department.

RETESTS: Retest requests must be submitted within 60 days of the delivery. The results of all factors from this test of the reference sample are then averaged with the original test and a new grade is determined. This applies to all deliveries except where an obvious material or entry error has been made in the original test.

THE IMPORTANCE OF PRODUCING “ALMOND ONLY”

Food Allergens constitute a major food safety issue that continues to get increasing attention by the entire food industry and our consumers. Scientific evidence supports the fact that the incidence of people affected by food allergies is increasing, particularly in children, and the latest studies indicates that there are 30,000 hospital visits and 150 deaths a year in the U.S. as a result of food allergy events. Tree nuts are considered one of the “Big 8” Allergen categories by the US Food and Drug Administration (FDA).

Blue Diamond is able to capitalize on the fact that we operate an “almond only” facility. This fact gives the cooperative an advantage over other food manufacturers who process several different nut meats in their facilities, thereby increasing the risk of contamination with non-almond products. The danger posed by contamination with non-almond nut meats is serious. Eliminating the possible contamination of our products with non-almond allergens is a major thrust of Blue Diamond’s food safety programs.

The best way to ensure that our products are free from non-almond contamination is to ensure that none enter the food chain. Growers, harvesters, huller/sheller operators and truckers all have an important role in maintaining a pure almond product.

Vigilance on the Orchard Floor is Key

One easy way for non-almond products to enter the orchard is by hitch-hiking on machinery. Tractors, mowers, sprayers and other machinery are used in many different orchard crops. Nuts from other crops can become lodged in the machinery and ride into the almond orchard where they can fall to the ground. Operators should ensure that non-almond nuts are removed from all machinery prior to entering almond orchards.

Do not plant non-almond trees in almond orchards. Walnut, pistachio and almond orchards often grow in close proximity to each other. But walnut and pistachio trees should not be planted immediately adjacent to an almond orchard and growers should ensure that walnuts and pistachio nuts on the ground do not have a means of entering almond orchards.

Many areas within the Central Valley have native oaks growing around almond orchards. While people are generally loath to remove oaks, growers should be sure to clean up beneath oaks prior to harvest and ensure that acorns do not move into the flow of almonds during the harvest.

Growers with olive trees planted near almond orchards should also ensure that olive pits lying under the trees do not move into adjacent almond orchard and become combined with the flow of almonds during harvest.

While peanuts have never been a major crop in California, the legume is being grown in small plots in several Central Valley counties. Growers must ensure that peanuts do not enter the orchards, either in machinery or carried in by workers. Peanuts must never become combined with the flow of almonds in any way.

Keep Harvest Machinery Clean

All harvest operators must ensure that their machinery and equipment is free from contamination with non-almond kernels. While walnuts generally harvest after almonds, failure to clean machinery including sweepers, shakers, pick-up machines, carts and elevators can result in non-almond contamination.

Clear Other Nuts from Truck Trailers

Obviously, drivers should ensure that each trailer is free of non-almond material prior to loading almonds. Non-almond products can become attached in corners within the trailers and in the gate mechanism at the bottom of the hoppers. Special attention should be given to these areas when cleaning trailers prior to use.

Huller/Sheller Must Also be Attentive

Service containers used to transport almonds, both field run and hulled or shelled product and machinery used during hulling or shelling should also be inspected and cleaned of non-almond products prior to use.



VARIETY SEPARATION AT HARVEST

In light of the rising costs of production, all almond growers have been working to control costs during the growing season and maximize returns. The harvest season presents several critical decisions that can have significant impacts on the returns growers earn on their deliveries.

Over the years, many growers have been interested in reducing the number of passes through their orchards by combining varieties during the harvest. While this is possible in some cases, growers should be aware of the significant reduction in values they may incur if incompatible varieties are combined during the harvest.

Dissimilar varieties in grower deliveries can significantly increase processing costs by slowing down production lines as dissimilar nuts are removed. Problems can be created in customers' manufacturing processes if incompatible varieties are present in the nuts they purchase, promoting customer complaints. As in the past, deliveries are allowed a maximum of 10% dissimilar varieties. Those with an excess amount of dissimilars will be downgraded to the appropriate classification required by the varieties contained in the delivery.

For the best possible returns, we ask that growers keep the following in mind during the harvest.

Sonora **Should be delivered as inshell whenever possible.** As has been the case for several years, the best value for the Sonora variety is earned when delivered as inshell, given that Sonora inshell deliveries are paid at the same rate as Nonpareil.

While Sonora inshell may be combined with Nonpareil inshell, Sonora meats should be harvested and delivered separately and **not** combined with either Carmel or Nonpareil.

Independence **Should be delivered as inshell whenever possible. Independence deliveries should not be mixed with any other varieties.**

Supareil **Should be delivered as meats whenever possible.** Supareil meat deliveries will be paid at the same rate as Nonpareil meats. Supareil inshell deliveries will be classified as California.

Winters May be combined with Carmel without penalty.

Butte May be combined with Padre without penalty.

Butte in combination with California type varieties such as Aldrich, Price, Ruby, Fritz or Livingston will be classified as a **Mixed** delivery.

Butte, in combination with Carmel or Winters, will also be classified as a **Mixed** delivery.

Butte in combination with Mission will be classified as a Mission delivery.

Wood Colony Should be harvested separately and **not** combined with any variety.

Monterey **When delivered as meats** and combined with Carmel should be identified as a Monterey upon delivery. Carmel/Monterey combinations identified as Carmel upon delivery will be classified as California.

When delivered as inshell, should be harvested separately and not combined with any other varieties.

FOOD SAFETY

PREVENTING MICROBIAL CONTAMINATION BEGINS ON THE FARM

Blue Diamond's member/growers produce one of nature's finest food crops, one known around the world for its flavor, utility and nutritional value. As the world's largest handler of tree nuts, Blue Diamond recognizes its responsibility to its membership and as a major food processor, charged with producing safe, nutritional food products for consumers and food manufacturers in the domestic and international market. Blue Diamond performs thousands of analytical examinations each year, of both incoming grower deliveries as well as outbound finished product. Our plant facilities and laboratory procedures are inspected and certified by government regulatory agencies, third-party certification organizations and by our major industrial customers. The goal of these extraordinary efforts is to ensure that the products we produce meet our customer's expectations for quality, cleanliness and healthfulness.

In the light of recent food poisoning incidents, all food producers are coming under increasing scrutiny. While almond handlers are responsible for ensuring the safety of their products, a major tenet of controlling food-borne pathogens is to minimize the degree of contamination inherent on the incoming raw product. This increases the effectiveness of any control measures used to sanitize the finished product. Simply stated, contamination control programs cannot start and stop at the handler. Sound practices need to begin at the farm, carrying on to the huller/sheller and finally to pasteurization at the handler level.

With this in mind, the California almond industry, under the auspices of the Almond Board of California, has developed guidelines for growers, huller/sheller operators and handlers to ensure the safety of its products. The Food Safety and Quality Program incorporates several sections designed to ensure that California's almonds are produced in a safe, responsible manner and to provide consumers around the world with the highest level of confidence in our products.

The next few pages summarize the main points of an effective Good Agricultural Practices (GAP) program. We ask that you take a few minutes to review this information, and develop a program for your farming operation. The full text of the GAPs, Good Manufacturing Practices (GMPs) and Standard Sanitary Operating Procedures (SSOPs) are available on the Blue Diamond Growers website at www.bluediamondgrowers.com, or from your Regional Manager. We recommend that you obtain the full text of the GAPs from either source as it contains many resources useful in developing your individual program.

THE PRINCIPLES OF GOOD AGRICULTURAL PRACTICES

1. Prevention of microbial contamination of almonds is favored over reliance on corrective actions once contamination has occurred. Once pathogens are on almonds, they are nearly impossible to remove without resorting to a lethal process, or "kill step."
2. To minimize microbial food safety hazards in almonds, growers should use GAPs in those areas over which they have control, such as sources of water, orchard management, fertilizer practices, etc. Some potential sources of contamination can be managed better than others. These should be the focus of your GAPs.
3. Anything that can come in contact with almonds has the potential of contaminating them. Almonds can be contaminated by simple contact with sources of infection.
4. Whenever water comes in contact with almonds, its source and quality dictate the potential for contamination. Irrigation water and water used to mix pesticides are two primary sources of contamination.
5. All pesticides should only be used in strict accordance with manufacturer recommendations, and state and federal ordinances.
6. Practices using manure and/or compost should be closely managed. Non-composted manure is a source of human pathogens and should not be used.
7. Worker hygiene practices play a critical role in minimizing potential contamination. Employee hygiene includes the availability of clean toilet facilities, hand-washing stations, training and enforcement of good hygiene policies.
8. Accountability is important to a food safety program. The ability to trace back product from the consumer to the farm is critical. There is no assurance proper attention has been paid to risk prevention unless documentation of the operation is available.

COMPONENTS OF A GOOD AGRICULTURAL PRACTICES PROGRAM

TRACEBACK

Traceback is defined as the ability to track food items through their chain of production or custody. An effective traceback system provides investigators with the clues they need to isolate the source of contamination to its potential origin, therefore limiting the risk of more widespread liability. Key points of a good traceback program include:

1. Maintain records of orchard practices prior to harvest.
2. Establish a lot numbering scheme to identify loads as they are harvested.
3. Be sure that each load leaving your operation can be traced to the orchard of origin and the date of harvest.
4. Maintain records of the lot numbers for all loads leaving your operation.

HISTORY OF YOUR ORCHARD SITE

Check the background of your orchards. Be sure that you are aware of the history of the lands you farm. Of greatest concern would be prior land uses that may have involved animal grazing, disposal sites for dairy or poultry wastes or distribution of municipal wastes (biosolids).

Be aware of activities on adjacent land that may affect your orchards. Take note of animal operations, pesticide applications, run-off from water sources or water applications and any activities that could result in the spread of pollutants or contaminants.

SOIL GUIDELINES

Know your soil. Document the soil type, production history, previous and adjacent land uses, soil testing and amendment applications to help identify any microbiological risks.

PESTICIDE USE GUIDELINES

All pesticide materials must be used in accordance with label instructions and any applicable state and federal regulations. Be sure to document all training and application activities as required.

ANIMAL PEST CONTROL

All animals, including mammals, birds, reptiles and insects are potential sources of contamination because they harbor or could be a vector for a variety of pathogenic agents. Be sure to restrict all domestic animal traffic from entering your orchard and immediately remove any dead animals found in your orchards.

Establish a pest control program to reduce the risk of contamination by rodents and other animals. The program should include regular and frequent monitoring of affected and treated areas to accurately assess the effectiveness of any controls implemented.

SAFE WATER PRACTICES

Water used in almond production can be a source of pathogens and a vehicle for spreading microbial contaminants. Therefore, maintaining a safe water supply is a top priority.

1. Identify and document your primary and secondary water sources.
2. Identify and document the integrity of your water delivery system, i.e., canals, pipelines, flood, furrow, sprinkler, drip.
3. Identify and document the type and location of any filtration system.
4. Test all water sources as needed and keep the results on file.
 - a. Closed systems, i.e., capped wells should be tested annually.
 - b. Open systems, i.e., uncapped wells and open distribution systems should be tested quarterly through the season.
5. If water sources are found to be contaminated by fecal coliform/ E. coli, document any corrective measures employed.
6. Document and test any water sources used for mixing and applying pesticide or foliar feeding materials.
7. Identify and document any nearby landfill sites, sewage treatment facilities, septic tanks, leach fields and sources of potential run-off or leaching from adjacent farming operations. Take corrective actions to eliminate risks of water-borne contamination and document each action taken.

FOOD SAFETY

FERTILIZER PRACTICES

Proper procedures reduce the risk of contamination. Using raw manure including feces, urine or other excrement and bedding produced by livestock or poultry that has not been composted, increases microbial risk and can contribute to food-borne illnesses. To minimize the risk of microbial contamination, use only treated or composted manure. (Treated means the final stages of the composting process that occurs after compost has undergone pathogen reduction.)

- Store manure as far away as possible from where almonds are grown and handled.
- Prevent wind drift and runoff from manure storage areas.
- Document the type, rates, dates and locations of any applications.
- Make applications at the end of the season. Do not apply manure after January 1.
- Do not apply dairy lagoon wastewater to your orchards.
- Do not allow animals, including poultry or pets to roam in the orchards.

Verify that proper treatment of composted products has occurred by asking the compost producer to provide documentation showing that:

1. The compost maintained temperatures between 131 and 170 degrees F for fifteen days or more in a windrow system.
2. Composted windrows were turned a minimum of five times during composting.
3. Microbial test results showing E. Coli < 1,000 MPN/gram and Salmonella < 3 MPN/4 gram.
(MPN = Most Probable Number)

CLEANING & SANITATION OF HARVEST TOOLS

Tools, machinery, storage facilities and transportation vehicles used in the harvest should be cleaned and if necessary, disinfected prior to harvest. If necessary, clean and disinfect harvest machinery between fields to prevent cross-contamination. Cleaning involves the removal of dirt and debris from tools and equipments. Sanitization involves the disinfection of tool or equipment surfaces.

Do not haul almonds in equipment that has been used to haul manure, garbage or other debris.

SANITARY FACILITIES/FIELD SANITATION

California's field sanitation regulations are the strictest in the nation. Maintain all required worker hygiene facilities according to local, state and federal regulations. Document each step taken to provide clean sanitary facilities and hand-washing stations. Provide safe, clean drinking water with single-use cups for all employees.

WORKER HYGIENE GUIDELINES

Train your workers in good hygiene practices and document their training. Have written procedures on the importance of personal hygiene. Document the frequency and content of training meetings.

HARVEST AND DELIVERY SANITATION

Moisture leads to a proliferation of microorganisms. To prevent the growth and spread of food-borne pathogens, be sure that the orchard floor is dry prior to shaking and be sure that the crop has dried sufficiently prior to picking it up. Almonds held in transportation vehicles for an extended period of time and almonds stored in stockpiles are particularly susceptible to the growth of microorganisms when moisture levels are too high.

Ensure that harvest machinery does not contaminate your product. Cross-contamination can occur if harvest machinery carries contaminated soil or debris into your orchard or mixes contaminated soil or debris into your crop. Ensure that harvest machinery has been cleaned and sanitized prior to entering your orchards.

Inspect all trailer and cargo containers prior to loading. Ensure that all transportation vehicles are:

1. Clean of all visible debris, soil or other nuts
2. Free of odors
3. Clear of any excess moisture

Verify that trailers and cargo containers have not been previously used to transport hazardous materials or products from animal operations, specifically waste or manure.

Ensure that your huller/sheller has implemented a Good Manufacturing Practices program.



WHERE AND WHEN TO DELIVER

BULK INSHELL DELIVERIES: Deliveries may be made to receiving stations in Arbuckle, Ballico, Chico, Fresno, Sacramento and Salida.

BULK MEAT DELIVERIES: Delivery may be made to receiving stations in Sacramento, Ballico, Chico, Salida and Fresno.

BOX DELIVERIES: Boxes may be delivered to Arbuckle, Ballico, Chico, Fresno, Sacramento or Salida. Boxes may be used for inshell or meat deliveries. Liners for bulk boxes are available at all receiving stations and are required when delivering meats.

| District | When to deliver | Where | Hours |
|------------|-----------------|---|--|
| Arbuckle | Daily | Receiving Station Frontage Road between Harrington & Green Bay | Contact* Receiving Station (530) 476-2317 |
| Ballico | Daily | Receiving Station Santa Fe Drive | Contact* Receiving Station (209) 634-5957 |
| Chico | Daily | Receiving Station Miller Avenue | Contact* Receiving Station (530) 895-1853 |
| Fresno | Daily | Receiving Station McKinley Avenue | Contact* Receiving Station (559) 251-4044 |
| Sacramento | Daily | Sacramento Plant North B Street Entrance | Contact* (916) 325-2855 If no answer (916) 446-8364 |
| Salida | Daily | Receiving Station Sisk Road | Contact* (209) 545-6210 |

*Hours for Receiving Stations are subject to change as the season progresses.

DELIVERY INSTRUCTIONS

Mark deliveries clearly. If the almonds are yours, be sure we know about it. The delivery receipt is the only identification we have of your delivery. Use a ball point pen or firm pencil, not felt tip pens to mark your

deliveries. Additional delivery receipts are available at your local receiving station. Match, don't mix! Mixed varieties bring lower prices from our customers. These prices are reflected in grower returns.