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Subject: Act of God (Force Majeure) - Naturipe Strawberries

Date: Wed, Nov 11, 2015 5:35 pm

Attachments: PA AOG 11-11-15.pdf (451K)

Please note the following dialogue regarding current strawberry supplies.

In case you didn't think it was that bad....

The Western Growers have started to invoke ACT OF GOD clauses in service/supply agreements. This means that the supply is far below the demand for fruit and the farms cannot meet or even keep pace with the demand. The supply of Berries is at a critical point and there are no other viable sources in production at this time.

Current supplies will be rationed and prices will experience strong spikes. There is no speculation as to the appearance and quality. The first rule of the produce industry is that product appearance and condition are directly contra to the supply and price. When produce is at its lowest cost there is an abundance of product and it's all very good. When produce prices are showing sharp spikes you can bet that its in very short supply and the overall quality of the product is poor

Good afternoon,

As everyone is now well aware, the strawberry supply situation has been extremely limited for the past several weeks. Unfortunately, the situation has only increased in severity and will continue to decrease further in supply. Salinas and Watsonville ended production early this season as a result of the early Spring crop onset and then production stopped abruptly due to heavy rain and significant precipitation recorded in the past weeks. The Santa Maria and Oxnard crops have produced on very unusual curves due to the warmer than normal temperatures this growing season and as a result have already past their peak volumes and are now declining significantly each week. Central Mexico was hit by Hurricane Patricia and other tropical rains over the recent weeks which caused delays in the crop and minimized the volumes of available fruit for this period. Florida is not producing at a commercial volume and will not have this availability until late in November or early December. These events along with many other factors have led to a significant gap in supply that will not recover for several weeks.

Due to the current situation, Naturipe is invoking the Act of God clause on all current strawberry contracts effective Thursday November 12, 2015. (See attached letter from Naturipe.) Pricing will be negotiated based off market and availability.

Thank you for your attention to this matter.

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