



—CALIFORNIA CROP—

PLANTING FOR ANOTHER BIG TOMATO CROP

Record-setting tonnage expected by California growers this summer.

Despite concerns over drought and disease, California growers expect a record-breaking crop of processing tomatoes this summer. Processors contracted for 14.3 million tons in 2015, up 2.1% from last year's volume, according to the May 28 release of the California Processing Tomato Report. The 2014 season was the only other summer California produced at least 14 million tons.

After four dry winters, the drought in California concerns both growers and processors. This year's below-average rainfall and low snow-pack have left reservoirs under-supplied

to deliver water through the summer. The State Water Project announced that agricultural users will get 20% of their water allocation, while the federal Central Valley Project announced a 0% allocation.

Agricultural users have found alternative means to access water, but it's usually more expensive. When the drought began, growers invested in wells and pumps to bring up groundwater. Additionally, the State Water Board announced that a group of growers in the Delta voluntarily offered 25% of their rights to water from June-September. The growers want to help

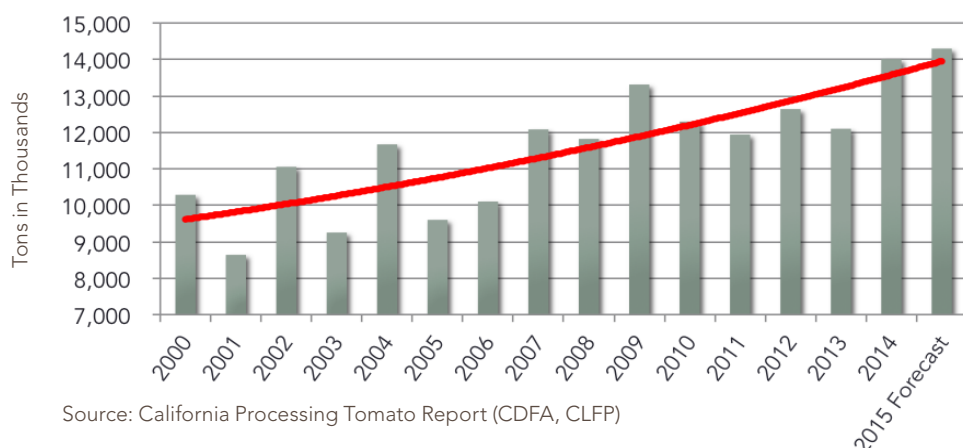


alleviate issues with the drought and prevent potential curtailment of their water during the growing season.

Besides drought, tomato growers are concerned about Curly Top virus. The state-run Curly Top defense program announced that it contained a potential outbreak of the virus. The program sprayed over 100,000 acres to kill the Beet Leafhopper, the insect that spreads deadly Curly Top virus to tomatoes.

Officials found an abnormally high Leafhopper population this winter due to December rains followed by dry months that provided an ideal foliage home for the tiny insect. Learning from its experience in 2013 when the virus significantly reduced yields, the program sprayed aggressively and early in 2015. 🍅

CALIFORNIA PROCESSING TOMATO TONNAGE



Source: California Processing Tomato Report (CDFA, CLFP)

—INTERNATIONAL CROP—

ABOVE AVERAGE VOLUME EXPECTED GLOBALLY

Conversion Note: 1 metric ton = 1.102 short tons

After several years of below average volume, the world's tomato crop expects a second year of recovery in response to a more balanced supply position after global excesses in 2009. The processing tomato crop around the world is expected to increase by 4.4% to 41.602 million metric tons.

Additionally, a strong dollar is making regional tomato products more affordable. Removing California's large crop, internationally 28.8 million MT of tomatoes are forecasted to be grown, up 5.9% from last year, according to the World Processing Tomato Council's April report.

CHINA

China is the wild card in this forecast, expecting a 6.5 million MT crop, an increase of 2.8% from last year. The

increase in volume is likely driven by falling raw tomato prices.

Chinese processors must be careful not to over-produce. The May issue of Tomato News has a comprehensive overview of the challenges facing the Chinese tomato industry and its past volatility. In the article, Cofco TunHe executives publicly expressed their sentiment that "a harvest of more than 6 million tonnes this year in China would damage the industry, and aggravate market conditions, which are already difficult."

EUROPEAN UNION 5

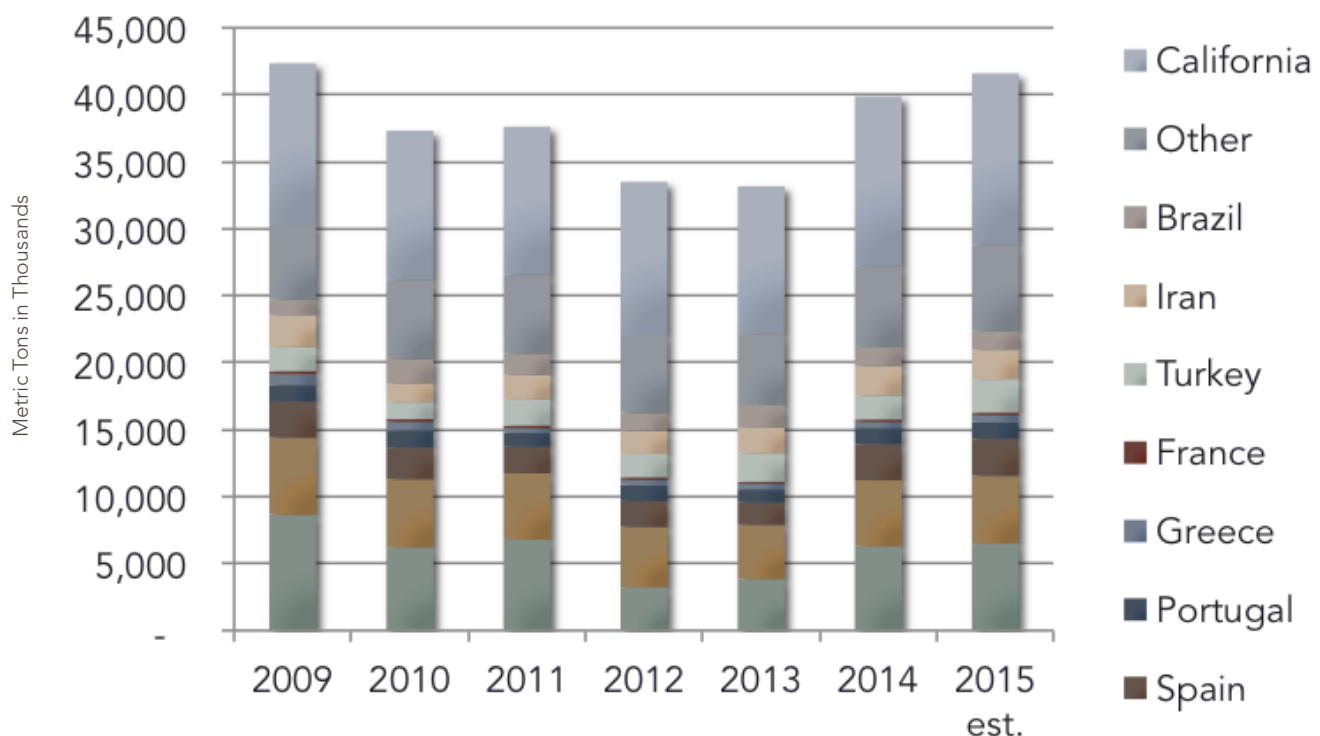
The tomato crop from the five European Union countries that grow tomatoes is predicted to increase 3.3% to 9.8 million MT. Field prices of tomatoes are about the same as 2014.

Italy produces the lion's share of the European crop at 5.05 million MT, up 2.2% this summer. Spain expects to process a tomato crop similar in volume to last year at 2.7 million MT.

Portugal's growers plan for 1.25 million MT, an increase of 4.4% from the previous season, while France hopes to increase production 8.4% to 194,000 MT. Greece's forecast of 520,000 MT is a 10.6% increase over 2014.

TURKEY

Jumping on the export opportunity bandwagon, Turkey forecasts a 39% increase in volume to 2.5 million MT, potentially producing 6% of the world's 2015 tomato crop. 🍅

WORLD PROCESSING TOMATO CROP

Source: World Processing Tomato Council

—MARKET ANALYSIS—

PORT STRIKE, STRONG DOLLAR SLOWS EXPORTS

Export demand for tomato paste from the United States has softened in recent months. The lagging movement is driven by union strife in West Coast ports which hampered shipments and a rising dollar unfavorable for exports. Although still strong, U.S. paste exports are not shipping out at the same rate as last year. As a result, cumulative paste exports have fallen off 12% from July to March (see graph).

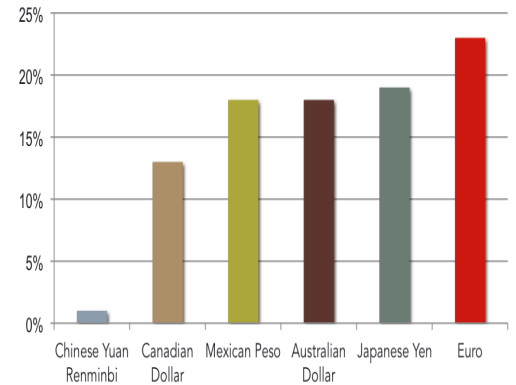
Beginning in October, labor issues with longshoremen at West Coast ports caused shipping delays of tomato paste and other products. By November, shipments of tomato paste fell below the previous year's level, as shown in the graph. In February, dock efficiency began improving after a tentative agreement was reached, and by

March, exports of paste showed some recovery.

But paste exports are not expected to reach last year's high volumes, as a strong dollar makes exports, including U.S. paste, more expensive to our international customers. Since last year, the U.S. dollar has risen 12 to 23% over other currencies in the bar graph shown. Because of the exchange rates, international customers are finding better buying opportunities in local markets and with countries that have a favorable exchange rate.

International customers have become an important part of the U.S. customer base since 2009, and net exports now make up 25% of tomato products moved from domestic processors' warehouses.

U.S. DOLLAR PERCENTAGE INCREASE IN ONE YEAR



Source: x-rates.com

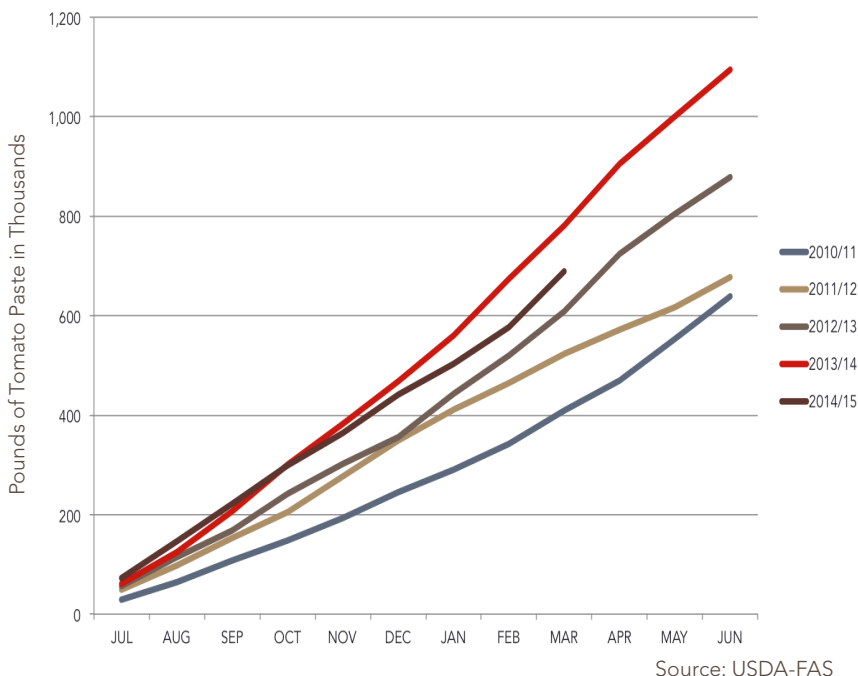
From July 2013 to June 2014, record-breaking volumes of U.S. tomato products were shipped internationally. In the 2013/2014 marketing year, net exports reached record levels of 3.5 million fresh equivalent tons, an increase of 25% above the previous record set just the year before.

So far this year, overall demand for U.S. tomato products is still strong. Despite port delays and exchange rate challenges, this year's export volume of tomato paste is on-track to be the second-best on record. And overall demand for domestic tomato products is running at a record-setting pace for 2014/15 marketing year. U.S. demand, from June 1, 2014 to March 1, 2015, is up 3% over the same period last year, according to the California League of Food Processors' stock report.

Because demand is healthy, supplies are looking balanced for the 2015 season. The steady movement and sensible stock-on-hand will keep the price of tomato paste relatively stable.

But the price of tomato products is heavily influenced by the price of raw tomatoes, and that is unknown. The California Tomato Growers' Association and processors have yet to agree to a "fair price" for raw tomatoes in 2015. Negotiations have dragged on through May. Last year, processors paid growers \$83 per ton, plus late season premiums, for tomatoes in the field. 🍅

CUMULATIVE MONTHLY U.S. PASTE EXPORTS





LOS BANOS

13448 Volta Road
Los Banos, CA 93635
209 826-8000

WILLIAMS

2211 Old Highway 99
Williams, CA 95987
530 473-3600

SANTA NELLA

12045 S. Ingomar Grade
Los Banos, CA 93635
209 826-7100

OUR PRODUCTS

Hot Break Tomato Paste
(28% and 31% NTSS)
Organic Hot Break Paste
(31% NTSS)
Cold Break Tomato Paste
(31% and 37% NTSS)
Organic Cold Break Paste
(31% NTSS)

Concentrated Crushed
(26% and 28% NTSS)
Diced Tomatoes
(3/8", 1/2" and 3/4" cut)
Organic Diced Tomatoes
(1/2" and 3/4" cut)
Fire Roasted Diced
Tomatoes
(1/2" and 3/4" cut)

Ground Tomatoes in
Puree
Tomato Puree (1.07)
Chili Sauce
Ketchup
Sun Dried Tomatoes

SALES TEAM

Kelly Haywood 530 473-3626
Paul Maxon 209 827-5518
David Musson 559 360-6061
Karolina Splinter 209 829-5090
Brandon Taylor 209 827-7831
Becky Wahlberg 209 827-5508
Robert Young 209 827-7830
Greg Wuttke 209 827-5513
European Sales
Juan Jose Amezaga +34 609 543 160

CONTAINERS

300-gallon aseptic bag-in-box
55-gallon aseptic drum
StarPak (four 75-gallon bags-in-box)

FOR QUESTIONS

Email Karrie Rufer at
krufer@morningstarco.com

—WILLIAMS FACTORY UPDATE—

FACTORY EXPANSION FOR 2015 SEASON



Our Williams factory, originally built in 1995, has gone under construction to increase capacity to 1,200 tons of tomatoes per hour, a 65% increase from last year.

Due to greater groundwater supply in Northern California, Morning Star can take advantage of more favorable water conditions. 🍅

—LIBERTY FACTORY UPDATE—

DEDICATED LINE FOR ORGANIC TOMATOES



Liberty Packing is now equipped with a separate dedicated processing line that can run organic tomatoes through the factory all season long. This dedicated line allows us to choose the most appropriate and highest quality organic tomatoes, resulting in a more reliable organic product at competitive prices.

Capacity for the dedicated organic line will be 150 tons per hour and will offer organic paste, diced, and fire-roasted products. 🍅