



DIAMOND FOODS, INC.

Corporate Profile

Diamond Foods, Inc. is a branded food company specializing in processing, marketing and distributing culinary, snack, inshell and ingredient nuts. Founded in 1912, Diamond was an agricultural cooperative until its conversion to a corporation in the summer of 2005. Diamond Foods completed its initial public offering at a price of \$17 per share and began trading on July 21, 2005. Diamond Foods stock trades on the NASDAQ National Market under the symbol "DMND."

Headquartered in Stockton, California, the company has a strong heritage in the walnut market under the Diamond of California brand. Its products include walnuts, pine nuts, pecans, peanuts, macadamia nuts, hazelnuts, cashews, Brazil nuts and almonds. Diamond of California is the leading brand of culinary and inshell nuts in the United States based on market share. In August 2004 the company launched its Emerald of California snack nut line nationwide. Products from Diamond Foods are sold in more than 60,000 retail locations in the United States and in more than 100 countries.

Diamond Foods has four product lines:

- **Culinary nuts** sold under the Diamond of California brand in grocery store baking and produce aisles and through mass merchandisers and club stores. Diamond's culinary products offer consumers a convenient recipe-ready source of nuts to enhance salads, vegetables, pastas, baked goods and other foods.
- **Snack nuts** sold under the Emerald of California brand in grocery store snack aisles, convenience stores, mass merchandisers, drugstores and other locations where snacks are sold. This line of roasted, glazed and flavored snack nut products features a wide range of unique flavors and innovative, resealable "on-the-go" containers.
- **Inshell nuts** sold under the Diamond of California brand, primarily during the winter holiday season. Inshell nuts are typically sold in grocery store produce sections, mass merchandise locations and club stores to individuals who value tradition and fresh, healthy and aesthetically appealing foods.
- **Ingredient nuts** marketed under the Diamond of California brand to food processors, restaurants, bakeries and food service companies and their suppliers. Institutional and industrial customers use standard or customer-specified nut products to add flavor, texture and nutritional value to their product offerings.

Headquarters:

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diamondnuts.com
emeraldnuts.com

President/CEO: Michael J. Mendes**Employees:** 653 full-time. Temporary labor supplements the work force during the fall harvest season.**Marketing**

Diamond's marketing campaign is fundamental to the success of its business. The highlight of Diamond's advertising campaign for the first calendar quarter of 2005 was the broadcast of a 30-second spot on Super Bowl XXXIX. The ad aired during the second highest rated half hour of the game, drawing approximately 89.2 million viewers. In post-Super Bowl publicity, Emerald's "Exaggerating Dad" commercial received positive comments from the public as well as advertising critics, and earned a spot on numerous top 10 lists. It was rated No. 9 by *USA Today*, No. 1 by TiVo and No. 4 by ESPN. Host of the CBS "Early Snow" called the spot "the outright funniest and most surprising."

The cornerstone of the marketing campaign for the national launch of Emerald snack nut products is a series of 15 television spots, which debuted nationwide in August 2004 during telecast of the Olympic Games in Athens. The 15-second commercials star a host of eclectic nut-munching characters whose names begin with "E" and "N" for Emerald Nuts. *Adweek* called the ads "memorable and bizarre" while *Advertising Age* praised them as "an outstanding example of silliness used effectively." The ads resonated with the public, earning brand awareness and brand linkage, respectively, of 77 and 90 percent. In June 2005 the Emerald marketing campaign received a coveted gold Effie Award – the highest award in the New Product or Service Introductions category. The pre-eminent award in the advertising industry, the Effie Awards program is the only national competition that judges advertising and marketing effectiveness. The Emerald television ads began airing again nationwide in August 2005. The snack brand's website, emeraldnuts.com, has won seven awards, including a first place Webby, since its launch in May 2004.

Sponsorships

Emerald is the sponsor of San Francisco's first-ever college football bowl game. The third annual Emerald Bowl played on December 30, 2004 at SBC Park drew more than 30,000 people and earned the highest ratings of any nationally televised college football bowl game broadcast on ESPN2 with more than 4.2 million viewers. The 2005 Emerald Bowl is scheduled for 1:30 p.m. on Thursday, December 29 at SBC Park. It will be broadcast nationwide by ESPN. Fans in the stadium will munch on Emerald Dry Roasted Walnuts while watching the game between teams from the Pac-10 and Mountain West conferences.

The company's partnership with the San Francisco Giants began in 2002 and has given the Diamond and Emerald brands widespread visibility in the stadium and on national and regional telecasts of home games. Large product images on the outfield wall appear frequently on television and in newspaper coverage of key plays. Warm cinnamon-roasted nuts, as well as Emerald snack nut products, are sold at the company's two nut-roasting

carts that first made their appearance at the 2002 Olympic Games. Bags of Diamond-branded inshell peanuts are sold throughout the stadium.

As part of its commitment to promoting healthy, active lifestyles, the company is an official sponsor of the New York City and Los Angeles marathons and several related events. Emerald also sponsors its own race in March – the Emerald Nuts Across the Bay 12K across the Golden Gate Bridge. *Runner's World* magazine has called this race the “best bridge run in America.” These events provide excellent opportunities to introduce nutrition-conscious consumers to Emerald’s energy-packed snack nuts.

Emerald Snack Nuts

Emerald of California has added a new dimension to the snacking universe with its innovative on-the-go containers, premium quality products and advanced processing techniques. The new product line, which was introduced in California in January 2004, was rolled out nationwide in August 2004.

Emerald nuts are available in approximately 60,000 U.S. retail locations, including grocery stores, drugstores, convenience stores and mass merchandise outlets. The product line is growing to 16 items this fall with the addition of two new varieties: Chocolate Brownie Glazed Walnuts and Dry Roasted Walnuts. The time is right for Emerald’s tasty, nutritious snack nuts that are quickly becoming “all nuts to all people.”

Emerald is positioning nuts as a contemporary, mainstream snack that appeals to today’s health-conscious consumers. Snack buyers are clearly moving from “empty calories” to healthier foods, and this is positioning the healthy snack segment for continued growth. Packaged Facts, a market research firm, estimates that U.S. retail sales of snack foods will grow from \$47.1 billion in 2003 to \$57.3 billion in 2008, or 4 percent annually. Packaged Facts expects that nutritional snack sales will grow at a faster rate. According to Information Resources, Inc., sales in the U.S. snack nut market were approximately \$2.6 billion for the 52-week period ending January 23, 2005, with sales growing approximately 14.7 percent over the same period the previous year.

TRADITIONAL SNACK NUTS

Packed in on-the-go plastic canisters (10- to 12-oz. and “mini” sizes) that fit in auto cup holders

Deluxe Mixed Nuts
Mixed Nuts (less than 40% peanuts)
Whole Cashews
Cashew Halves & Pieces
Dry Roasted Almonds
Old Fashioned Honey Roasted Peanuts
Dry Roasted Peanuts
Cocktail Peanuts
Dry Roasted Walnuts (*In stores nationwide by late Fall 2005*)

SWEET & SAVORY GLAZED NUTS

Packaged in 5- to 7-oz. reclosable foil pouches; "mini" size packed in 3.75- to 4.5-oz. canisters (Mini-canisters are marketed primarily to convenience stores.)

Backyard Grill Glazed Walnuts 'n Almonds
Honey Dijon Glazed Walnuts 'n Cashews
Original Glazed Walnuts
Butter Toffee Glazed Walnuts
Apple Cinnamon Glazed Walnuts 'n Almonds
Pecan Pie Glazed Pecans
Chocolate Brownie Glazed Walnuts *(In stores nationwide by late Fall 2005)*

TUBE SNACKS

Now being marketed to convenience stores. Single-serving size (1.5- to 1.75-oz.)

Dry Roasted Peanuts
Cocktail Peanuts
Old Fashioned Honey Roasted Peanuts
Mixed Nuts (less than 40% peanuts)
Dry Roasted Almonds
Cashew Halves & Pieces
Chocolate Brownie Glazed Walnuts
Dry Roasted Walnuts

Websites

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emeraldnuts.com

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