



Genesis Seeds Ltd.

Good things grow naturally

**An Introduction to the Marketing &
Selling of Certified Organic Seeds**

August 2008

Certified Organic Seed is:

- The starting point for most certified organic produce.
- Environmentally friendly – grown sustainably - without artificial chemicals or pesticides. It is a key component of being “green”.
- Now competitively priced with premium conventional seed.
- Adapted to stressful growing conditions (has drought and disease tolerance) so is suitable for a wide variety of commercial and retail plantings.
- Sold into a market where there is unmet demand from both organic and non-organic growers.
- Available in new varieties of hybrids and high quality open pollinated seed for the commercial grower (in commercial quantities) as well as heirloom varieties for both the commercial and hobby markets.

Consumers Embrace Sustainable Agriculture

Consumers are demanding sustainability and retailers are responding. Wal-Mart states it wants “a long term supply of reliable agricultural products produced in a sustainable way”. Wal-Mart believes “all families should have affordable access to sustainable products, like organic fruits and vegetables”.*



**The Wal-Mart Promotes Sustainable Agriculture Fact Sheet, May 2008.*

Organic Production counteracts Global Warming

The Rodale Institute research shows that organically managed soils can store (sequester) more than 1,000 pounds of carbon per acre, while non organic systems can cause carbon loss. For consumers, this means that the simple act of buying or growing organic products can help to reduce global climate change.*



** See <www.rodaleinstitute.org>*

Consumers are now conscious of their “carbon footprint”

- Demanding locally grown produce (grown within 500 miles) at all retailers. Even national retail chains, such as Ahold/Stop & Shop, carry local heirloom tomatoes.*
- Shopping at farmers' markets and buying through food co-ops where sustainably-grown produce is a key selling point.*
- Expecting nurseries and garden centers to carry plants that are chemical and pesticide free.*
- Growing some of their own produce. Sales of organic vegetable seed to homeowners increased in both 2007 and 2008.*

Organic seed is the starting point for sturdy plants that thrive in chemical free environments, increasing the satisfaction of newly “green” gardeners.

But Consumers want more!

- *Consumers expect farmers and growers to take steps to become responsible stewards of the land.*
- *Consumers favor companies taking “green” initiatives.*
- *Where the price difference is not substantial, consumers buy environmentally friendly products, such as light bulbs.*

Protecting the environment is an activity that consumers are beginning to view as a “must” not an option. To stay in business, companies will have to proactively adjust to doing more with less of the world’s resources. In agriculture, this means sustainable and organic farming.

Certified Organic is now “mainstream”

- *Organic produce is found in most supermarket chains.*
- *The majority of consumers buy some organic food.*
- *The quality and appearance of organic produce is comparable to or better than conventional produce.*
- *Studies show that organic fruit and vegetables are often tastier, have greater nutritional value and fewer harmful chemicals than their conventional counterparts. Taste, health and sustainability are driving the growth in consumption of organic produce.*

Growth in Demand for Organic Food

- Organic food sales are one of the fastest growing segments of food retail sales in the U.S. (double digit growth in each of the last 20 years and projected to continue to grow rapidly).
- Produce is the “gateway” to organic consumption and sales of organic fruits and vegetables account for almost 40% of total organic food sales.
- Organic food sales are a \$18+ billion industry in the U.S. and almost \$40 billion globally.



Genesis Seeds Ltd.
Cooks from the ground up

100% Certified Organic

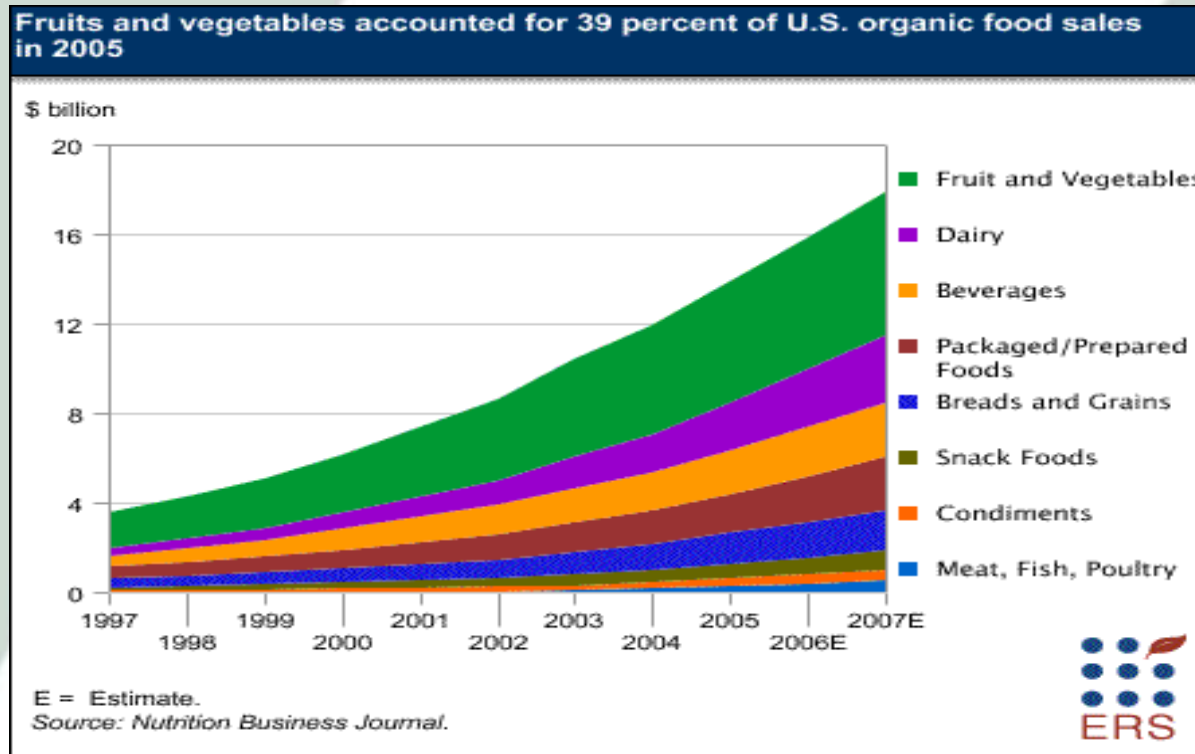
Tomato (FA)- F1 2109

FA 2109 F1 Hybrid tomato
Green-house indeterminate tomato, very hardy.i
Developed by the breeding team at the Faculty of Agriculture, the Hebrew University of Jerusalem (HUJ).u
Introduced first to the Organic growers by Genesis Seeds Ltd.u

- Fruit Description: u
Red, Flat Globe, Firm Fruit, i
Extra Large Fruit>200gr - 250gr. i
- Plant Description: i
Indeterminate, Productive, 80 days.i
A Strong Vegetation of Short internodes with,i
Large Dark Green Potato Leaf Coverage.i
Uniformity of fruits along the plant
- Potential Tolerances: i
Fusarium 1,2. Verticillium, Tobacco Mosaic Virus (TMV), i



Certified Organic Produce



Role of Certified Organic Food

For many consumers, concerned about health and/or the environment, organic food has become a necessity not a luxury and organic food sales continue to rise in 2008.

*Retailers are using organic food to meet evolving consumer preferences and to attract new customers. Away from home consumption of organic foods is also growing as “organic foods are now seen as a clear product differentiator in all channels within the food industry.”**



** Organic Trade Association's "2007 Manufacturer Survey"*

The Opportunity

High quality, distinctive organic produce is valued by retailers and food service operators seeking to differentiate themselves from their competition and meet consumer demand.

The starting point for a high quality, distinctive product is a unique variety of high quality, organic seed.

The market demand for organic seed is not currently being met in commercial quantities, creating an opportunity for seed companies to expand their product lines into organic seed.



Organic Certification

To be labeled certified organic, products must be grown, handled and processed according to organic protocols. The land and the inputs must meet organic rules. To guarantee the quality and integrity of the organic label, producers in the U.S. must have their operations certified by an agency accredited by the United States Department of Agriculture.

The U.S.D.A's National Organic Program states that certified organic crops (including flowers, fruits, vegetables and herbs) must be grown from organic seed, where commercially available. This rule must be enforced regardless of the price of the seed.



Increasing Growth of Organic Production

About 5% of the U.S. acreage devoted to vegetables was certified organic and 2.5% of the fruit acreage was certified organic in 2005. In 8 years, certified organic acreage had doubled even although land must be chemical-free for 3 years before being certified organic.

The 2008 Farm Bill, recognizing the increasing importance of organic agriculture, increased funding for research and education five-fold over the 2002 Farm Bill. The Bill also allocated funds to help growers offset the costs of certification and for data collection.



Why Growers Use Organic Seed?

Certified organic seed is:

- Required to be used to grow organic produce if the seed is available, according to the National Organic Program (NOP) of 2002.*
- Guaranteed to be grown in a sustainable manner (USDA approved certifiers ensure organic protocols are strictly followed).*
- Adapted to stressful growing conditions so may increase yields.*
- Adds little incremental cost to produce a premium product with premium pricing.*

In the market place, consumers who want validation of “sustainably grown” look for the certified organic label.

High Quality, Organic Seed is used by:

- *Certified organic growers who must use organic seed when available, regardless of price (to conform to the NOP).*
- *Conventional growers seeking seed that has certain disease resistance, drought tolerance and the ability to maximize yield in stressful growing conditions.*
- *Growers in sustainable programs who require hardy, vigorous seed.*
- *Growers who want to guarantee their production is not genetically modified (GMO). GMO seed is not allowed under the NOP.*

Types of Certified Organic Seed available:

- *Hybrid seed – for both greenhouse and open field crops.*
- *Open-pollinated seed – high quality open pollinated seed is continually roged to increase quality and consistency.*
- *Many heirloom varieties for distinctive crops.*
- *Wildflower seed.*



Sourcing Organic Seed

In addition to accessing Genesis Seeds' web based catalogs, growers and certifiers can find organic seed on the Organic Materials Review Institute (OMRI) web site. This industry organization lists the name of the ultimate seller of organic seed varieties not seed wholesalers, such as Genesis.

Certifiers can grant exemptions to growers if organic seed is not available but they must be able to document that they, or the grower, have checked sources such as seed catalogs and OMRI (www.omri.org).



Demand for Organic Seed - 1

The growing availability of certified organic seed, especially the increasing number of hybrids and high quality, OP and heirloom varieties for the commercial grower is contributing to the rapid growth of the organic seed market. Organic seed is available for both green house production and open field crops.

Further growth comes from conventional growers who appreciate the attributes, particularly the disease resistance and stress tolerance, of organic seed.



Demand for Organic Seed - 2

Demand still exceeds supply as not all seed varieties are available in organic form. This creates an opportunity for seed companies to partner with Genesis Seeds to create organic versions of successful conventional hybrids to meet the needs of organic growers.



At a customer's request, Genesis successfully grew a certified organic F1 "Early Girl" tomato seed in 2007.



Genesis Seeds Ltd.

Genesis Seeds Ltd. is the largest, global producer of certified organic, high-quality flower, herb and vegetable seeds. Genesis Seeds offers a broad range of varieties of hybrid seeds, proprietary open pollinated seeds, and many heritage (heirloom) varieties as well as wild flowers and herbs. Genesis sells its seed wholesale to other seed companies in over 30 different countries. The company does not sell to the grower or the home owner.

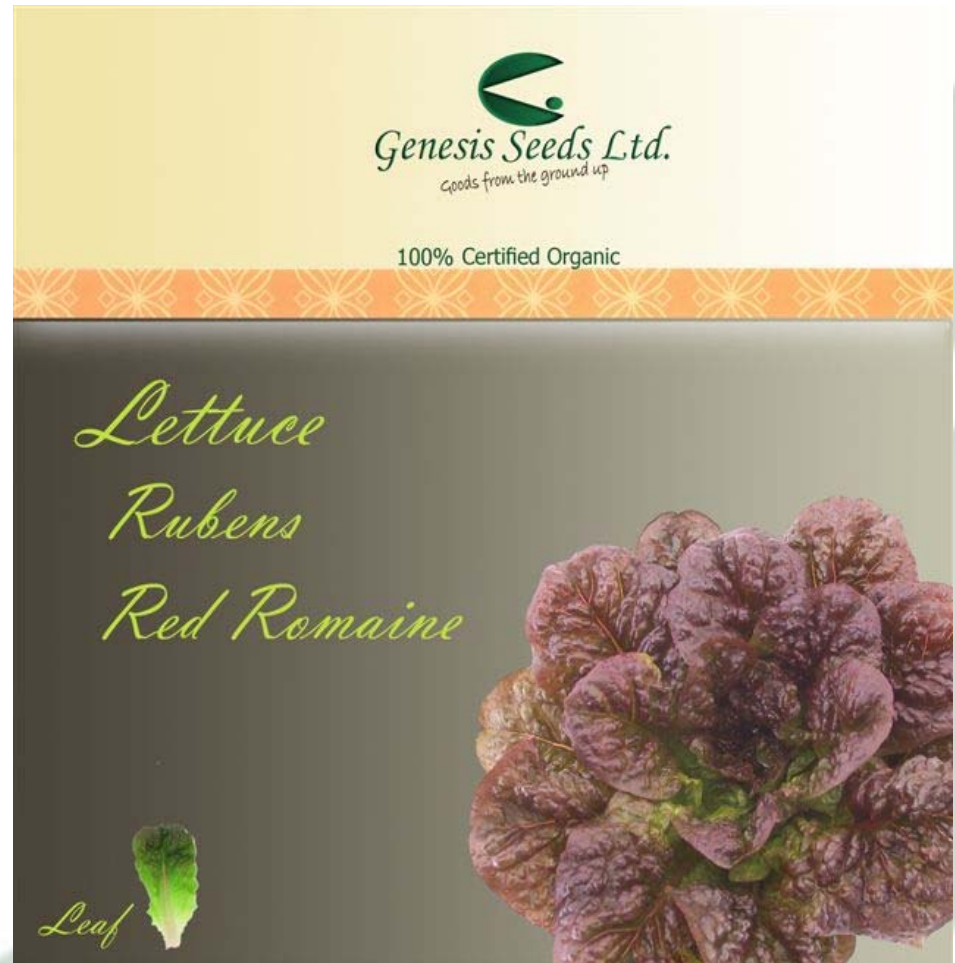


Many of Genesis Seeds' grower reports indicate that Genesis' organically produced seeds are:

- *hardier*
- *have better drought and disease resistance*
- *have more vigor*

when compared to equivalent conventionally grown seeds.

For sustainable or earth-friendly farming, organic seed is preferred because it is not coated with chemicals. Plus, organic seed is more likely to produce better results than conventional seed as it has already been grown in a sustainable manner.



Genesis' certified organic seeds are:

- *Purchased by conventional and organic growers in all climates (over 50% of Genesis Seeds' sales are to conventional growers).*
- *Competitively priced with other premium seeds.*
- *Bred and grown in a sustainable manner.*
- *Equivalent or better in their performance and yield to high quality seeds grown in conventional non-organic conditions.*
- *Suitable for all seed markets segments, including the hobby gardener.*
- *Certified organic by globally recognized certifiers.*



*Genesis Seeds Ltd. currently has available**

➤ *109 varieties of flowers*

➤ *66 varieties of herbs (medicinal and culinary) and*

➤ *143 varieties of vegetables.*

This includes varieties for both greenhouse and open field production.

**see availability at <www.Genesisseeds.com>*

Research and Development Focus

Genesis Seeds has a fast-track organic breeding program to develop certified organic F-1 hybrids, proprietary open pollinated varieties and distinctive heirloom varieties of flower, herb and vegetable seed.

This program produces:

- New varieties for Genesis' own catalog.*
- Exclusive hybrids for key customers. With the parent lines of a conventional hybrid, Genesis can breed an organic version (usually in one growing season).*



Two Season Production

Genesis has growers in a wide range of micro-climates within Israel.

This allows the company to have two growing seasons for some of its varieties.

Genesis can use its second season to:

- *grow seed for other seed companies who have experienced a crop failure in another part of the world.*
- *Increase its own inventory of in-demand varieties.*
- *Accelerate proprietary production.*



New Galia 'F1 Hybrids



Genesis Seeds introduce new F-1 hybrids of **Galia Melons**.
Productive varieties with healthy vegetation, round shape nice netting, uniformity, high brix, long shelf life, small seed cavity

Production: in Greenhouse or open field
Fruit: Round, netted, 1-2.5 Kg., good shelf life, light green flesh small seed cavity.
Resistant: Fusarium 0, 1&2, MNSV
Tolerance: Powdery & Downey mildew

Three varieties will be available for semi commercial trials in summer/fall 2008

Proprietary Growing Programs

Genesis has two research stations in different climatic zones. These stations as well as the grower base throughout Israel allow the company to breed and grow a wide range of proprietary varieties suitable for both green house and open field production.

The seed delivered generally exceeds expectations in quality and quantity.



Ramapo Tomato

Rutgers University, at the urging of local New Jersey growers, this year revived the “Ramapo” a popular hybrid tomato first introduced 40 years ago and revered for its taste. The University obtained the original parent lines and then chose Genesis to grow over 500,000 certified organic seeds for distribution to local New Jersey growers.

This re-introduction has caused a stir in home gardening circles and local restaurants. Press coverage has included articles in The New York Times and on CBS News.



Genesis' Southern Research Station in the Negev Desert in Israel



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