

Bill Kuser

Welcome everyone to the fourth quarter and full year American Vanguard earnings review. Our principal speaker today will be Mr. Eric Wintemute, president and CEO of the company, and Mr. James Barry, our CFO, to contribute on financial matters.

Before beginning, we should touch on our cautionary reminder. In today's call, the Company may discuss forward looking information. Such information statements are estimates by the Company's management and are subject to various risks and uncertainties that may cause the results to differ from management's current expectations. Such factors can include weather conditions, changes in regulatory policy, and other risks as detailed in the Company's SEC reports and filings. All forward-looking statements represent the Company's best judgment as of the date of this call.

With that said we will turn it over to Eric.

Eric Wintemute

Good morning everyone and thank you all for joining us today to discuss American Vanguard's fourth quarter and full-year 2007 performance. We are pleased to be reporting results that clearly demonstrate considerable improvement over 2006. More importantly, we want to elaborate on a number of important developments that give us considerable optimism as we proceed in 2008.

First: an overview of our financial performance with additional detail provided in a moment by our CFO Jim Barry.

As highlighted in our earnings press release our fourth quarter and full year 2007 financial metrics, all improved substantially.

- A 26% sales increase in the fourth quarter contributed to our full year revenue improvement of nearly 12%.
- Similarly, operating income, net income and earnings were all significantly higher in the current periods relative to last year.

- Our gross profit margin improved in the quarter to nearly 45% and finished the full year at just over 44%, reflecting our highly specialized, premium product mix and our efforts to pass-thru rising raw material input costs.
- We did experience an elevated level of operating expense in the fourth quarter largely attributable to sales rebate programs and increased shipping expense driven by higher fuel costs. For the full year however, total operating expenses as a percentage of sales remained steady with 2006 levels, at about 27.5%

I will now ask Jim to elaborate on some of the specifics. Jim

James Barry

Thank you Eric. Good day to everyone.

As our Earnings Release announced and Eric underscored, net sales for the fourth quarter increased 26% to \$69.1 million as compared to \$55.1 million in the fourth quarter of 2006. Gross profit margins improved to 45% for the fourth quarter of 2007 as compared to 44% in 2006 due to the changes in the sales mix of the Company's products. Operating expenses as a percent of sales were 26% for the fourth quarter of 2007 as compared to 24% in 2006. Operating expenses increased by \$4.7 million in 2007 to \$18.1 million from \$13.4 million while operating income improved to \$12.8 million from \$10.7 million. The differences in operating expenses by specific departmental costs, they are as follows:

- Increased selling expenses represented 51% of the increase in operating expenses due to increases in programs and related costs, advertising, promotion and marketing costs as well as increases in outside professional fees and other variable selling expenses related to both increased sales levels and product mix of sales.
- An increase in general and administrative expenses represented 18% of the overall increase due to an increase in amortization of intangibles related to the Company's recently acquired products, as well as, increases in legal expenses, other outside professional fees and increases in payroll and payroll related costs.

- Research and product development costs served to offset part of the increase in overall operating cost expenses and we experienced a \$581 thousand decline in the fourth quarter of 2007 due primarily to lower costs incurred to generate scientific data related to the registration of our Company's products.
- An increase in freight, delivery and warehousing costs represented 43% of the increase in operating expenses due to increase sales levels, high fuel costs, and the product mix of the Company's sales.

Interest costs before capitalized interest and interest income were \$900 thousand in the fourth quarter as compared to \$1million in the same period of 2006, due in large part to lower overall debt levels.

Income tax expense increased slightly by \$71 thousand dollars. However, the Company's effective tax rate was 37.1% in the fourth quarter of 2007 as compared to 44.7% in 2006.

Net income improved to \$7.6 million in the fourth quarter as compared to \$5.4 million in the same period in 2006.

For the year ended December 31, 2007, net sales rose 12% to \$216.7 million compared to \$193.8 million in 2006. Gross profit margins improved to 44% for in 2007 as compared to 43% in 2006 also due in large part to the changes in the sales mix of the Company's products. Operating expenses as a percentage of sales were 28% in 2007 compared to 27% for 2006. Net income was \$18.7 million in 2007 as compared to \$15.4 million in 2006.

With respect to our Balance Sheet disclosure, while we were hopeful to be in a position to discuss specific line items, we have been guided by our independent public accounting firm to not discuss specific line items at this time given the fact that they are still in the process of completing their audit fieldwork.

That being said, as of December 31, 2007, the Company had approximately \$74 million in working capital, stockholders' equity of \$139 million and total debt of \$60 million.

I'll now turn the call back over to Eric Wintemute.

Eric Wintemute

Thank you, Jim.

I would like to highlight a couple of notable balance sheet items. Our 2007 4Q Revenue versus our 2006 was up 26% as previously discussed and our receivables are down 34%. Our long term debt is down 40% and our debt to equity ratio has decreased 47% to a .43 ratio.

Now, I would like to spend a little time telling you about a number of accomplishments, and the status of several important initiatives which should allow us to achieve even better performance in the future.

With regards to the viability of our business model, in late 2007, we continued our traditionally successful business model of acquiring products from other companies and capitalizing on our ability to integrate them operationally and refresh their market position. In the fourth quarter we acquired a fungicide product line from Chemtura Corporation, and the Orthene® product line from Valent Corporation. These established product lines are extremely well suited to our existing marketing and operating capabilities.

We already manufacture and market the PCNB fungicide products that we acquired from Chemtura, and we expect to gain a much stronger position in the turf & ornamental and international markets as a result of the purchase. In the Orthene case, we will be strengthening our participation in tobacco, vegetable and specialty markets and broadening our existing product offering in the cotton market, in a way that may offset some of the declines that we have seen as a result of acreage shifting from cotton to corn.

Both of these efforts demonstrate our ability to constantly strengthen and refresh our portfolio of high-value products designed to serve specialty niche markets.

I would now like to address our U.S. manufacturing position. At the end of 2007 and the beginning of 2008, we have expanded our domestic manufacturing capability in ways that should allow us to better serve regional U.S. markets and permit an optimization of production scheduling and logistics.

As we previously announced we are creating a Metam fumigant production unit at our existing facility in Axis, Alabama to serve the demand for such products in the Southeast region. This plant is expected to be operational by the end of the third quarter of this year. Second, we have taken the important step of acquiring from BASF the Hannibal, Missouri production unit of our important Counter and Thimet insecticide lines. This location will also provide a better logistical platform for our increasing presence in the Midwest grain markets. Most recently, we announced the purchase of a Marsing, Idaho facility from Bayer which will both enhance our capacity to formulate flowable products as well as better serve the Pacific Northwest and Western Canadian region.

Given the increasing cost structures, price volatility and sometimes variable quality of some offshore suppliers, these facility initiatives reflect our conviction that the establishment of high-quality, environmentally sound, well-positioned manufacturing capabilities will be a distinctive advantage in remaining a premier supplier of crop protection chemicals in the years ahead.

I would like to shift to a discussion about corn. Probably the most significant series of strategic developments for American Vanguard relates to our expanding participation in the dynamic U.S. corn market. In this arena, we feel that circumstances are breaking in our direction. In herbicides, insecticides, resistance management, and specialized applications equipment, we find ourselves with the right solutions, at the right time, to fulfill grower needs.

After years of reliance on glyphosate herbicide chemistry to provide a broad-spectrum solution to weed infestation, a number of weeds and grasses are exhibiting resistance to glyphosate application. Several chemistries have tried to address this issue and recently our offering, Impact®, has emerged as one of the most comprehensive products for meeting this need to mitigate “tough-to-control” weeds and grasses. Indicative of this trend is the recent application

by Monsanto Corporation to add Impact as a complementary herbicide to its Roundup herbicide label.

As we have said before, Impact is a product that can achieve significant additional growth over the next several years and we are accelerating our sales and marketing efforts to capitalize on this opportunity.

Second, regarding insect resistance management: As we have discussed before, the preservation of genetic plant defenses is predicated on keeping insects from developing adaptive resistance. An important element of this effort is the establishment of so-called "Refuge Acres", where a portion of the pest population can survive to propagate future generations that remain susceptible to the genetic toxin incorporated into the seed/plant.

As the acceptance of genetically modified seeds spreads and becomes the predominant corn growing approach, concerns have increased over possible resistance development that could jeopardize genetic trait technology. Consequently, both the agricultural regulatory agencies and large genetic seed manufacturers are embarking this planting season on a high profile and more stringently enforced campaign to "Respect Refuge".

American Vanguard is in an ideal position to capture this market. The use of our half dozen soil insecticides and our specialized application equipment provides growers safe, effective and economical control for this critical resistance management effort.

There are efforts underway to moderate refuge requirements through the introduction of multiple-mode-of-action "stacked" trait seeds. It is our belief that this will take years to implement. Further, there is no assurance EPA will buy into the concept and reduce refuge requirements. However, even if refuge were reduced from the current 20% requirement to 5% requirement the total amount of acreage in the refuge segment available to American Vanguard would be greater than our total current corn acre participation today.

Our third initiative is the "Dual" technology approach to yield enhancement, which we have labeled "Best of Both Worlds". As you may know, we recently announced very impressive

results from a series of experimental field trials using granular soil insecticides to augment the insect protection provided by genetically modified seeds & plants.

In a series of 17 major university sanctioned experimental field trials, conducted across the Corn Belt region, our granular soil insecticides, applied at low concentrations, using efficient SmartBox® application equipment significantly enhanced harvested corn yield by an average of 12 bushels per acre above the yield levels achieved with the use of genetically modified trait corn alone.

Our corn soil insecticides are particularly beneficial because in addition to reinforcing genetically-modified adult rootworm defenses, our products handle the additional threats posed by secondary pests such as wireworm, grubs, and nematodes. They also contribute to managing the development of resistant rootworm biotypes by controlling rootworm larvae prior to the insect's ability to feed on the plant roots.

Given the high commodity value of this incremental output, and the modest \$15 per acre additional input cost, the return on investment for using this convenient "dual" approach is substantial. In certain portions of corn acreage which experience higher than normal insect "pressure", the benefits experienced may exceed the demonstrated results of these early trials.

We are hopeful that further university experimentation, expanded 2008 trials conducted by American Vanguard and others, plus the superior results achieved by "early adopters" of this methodology will make this "Best of Both Worlds" insect management & yield enhancement approach an "industry standard" beginning in 2009.

Wrapping up on corn and our role as a compliment to trait corn.

- With Impact®, we have one of the best available glyphosate-adjunct herbicides for filling the gap that exists for "tough-to-control" weeds.
- With an array of corn soil insecticides and our specialized application equipment, we have the best regime for managing the near-term increase in "refuge acre" demand.
- And when it comes to maximizing corn output, we have a demonstrated method for enhancing corn yield on genetically-modified acres by adding selectively applied corn soil

insecticides to GMO seed a “dual” technology approach that can substantially boost productivity.

When it comes addressing the critical needs of corn growers, increasingly distributors, retailers and growers themselves are beginning to appreciate that American Vanguard has the right solution for their problems. For more information on these initiatives I suggest you pull up our latest web site addition for specific details.

For the other segments of our business, as mentioned in our press release, we are experiencing solid performance in many of our other market segments.

- In potatoes, vegetables, fruits, and the specialty turf, ornamental, and consumer markets, sales continue to improve and our market leadership positions remain sound.
- In Cotton, we continue to suffer from the decline in acreage, but our Bidrin sales and our new Orthene® product additions should maintain our strong presence and strong market share for the longer term.
- 2006 & 2007 saw relatively dry Gulf Coast weather patterns which hampered our mosquito control franchise. We hope that more normal rainfall will permit some recovery in that segment in 2008.
- International sales continue to expand each quarter and we will be pushing very hard in 2008 to extend our reach in the Central and South American region.

In conclusion, I want to reiterate how well-positioned I believe we are in the dynamic world of crop protection. From our niche market products, to our array of corn solutions; from our high-quality manufacturing capabilities to our on-going international expansion, American Vanguard should be able to fully participate in the growth of the Agricultural and Specialty sectors.

We will continue to keep you informed of our progress on these many programs and at this time, I would be happy to respond to any questions that you may have.

Caller Mark Gully (Soliel Securities)

<Q – Mark>: Good morning guys. I’ve got a couple questions concerning the emerging corn franchise you are developing Eric. It seems to me you have a solution for corn farmers on all

their acres. On the Bt acres you are on the tertiary end with secondary insects and on the refuge acres you are going after primary. So you have a message to all corn farmers on all corn acres. Do you think that way or do you think the application of the products you actually use are so different that you think of it as two different opportunities?

<Eric>: They are different approaches and they target in different manners, but obviously the two go hand and foot. What we would see as ideal is if a grower used his SmartBox system to put full rates down on his refuge acre and putting down less than full rates on the rest of acres to get a yield enhancement boost there.

<Q – Mare>: Secondly, with respect to pricing. It sounds like promotional expense will have to ramp up some more this year, combined with raw material costs what kind of price increases do you expect see this year to fund both of those areas of cost pressure?

<Eric>: We did increase pricing on our corn soil insecticides. I don't have an exact percentage, however, I think we averaged around 10%. Impact we kept relatively close, we had a modest increase. As I recall the increase was less than 5%. Last year we had some pretty strong increases, at least for us, we ran 25,000 radio ads with Impact in order to get awareness across. We are certainly moving the budget up a little bit this year, as we are trying to push the initiative for the enhancement yield. We do have other seed companies that are really pushing this refuge message from which we expect to see a benefit.

<Q – Mark>: Finally, given the importance of corn to your growth can you give an idea of how much you corn related products increased in 2007 to how they might increase in 2008.

<Eric>: I probably won't give you that much detail Mark, but it is a nice question. Corn is probably up about 50% for us in 2007. I'm sure you can tell we are on our way. Some of the sales in 2007 reflect the 2008 season, so I am talking about calendar sales versus actual year. We obviously have others pushing the refuge message and we are pushing the corn soil insecticides over the top of genetic corn. There are some researchers and university people advising this practice, but as far as companies I don't know that any other company that is promoting this practice. As you know we are a smaller player in that arena, however we have

demonstrated our ability to penetrate the market well with Impact and with regard to these are two initiatives that we spoke of a year ago, I believe we have made better progress than I thought we would have at this point. We will see how this year plays out. We still have a great number of corn growers that are sitting in snow and have not made their decision of what they are going to do when they come plant in a month or so.

Caller Mike Judd (Greenwich Constant)

<Q – Mike>: Morning. I apologize that this question was already asked, but on the acquired business the fungicide and insecticide business for modeling purposes, how should we be thinking of those in terms of either revenue or margin potential?

<Eric>: We have not provided the details. Traditionally our purchase price is some percentage of sales or EBIDTA and we tend to have a pretty quick turn around on our return on our investment. You can look at some of the historic levels of purchase of acquisitions we have had and kind of model from there.

There is nothing openly unusual. I think the PCNB from Chemtura, the advantage there is this is a product we have been manufacturing since 1991. We knew the market very well, Chemtura happened to be the other half of the marketing arm for that molecule. They had some labels in countries that we did not have, they also had some brand recognition that added to it. I believe that turned out to be a very good acquisition for us. With regard to Orthene, they had predominately focused more on the non-generic pressure business, the generic pressure is more highly concentrated in cotton. We have a pretty good presence in cotton and think this is a good add on to our existing products. We are also seeing where supply sources of this product coming historically from Asia are beginning to see some pretty significant price increases. We are hopeful that the market in cotton will be more lucrative.

<Q – Mike>: I appreciate your comments, suggesting to look back over previous acquisitions, but I am new to covering your company and do not have a lot of that data. Perhaps in the back of your mind you may have some relative statistics in terms of how big similar types of acquisitions have been. I'm not so much interested in knowing the exact details, however for modeling purposes I really don't have anything to apply to 2008. Is it reasonable to think that

there is any kind of profit from these lines this year or is it a better assumption to think that essentially the first year there is no profit? Again, I apologize to being new to covering your company.

<Eric>: Each one has a little different details. Some we acquire with cash up front, some are payments over time, but I might suggest you call Bill Kuser later today, who can walk you through some of the background information.

<Q – Mike>: You've mentioned that you've increased capacity. Can you talk about what the year over year comparison, would look like this year even if you want to assume there is no change in the number of acres of corn. I realize that it is more likely that corn acres may be down moderately this year. Is it a 10% increase in capacity across the board, or how should we think about that?

<Eric>: When we acquired the plant they specialized in certain chemistries. So when we talk about capacity expansion, typically we are buying a facility that is not running at capacity, but we are buying it because their making something that we are currently utilizing or that we have acquired. In the case of Idaho, we have not been able to do flowable, which is a different formulation that mixes well. We have been able to do emulsifiable concentrate, but we have not been able to do both and we have had to have other companies do for us. This did expand our formulation capabilities and we do have additional capacity which means we could expand our existing products and not have to add on additional capital requirements. In the case of the Hannibal facility where Counter and Thimet has been made for years, it is not running anywhere near capacity. There are also a number of other chemicals that use the same starting materials that those to do, such as Orthene, which have not been made there historically.

<Q – Mike>: So in terms of planning purposes, getting back to the question, do you have an expectation based on the new capacity you have for additional volume on a percentage basis or in any that you would like to help us?

<Eric>: When we acquire a facility basically we pencil them out as status quo, as if we don't make improvement. To the extent that we do improve the products we are making there in

addition to products we can toll manufacture for other companies. The margins from tolling opportunities are smaller than they would be for products we would make on our own behalf, but it does utilize the plant. The more efficient we are the lower the overhead and cost we have on the rest of the products we are manufacturing. Our strategy is to maintain the volume from the existing products there and how we can expand the market for those products and then we look at other products we can manufacture. These are products that we may be able to acquire such as Orthene, a product that we could fit in there, or we look to other companies who have a similar chemistry to toll manufacture for them.

< Q – Mike >: I understand the strategic rationale that you are giving us, but when you are doing your planning, your building capacity and whatever you are doing, do you approach it in such a loosey-goosey way or do you have an idea in your mind for 2008 versus 2007 that overall you would like to see volume up 10%. What is that percentage number, our job is to model what your earnings are likely to look like and that is what I am trying to get at.

<Eric>: So I guess what I am referring to is that what we are willing to pay for the facility and what we think the costs of operating are, we make the acquisition on the basis that if nothing changed this makes sense for us. In other words are we better off in the future to buy these products in the foreign market or are we better off taking control of this facility that exists. Frankly, we try to build what are reasonable expectations of sales growth and what we have done for the purposes of acquiring. We are a little more conservative when we acquire a facility or product, but once we have them determine what the upsides are. I'm trying to say that if it will maintain status quo and is a breakeven cost for us to manufacture, then to the extent that we can grow the market, manufacture other products, and toll for others, these are incremental additions.

We have ideas and direction as to what we would like to do regarding time utilization, is it right to run every plant at 95% of capacity and have added the new plants we acquire without making a huge investment. It is very difficult to build a grass roots plant being utilized today considering the cost of construction in dollars or euros compared to Asia, but if we can acquire a facility without making a significant investment than we are looking at the cost of operating here versus the cost of operating overseas. Our approach has been that the upside of maintaining control

of manufacturing in the United States on a long term basis is a very viable approach to our business.

< Q – Mike >: It sounds like the way you have framed this out is that we should assume that volumes are essentially flat. It sounds like you are sort of hedging, but at the same time there is a lot of opportunities, so should we say that volumes are essentially flat for 2008?

<Eric>: With regards to the plant that we are acquiring?

< Q – Mike >: That and also the expansions. Didn't you indicate you had expanded capacity?

<Eric>: Well when we buy the facility and they are not being utilized to there fullest we have expansion capacity.

< Q – Mike >: So I think that what you are telling me, I don't want to beat this to death is that basically volumes should be flat.

<Eric>: No. What in the products that we acquired?

< Q – Mike >: Just overall volumes, year over year.

<Eric>: No. We do expect growth in 2008 in a wide variety of our products.

< Q – Mike >: Great, what I am trying to understand is what that percentage increase in volume is year over year? That is what I have been asking.

<Eric>: We have not given any sort of guidance of what our sales, revenue or earnings growth will be for 2008. Let me say that for years we have talked about double digit growth, both top and bottom line, and we did so for 7 consecutive years and we missed in 2006. 2007 we are back to double digit growth for both and I would say that on an on-going basis that is a goal for our company and something that we would like to achieve.

< Q – Mike >: That's great. That is something I can hang my hat on. Thank you very much.

<Eric>: Ok

Caller Jim Bartlett (Bartlett Advisors)

<Q – Jim>: Can you give us an idea of the CSI increase this year?

<Eric>: Corn soil insecticides increase for the 2008 year?

<Q – Jim>: 2007

<Eric>: 2007 on the ground usage versus 2006 takes into account inventories. I think we feel we were up slightly on pounds on the ground from 2006, maybe in the range of 10%.

<Q – Jim>: In terms of calendar revenue 2007 over 2006.

<Eric>: Let me do that again and pull Impact out. For the calendar, we are up about 11% percent.

<Q – Jim>: How would you categorize corn for 2007.

<Eric>: I think I said we are up around 50%.

<Q – Jim>: No, I'm sorry cotton.

<Eric>: These are going to be really rough numbers, because frankly some of the products get used in a variety of crops and I am just going to focus on a couple products. We were down about 30%.

<Q – Jim>: You had referred to the Impact herbicide market in the past as a 200 million dollar market.

<Eric>: Yes.

<Q – Jim>: I guess that was 2006, what would you say it was this past year in 2007?

<Eric>: It is a little bit of a moving target, especially with the amount of glyphosate that is being used in the market. We were talking about the post emergence market, excluding glyphosate. I would say it is probably still in that same arena.

<Q – Jim>: So then you gained considerable market share.

<Eric>: Yes, we did.

<Q – Jim>: Last year I believe you had to hire temporary sales people as well as boost your advertising budget.

<Eric>: We did, yes.

<Q – Jim>: What is your strategy this year on both items.

<Eric>: We did actually bring on 5 new full time employees in addition to being successful with the temporary group that we had. We will include the temporary participation a little bit more in this year. Again, part of what we had them do is all the calibration of the SmartBox systems so that our full time people were not going farm to farm handling the set up for growers. Additionally, they have done some very successful sales work in positioning all of our initiatives refuge acre, going on top of treated seed, and trying to get Counter back into the corn market. We are having good results.

On the advertising, again on the website, there is a refuge advertorial that Monsanto is running along the corn belt that we are mentioned in. We actually have a SmartBox user to talk about the value of SmartBox in refuge. There is a yield enhancement message that we have and Impact advertisement that are out currently across the corn belt. We will be doing similar maybe even up a little bit in our radio ads as we are pushing the yield enhancement message in radio

ads starting in the next couple of weeks and run for the next 2 or 3 weeks. We also had very good response from our radio ads on Impact and I think we will continue with that messaging that will hit right about the time the growers are in their tractors and we will push again awareness for Impact.

We are very pleased that Monsanto sees the value of our product and they have a position that until it is on their label, they as an individual company will not recommend it. They are expecting to have on their label before the market starts and it is a little different having us talk about it. It is on our label and has been for the last year that we have had the Roundup product on there, but it is a little different between us having 10-20 people in the corn market talking about the advantage of Impact with Roundup versus having Monsanto with 600 people talking that position as well. We are real pleased Monsanto saw Impact as a good partner for Roundup, because they are driving the bus, there is no doubt about it.

<Q – Jim>: One other question there were some recent statistics that came out stated 60% of US corn crop was glyphosate tolerant last year. As quoted from this guy from Syngenta anticipates that the acreage will get about 90%+ in the next year. Do you agree about the statements? And what is the impact of those for you.

<Eric>: I do think it is definitely going that direction which is why we feel it is important for us to tie our product, Impact to the glyphosate train if you will. The opportunity for us will be the escapes from the glyphosate technology that occur with these hard to control weeds and that they will need something to recommend to use with that product. Every year there is a new glyphosate resistant variety of weed that comes up.

Caller Austin Root (DLH Capital)

<Q – Austin>: Hi guys. I wanted to ask about organic growth for 2007, excluding the 20 million or so of the acquired businesses from Q4 of 2006.

<Eric>: There were some sales of Counter in 4Q of 2006 so the differential of the two is not that high. If you take that growth out I think we had about 4% growth through the rest of the product line.

<Q – Austin>: In terms of pricing, how much did pricing contribute to sales growth for 2007?

<Eric>: We obviously had price increases and I think we had more difficulty in 2007. Price increases for glyphosate have increased so dramatically over the last 60 to 120 days. If the farmers are healthy they can endure some of these costs that have not been able to be passed on. I would say we did not have 4% price increase across the board that made up that growth, so we definitely had volume growth. We also had some products in the generics market that had some price erosion. Some small portion of that 4% was price increase and the remaining amount was an increase in volume.

<Q – Austin>: Working capital was a nice source of cash for you guys in 2007 after the use of cash in 2006, given the way you were able to pay down debt. How about 2008 as you ramp up some of the initiatives, do you have a look as to where your capital will land relative to where it is at now?

<Jim>: I think working capital will be at this time next year we will probably be status quo. We won't change. We will generate capital but we will use it in the business.

<Eric>: One of the things we did do. I mentioned earlier about our receivables being down with sales up. We did something different this year that we talked about on our last conference call. Growers willing to pay cash we offered a program where some of the programs where some of the inputs that they were buying for 2008 they could pay cash for. To us it is an easy offering to do and we were happy with the participation we had. We will continue to do so for upcoming years as long as growers remain healthy and want to prepay for inputs, I think it makes sense for us.

Caller Bruce Winter

<Q – Bruce>: I'm particularly happy to see the debt down to 60 million I'm looking forward to seeing the balance sheet. Idaho, are you going to buy seed and coat it with yours or someone else's product and then sell seed? What is the thought there?

<Eric>: That's not on the board currently. A number of flowable products get used for seed treatment so this would be products that can be made there and then sold to people who actually treat the seed.

<Q – Bruce>: Your products or other peoples products?

<Eric>: We have some of our own, but predominately now these are products for others that get used for seed treatment.

<Q – Bruce>: I would assume that the capital expenditure for the Idaho plant plus the Missouri plant is relatively modest?

<Eric>: That's correct.

<Q – Bruce>: What can you tell us about the Axis Metam Sodium line regarding capacity, sales dollars per year and capital expenditures?

<Eric>: Capital expenditures is modest, capacity is well beyond what will be needed in that area. It is the same as with our facility in Los Angeles, we operate at a certain percent maybe 50% of the time. Metam is one of those high volume items the exact opposite of Impact where you are going out at a $\frac{1}{2}$ to $\frac{3}{4}$ of an ounce per acre; Metam is 30-50 gallons an acre. So being close to the market is important. The market in Florida and the southeast has been growing steadily for us; we have a considerable market share in that arena. However, methylbromide, which is used strongly in Florida continues to be phased out and the cost grows higher and higher. We think there will be some good opportunities for growth in that region and it just makes sense for us to set up there.

<Q – Bruce>: Can they import that product from foreign countries into Florida?

<Eric>: There are three current registrants of Metam Sodium, so anyone looking to bring that material in would have to pay data compensation to come in. We would probably look at this Florida facility as utilizing for some of our export business as well. We do participate in markets

outside the United States and we ship material from our Los Angeles facility down to Mexico and Central and South America. We will look at the logistics and see if it makes sense to ship from our facility in Alabama. We do have an advantage in the Alabama facility in that it is a low cost of raws compared to the other manufacturing facilities because one of the raw materials is made within 3 miles from the Axis facility. It is the lowest cost logistically of raw materials so it just makes sense for it to be our lowest cost production area. We currently have raw material shipped from the southeast to Los Angeles, being made and then shipping back. Logistically it just makes more sense to make it in the southeast for the southeast market.

<Q – Bruce>: Terrific. There was a law suit that was announced in November concerning DBCP and Dow and Dole were held liable. Were you in that lawsuit and if you were why were you successful?

<Eric>: We happen to have Tim Donnelly, our DBCP in-house counsel guru, so I will let him answer that question.

<Tim>: We were involved in that case and ended up settling out of the case in advance of it going to trial and it turned out to be well less than cost of the defense. We think that the remaining co-defendants carried on a vigorous defense and our presence there would not have added much to our involvement of that entire market. Our participation with DBCP was comparatively very small and as we understand it is likely the decision will be appealed by one or more of the codependent as I understand it.

<Q – Bruce>: While I have you on the line, do you have any comments on Aceto lawsuit.

<Tim>: The only comment I would have is that this stage in the game Aceto has sought a preliminary injunction against us and the Federal Courts seated in Atlanta denied that injunction stating there was not a substantial likelihood on merits of any of their claims. While that case remains pending, the disposition of that motion is certainly clear.

Caller Mark Gulley (Soliel Securities)

<Q – Mark>: Eric I want to see if you can comment on some competition that you are going to expect to see on the two key initiatives that you have talked about today. Let's start first with competing herbicides that could be in tank mixes with respect to the tough to control weeds. Then what other corn soil insecticides will give you a run for your money as you go after those two sub markets.

<Eric>: Well with regards to Impact are you asking what other products might come up with Roundup as a tank mix partner?

<Q – Mark>: Yes, I walked around the show floor of the Commodity Classic and a lot of people had promotional literature saying they were also on the case when it comes to tough to control weeds. As you take a look at Impact against products from FMC or even Syngenta how do you think you stack up?

<Eric>: With regard to Syngenta's product, Callisto, the advantage we have there is that we kill grasses and they are not effective on grass although they do a good job on broadleaf. Bayer is launching their new product Laudis, which in our review does have activity on grasses, although not to the level that we have and we also do a good job on broadleaf. We think we positioned our product well. We are the ones who are getting listed on Roundup and again they are the ones driving that whole train.

We are not naive enough to think that we are going to own this market, but we think we have held up and penetrated extremely well within the limited time we have been in this market. Our customers seem very pleased and we seem to be gaining more strength with our customers against competition. I think BASF's Status product is very strong, which is a mixture with Dicamba, that seems to position fairly well. I think that we have a good product that performs and if your customers can make money and see a good return on investment and your out there promoting it, I'm confident that we are going to continue to penetrate and gain market share in that arena.

The traditional corn soil insecticide market took a big hit, bag business has dropped very dramatically. We have not taken anywhere near that big of a hit with our SmartBox in fact our SmartBox system sales are up quite a bit this year over last year. We can keep an ongoing long term viable business here. What's our advantage? I'm not really aware of anybody that has more than one insecticide that fits that market and we've got six. So I think we are in a good position and the only equipment that will attach to the new planters and allow granular application is SmartBox with the exception of Syngenta's liquid. Traditionally, growers have not been that accepting of liquid products and have found more efficacy with granular products.

Our biggest downside in the corn soil insecticide market is if we can not show a return on adding granular products to the seed. If the seed shows no problems going forward and they stack up traits there would be no reason why somebody would add on the granular products if they can't see yield enhancement. There has not been historically any genetic products that have not had some holes over time and we think we are in an ideal position to capitalize on those gaps and enhance the value of traits on a long term basis.

<Q – Mark>: You talked about a 30% decline in Bidrin I think or maybe cotton products overall for 2007, what is your outlook on how many cotton acres you will be down in 2008. What kind of further decline might you see in Bidrin?

<Eric>: I had said early on that I thought cotton would be up because I thought that a lot of the corn that was done down in the south did not get harvested, so I believed a lot of these guys would switch back. With wheat and soybean prices where they are, cotton has not increased to the price levels that would make a difference. At this point I think cotton acres will maybe be down another 10%. I think there was discussion of 10 ½-11 last year and saying that it could be 9-10 this year. Our early position of Bidrin seems strong, there does seem to be some shortages of other products available and I think demand is going to be very strong across the board for insecticides and herbicides and there are a number of products that showing up short. If that is the case we may see a stronger use for Bidrin in 2008 than we did in 2007.

<Q – Mark>: Thank you

Eric Wintemute

Again thank you very much for participating with our conference call and we look forward to updating you over the next quarter on any new directions that we go and we will see you at the next conference call in the first part of May. Thank you very much.