

Airway



2004

The commitment continues

RED CARPET SERVICE

For all of our customers!

*We truly appreciate your business,
and hope to hear from you soon!!*

It was another record year at Arway in 2003. And our formula for success is based on a seemingly simple equation; ***consistent and better quality products + competitive prices + extremely dependable service = loyal customers***. Arway has used this formula to grow year after year, and has proven that even in a very competitive market, quality and service do matter!

The improving economy and the health/nutritional benefits of both chocolate and nuts seem to be generating higher sales for many of our customers, but the rising cost of many commodities will be a major obstacle throughout 2004. Some of these markets are highlighted below, and we will continue to provide the information and price stability most of our customers desire during these volatile times.

Another ***million and one thank yous*** to all those who have contributed to our continued success, and we hope that we have played a part in yours. We wish everyone a happy, healthy, profitable, and ***peaceful*** year ahead. Please let us know if you ever have any questions, comments, or further requests. Again, we truly appreciate your business!

- Your friends at Arway

Commodity Report

Almonds

Regardless of the fact that California produced two back to back ***billion*** pound crops in a row, prices have continued to increase. On the domestic side, demand continues to be strong, mainly due to the newer heart-healthy/Atkins-friendly dietary information available. On the export side of the business, the weaker dollar has led to increased demand due a very favorable currency exchange rate. In addition, many other nutmeat commodities have moved significantly higher over the last few months (such as pecans, pistachios, filberts, brazils, and macadamias to name a few), which adds to the industry's argument that almonds are still a relative value. With a tremendous amount of real demand and grower confidence, there is very little incentive for anyone in California to begin discounting almonds.

Pecans

Yikes! This market has become nothing short of ugly. Pecan prices skyrocketed in mid December after a USDA report showed a smaller than expected crop. In addition, the majority of the crop was consumed during the Christmas rush, leaving a smaller than usual inventory position for the industry. While there is no current shortage of pecans, the higher market prices are directly due to replacement costs. Most within the pecan industry expect a short upcoming crop, and should that be the case, you can expect higher prices throughout 2004 *and* 2005. The remaining in-shell pecans are in the hands of financially strong growers who are more than happy to hold inventory in anticipation of even higher returns later in the year. Fortunately, Arway covered much of its needs before the market skyrocketed.

Do you need any information on a particular market? Let us know if we can be of service in c

THE LOW CARB CRAZE



FARM FRESH

Quality Does Matter!

Chocolate (Cocoa)

Chocolate pricing has been extremely volatile this year. While civil war concerns in the Ivory Coast have eased, the pricing for cocoa butter (one of the main ingredients of milk chocolate) has skyrocketed to record levels. The increase in butter leads to higher chocolate prices. Fortunately, we have locked into favorable contracts, which allow us to hold the line on price.

Raisins

The raisin market has climbed in the last few months. California processors are paying higher prices to the growers, which translates as higher prices for all raisin buyers. After 3 consecutive years of losses in the raisin industry, plantings were reduced, inventory issues were settled, and higher field prices helped to buoy the market.

It seems that the newest fad in the food industry centers around cutting carbohydrates due to the recently popular low carb. diets made famous by The Atkins Diet. The diet professes the key to weight loss is counting carbohydrates (not fat). Atkins, almost single handedly, changed the way many foods are being marketed to consumers. You might have noticed the proliferation of packages that display “Net Carbs” on the label. We advise extreme caution if you are considering labeling your packages as such. The Food and Drug Administration and The Atkins Diet count carbohydrates a bit differently. Take Arway’s Sugar Free Chocolate Almonds, for example. Our product is currently labeled as 13 grams of carbohydrates per serving. Clearly, this item would not be considered a low carbohydrate product under current FDA guidelines. Using the methodology described on the Atkins web site, however, the diet would allow for the subtraction of carbohydrates from the Maltitol (the sugar substitute), as they believe that these sugar alcohols metabolize differently than regular sugar alcohols. Atkins then allows for the subtraction of fiber due to their opinion that fiber passes through the body as waste. This would leave a total of “1 gram Net Carbs.” Please remember, however, that food labeling laws are based on FDA standards and not The Atkins Diet. “Net Carbs” may be important to Atkins dieters, but this information should not be displayed on a Nutrition Facts Panel. For those following a low carbohydrate diet, a single serving of Arway’s Sugar Free Chocolate Products contain the following “Net Carbs:”

Sugar Free Choc. Almonds	Net Carbs: 1g
Sugar Free Choc. Peanuts	Net Carbs: 3g
Sugar Free Choc. Pecans	Net Carbs: 3g
Sugar Free Bridge Mix	Net Carbs: 5g
Sugar Free Choc. Raisins	Net Carbs: 10g



General Information

Terms : 2% 10, Net 30 Days

All pricing is FOB Arway (Chicago, IL)

Minimum Order 500 Lbs. (assorted items)

*For less than 500 Lb. minimum, call
Chicago Candy & Nut (a division of Arway)
(773) 463-7600 for lower bracket pricing.*

All products are Certified Kosher (Circle K)

Pricing is subject to change without notice.

Credit applications must be processed
and approved before open accounts will be
established. Prior to credit approval, all
orders will be paid in advance.

Contact: ***Craig Leva or Chris Perkins***

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As always, we remain....

At your service!