

# Arway



**LET US EARN YOUR BUSINESS!**

**VOTE FOR ARWAY**

*Dependably serving Red & Blue states for fifty five years with better quality products, extremely competitive prices, and the most reliable, friendly, and consistent service in the industry!*

*Happy days are here again!*

If the presidential race taught us anything, it is that we are a country divided. The good news for Arway is that all of our customers, those who come from Red states and Blue states, who include Republicans and Democrats, liberals, moderates, and conservatives, and yes, some who are just plain *crazy* regardless of their political beliefs, are all in agreement that better quality products sold at competitive prices with reliable and consistent service year after year after year are values that help promote a very loyal customer base.

2005 should shape up to be an extremely challenging but interesting year due to the skyrocketing prices of nut commodities across the board. As most of you know, Arway contracts for much of its needs in order to offer stability in prices within volatile markets. Many of these contracts have saved our customers hundreds of thousands of dollars. That said, however, we have hit a point where the current and future markets are now significantly higher than our 2004 contracted prices. The result are price increases that range from nominal to outright shocking. Are the current historically high prices a short term phenomena? Maybe, and then again we may be passing through a long term inflationary period. In the end, fruit and nut prices will be determined by basic supply and demand principles. For the time being, however, there is continued strong demand at higher prices, and you should expect very little relief through the end of the year.

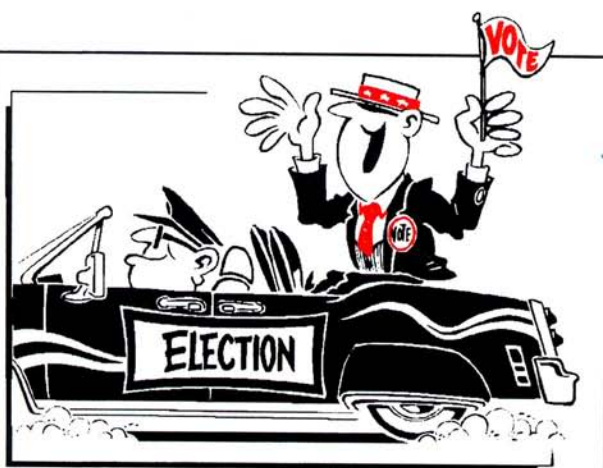
Wherever prices land, you can count on Arway for the same quality and service you have come to know and expect. We realize there are many suppliers to choose from, and your continued business is truly appreciated. Thank you for sharing in our success, and we hope to share in yours for many more years to come. If you ever have any questions, comments, or requests, please feel free to call or email [craigleva@arwayconfections.com](mailto:craigleva@arwayconfections.com). Best wishes for a happy, healthy, prosperous, and *peaceful* year ahead. Again, thanks for your support, and we hope to hear from you soon.

- Your friends at Arway

## COMMODITY SOURCING

*The commodities we purchase literally come from sources all over the globe. The numbers on the map below correspond with the "ORIGIN/2005 OUTLOOK" on the bottom right and reverse side.*





## VOTE FOR THE "GOOD STUFF"

*Quality Does Matter!*

### ORIGIN / 2005 OUTLOOK

- 1. Cocoa Beans:** The key ingredient of chocolate. 65% of world supply is grown in West Africa. The Ivory Coast supplies 40% of the world's supply. *Chocolate prices are 10% higher than 2004 due to the rise of cocoa butter, a by-product of the bean.*
- 2. Pecans:** Grown throughout the southern United States. The U.S. produces 75% of the world supply (53% comes from the southwest and 22% comes from the southeast). Mexico has also become a large supplier of pecans (20%). *Pecans have skyrocketed a whopping 70% over 2004 due to a short crop, significant damage from the 4 hurricanes that hit the summer of 2004, and continued demand.*
- 3. Raisins:** We prefer our raisins from California, but other big producers include Mexico, Chile, and Argentina. *Raisin prices have climbed 40% over last year due to decreased plantings, a shorter than average crop, and significantly higher premiums offered by wine producers for table grapes.*

CONTINUED ON REVERSE SIDE ➡

### ORIGIN / 2005 OUTLOOK (CONTINUED)

- 4. Almonds:** California supplies over 80% of almonds world-wide (roughly 1 billion pounds). The majority of the U.S. crop is exported. Spain, Italy, Greece, and Turkey are other almond producing regions. *Almond prices are up over 50% since August 2004 (the start of the crop year) and up about 90% compared to the start of the 2003 crop. These increases are due to significant world wide demand, a shorter supply, and the successful promotions of the health benefit of almonds.*
- 5. Cashews:** Largest crop of all tree nuts (1.6 billion pounds). India and Vietnam together supply about 50% of the world's supply. Other big producers include Brazil, Tanzania, and Mozambique. *On average, prices are higher by 30% over 2004 levels as this crop follows the inflationary trend of nuts in general. Interestingly, the cashew is currently considered "the cheap nut."*
- 6. Macadamias:** Over 40% of world supply come from Australia. South Africa, Kenya, Guatemala, Brazil, and Costa Rica are other major suppliers. While Hawaii is still a sizable producer, production is declining due to expensive land values. *Prices remain extremely firm due to a limited supply and the decline of the U.S. dollar.*
- 7. Peanuts:** 90% of U.S crop is grown in Georgia, Alabama, North Carolina, Texas, and Virginia. China and India are the two largest growers in the world. Peanuts are also grown throughout Africa, Asia, and South America. *Pricing for peanuts is relatively stable compared to last year.*
- 8. Hazelnuts (Filberts):** Turkey harvests 77% of the world's supply. While Oregon is the largest growing region in the U.S., it only accounts for 3% of the world supply. *A disastrously short crop in Turkey, the decline of the U.S. dollar, and increased worldwide demand has led to a tripling in prices compared to a year ago.*
- 9. Pistachios:** California produces about 27% of the world's supply. Iran is the largest pistachio grower in the world (33%). Turkey and Syria combined account for another 37%. *An extremely short Iranian crop has led to record export shipments, record prices, and tight supply.*



## ***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***

**ArwayConfections, Inc.**

3425 N. Kimball Ave.

Chicago, IL 60618

Phone (773) 267-5770

Toll-Free (800) 695-0612

Fax 773-267-0610

[craigleva@arwayconfections.com](mailto:craigleva@arwayconfections.com)

*As always, we remain....*

***At your service!***