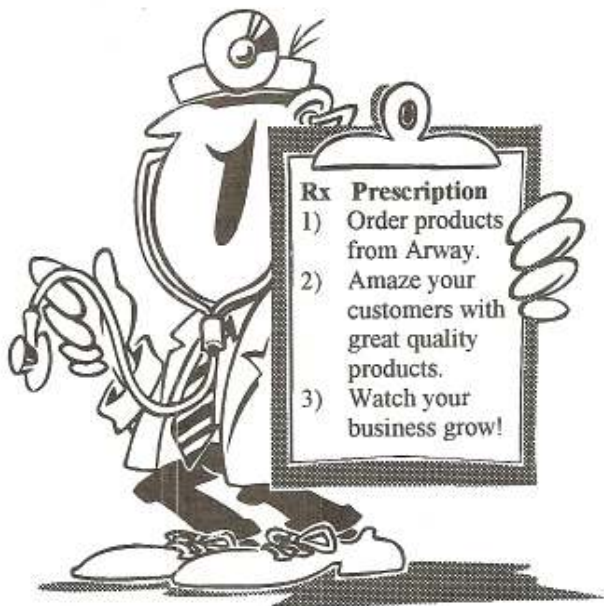


Arway



Rx Prescription

- 1) Order products from Arway.
- 2) Amaze your customers with great quality products.
- 3) Watch your business grow!

Chocolate / Candy Coated

HEALTHCARE

Keep your business healthy with higher quality products from a supplier you can trust!!

Your Rx solution since 1950!

Focus Continued

has been some demand destruction, it is not nearly as bad as what had been predicted by many analysts. Speculators have also helped trade cocoa higher due to a smaller potential crop stemming from the affects of el-Nino, and new estimates of a crop deficit instead of the originally estimated surplus. In addition, the U.S. Dollar has recently fallen in value, which causes higher prices simply due to the currency conversion.

Sugar: We have recently seen a huge spike in sugar prices. As a matter of fact, the world price for sugar has just about *doubled* since the first of the year to levels not seen since the early 1980's. Sugar pricing has been rising along side of most other commodities; however, there has also been some production and yield issues in the world market, specifically within India and Brazil. Although the domestic market trades at higher prices than the world market (the U.S. protects its sugar industry, forcing higher prices), world pricing pressure caused the U.S. market to rise in tandem. The domestic market has increased 40% since its March lows.

Crude Oil: Although oil does not specifically have anything to do with candy and nuts, crude oil is "the king of commodities." Watch how crude oil trades, and you will notice a similar pattern for a number of commodities. And while oil prices are currently half of what they were at this time in 2008, the price for crude oil is about double from its March lows.

A continued increase of cocoa, sugar, and many other commodities will eventually push pricing higher; however, the on-going recession should help to temper some of those gains. The good news (at least for the near term) is the fact that Arway's current prices are not rising. This is due to contracted positions we have in place for a wide variety of materials, which enable us to offer price stability through the end of the year.



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 and ask for Carol Aichast.

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.

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

www.arwayconfections.com

As always, we remain....

At your service!

2009 has definitely been a challenging year for the economy, both in the U.S. and abroad. The recession has caused a staggering number of job losses, and general demand for most goods and services is lower for just about all industries. Everyone on the planet has been affected by this recession in one way or another.

On a daily basis we have been comparing notes with our customers, suppliers, and even competitors on the current business climate for chocolate, candy, and nuts, and there is some good news to report. Although it has been a challenging year, it turns out that food, and specifically chocolate, nuts, and candy, *are* somewhat recession proof. While the consumer may not be purchasing as many goods and services, they are still eating and continuing to crave sweet and salty snacks. Non-seasonal / everyday business has actually been good. The unknown (and yet to be determined) is the affect this recession will have on catalog, gift, and seasonal retail through the end of December. We estimate overall sales to be similar to last fall, but still lower than 2007. Through the first half of the year Arway's sales have been flat compared to last year, but as most would agree, in 2009 *"flat is the new up!"* In the meantime, we are extremely busy as we head into the fall/xmas season.

Commodity costs have been on the rise lately, but for the most part, we are able to hold the line on pricing for the rest of the year due to favorable contracted positions we took earlier in the year. We are hopeful the inflationary pressures that currently exist will ease a bit, but for now we will worry about 2010 next year, and focus our attention on getting through the balance of 2009. The direction of the financial markets, government fiscal intervention/stimulus, the U.S. Dollar, and signs of economic recovery will probably determine the direction of commodities in general. Our opinion, however, is that commodity prices will continue to rise.

Say hello to Jim Gordon, our new Quality Assurance Manager, and the newest member of the Arway team. Jim comes to us with a couple of decades of quality control experience, and has been a great addition to the company. The peanut and pistachio recalls earlier this year were a major wake up call. Although Arway has been proactive in regards to a food safety program, the additional information and services required by a number of our customers, as well as new government protocols that will be required by all food manufacturers were more than enough reason to hire a key person with an extremely strong background to oversee quality programs, third party audits, and continued good manufacturing practices. Should you ever have any issue, question, or request, please do not hesitate contacting him directly. He can also be reached by email at jimgordon@arwayconfections.com.

Thank you again for your continued business and consideration. Please let us know if there is any way we can be of better service to your company, and we look forward to serving your confectionary and nut needs. We hope to hear from you soon.

Best wishes for a happy, healthy, and prosperous season ahead!

Craig Leva
& all of your friends at Arway Confections



YOUR BUSINESS IS APPRECIATED!

COMMODITY FOCUS

Although commodities have been much more stable compared to the first half of 2008, there has been no shortage of volatility. In general, commodities have followed the same wild swings of the global stock markets.

In March of this year, just about every market (stocks, bonds, and commodities) crashed and hit multi-year lows due to the reassessment of risk tolerance by investors fearing a continued collapse of the financial markets. As the global markets stabilized and money began to flow back in the system, commodities, along with stocks and bonds, significantly increased in value. A renewed confidence in the financial system and a few signs of near-term economic recovery helped spur these significant gains.

The following markets show examples of the recent volatility in the marketplace, and the obvious affect it may have within our industry.

Chocolate (Cocoa): March low \$2000/ton. August high \$3,000/ton (+50%). The market feared the current recession would reduce worldwide demand for cocoa. Although there

Continued on Back Page