



Bits & Pieces

Graceland Prepares for Spring 2009 Capacity Increase

Graceland Fruit's third dryer is scheduled to be fully online in the spring of 2009. This centerpiece of a major expansion project at the Forrester Road plant is expected to increase production capacity by more than 40 percent and shorten lead times for customers. The project will provide both increased capacity for existing product lines and the opportunity to expand into additional products.

"Capacity will be freed up on the original batch system, allowing it to be used for smaller runs of vegetable ingredients," explained Graceland Vice President of Operations Doug Plumstead. "The new system is more efficient. It will add to our capacity and add a level of flexibility to our production schedule."

The new production capacity also allows Graceland Fruit to expand relationships with growers and provide stronger product assurances to manufacturers.

"Graceland Fruit is securing ever-increasing supplies of raw fruits and vegetables to meet the needs of food manufacturers," said Graceland President and Chief Executive Officer Don Nugent. "With the expanded capacity and grower commitments, Graceland can assure reliable volumes of infused fruit and vegetable ingredients from field to consumer."

"The commissioning process will last through the first quarter," Plumstead added, "and products should begin rolling off the lines shortly after that."

The new dryer is the culmination of a four-year effort with other notable milestones including building a wastewater treatment plant and electrical substation; upgrading two existing infusion/drying systems along with electrical and lighting systems; and adding 46,000 square feet of warehouse and manufacturing space.



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Dried Vegetable Products Available with New Capacity

A new emphasis on Graceland Fruit's infused dried vegetable products will be launched in 2009 to coincide with the increased production capacity.

"The additional capacity will open up our existing systems for more dried vegetable products, giving Graceland Fruit the ability to shift production runs to the new dryer," said Brent Bradley, vice president of Sales and Marketing.

Bradley said the reintroduction plan may include a media tour, followed by a year-long advertising

campaign in food manufacturing publications and a focus at domestic trade shows.

The campaign will encourage food manufacturers and rebaggers to choose savory, infused vegetable ingredients from Graceland such as whole green peas for dry soup mixes, diced green and red peppers for boxed meals or delectable sliced celery for stuffing mixes. It will also focus on consumer demand for healthy products such as Graceland's broccoli florets, cubed carrots and whole kernel sweet corn in applications such as pasta dishes, rice mixes and dry soups.

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A Newsletter from GRACELAND FRUIT, INC.



Haile Resources Selected as Broker of the Year

Haile Resources was honored as Broker of the Year at Graceland Fruit's first International Sales Meeting, held in September. "When they announced it, I was thrilled and pleased," said Debbie Haile, who alongside husband and company founder Howard Haile manages the Texas firm.

The brokerage earned the top honor for increasing sales by over 400 percent since 2005 and launching multiple new products. Haile gives much of the credit for the company's success to Graceland Fruit, and especially to customer representative Nicole Boyce.

"Graceland is good people," said Haile. "They are loyal to the sales force, innovative and do business aggressively and interactively. It doesn't get any better than Graceland."

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Awards were also given to Tony Hodgson of Professional Ingredients Ontario for outstanding customer service and Northwest Ingredients for most outstanding new project.

Food Network Picks Graceland's Dried Apples

Graceland Fruit's line of infused dried apples was recently featured on the Food Network television series, *How'd That Get On My Plate?*

The episode, which aired in October, followed apple production through Graceland's northwest Michigan processing plant to show consumers how this all-American favorite makes its way from the tree to the table.

"We appreciate the Food Network highlighting our innovative technology that we use to produce ingredients that consumers, manufacturers and rebaggers demand," Don Nugent, company founder, president and chief executive officer, said.

This is the second time the television program has showcased Graceland Fruit products this year.

The series first featured Graceland's signature line of cherries in August.



President's Message

What a year 2008 has been for us at Graceland Fruit! We were blessed with good weather that produced ample crops. We also count 2008 as a year of real progress, especially as we prepare for the increased capacity at our Forrester Road plant.

Early in 2009, our third infusion and drying system will be fully operational. I am truly excited about the possibilities this will open up for Graceland's growers and customers. We will be able to offer more of

everything including custom specifications as well as more dried fruit and vegetable ingredients. We will continue to secure ever-expanding supplies of raw fruits and vegetables, and assure reliable volumes of infused fruit and vegetable ingredients in 2009 and beyond.

As we reflect on the past year and the one ahead, we cannot do so without a great sense of appreciation



for your continual support. We pledge to remain steadfast in our dedication to "Creating Opportunities through Extraordinary Food Ingredients," and providing exceptional quality, dependable performance and a continuing commitment to innovation.

All of us at Graceland Fruit wish you a happy holiday season and a safe, healthy and prosperous 2009.

Don Nugent, President & CEO



Wild Veggie Makes U.S. Debut at Whole Foods Markets

The freshly picked taste of Graceland Fruit's newest product, Wild Veggie, is now available in select Whole Foods Markets in Florida and is being introduced in California. The all-natural vegetable product made its U.S. debut in Orlando this past summer, and has since been introduced to Whole Foods consumers in Naples and Winter Park stores. The product is offered in convenient self-serve dispensers in the prepared foods section.

Plans are underway for a West Coast launch at Whole Foods Markets in northern California in early 2009 and Wild Veggie is also being made available to the industrial market as a versatile food ingredient.

"We see tremendous opportunities for Wild Veggie as an industrial ingredient in dips, sauces, salsas, frozen prepared meals, veggie drinks, smoothie blends, or any vegetable base applications," explained Chris Walrad, Wild Veggie national Sales and Marketing manager.

Wild Veggie is a SOUPerDrink™ that can be enjoyed hot or cold as a soup or beverage and is also easy

to prepare in a variety of delicious and nutritious recipes. Four varieties – broccoli, red bell pepper, cauliflower and edamame – are available at select Whole Foods Market locations.

Additional product details and recipes are available at www.wildveggieus.com. For more information, contact Chris Walrad, national Sales and Marketing manager, at 231.651.9231 or cwalrad@wildveggieus.com.



Crop Report

With the addition of new dryer capacity, Graceland Fruit will maintain its industry leadership role and continue to secure ever-increasing supplies of raw fruits and vegetables through its expanding network of growers to assure reliable volumes of infused fruit and vegetable ingredients from the field to consumer.

2008 production figures on three major crops were released recently:

CRANBERRIES The 2008 forecast for U.S. cranberry production is 6.89 million barrels, up five percent from 2007, according to the U.S. Department of Agriculture. It is expected to be the second largest US production on record. Production is also expected to be up in Massachusetts and Wisconsin but down in New Jersey, Oregon and Washington.

Cranberries U.S. Production (in barrels)

Cranberries	2006 Total	2007 Total	2008 Forecast
United States	6,900,000	6,554,000	6,890,000

Source: USDA (barrel equals a hundred pounds)

CHERRIES "The total numbers of cherry acreage in the U.S. is decreasing but Graceland Fruit continues to fare well in the cherry industry, providing about 40 percent of the dried cherry supply," reported Ben Evans, manager of Grower and Processor Relations for Graceland Fruit.

Cherries U.S. Production

Cherries	2008 Processed & Diverted	2008 Estimate	% of Estimate	2007 Total
Total	209.8	177	118%	249

Source: CIAB (millions of pounds)

209 million pounds of tart cherries were harvested across the U.S. in 2008, according to the Cherry Industry Administrative Board. The cherry production exceeded estimates of 177 million pounds but fell slightly below the 2007 production.

BLUEBERRIES "The price of cultivated blueberries has risen in the past few years mostly due to successful efforts by the blueberry industry to promote the health benefits of the product," said Evans.

This year's crop was very large, and of good quality and consistency. Blueberry acres in the western U.S. and South America continue to increase and offer record harvests. As a result, blueberries will be one of the few dried fruits expected to decline in pricing in 2009.

Blueberries North American Production

Blueberries	2008 Fresh	2008 Process	2008 Total	2007 Total
Cultivated	215.90	185.10	401	356.80
Wild	2.40	204.10	206.50	182.20
Combined	218.30	369.20	607.50	539.00

Source: NABC (millions of pounds)





Extraordinary Fruit & Vegetable Ingredients

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Season's
Greetings!

New Look and Focus for Graceland Brochure and Web Site

Graceland Fruit has launched a new product brochure and a new Web site promoting the opportunities that can be created through its extraordinary food ingredients. Both focus on the nutrition of Graceland products along with consistency of supply and Graceland's expanded capacity.

"Our products offer tremendous health benefits and we wanted to feature that on our Web site and in our new brochure to promote the specific benefits of each product," said Brent Bradley, vice president of Sales and Marketing. "Additionally, we wanted to emphasize our major product categories and better display the vast array of piece sizes Graceland Fruit offers."

The brochure made its world debut in November at the Health Ingredients Europe trade show in Paris. The revamped Web site, www.gracelandfruit.com, was launched earlier in the year and provides enhanced service for customers of Graceland's extraordinary fruit and vegetable ingredients.

"The Web site offers immediate information for customers throughout the world," Bradley explained. "Whether they are looking for details on our product line or a copy of our product specifications, it's only a click away on the Web."

The Web site is consistently refreshed to ensure customers have the most up-to-date information available. And the new brochure features interchangeable inserts that can be replaced easily and affordably when updates are necessary.

New Premium Dried Cherry Halves

Graceland Fruit has begun offering a premium dried cherry ingredient that is the result of a new technique that virtually eliminates pits. The pit count was reduced by more than 100 times the industry standard in this new ingredient which will be featured in a major cereal manufacturer's breakfast product in January. The premium dried cherry is also considered ideal for many other applications.

Other new product opportunities include jumbo whole cranberries, GMO-free products and a pomegranate-infused cranberry.

For samples or more information, contact the customer service department at 800.352.7181 or visit www.gracelandfruit.com.

GRACELAND'S TRADE SHOW CALENDAR

FOODEX Japan 2009 • March 3-6 • Makuhari Messe

Look for additional 2009 trade shows coming soon at www.gracelandfruit.com.