

said. “We guarantee growers a highly competitive price for free tonnage cherries and guarantee our payment schedule – and we make good on our guarantees.”

GF Coop is able to offer growers above market average prices and same year crop payments through its affiliation with Graceland Fruit that has created and expanded new markets for value added cherries. This partnership works to move inventories quickly in both domestic and international markets and to demand higher prices by adding value to cherries through the drying process – creating extended shelf life and new uses for cherries in the food industry.

“Graceland is looking for long term partnerships with growers to ensure a steady supply of cherries for the markets we have created in domestic food manufacturing and international exports,” Ben said. “Our coop provides a firm pay scale and payment plan at harvest, and growers that deliver to Graceland know they will receive a payment every month and will be paid by next harvest. In

addition, we have provided a better return on restricted tonnage than most, if not all, other cooperatives.”

Graceland Fruit Cooperative’s growth and innovation played a role in starting Graceland Fruit, Inc.



Graceland Coop Payment Schedule

Crop	Payment Schedule
2003	\$.10 10 days after week of delivery, 40% of total paid by 9/30/03, plus 9 monthly payments, paid in full by 6/30/04
2002	\$.20 10 days after week of delivery, 40% of total paid by 9/30/02, plus 9 monthly payments, paid in full by 6/30/03
2001	\$.06 10 days after week of delivery, 40% of total paid by 9/30/01, plus 9 monthly payments, paid in full by 6/30/02
2000	\$.06 10 days after week of delivery, \$.05 on 9/30 plus 9 monthly payments by 6/30/01
1999	\$.05 week following delivery, \$.03 on 11/30 plus 7 monthly payments of \$0.02/lb by 6/30/01

GF Coop has consistently paid market or above prices over the past 5 years and offers one of the best payment programs in the entire cherry industry due to its ability to bring “value added” benefits to cherry products and its success in developing and growing new markets for tart cherries.

an award winning, multi-national processed fruit manufacturer. As part of its growth strategy, Graceland Fruit has joined CherrCo, which is now a strategic partner in helping to expand existing and new cherry markets to ensure demand and prices remain strong for Michigan’s tart cherries.

Graceland Fruit, Inc. Chief Operating Officer, Steve Nugent, is on the board of CherrCo and believes the tart cherry industry is headed in the right direction, stating, “CherrCo is dedicated to increasing the demand for tart cherries and ensuring a good return for growers, and total grower returns for the 2003

crop are the second best in history.”

“With Graceland’s success in the value added fruit industry and CherrCo’s growing strength in the cherry market,” Steve said, “We see a very good future for our coop, our growers and the state’s agriculture industry.”

For more information, growers can visit Graceland Fruit’s web site at www.gracelandfruit.com or contact Ben at (231) 352-7181.



GRACELAND FRUIT, INC.

1123 Main Street • Frankfort, MI 49635
(231) 352-7181 • FAX (231) 352-4711 • 1-800-352-7181

Extraordinary Fruit Ingredients

Infused Dried Fruit • Frozen Fruit • Infused Soft-N-Frozen Fruit

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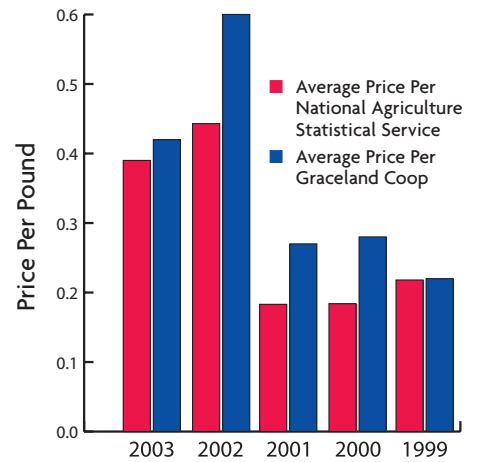
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GF Coop Offers Member Growers Guaranteed Minimum Price

GF Coop, a prime/exclusive supplier to Graceland Fruit, Inc. in Frankfort, is guaranteeing growers a minimum of \$.39 off CherrCo's 5+1 base price for **committed free tonnage based on 95 score cherry**. In addition to the above market price, GF Coop also offers growers an attractive payout for their crop that historically has begun one week following delivery and has been paid in full by the following June using a monthly payment schedule.

"Our growers get an almost immediate payment and are paid in full for their crop within a calendar year," Ben Evans, Manager, Grower Relations,

See **JOIN COOP**, page 4



Graceland Coop Tart Cherry Price:
100 grade/free tonnage

OUR MISSION

Graceland's roots are in fruit and in our community. We add value to our fruit-based and related food products through ideas, creativity, service, and technological know-how.

We are dedicated to:

- Meeting and exceeding our partners' and our customers' evolving needs.
- Growing the Graceland name as a symbol of extraordinary food ingredients.
- Creating an efficient and highly motivated work environment in which people matter.



Nugent receives the Entrepreneur Of The Year Award.

Nugent Named Master Entrepreneur

Don Nugent, President and CEO of Graceland Fruit, Inc., was recognized for his extraordinary accomplishments June 12, 2003 at the Amway Grand Plaza Hotel in Grand Rapids as he was named Master Entrepreneur Of The Year by the West Michigan office of Ernst & Young.

"It's a huge honor to receive this award," Don said. "Graceland Fruit stands out because our team makes it successful. We have an outstanding group of people who are all champions."

The coveted Master Entrepreneur award is only given when a nominee's accomplishments are worthy of an extra special honor, according to Kristie Burns, West Michigan Entrepreneur Of The Year Program Manager for Ernst and Young.

"The Master award isn't given out every year, and it's an extraordinary honor. Don's willingness to take risks, such as when he purchased his first dryer; his consistently excellent management skills; and his role as Benzie County's largest employer contributed to him receiving the Master award," she said.

Don was nominated for the honor by National City Bank in Traverse City.

Ben Evans, Editor

**Grower Newsletter
of Graceland Fruit, Inc.**

Sales & Marketing Hard at Work

The sales staff worked hard and traveled to trade shows all around the world to promote Graceland's extraordinary fruit and vegetable ingredients in 2003.

Most recently the staff traveled to Chicago for the World Wide Food Expo, to Mexico City for ABASTUR and Germany for Food Ingredients Europe.

Other trips this year included Japan for International Food Ingredients Asia, Mexico for Expotel, and Chicago for the Institute of Food Technologists show.

Without the efforts of Graceland's growers and staff, Graceland would not be able to showcase this wonderful product line to the world! Thanks to everyone for all the hard work!

In May, Graceland successfully exhibited at the Food Marketing Institute's US Food Export Showcase. Many domestic and international buyers came by the booth to gather information about Graceland. Special thanks go out to John Bull and Karon Burkland for lending a hand at this show. Their attendance allowed for a welcome break for Heidi Paris, Derek Klein and Suzi Mills during the long show day!

At IFT this year, Graceland presented new product ideas, innovations and marketing ideas to the broker network, educating them on the variety of uses for Graceland's products. The four-hour meeting held a special moment for the announcement of the coveted "Graceland Fruit, Inc., Broker of the Year Award for 2002." This year's winner was Mountain Food Ingredients based in Bloomfield Hills, Michigan. Congratulations to Evan Mountain and his staff for a job well done!

Graceland Breaks Ground on Expansion

Graceland Fruit, Inc. broke ground September 30, 2003 on a 30,000 square foot expansion of its Forrester Road dried fruit processing facility that will create an estimated 45 new jobs, Don Nugent, President and CEO of Graceland, announced.

The \$13 million expansion is expected to begin operating and contributing to the economic prosperity of Benzie County under Michigan's Renaissance Zone program by December 2004 and will increase production capacity for Graceland's infused dried fruit ingredients and create the capability to produce new products.

"Graceland's added production capacity will create new market opportunities for over 7,000 acres of Michigan agricultural production," Don said. "This will create additional demand for 3,300 acres of sugar beets, 2,300 acres of cherries and 1,400 acres of blueberries as well as other fruits and vegetables.

"Graceland's research and development program continues to find new value added uses and applications for Michigan's agricultural products, and this new processing and manufacturing capacity will help to meet the demand of both domestic and international markets."

Lydia Murray of the Michigan Economic Development Corporation and Michigan Agriculture Commissioner Jim Maitland participated in the groundbreaking as well as a number of local dignitaries.

Former Lt. Governor Connie Binsfeld and Chairman of the Benzie County Board of Commissioners Donald R. Tanner also participated in the ceremony.

Graceland was represented by over 30 employees, senior officers and directors including Chairman of the Board John Bull, Chief Operating Officer Steve Nugent, and Chief Financial Officer Troy Terwilliger.

Elzinga & Volkers, Inc., of Holland, MI, is providing the design and build services for the first phase of the expansion project and will supervise the design, manufacturing and installation of custom machinery and production facilities as part of phase II. Both phases are expected to be completed and operating by December 31, 2004.

Graceland Receives Export Award

Graceland Fruit, Inc., received the prestigious Edward R. Madigan U.S. Agricultural Export Excellence Award for its entrepreneurial efforts in foreign markets on May 16, 2003.

Agriculture Secretary Ann M. Veneman presented the award to Graceland President and CEO Don Nugent for his commitment to showcasing Graceland's products overseas by participating in trade shows, seminars, samplings and other market research initiatives.

"Graceland is an example of outstanding contribution to U.S. agriculture's export success," she commented.

Don was honored to receive the national award. "Our export program has enjoyed phenomenal growth – 118% over the past four years. I'm gratified our company is being recognized for our hard work in foreign markets," he said.

Graceland has experienced success in a number of markets, most notably Japan and Western Europe, where there is high demand for healthy and natural food ingredients.

The Madigan Award is bestowed for development of new products or services for agricultural export markets; development of new agricultural export markets; and creative marketing of products or services in agricultural export markets.



Nugent and his wife, Gail, accept the Madigan award from Veneman, center.



Steve Nugent

Nugent Named Chief Operating Officer

Steve Nugent has been promoted to Chief Operating Officer, Graceland Fruit, Inc., announced. Steve is excited about his promotion. "It's a great long-term opportunity to lead the company forward," he revealed.

As COO, Steve will focus on the day-to-day operations of the company as well as its strategic goals and will remain involved in international sales. In addition, he will serve as

Graceland's representative on the CherrCo Executive Committee.

"Part of my duties will be to oversee our facility expansion, from the financial side to the actual construction," Steve said.

Building strong relationships with manufacturers will be a focus for Steve. "Providing continuity for customers within the whole organization, both manufacturing and sales, will be important," he said.

Graceland President and Chief Executive Officer Don Nugent believes the company will flourish with Steve's leadership. "Steve's in-depth knowledge of all facets of the company will be invaluable as we continue to expand our facilities and add new product lines," he said.

Evans' Deep Roots Ideal for Grower Relations

When you are named after the county you live and work in, it's obvious you have deep roots in the community. When legend has it that your great-great grandfather introduced the first fruit trees in to Benzie County and the State of Michigan, one would guess you know a lot about cherries.

James Benzonia "Ben" Evans is the Manager of Grower Relations at Graceland Fruit, and his story is pretty simple, "Graceland generally pays above market prices and introduced the idea of paying growers in full for their crop within a year, and we will continue to find ways to better serve growers."

Graceland's aggressive growers program is based on a growing market for their products.

"We have to increase our tonnage and increase our grower base because we have markets we can move the cherries to," Evans explained. "We will continue to attract new growers so we can fill the orders we have for our specialized cherry products and new vegetable products."

While working hard to fill the need for more tart cherries, Ben will soon move into vegetable procurement for Graceland's entry into the dried and processed vegetables business. "Our new technology extends the shelf life and offers a variety of new applications for vegetables in retail, foodservice and ingredient markets."

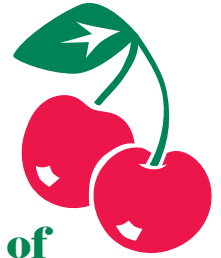
Ben will rely on his family's long history in the region to help him in his job. His family has been here since before there was a Benzie County.

"My ancestors were the original founders of Benzie County, and I believe they brought the first fruit trees to the county," he said. "My father was Sid Evans, a long time county commissioner and petroleum distributor, who was very well known in these parts.

Ben knows the area, he knows the cherry business and he is the "go to guy" at Graceland Fruit for growers that want to be a part of the growing and successful Graceland Fruit Cooperative and product line.



Ben Evans



Benefits of GF Coop / Graceland Fruit Membership

- ✓ Guaranteed market for fruit
- ✓ Strong, in-house National and International Sales Force
- ✓ Receiving throughout Michigan cherry regions and processing at Chase Farms, Walkerville, Michigan and Graceland Fruit, Frankfort, Michigan
- ✓ Low entrance fee
- ✓ Access to membership in a vertically integrated value added company
- ✓ Grower discounts on dried product
- ✓ For more information, contact Ben Evans

To join, please visit our website at www.gracelandfruit.com, then click on the Grower section. On the website, you'll find the Spray Records and Letter of Guarantee form. Fill them out and mail them to:

Cathy Demitroff
Graceland Fruit, Inc.
1123 Main Street
Frankfort, MI 49635

These forms are very important and must be in-house in order to process payments. If you do not have internet access, call Cathy at (231) 352-7181, and she will mail the forms to you.