



Nicholas L. Bozick
Chairman of the Board

Timothy J. Lindgren
President and CEO

A Message to our Growers

At the close of the 2006-07 season all of us – growers, packers and marketers alike – can look back with pride at how we did the right things during a very difficult year. Last season's results, which could have been disastrous for most, were instead excellent for many. While some growers did suffer from the effects of the freeze, those who had harvestable fruit enjoyed very good returns. In fact, the past lemon season was one for the record books as revenue-generation reached new heights.

Some credit is certainly due Mother Nature for leaving more good quality post-freeze fruit on the trees than anyone thought possible. Credit in large part, however, belongs to our growers and shippers who did a stellar job keeping freeze-damaged fruit out of the market and to the entire Sunkist staff, who did an exceptional job during very trying times in marketing the crop they were provided. The good quality fruit sent to market not only kept the consumer buying, it kept our fruit on the shelf and customers and consumers alike clamoring for citrus. Continuing improvements in our Citrus Juice & Oils business also added to our growers' bottom line.

In our industry, growers measure their success in "net return per acre." During the past few years, Sunkist's "net return per acre" has been outstanding – in some cases setting new records. This does not happen by accident.

In 2007 Sunkist undertook a top to bottom review of every aspect of our business – something all good organizations must do to ensure the health of their business. And because our business is healthy, 2007 was the ideal time to take stock of where we are – and to clearly identify where we want to be in the future.

The goal of this analysis is not just cost-cutting, although that is certainly a significant objective. Our aim is not just to do the things we have been doing for less cost. It is to evaluate how we might do some things differently to make more efficient use of our assets and of our famous brand. The result will be a restructuring of our cooperative to provide better service – to member-growers as well as to customers – at a significantly reduced overhead by restructuring where it makes sense, improving service and implementing strategic "for profit" business opportunities.

Sunkist is working toward an organizational realignment which will: 1) simplify the sales process to more efficiently and effectively serve growers and customers; 2) generate additional earnings through strategic business initiatives to expand Sunkist's "for profit" business segments; 3) continually review our cost structure for opportunities to improve efficiency; 4) analyze the best use of our Sunkist headquarters building; 5) evaluate the need for changes in our governance process, articles, bylaws, and policies and procedures; and 6) enhance Sunkist's Citrus Juice & Oils business.

Some restructuring and increased efficiencies already put in place have proved effective. These initiatives had the express objective of lowering the fresh fruit assessment and as a result, the Sunkist Board of Directors was able to set the fresh fruit assessment for the 2007-08 season at 55¢ per carton. This is a decrease of 12.5¢ per carton and a level well below those seen in many years. This 19 percent reduction in the rate you pay Sunkist to market your fruit will enhance the returns from Sunkist-affiliated packinghouses. In addition, there was no 13th assessment in 2007, an accomplishment we plan to repeat in 2008. And there is much more to come as we continue to better utilize our resources and more effectively manage our brand in the global marketplace.

In October 2007 Sunkist began a year-long celebration of a significant milestone – the one hundredth anniversary of the first use of the Sunkist brand as a trademark for our fresh fruit. Today, the Sunkist brand is an international icon that stands for premium fresh citrus and great tasting beverages and products. During the upcoming 2007-08 season we will "celebrate" the Sunkist brand through a variety of consumer and industry events which will encompass our growers, employees, licensees, customers and consumers.

Over the course of this year, many other exciting things will be happening at Sunkist. Our new organic program is growing with three Sunkist-affiliated packinghouses now certified to pack organic fruit. New Sunkist-branded licensed products are making a big splash on the retail scene.

In the coming months we will be working closely with our board, our growers and our employees to redefine and create the Sunkist of the future - reinvigorating our brand, streamlining our operations and acting decisively on new opportunities that better position Sunkist in the worldwide marketplace for decades to come. All of these improvements are making Sunkist more grower-friendly, enhancing grower recruitment prospects and significantly strengthening our cooperative.

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