



WINTER 2008

GROWERS' CO-OPERATIVE GRAPE JUICE CO., INC. • A PUBLICATION FOR OUR PRODUCERS

112 N. Portage Street • P.O. Box 399 • Westfield, New York 14787 • 716/326-3161 • www.concordgrapejuice.com • e-mail: growers@cecomet.net

GM'S REPORT

The Annual Meeting was well attended this year. Grower Members were updated on the financial condition of the Co-op along with reports from the President, Field Rep, New Member committee chair, and GM. A special presentation was made by a representative of the Westfield Memorial Hospital Foundation which provided some interesting community information to the attendees. After the meeting and lunch, the remaining crowd was invited to stay around at the Exempt Hall to attend a news conference conducted by U.S. Senator Chuck Schumer. Senator Schumer was in town to express his support for the Concord Grape Belt Heritage Association's establishment of the Grape Discovery Center. Needless to say, it was an active and full day on December 1st.

I am encouraged with the trend our business is on. For the third year in a row, Growers earnings have exceeded the cash market and this momentum is expected to continue in F09. We have good fundamentals evidenced by:

- Low debt and overhead
- a diverse customer base which allows us to consistently move our member's grapes
- a solid contract processing business which uses our excess plant capacity to further enhance profitability.
- successful regional promotions which have gathered a large bandwagon of supporters who have a common interest in raising awareness and recognition for our region and grape industry.

I think these fundamentals will keep the business headed in a positive direction despite the volatility we see in today's economy. In the New Year, we plan to pursue more strategic opportunities to insure we stay on a growth path. I thank all of the members for their loyalty and support of Growers Cooperative.

Have a Blessed Christmas and good health in the New Year!

Dave

PRESIDENT'S COLUMN

FINE TUNING

America is facing what's expected to be a long belt-tightening period. But, amid the gloom and doom we must stay focused on practices that have served us well in the past and will continue to do so in the future.

Our forefathers and grandfathers built America's agriculture using sharp minds and calloused hands, and that's still the success formula for today. I'm more optimistic about our grape industry than some. There is good reason why agriculture is America's strongest industry. It has all to do with being as financially self-sufficient as possible. Every outstanding grower I know has developed a financial reserve to withstand bad weather or price swings and a credit reserve to match.

SO-WHAT'S AHEAD?

There are a few things we may be able to count on:

*the "buy local and fresh" phenomenon continues to grow. Our company has started moving grape products through nontraditional routes in an effort to expand unit sales to nitch-markets, wineries, and institutions. Contract processing and bulk-unit sales continue to receive major efforts from management.

*energy products like gasoline and diesel have already leveled off because of lower world consumption. Nitrogen cost may continue declining into late winter following natural gas and ammonia prices.

Now, more than ever, a solid management plan needs to be in place.

Steve Baran, President



FINANCIAL OVERVIEW (1ST QTR F09)

YTD Sales are down by 65,148 gallons. This is due to low carryover inventories and short term buying by customers in reaction to high prices and volatile economic condition. The current pace of sales is sufficient to move inventories. Retail sales reduction due to lower festival sales this fall especially Ohio festival which was lucrative last year. Overall Grower returns are anticipated to rise in F09 due to larger crop and higher bulk pricing. Cash flows may experience a dip in 2nd quarter until short term buying lull lifts. Redemption of 98 series certificate currently anticipated for Spring 09.



Category	YTD	Previous YTD	Difference
Bulk Sales (gallons 68 Brix eq)	158647	224065	65148
Retail Sales (no units)	16092	14826	-7.8%
Other fruit processing (tons)			
Grapes	2718	2074	
Blueberries	261	490	
Cherries	0	0	
Other	0	0	
Distributed Proceeds to date (\$/ton)	90	90	
Projected crop close (\$/ton)	260 - 300	252	

PLANT IMPROVEMENTS

The grape harvest comes but once a year, getting ready and processing the crop takes a great deal of time, but not all our time. There are many other projects that we work on to improve plant operations.

During the past year we have taken some strides in the way that we bottle our gallon, quart concentrate and 8 oz. single serve, and have taken a big step to make our workers breaks a bit more comfortable.

The concentrate bottles used to be labeled and filled entirely by hand, which could be a slow process, and at times a bit messy. Steve and Todd spent some time searching for a labeler and filler; they found two small machines that would fit our needs at a reasonable cost.

The labeler can be adjusted to put the peel away labels on the different size bottles that we use. We still hand feed the bottles to the machine, but it has proven to

be much faster, and the labels are always straight.

The filler is a big improvement! We can adjust the pump stroke length to fill any size bottle with one or two presses of its foot peddle. We can fill directly from a drum or a tank, and can also hot fill the single serves by setting it up in a loop with a pasteurizer.



We are now in the finishing stages of completing the new pre-fabed break area. We have always had just an open area with a picnic table, and the guys could never really get away from the noise and heat of the plant. The construction is basically the same as the conference room with 4 x 8 panels with windows and doors and a drop ceiling with a small locker/changing room. It was installed using all our own labor; everybody in the plant has had a hand putting it together, and has been a big hit with the guys. And a much appreciated addition.

Jon Casler, Production Manager

AUDITS

Every person and company buying something wants assurances that their supplier will reliably deliver quality goods or services. That is why we keep going back to the same restaurants. Growers' customers are no different. Some companies send auditors on a periodic basis to look over their customer's operations. This fall, our plant has been reviewed by our organic certifier, two different kosher supervisors (with one having a higher rabbinical power audit its performance), NYS (different from the raw fruit inspectors), and several customers. Each has different priorities that they want to emphasize. In total, these audits give us an outsider's perspective at what we could be doing better.

One of our auditors was from one of our largest customers, Coke (Minute Maid), who visited us during harvest the day after the unannounced NYS sanitation/ HACCP audit. One of the things that came out of both audits was that if you are doing business in an old facility, there has to be continual investment to keep the plant current. Both auditors, for example, noted that with current thinking about sanitary design, some of our tank lids are not up to snuff. While they were thought to be fine when they were installed many years ago, they need to be updated. These changes go into the ongoing maintenance plan.

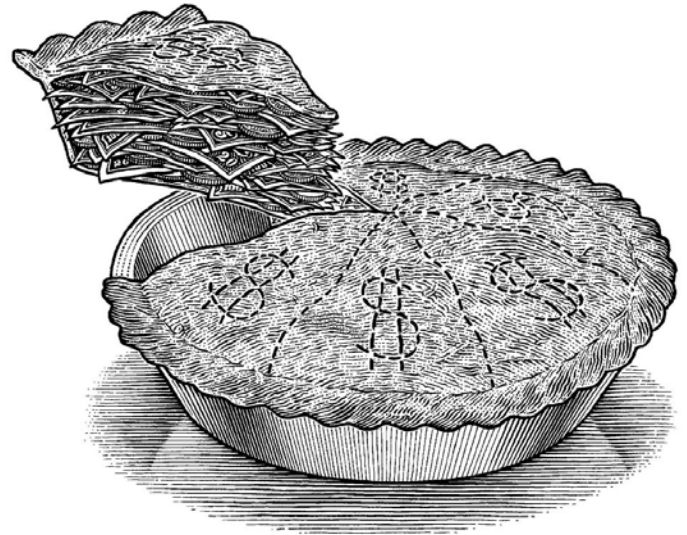
Some auditors have a gotcha style, but in most cases auditors simply are helping you do a better job at keeping them repeat customers.

Steve Cockram

A COMBINED EFFORT PAYS OFF.

Looking back over the past year it hard to grasp the amount effort spent on the rebuild of the decanter. Everyone knows how important this piece of equipment is to our operation. It gives us the flexibility to process additional products but most importantly is a key piece of equipment allowing us to filter juice that is necessary to be able to concentrate a finished product ready to ship. Because of the designed ability to be able to adjust speed, shut down and start up it makes it easier to adjust to the times when deliveries are interrupted or when problems occur in the plant. The repairs which were made along with the procedural improvements and revised cleanouts made the difference. I don't remember one time there was a fault alarm due to a Decanter malfunction, it worked flawlessly all season.

Gene Steger, Maintenance Planner



2008 WINTER NEWSLETTER – RETAIL SALES

It was great to meet many of the Growers at the Annual Meeting. If you did not attend you missed a good meeting. I gave out samples of the 08 concentrate and the 07 concentrate and asked participants to judge which sample came from which harvest. The majority who participated guessed correctly. The sample on their right was the 08 harvest product and on the left was the 07 harvest product. Many commented that the 08 had a bit of a bite to it. I also introduced our new gift baskets which include a quart of the concentrate, a pie filling and a ready to drink, set in a nice basket with a dish towel. These gift baskets sell for \$20.00 retail and \$16.00 for Growers. If you would like to place an order please call me or stop in at the office. This is a great way to share the fruits of our labors with our friends and family at the holiday time or any time of the year. Please don't hesitate to give me your comments and questions on the baskets. We can only make the new idea better when we work together.

For the last few months most of my time has been spent traveling around the area to new venues to promote our products. We now have grape pies on the menu at Freeport Restaurant, North East and Meeders Restaurant, Ripley. I attended the Amish Horse Auction in Mount Hope, Ohio with Dave and Bebe Eggert. While there we set up the booth and sold our product to a large variety of people that had not been exposed to us before. It is my hope to continue to work in this Ohio area to expand our products into their stores and restaurants. I have only just begun to get out there and look forward to traveling more each month.

Happy Holidays

Patty Hathaway, Retail Sales Representative

FIELD REPORT

This year it sure seems as if the harvest ended and winter came and is here to stay. Many areas away from the lake have seen continuous heavy lake snows. For the most part the region right along the lake escaped most of this and the trimming efforts are moving along nicely for most. I have not heard of many having trouble finding trimmers this season. During this so called off time many preparations are made for the upcoming growing season and here at the plant the same preparations are being made.

One area we are taking into consideration this year is the increase of our acreage, over the past few years many people have left the company creating a gap in the overall acreage. We have been picking up some small acreage from our growers over the past year but still have around 300 acres to add to achieve a comfortable acreage number set by the board. We are very determined to get as much of this from our split contract growers first but we are willing to pursue new members if the 300 acres cannot be achieved within our group. If you are interested in transferring acreage to the Co-op please get in touch with me as soon as possible. There has been some interest expressed recently and we are

pursuing those interests as they are received. Also please be aware this opportunity will be limited.

Starting in January Dave and myself will be out on Fridays again conducting farm visits. We will try to see as many growers as possible as this is a great time to ask questions one on one. And as always if any questions come up please get in touch with me at anytime. You can reach me anytime on the cell at (716) 753-6843 or you can email at andy@concordgrapejuice.com.

I wish you and your families a Safe and Happy Holidays!!

Yours Truly, Andrew Knight, Field Rep.



Growers' Co-operative
Grape Juice Co., Inc.
112 N. Portage Street • P.O. Box 399
Westfield, N.Y. 14787
www.concordgrapejuice.com

