



WINTER 2009

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

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GM'S REPORT

Those in attendance at the Annual Meeting heard some positive reports on the efficiency of the 2009 harvest and the financial progress being made by the Co-op. Many of our farmers were dealt a tough hand this year starting with the May frost, followed by poor growing conditions and harsh harvest weather. The Board, Andy, and I were very cognizant of these struggles and recognized we were faced with not only a small crop, but one that was not going to fully mature. This combination of factors was odd indeed, but we faced facts and dealt with it. When all was done, I think we can safely say, Growers made the best out of a bad situation.

So, where to now? Sales of single strength (SS) juice to wineries are off to a good start. SS Juice sales continue to be an important and growing segment of our business. The timing of demand from these customers fills a gap when concentrate customers do not historically purchase. Sales of SS juice limits the amount of concentrating we have to do and reduces the costs associated with this additional process step. Samples have been sent to concentrate customer and they are in the process of reviewing their needs and our offers. Overall supplies in the bulk market continue to be down which limits competition and supports a strong price.

Despite strong pricing, it will be difficult to exceed last year's results because we just won't have as much to sell this year. Small crops result in smaller revenue and higher costs per ton. Hopefully, we will fill some of this void with contract processing opportunities, and like you, make the most out of the hand we were dealt.

Thank you for your continued patronage of Growers Cooperative. On behalf of the employees and Board of Directors, *I wish all of you a Blessed Christmas and Health and Prosperity in the New Year!*

Dave

PRESIDENT'S COLUMN

About a month ago a featured article appeared in the Los Angeles Times demonizing the fruit juice industry as no more healthful to consumers than soft drinks!!!! The article also re-appeared in the Western New York State media recently.

It makes no sense that we are being criticized in many of the nation's top media markets. We are the best farmers in the world but we are far from being masters of communication. For too long we've let a handful of extremists and coalitions define our industry in the news.

It's not the journalists fault--they have to sell newspapers. We haven't done a good enough job telling our story. We've been negligent in explaining that farmers feed and clothe every person in this country and employ 20% of the nation's workforce and will be at the center of America's economic recovery.

Even though the farmers and associates admit they will not be able to match opponents dollar for dollar, they have some high profile cheerleaders on their side like New York State Senator Cathy Young, U.S. Senator Charles Schumer, and Assemblyman Bill Parment, County Executive Gregory Edwards and Chautauqua County IDA's Bill Daly respectfully urging reporters to take the time to learn more about helping to keep Americans healthy.

The Grape Discovery Center is a good first step in helping the grape industry to set the record straight by telling the story and history of grape growing in the region and all of the benefits this industry provides to the region and to the health of the people.

Have a joyful holiday and a successful 2010!

Steve Baran, President
Growers Cooperative

PROCESSING A SMALL CROP

Mother Nature had a large impact on this year's crop and is helping dictate our post season. Processing a less than average crop in size will present us with many challenges. These challenges consist of employee training time, allocation of costs and labor constraints. Man hours and utilization of these man hours become even more important to effectively and efficiently process a small crop.

On the positive side, some good has come from processing a small crop. All of this year's single strength juice has been concentrated and/or pasteurized for future single strength sales. Concentrate has settled and is ready for production. Juice is being racked to expose juice bottoms, and equipment has been changed over to run these bottoms. Being ahead of the game will also allow for an early start on contract processing which becomes an even larger part of the year's success.

So I would like to thank the Growers Cooperative Grape Juice Company team for a job well done and wish Happy Holidays too All!

Todd Donato, Plant Manager

FINANCIAL OVERVIEW (1ST QTR F10)

Category	YTD	Previous YTD	Difference
Bulk Sales (gallons 68 Brix eq)	128029	158647	-30618
Retail Sales (no units)	25811	16092	+ 60%
Other fruit processing (tons)			
Grapes	4616	2718	+70%
Blueberries	345	261	
Cherries	0	0	
Other	0	0	
Distributed Proceeds to date (\$/ton)	100	90	
Projected crop close (\$/ton)	300 est.	317	



YTD Sales are down by 30,618 gallons. This is due to low carryover and low supplies from the 2009 crop. The current pace of sales is sufficient to move inventories. Retail sales enjoyed a very brisk 1st quarter as the larger customer base built over last several months provides favorable year to year comparisons. Overall Grower earnings are anticipated to flatten out in F10 due to higher expenses on a cost/ton basis and poor yield for the low brix, small 2009 crop. Anticipated price increase will not be sufficient to overcome these higher expenses.

PRESS SHED/DECANTER PROCESS OPERATING/MAINTENANCE REVIEW

The newest endeavor for the Plant Engineer was to establish processing procedures for the front end juice production. By adding additional vessels and three essential pieces of equipment (Finisher, Decanter, and Filter Press) in 2003, Growers opened an array of opportunities; from new product production, equipment utilization, to byproduct side streams. This investment created an entire new phase of stability from year to year and added growth with additional product offerings. The screw press equipment still in use for grapes could not be utilized with any reliable or controlled yields for processing cherry, blueberry, grape puree or other berry varieties.

The review has been very hands-on, performing all of the steps from start to finish – beginning with breaking down the blueberry boxes, assisting with the dump hopper and stemmer operations (initial filtration-most items larger than a silver dollar in diameter). Later starting up the initial pasteurizing (hot break), filling the Finisher feed vessels to

process through the Decanter (solids juice filter).

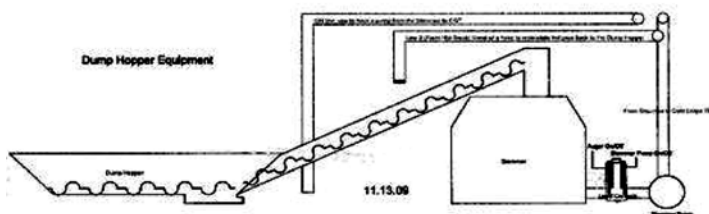
After completing the cleaning, start up, and shut down procedures I then needed to gather the initial equipment costs, installation numbers, equipment parts and part numbers. What a project given the time table and manpower. This project was developed in stages using controlled testing to ensure repeatability. I can say that throughout my years I have not seen a more cost effective completion. There have been upsets within the start up and production but neither can compare to the gains.

A key device was added during this past grape harvest to help prevent unplanned equipment shutdown. This device detects motor amperage loads on the Finisher. When the amperage increases (greater motor resistance) to a high enough level the Finisher feed pump will shut down. This device provides continuous monitoring to react before a potential damaging event occurs.

There are still more enhancements to be made to further develop and define byproduct capture and refining as well as processing throughput efficiencies. That however will be the subject of a future article.

Have a safe and joyful holiday!

Karl G. Hoebener Jr., Plant Engineer



FIELD REPORT

Winter sure waited a long time to show up but it reminded us just how fast it can come, anyone who was out December 10th or 11th sure knew that. If you were not out you could see the impact that was felt along Rt 20 as the Blizzard like conditions Closed I-90 for 52 miles thru our grape belt. Previous to that many of us were out and got a great start on the pruning and trellis work for next year. It sure was a change from the near record snowfall last November to a record warmth November this year. As I write this most of the snow has melted but it appears the temperature is going to cool back off and stay that way for the next 10 days, hopefully we can start the New Year with and continue on a normal weather pattern rather than experiencing extremes.

A major topic that has arisen at extension meeting is the fruitfulness of the buds, we had relatively poor weather following bloom and that is the time that the following years bud development is started. The recommendations are to leave at least an average to slightly about average bud count **BUT** be prepared to crop estimate and possibly crop thin if needed.

Starting in January Dave and I 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!!

Andrew Knight, Field Rep.

MEMBER RELATIONS

One of the tasks identified in Growers Strategic Planning session in 2008 was to improve member communications and relations. This is not a new task. We have been addressing member relations over the recent few years with various initiatives including this newsletter, Winter Farm Visits, posting member profiles on our website www.concordgrapejuice.com, Grower Picnic in 2008, Grower Cruise in 2009 (see photo), etc. We have also tried to make the Annual Meeting more informative by erecting our festival tent in the fire hall and displaying various items of interest to members.



The labor involved in implementing many of these initiatives is primarily provided by Co-op employees. I try to keep myself and employees occupied in profit producing work as much as I can, so these initiatives will rarely be all they can be. We can provide the cake, but if members want icing on it, you have to step up to make it happen. I'm sure many would still say the best Co-op member relations initiative is a hefty monthly check!

Nonetheless, I have a new member relations initiative for the upcoming year to investigate the creation of a member photo directory. Many of you may be familiar with photo directories from various church or social organizations you belong to. When I visit the farms of our members, I often notice homes decorated with various family photos. A member Directory is a way to have an updated family photo taken to be included in a Growers Co-op directory. Such a Directory would usually include some member statistics like when they joined the co-op, farm acres, farm location, etc. The costs to the organization and/or members are usually less than what they could be for someone getting family portraits taken on their own.

A photo directory is a good way to build more familiarity and fellowship within an organization. As one looks through the book, they begin to put a face with a name. Aside from Andy, and Dave, there are relatively few members who can readily recognize the majority of our members at meetings or around town. Anonymity is probably not a bad thing, especially during the tough years, but I think the organization is better served when we know each other better and have a sense of shared purpose. If anyone wants to help in the investigation and planning of the Growers Co-op Photo Directory, please contact Dave Momberger at dmom@concordgrapejuice.com or call 716 326-3161 x11.

JUICE BASHING

The Buffalo News ran a viewpoint on Nov 29 that was called "Juice feels the squeeze". It was a reprint of a LA Times article from two weeks before titled "Its time fruit juice loses its wholesome image, some experts say". The article was inflammatory enough that we had to make a response.

The article made the assertion that in a sedentary society where over-eating is rampant, any beverage that contains fructose is bad. We expect soda bashing nowadays, but this article claimed that it does not matter what the fructose laden beverage is (soda, sports drinks, juice drinks/cocktails, or 100% juices), they all cause obesity. It appeared to indicate that fiber is the most important part of a fruit (all of you that take pomace are right, but eat it?). The article then claimed all fructose containing beverages had minimal health benefits. "There's no need for any juice at all", the article quoted. One should eat the whole fruit and drink water. Ouch! That is as much of a threat to your farm income as a spring frost.

Our answer to the Buffalo News was that the antioxidant level really does separate 100% juices from the other beverages. Antioxidants are complex carbohydrates that can stop the cellular damage caused by free radicals. Free radicals are produced by your body in its normal metabolism, but are also caused by pollution, UV rays, and cigarette smoke. Antioxidant damage can lead to cancer, stroke, heart disease, and diseases of aging. Even though they don't show up in the 'Nutrition Facts' panel, we need antioxidants in our diets.

The chart shows that 100% juices contain significantly more antioxidants than sports drinks, low juice drinks, or sodas. These 100% juices have 20 times the antioxidants of drinks, energy drinks, and sodas. For an additional comparison, the top 6 consumed whole fruits are also on the chart. Surprisingly, raw fruit antioxidant levels are fairly low as well. Our response also points out that the article even cites a research paper that indicates consuming a glass a day of 100% fruit juice goes hand in hand with other healthy dietary behaviors.

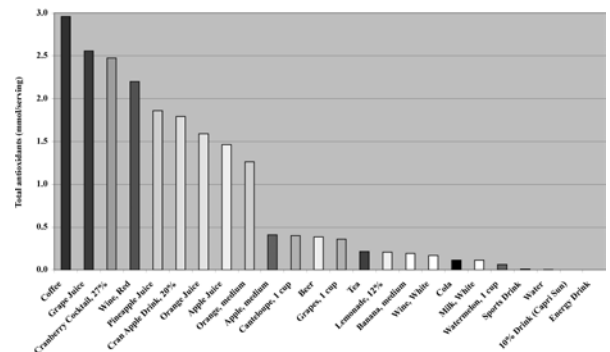
It is all of our responsibility to make sure the consuming public knows the relative health benefits of 100% juices, in general, and Concord grape juice specifically. If we don't, then single issue activists (in this case, obesity) may bash our product. This will undermine demand, which will lower prices we can charge, and lower your returns.

Original story: http://www.latimes.com/news/nationworld/nation/la-sci-juice8-2009nov08,0,5809992,full_story

Buffalo News story: <http://www.buffalonews.com/367/story/876903.html>

Grower's response: <http://preview.buffalonews.com/opinion/anothervoice/story/885695.html>

Antioxidant Content of Common Fruits and Beverages, per serving basis



Steve Cockram, Technical Director

TALES FROM THE ROAD

Retail sales have proven to be a very diverse experience for me. One day I find myself at the historic hotel, Lincklaen House in Cazenovia, NY to have our pie filling processed by Nelson Farms and the next day I may be in Holmes County, Ohio staying with an Amish family as I attend the Mt. Hope Amish Horse Auction. These are two very different experiences.

Last time I was at the Lincklaen House, one of the oldest grand hotels and a landmark since 1835, I stayed in their largest suite overlooking the quaint town of Cazenovia. That evening I had a fabulous dinner in the Seven Stone Steps tavern which is an old-fashioned tap room. The walls are graced with several Merrill Bailey oil paintings, with a stone fireplace and casual, family-oriented atmosphere. Their trademark pop-overs are the most delicious I've ever tasted and the service is impeccable. Needless to say I feel like a pampered queen after staying there.

Then the next week I am off to Mt. Hope, Ohio to the Amish horse auction to set up our tent, table and product for the sale and delivering product to several Amish fami-

lies. This is a very fun time but not nearly as luxurious as Cazenovia, NY. While in Holmes County, I had the pleasure of staying with an Amish family. They graciously opened their house to me. I slept in a crisp, clean bedroom, had meals in their basement kitchen, (they had not moved back upstairs to the main kitchen since being in the basement for the summer months) and used the bathroom/outhouse off the back of the house. Oh what a different experience this was! I was handed a little pen flashlight to light my way around the house. Dinner was a freshly butchered chicken cooked on the woodstove. They did have the most delicious organic coffee each morning.

I am truly enjoying these different experiences and learning more about the many different people that love our products. The sales in Ohio are doing great and I have stayed with the Amish family a couple of more times. We have entered into a marketing agreement with Nelson Farms and they sell our products along with several other companies to stores in their area. Looking forward to a new year and experiencing more diversity as we expand our retail sales into new and adventurous avenues.

Patty Hathaway, Retail Salesperson

*Season's Greetings to You and Your Family
From All of Us at Growers' Co-op*

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