2007 Grape Crop Economics

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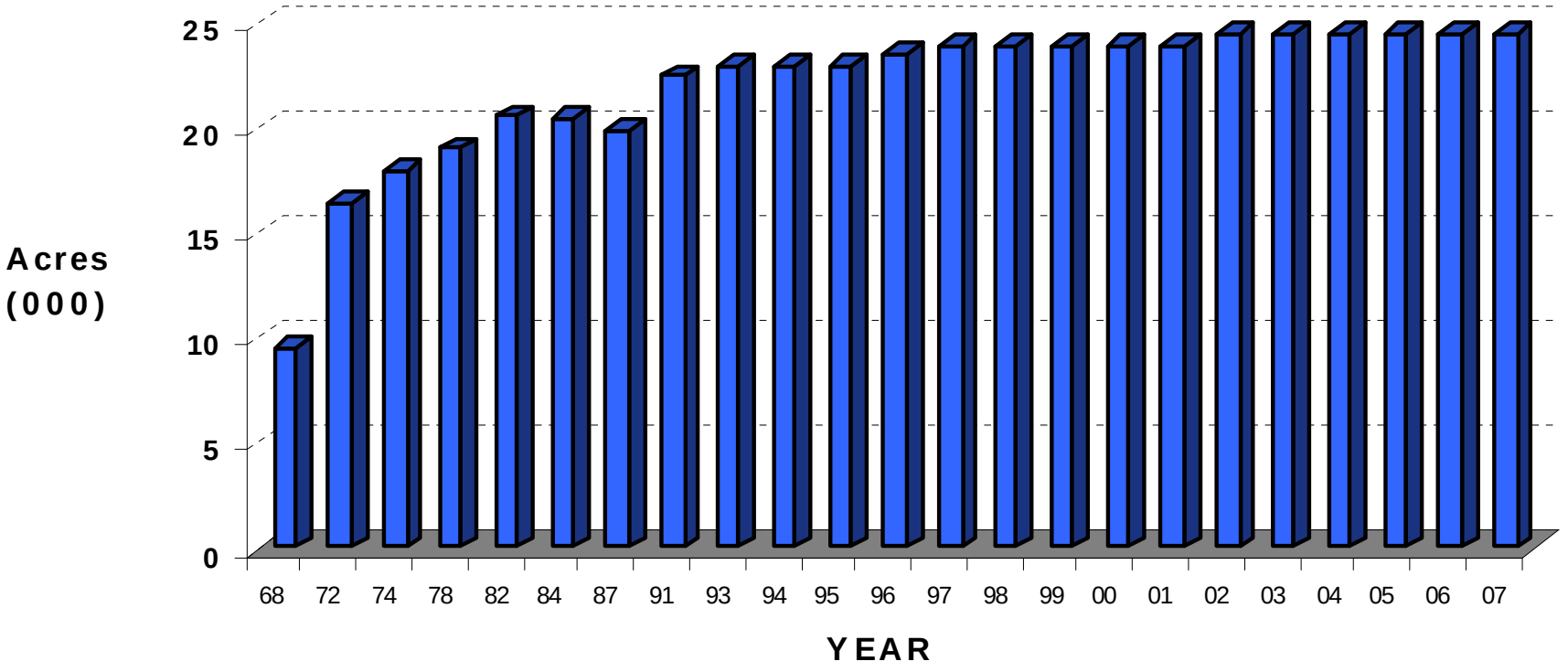
Concord Grape Juice Industry

- Washington
  - Leading producer
  - Production averaged 194,666 tons 2001-2006
  - 2007 production estimate at 248,583 tons
    - Approximately 10,200 tons organic Concords
- New York
  - 2nd largest producer
  - Production averaged 110,645 tons 2001-2006
  - 2007 production estimated at 134,664 tons

Concord and Niagara Grape Acreage in Washington

- Concords- 24,500 acres (est^{m})
- Niagara- 1,900 acres (est^{m})

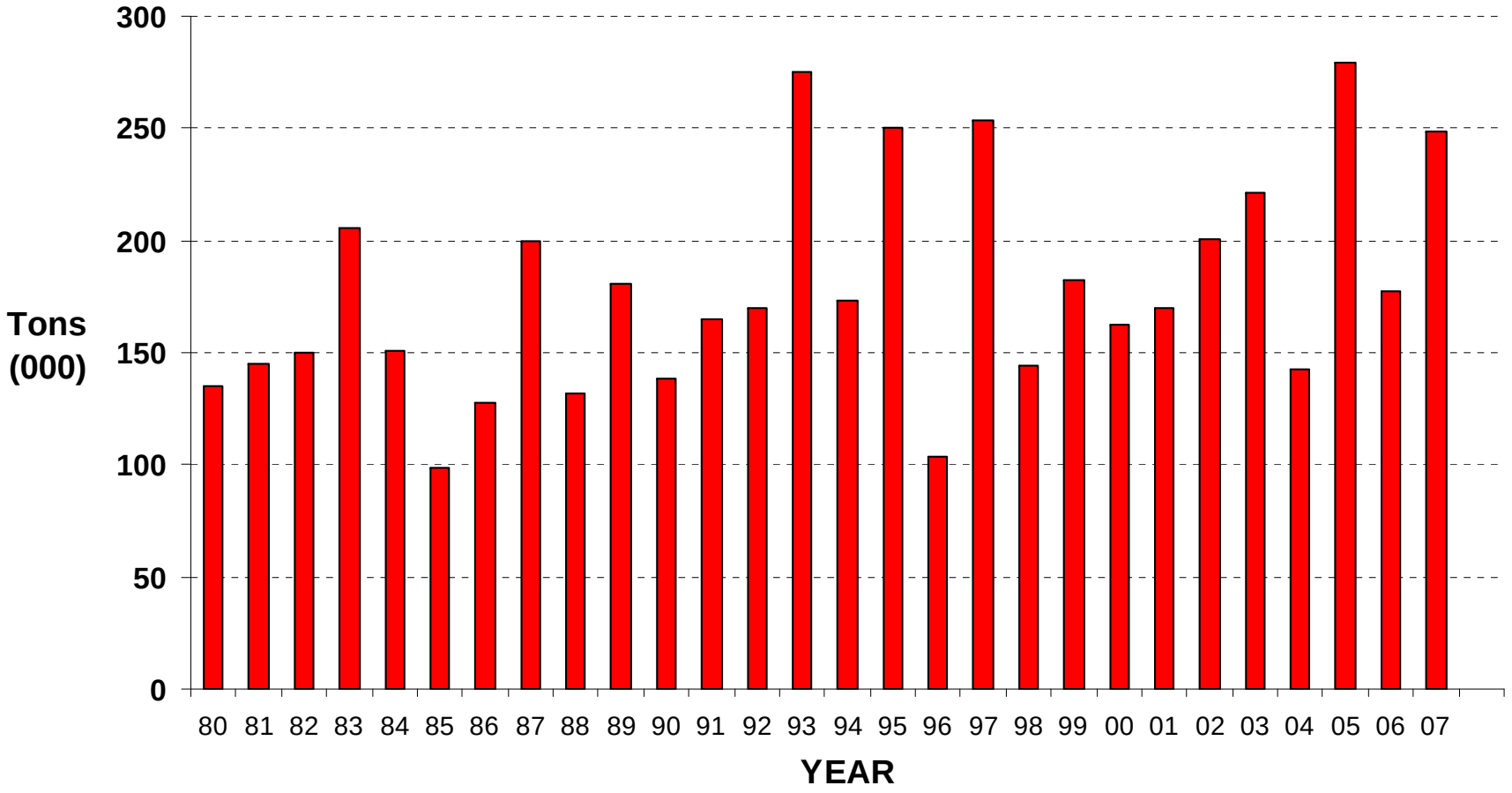
CONCORD GRAPE ACREAGE IN WASHINGTON, 1968-2007



Washington Niagara Production

Year	Washington Production (Tons)	U.S. Production (Tons)
2004	20,000	63,250
2005	30,000	85,550
2006	21,000	52,800
2007	22,774 (Est.)	N/A

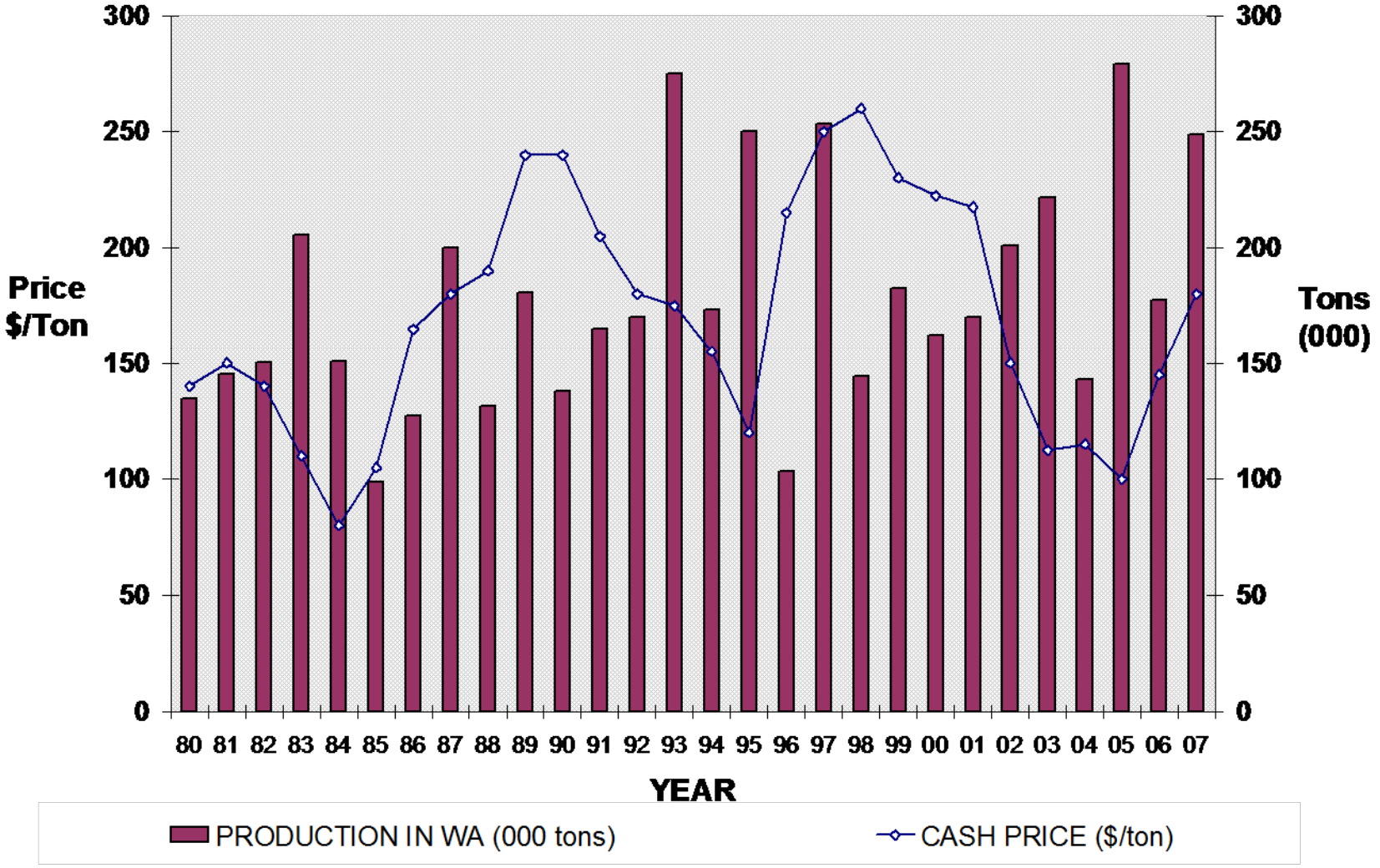
WASHINGTON CONCORD GRAPE PRODUCTION, 1980-2007 (1,000 TONS)



Concord Grape Production and Prices in Washington and the U.S., 1996-2007

Year	Washington Production (Tons)	U.S. Production (Tons)	Cash Price in Washington ($/ton)
1996	104,000	368,945	215
1997	242,500	441,280	250
1998	143,000	340,635	260
1999	183,000	479,650	230
2000	160,000	391,675	223
2001	167,000	350,610	218
2002	199,000	383,800	150
2003	212,000	411,000	112
2004	140,000	356,120	115
2005	275,000	563,760	100
2006	175,000	372,870	145
2007	248,583	492,801 (Est.)	180

WASHINGTON CONCORD GRAPE PRICES AND PRODUCTION, 1980-2007



Pricing of Concord Grapes

1. Supply and demand conditions

- Supply
  - Current production
  - Inventories of concentrate/product
  - Imports
- Demand
  - Sale of products
  - Exports
  - Demand for inventories

2. Formula pricing based on sugar or soluble solids

What Are Concord Grapes Worth?

- Current bulk concentrate in west is $11.00 to $12.00 per gallon
- Convert to tonnage
  - $404.86/ton
- Processing costs of $155/ton
- Value of grapes at farm gate is approximately $249.86/ton

Wine Grapes

Wine Sales Volume and Revenue Relationships

- Premium table wines priced at $7 or more per 750 ml account for:
  - 38% volume of wine sold
  - 67% of total revenues
- Fastest growing market segment in sales
- Most profitable

Wine Sales in the U.S.- 1995 to 2006 in millions of gallons

Year	Table Wine	Dessert Wine	Champagne/ Sparkling Wine	Total Wine	Total Retail Value (billion)
2006 (Est.)	624	57	35	716	$27.8
2005	608	51	32	692	$25.8
2004	589	45	31	665	$24.0
2003	570	40	29	639	$22.3
2002	552	37	28	617	$21.8
2001	512	34	27	574	$20.3
2000	507	33	28	568	$19.2
1999	475	31	37	543	$18.1
1998	466	31	29	526	$17.0
1997	461	29	29	519	$16.1
1996	439	31	29	500	$14.3
1995	404	30	30	464	$12.2

Wine Grape Production

Year	Washington Production (Tons)	California Production (Tons)
2004	107,000	2,770,000
2005	110,000	3,760,000
2006	120,000	3,140,000
2007	131,000 (Est.)	3,200,000 (Est.)

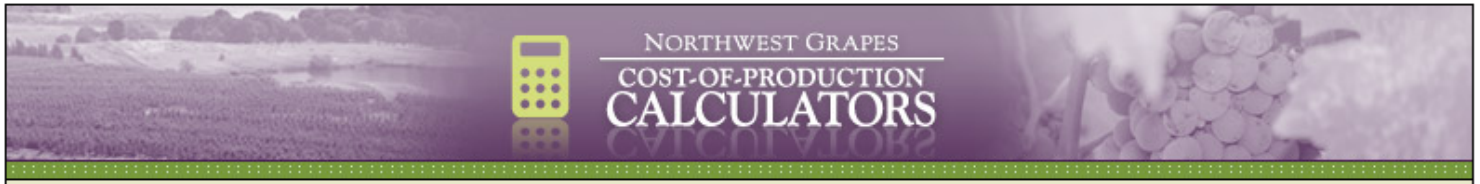
Cost-of-Production

- www.nwgrapecalculators.org
- Juice Grapes- Conventional
- Juice Grapes- Organic

Northwest Grapes Cost-Of-Production Calculators Funding

WASHINGTON wine industry FOUNDATION

USDA United States Department of Agriculture Risk Management Agency



Welcome to the Northwest Grapes Cost-Of-Production Calculators,
the online resource for Washington, Oregon and Idaho wine and juice grape growers to automatically calculate the costs of producing grapes.

There are sixteen Calculators: Four Calculator types and four production years.

Each Calculator has all four production years on the form, so you can calculate all production years or calculate select production years.

Before You Begin
The Cost-Of-Production Calculators require you to enter your actual production costs into the numerical fields. If you do not know your actual costs, the calculators provide industry average figures as default costs.

Northwest Grapes Cost-Of-Production Calculators

Calculator Types
- Wine Grapes Conventional
- Wine Grapes Organic
- Juice Grapes Conventional
- Juice Grapes Organic

Production Years
- Year 1: Establishment
- Year 2
- Year 3
- Year 4+

For the most accurate results, it will be helpful to have your costs on-hand before you begin. View the Production Cost Figures Needed.

Please review the Calculator FAQ to answer questions about the Calculators.

Instructions

Step 1:	Choose the calculator you want to use.
Step 2:	Follow the instructions at the top of each page as you enter your costs. If you do not know your costs, you may use the default costs pre-entered into the fields. The first two pages - Capital, Production, Vineyard Spacing and Materials Costs are required.
Step 3:	Once you have entered your information, click CALCULATE.

These fields set the calculation equations. Default values are pre-entered into the fields, to enter your own costs, delete the default and replace with your cost. Once you enter your costs, click CALCULATE. The Calculator automatically calculates your per acre figures.

Hold your mouse over the ? symbol for more information. For help, visit the FAQ page.

Description	Amount
Borrowed and Equity Vineyard Establishment Capital	
Capital borrowed to establish the vineyard (%)	60
Interest rate on borrowed capital (%)	8.50
Investment interest rate (opportunity cost, %)	8.50
Annual Operating Capital	
Number of months of borrowed capital (Operating)	6
Operating interest rate (%)	8
Amount of annual borrowed capital (%)	50
Production	
Estimated yield in year 2 (tons)	0
Estimated yield in year 3 (tons)	5
Estimated yield in year 4 (tons)	10
Expected price per ton ($)	180
Vineyard Spacing	
Between Row Spacing (feet)	9
Between Vine Spacing (feet)	7
Average Row Length (feet)	605
Plants Per Acre	691
Rows Per Acre	8
End Posts Per Acre	16
Line Posts Per Acre	220

CALCULATE PROCEED

NWGRAPECALCULATORS.ORG

- Conventional Concord Establishment and Production

Year	**Variable Costs**	**Fixed Costs**	**Total Costs**
1 (Establishment)	$5,358	$1,115	$6,473
2	$1,227	$1,065	$2,292
3	$1,140	$1,187	$2,327
4+	$1,469	$1,197	$2,666

NWGRAPECALCULATORS.ORG

- Organic Concord Establishment and Production

Year	**Variable Costs**	**Fixed Costs**	**Total Costs**
1 (Establishment)	$5,644	$1,193	$6,837
2	$1,555	$1,139	$2,694
3	$1,355	$1,308	$2,663
4+	$1,578	$1,277	$2,855

Thank You!

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