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WINES & VINES

DtC Shipment Report—June 28, 2011

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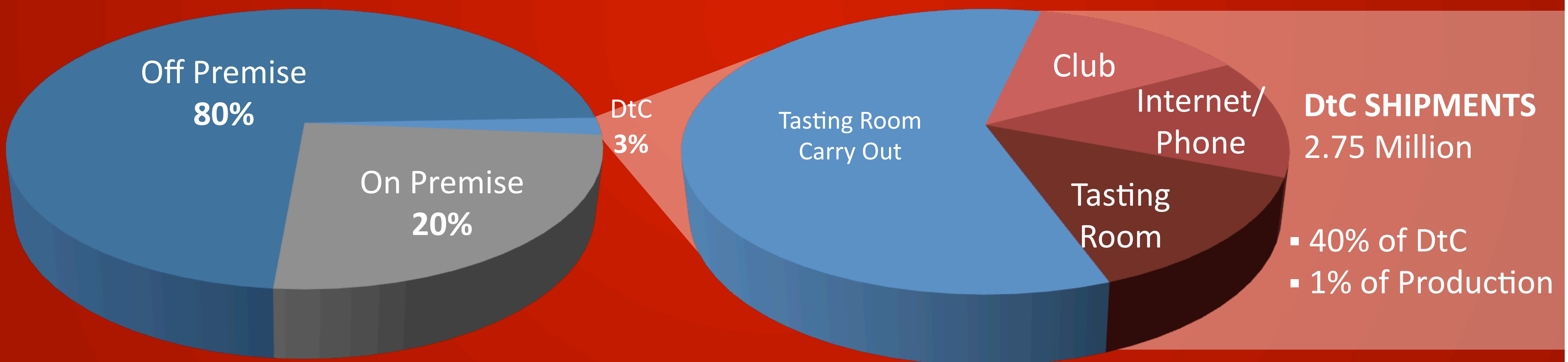
The Slice of Pie We're Digesting Today

Total Wine Produced in the U.S. for U.S. Consumption 253 Million Cases

Direct to Consumer (DtC) 7 Million Cases



Sources: TTB, Industry and Wines & Vines Estimates

Methodology

The ShipCompliant/Wines & Vines Shipment model represents DtC shipments for all 6,900 U.S. wineries. The data is projected to the total market using a representative sample and multiple stratifications. This assures that the statistical projections are representative of all wineries by winery size, location and bottle price level.

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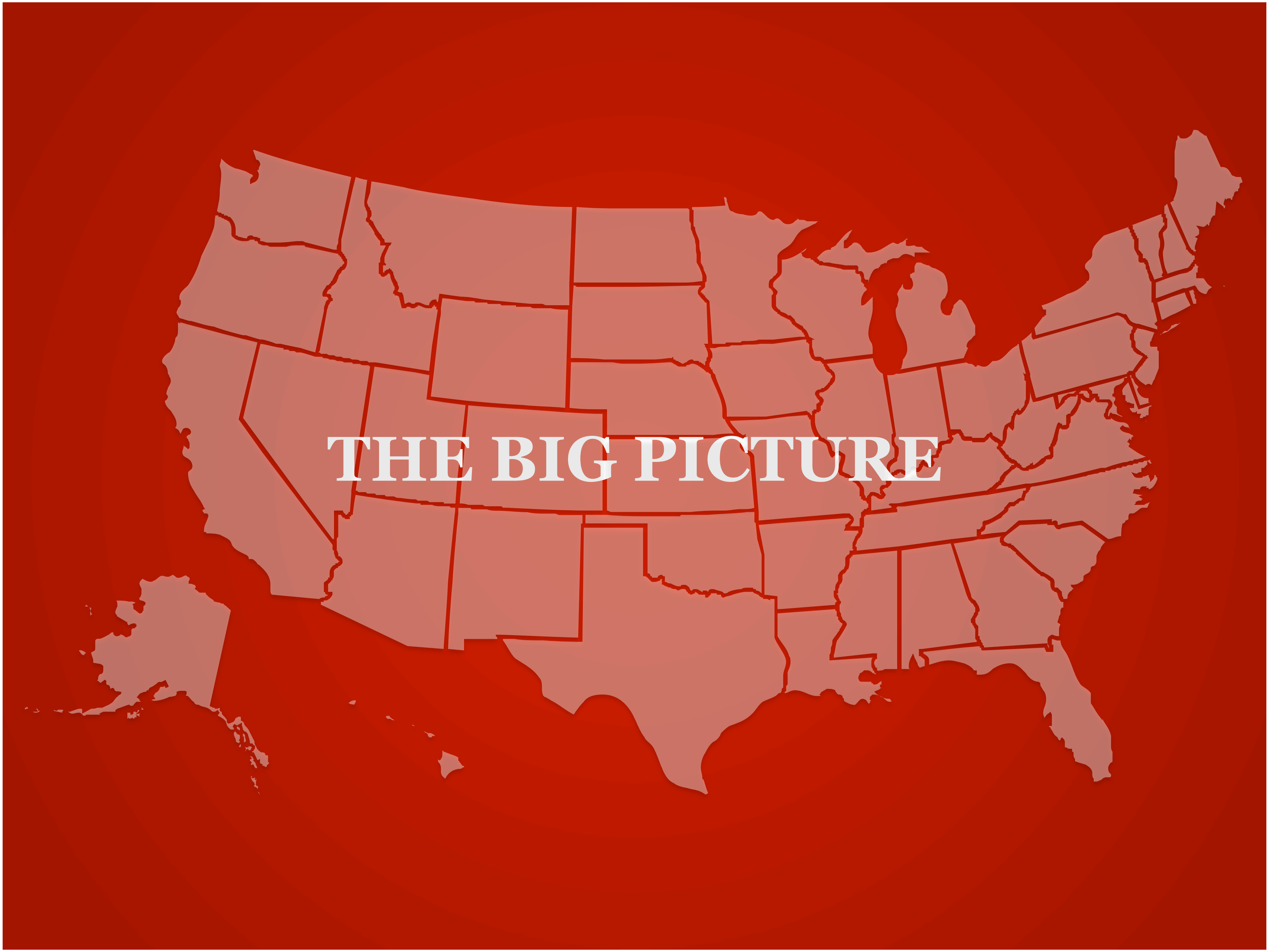
Space, Time and Other Dimensions

- Shipments from U.S. wineries to U.S. consumers
- Focus on 12 months: May 2010 to April 2011
- Compare with prior 12 mos. (May 2009 – April 2010)
  - Shorthand: "12 Months Ending Apr. '11 v. Apr. '10"
- Source: ShipCompliant and Wines & Vines, unless otherwise noted
- Data tease


THE BIG PICTURE

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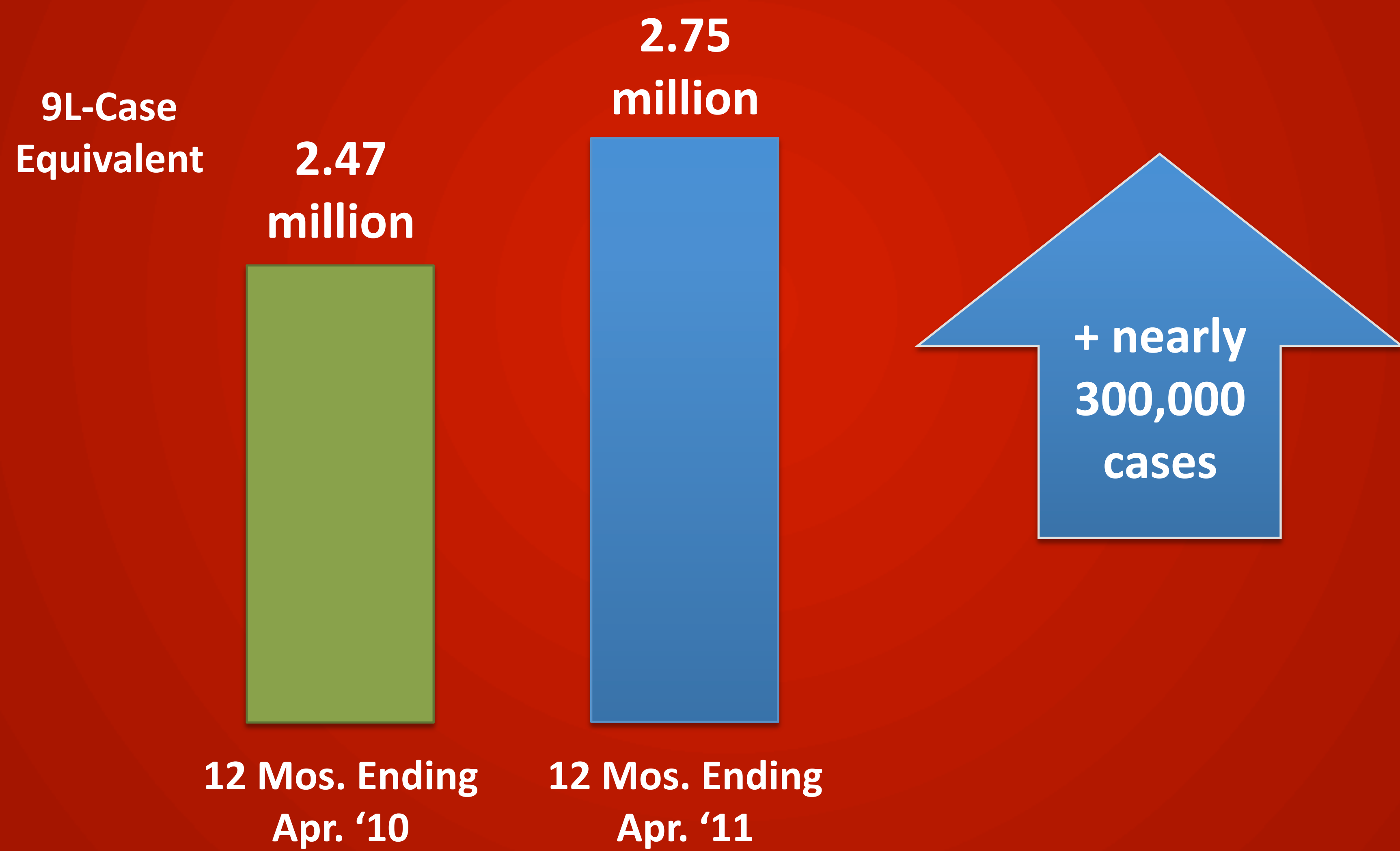
Volume of DtC Shipments **Up 11.6%**



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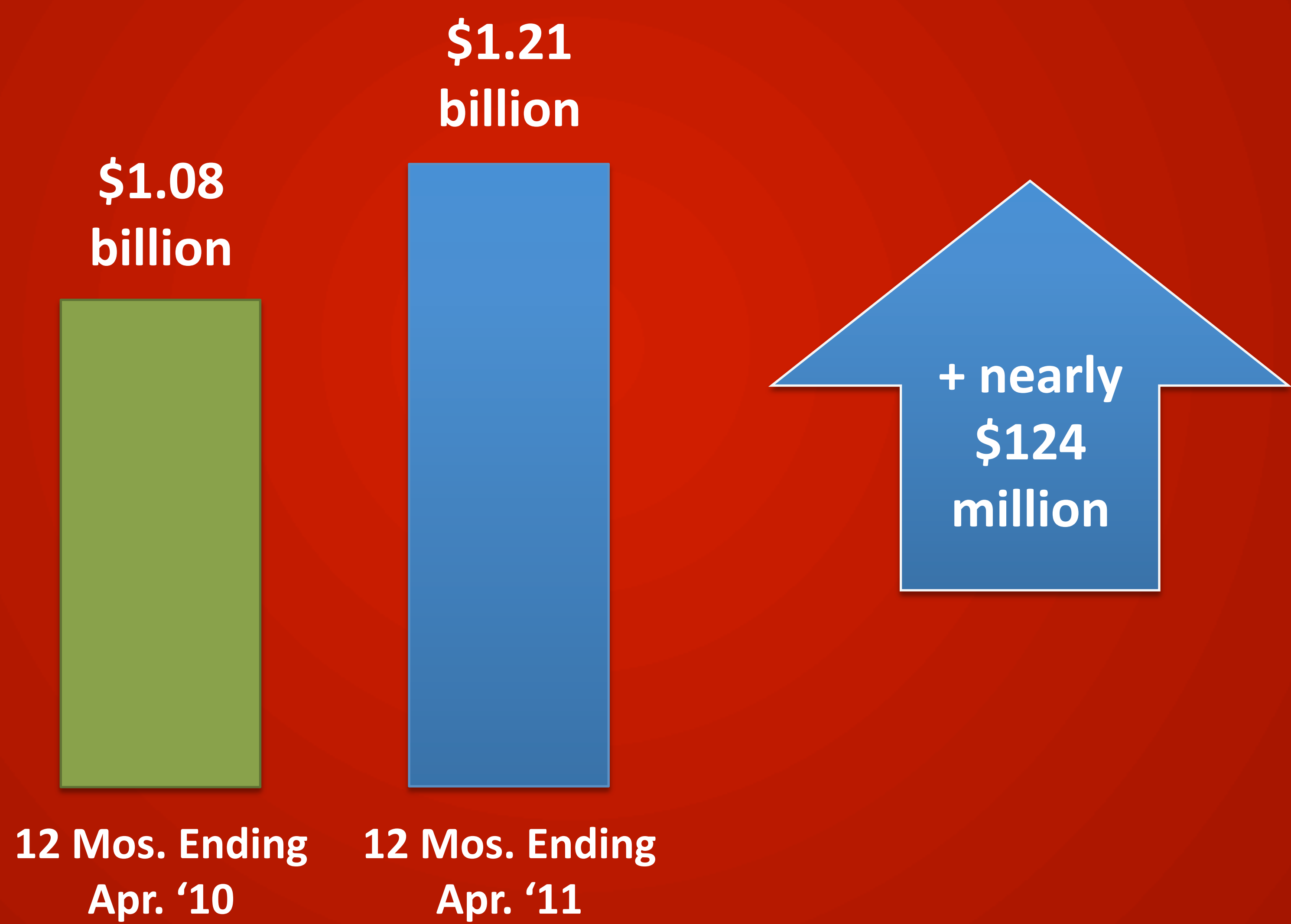
Value of DtC Shipments **Up 11.5%**



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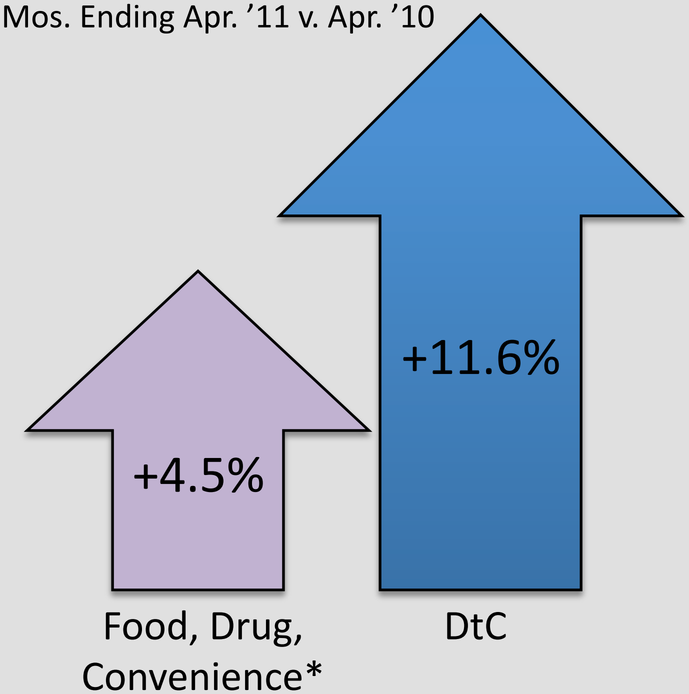
DtC Shipment Increase is More than Double the Increase In-Store

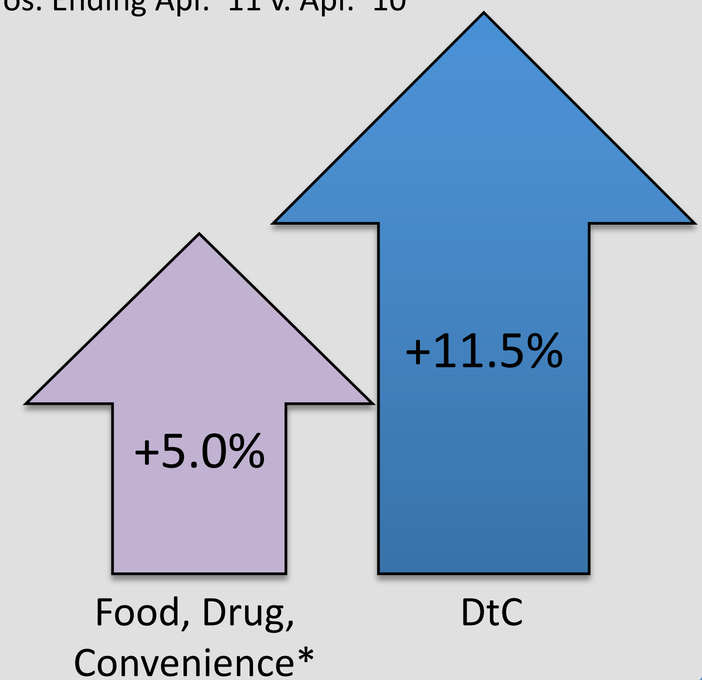
VOLUME

INCREASE IN 9L CASES
12 Mos. Ending Apr. ’11 v. Apr. ’10



VALUE

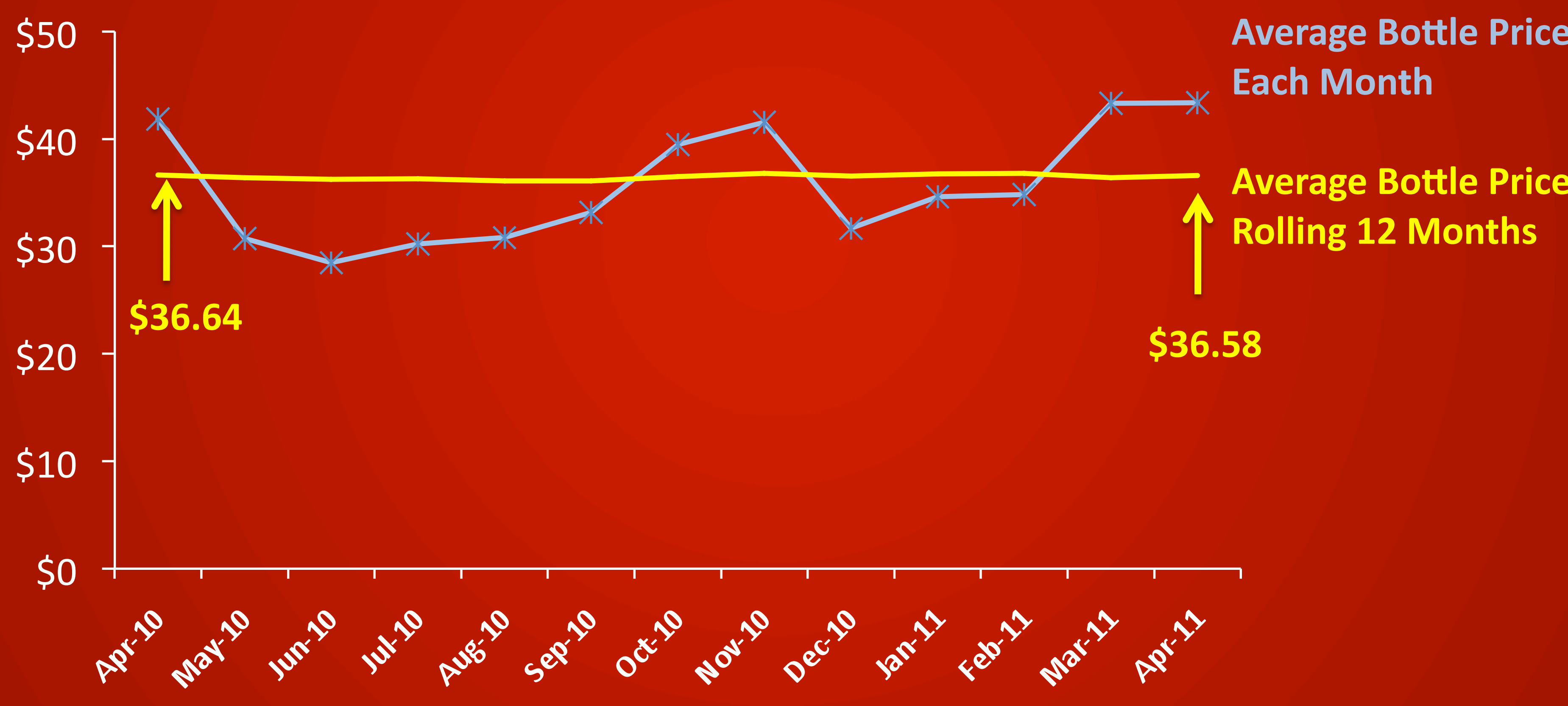
INCREASE IN DOLLARS
12 Mos. Ending Apr. ’11 v. Apr. ’10



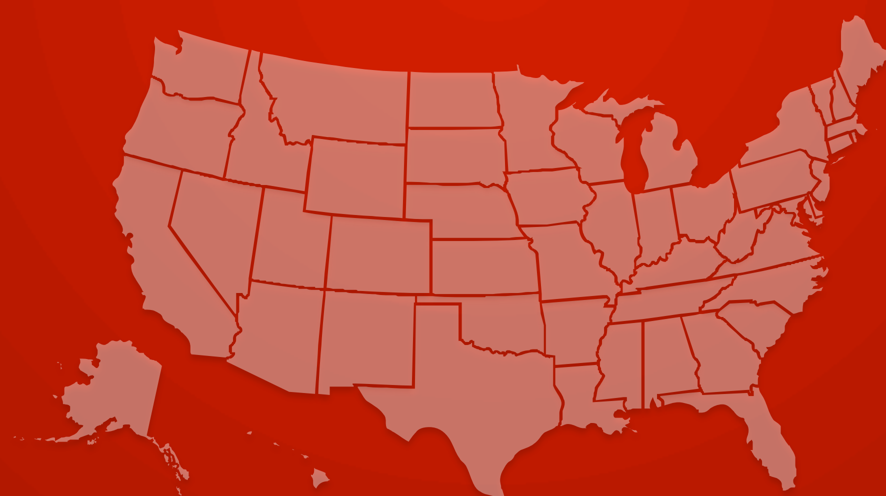
* Data courtesy of Symphony/IRI. Covers approx. 30% of all wine retail sales

SymphonyIRIGroup Insight. Innovation. Impact.

Average Bottle Price Holds Steady



By Price Point



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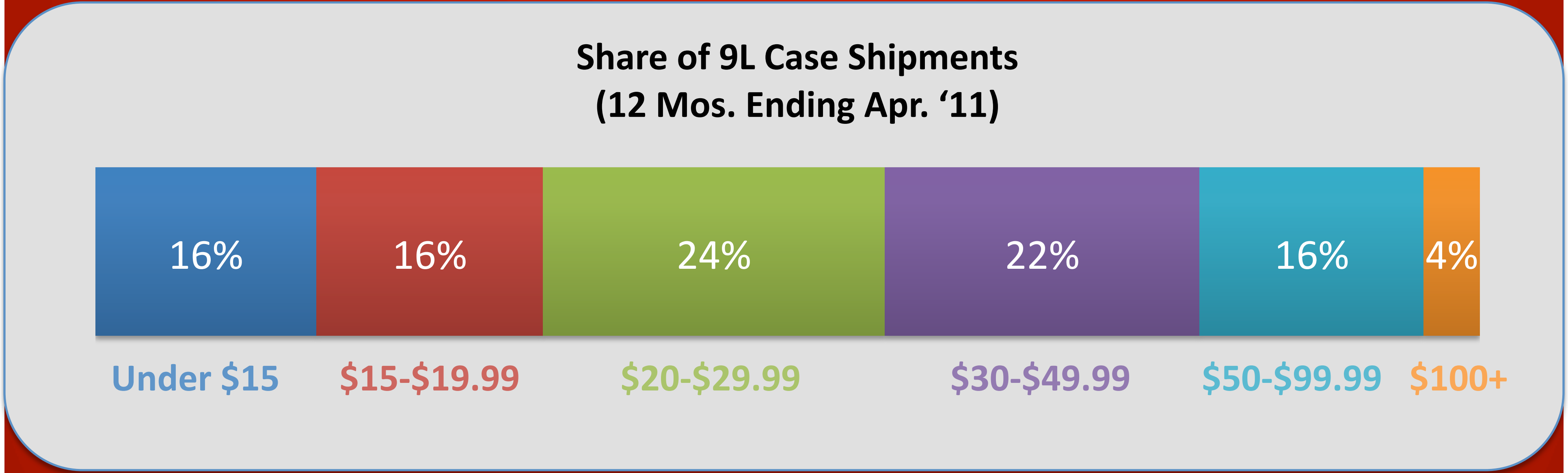
VOLUME Share by Price Point



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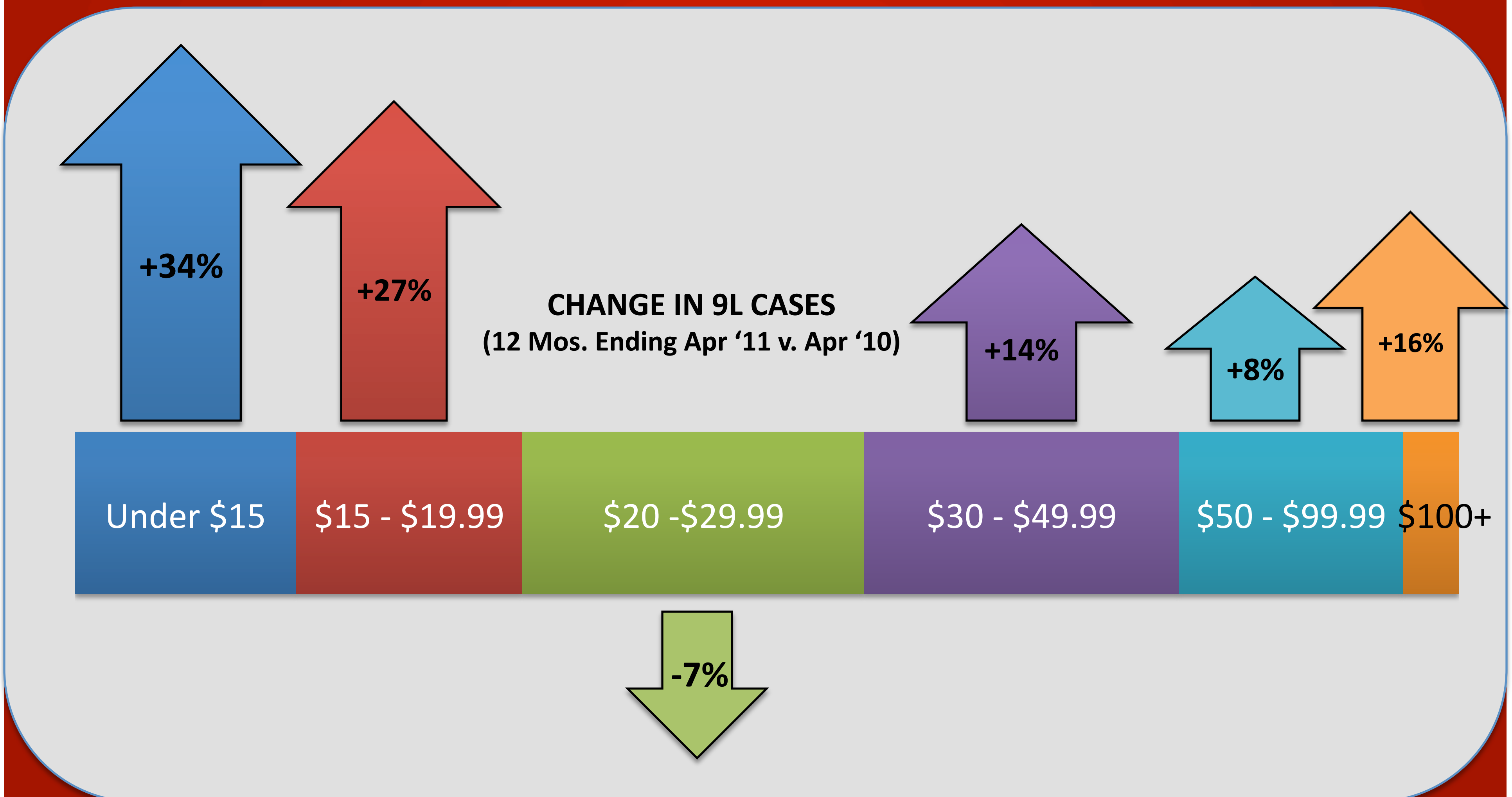
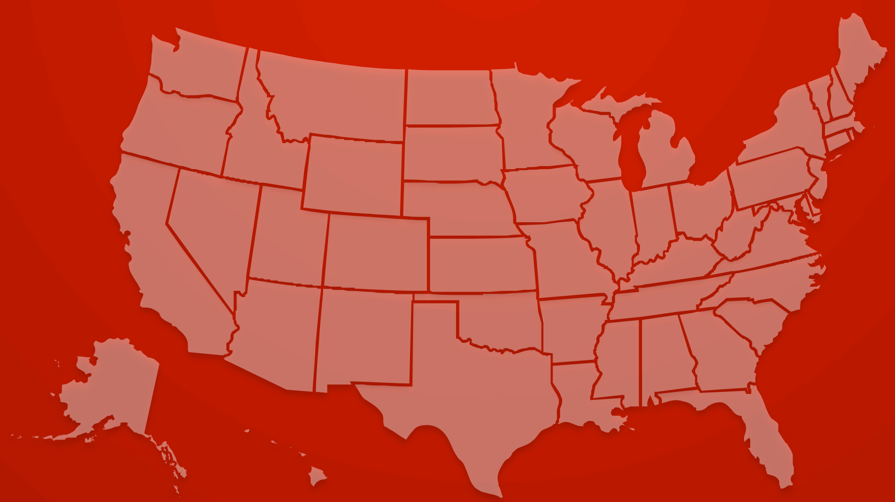
Growth Strongest at the Low End, Solid at the Highest End



By Winery Production Size



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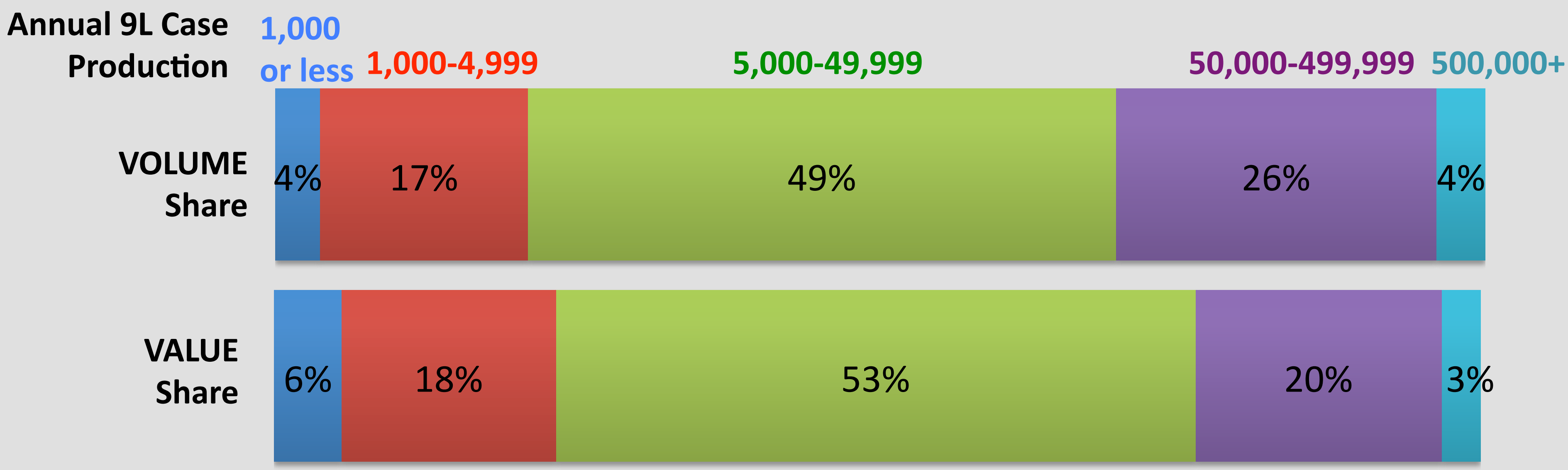
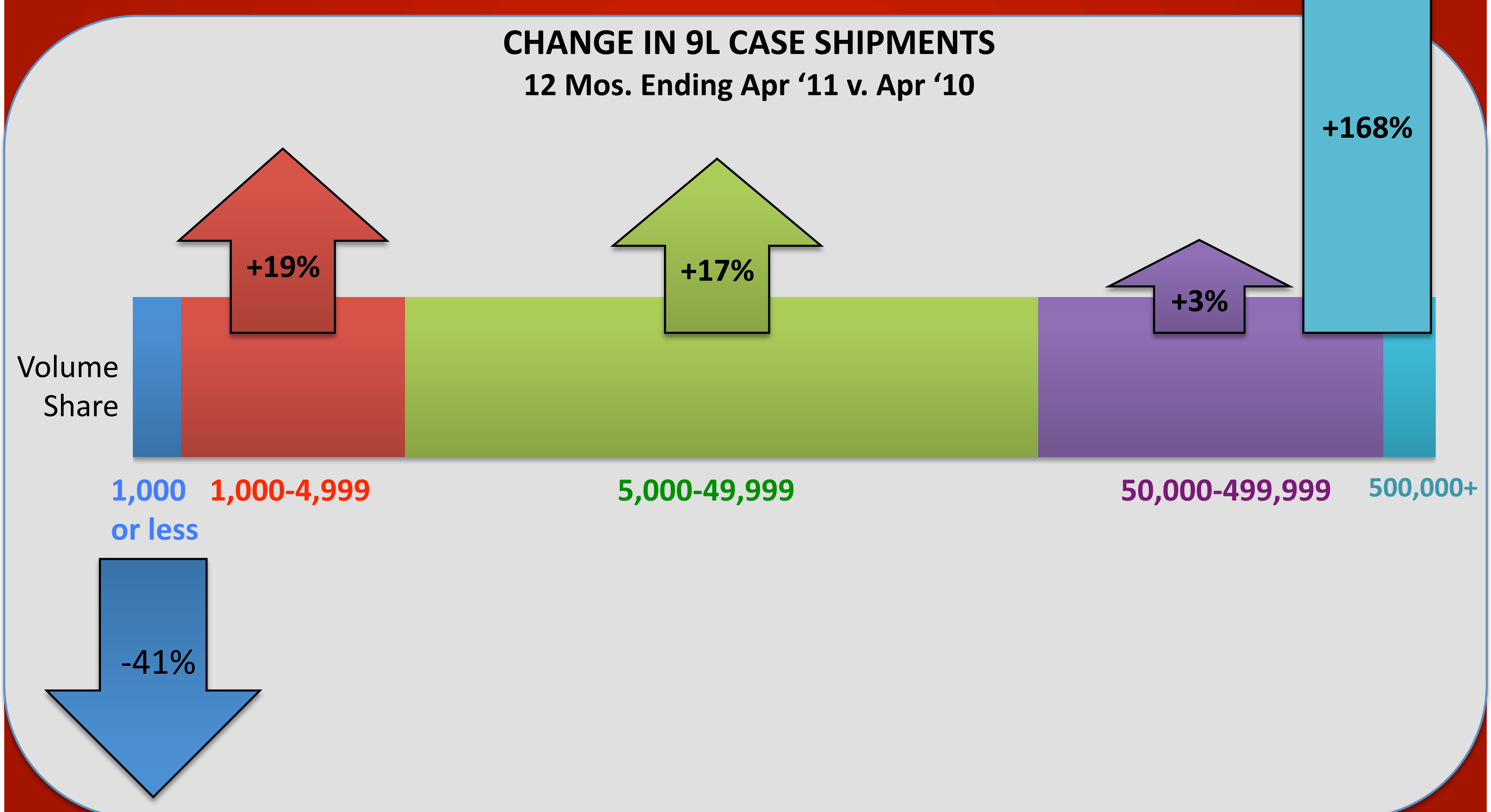
Half of DTC Shipments Come From Mid-Sized Wineries

May ‘10 – Apr. ‘11



Largest Wineries Shipments Up Significantly, Boutique Shipments Down (small bases)



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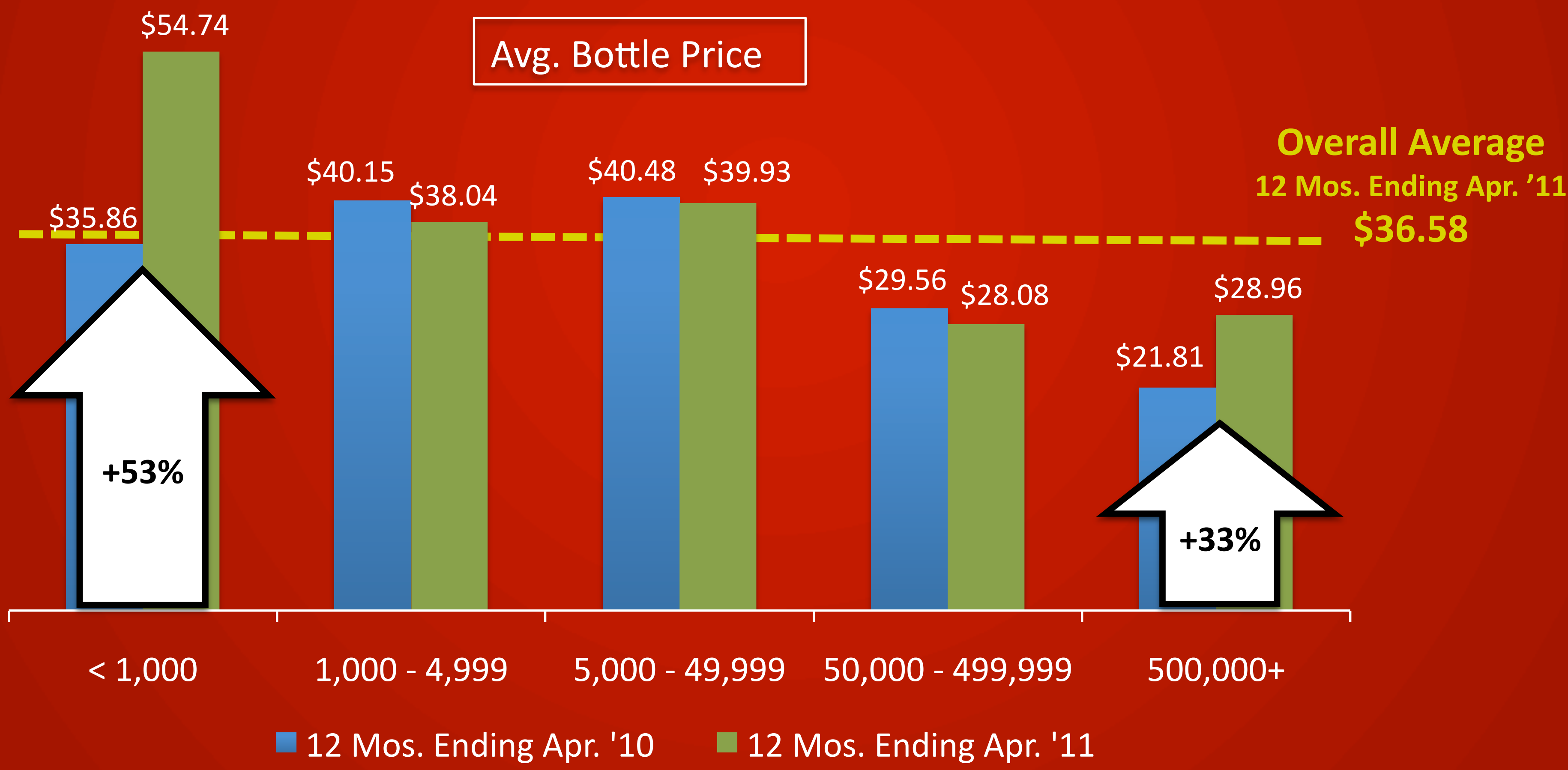
Avg. Bottle Price Increased Most at Smallest and Largest Wineries



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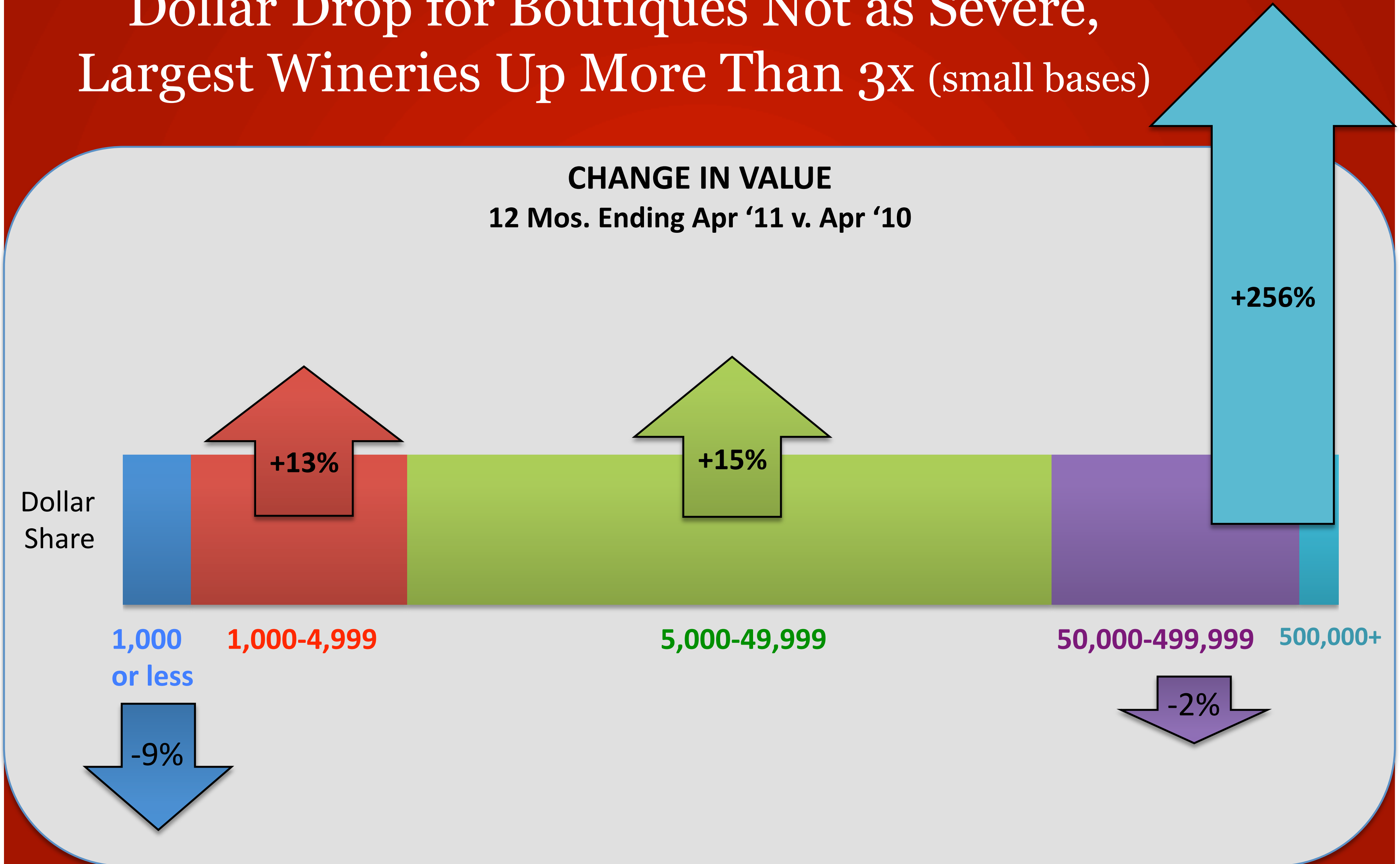
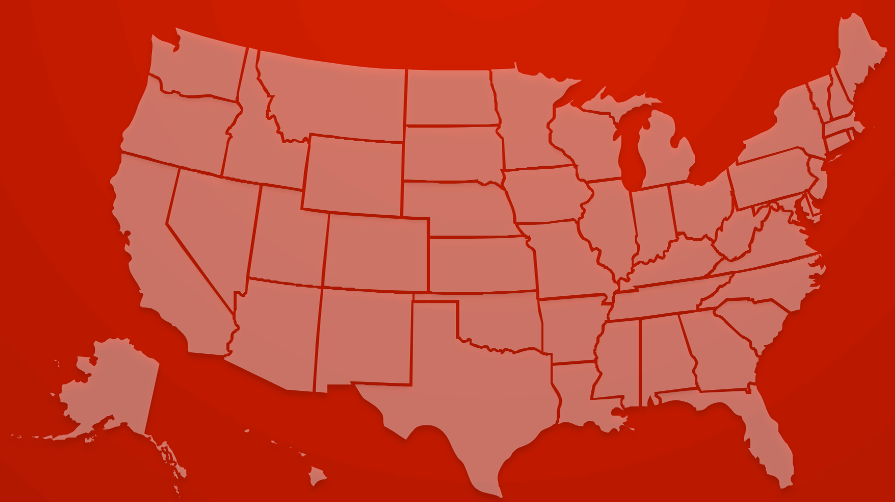
Dollar Drop for Boutiques Not as Severe, Largest Wineries Up More Than 3x (small bases)



By Specified Varietal



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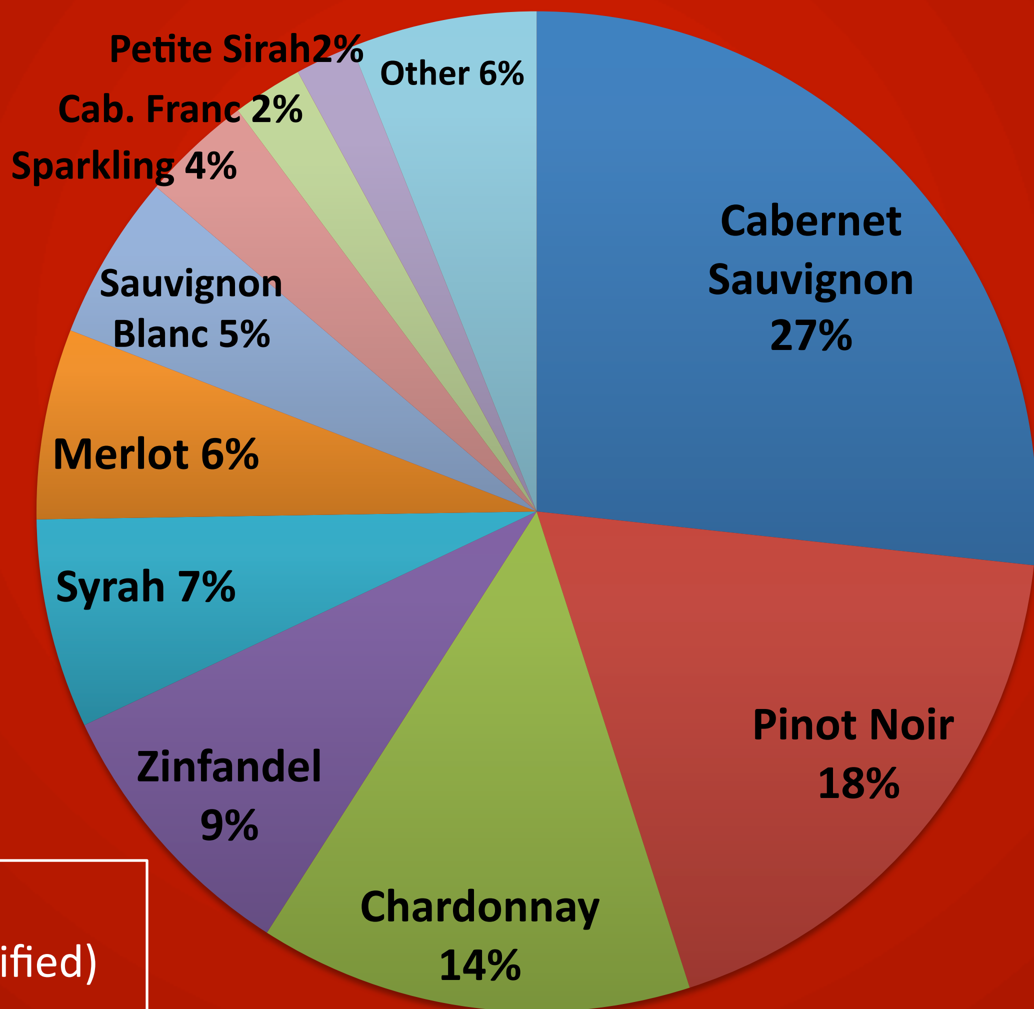
Demand Highest for Cab, Pinot & Chard



SHARE OF 9L CASES
(among varietals specified)
12 Mos. Ending Apr. '11

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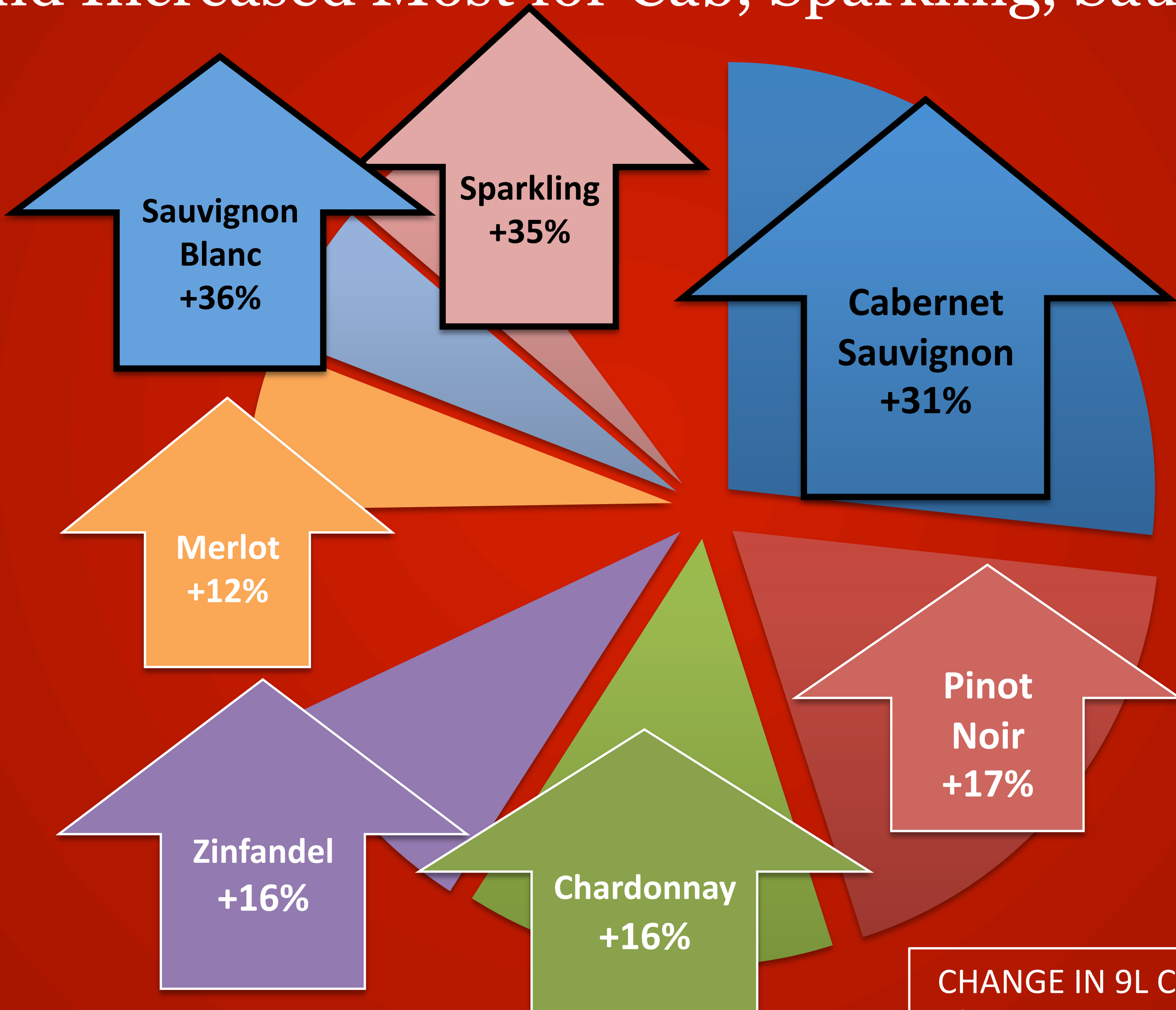
Demand Increased Most for Cab, Sparkling, Sauv. Blanc



CHANGE IN 9L CASE SHIPMENTS
(12 Mos. Ending Apr. '11 v. Apr. '10)

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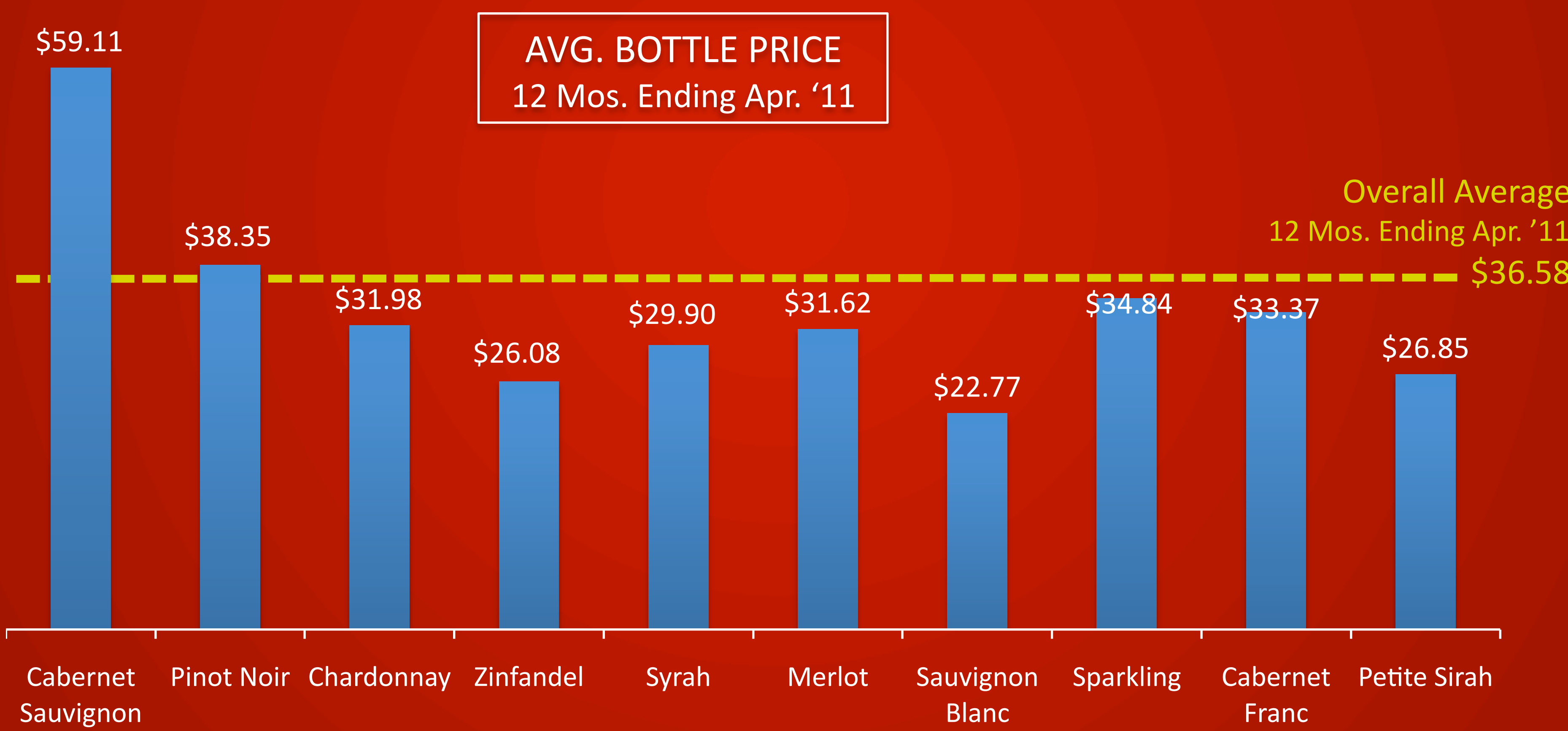
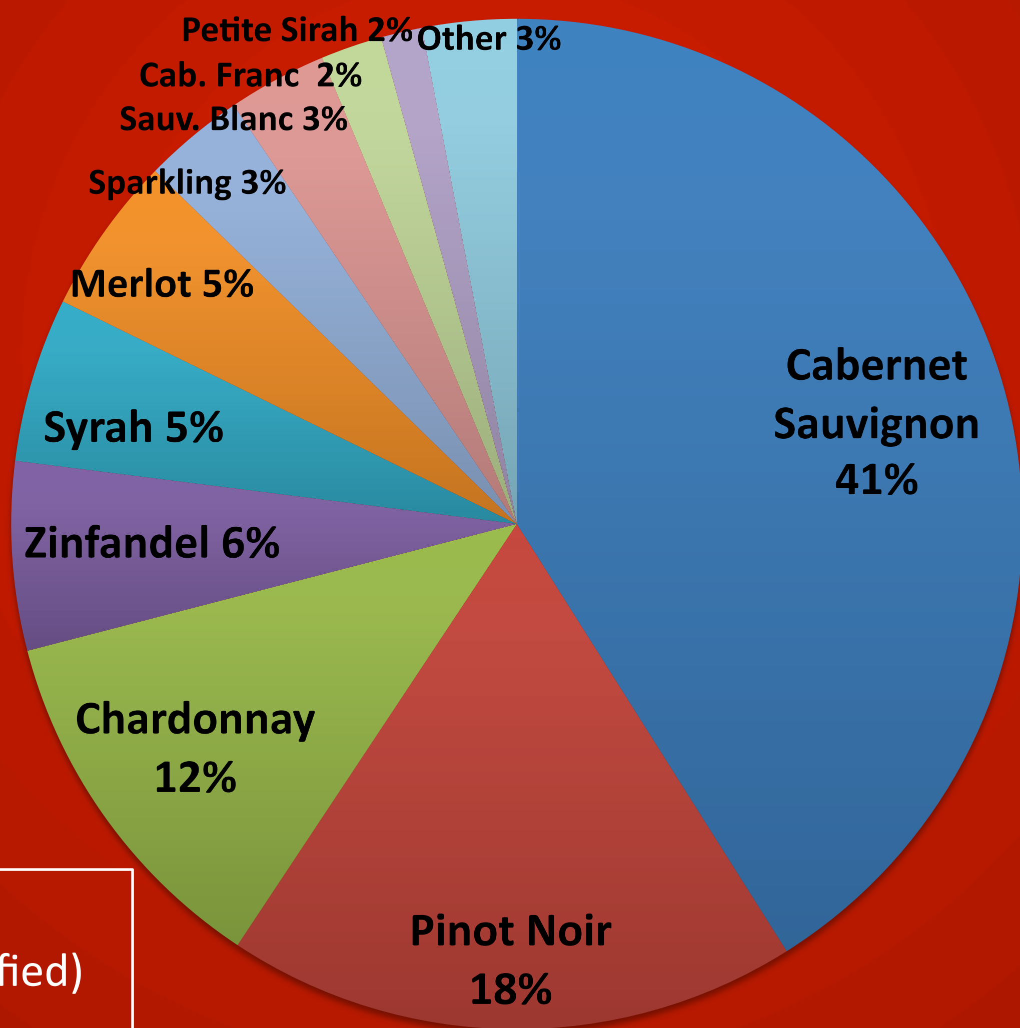
Cabs are By Far the Most Expensive DtC Shipment Varietal



Cabs Account for $41 of every $100 of DtC Shipments of Specified Varietal Wine



SHARE OF VALUE
(among varietals specified)
12 Mos. Ending Apr. '11

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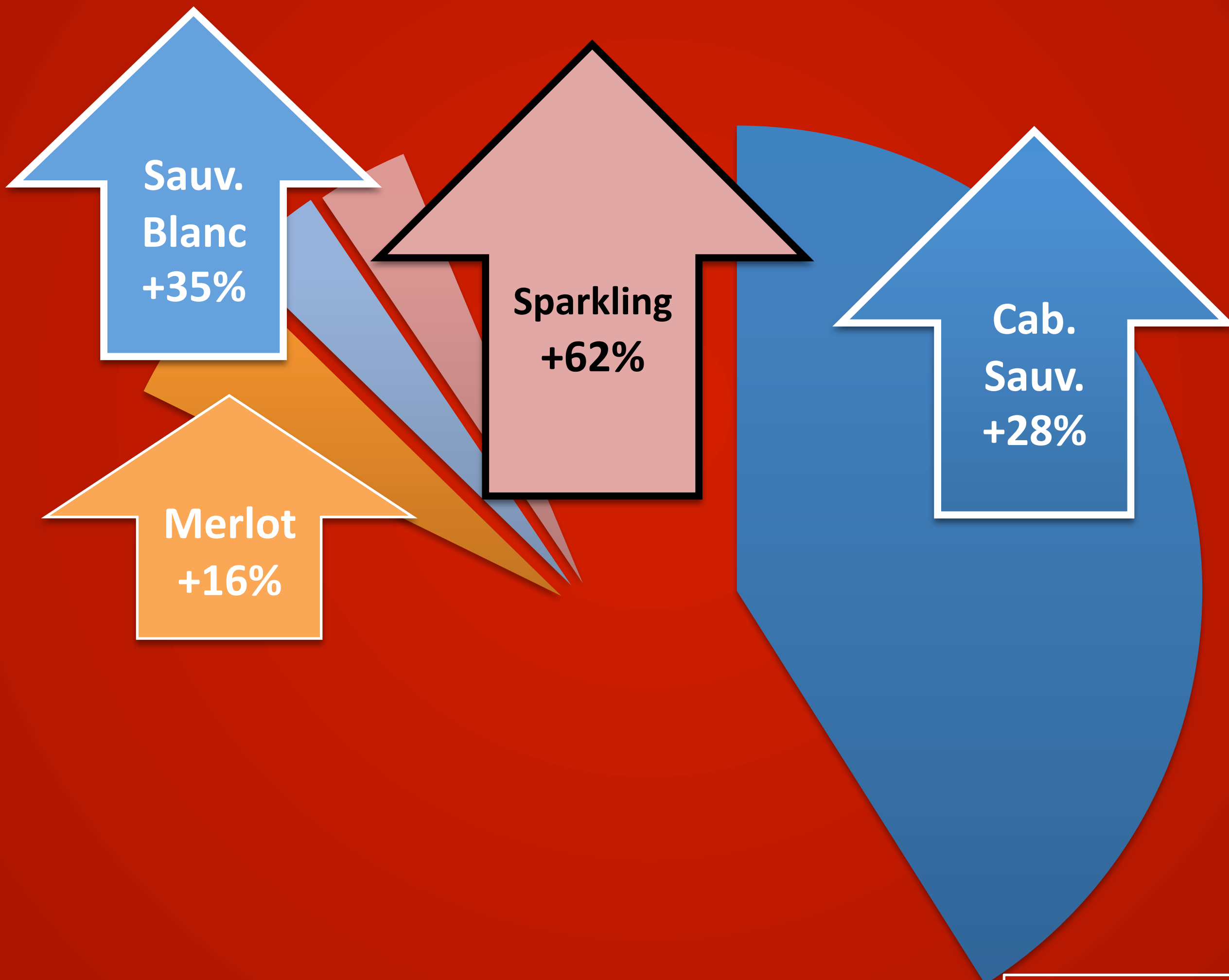
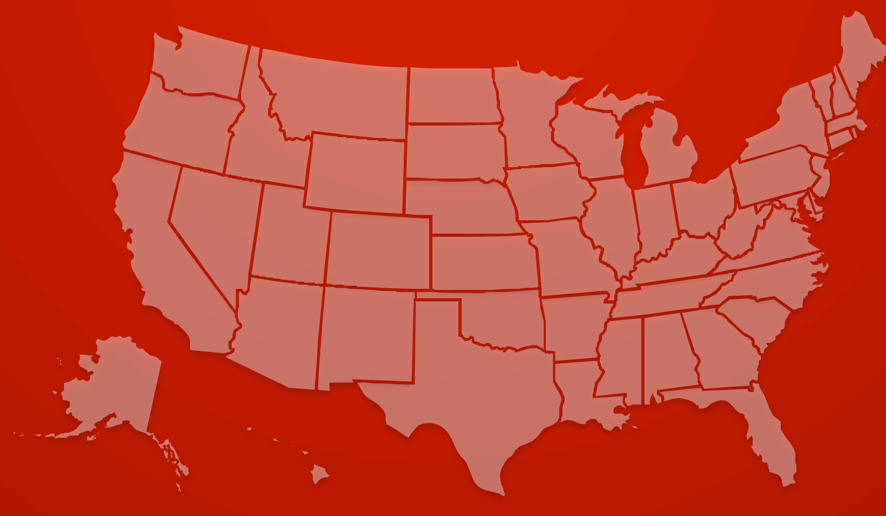
Cab Growth Impressive, Sparkling Saw Greatest Boost in Value (Off Small Base)



CHANGE IN VALUE
(12 Mos. Ending Apr. '11 v. Apr. '10)

By Destination



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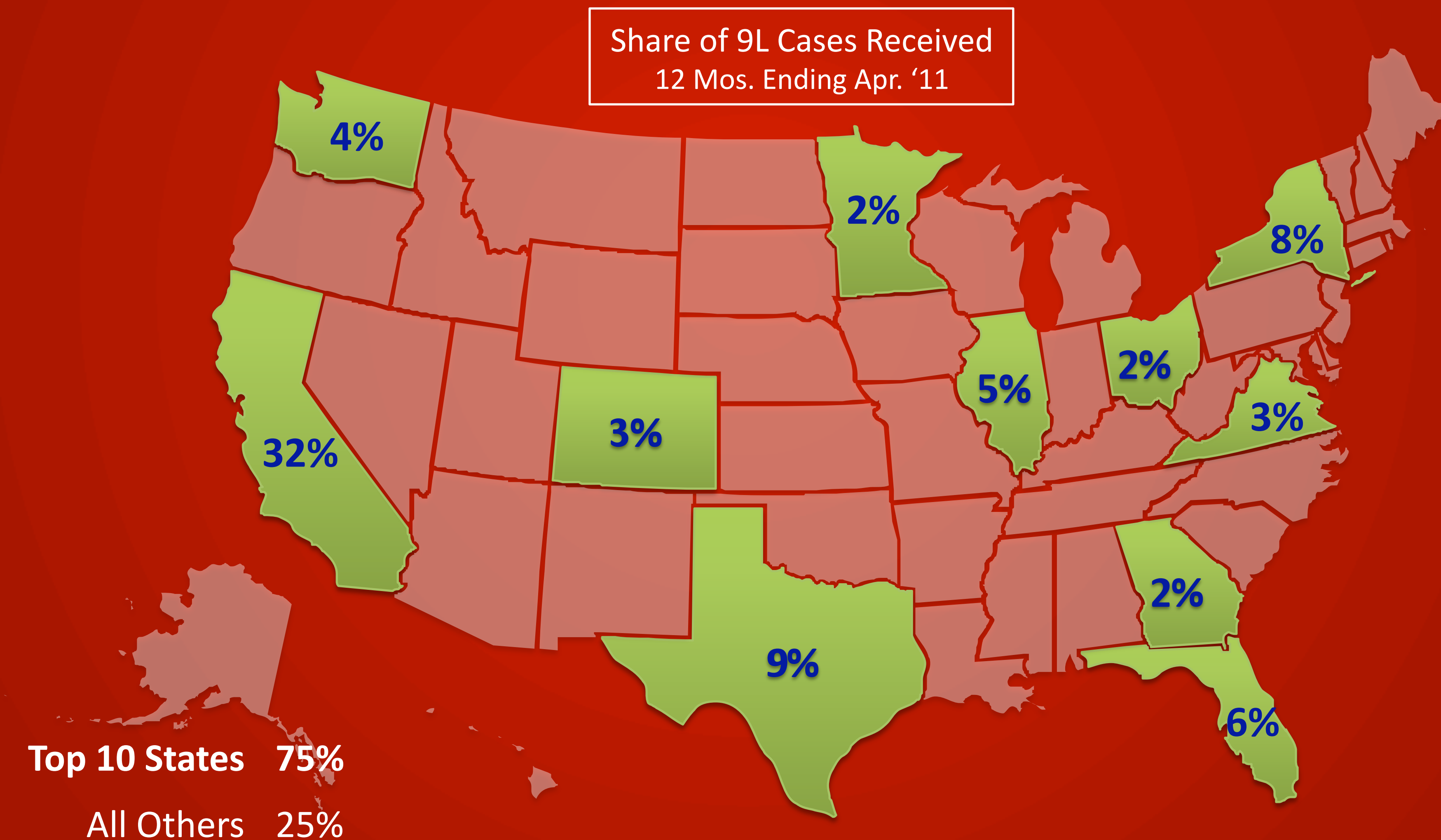
Nearly 1 in 3 Case DtC Shipments Went to Californians



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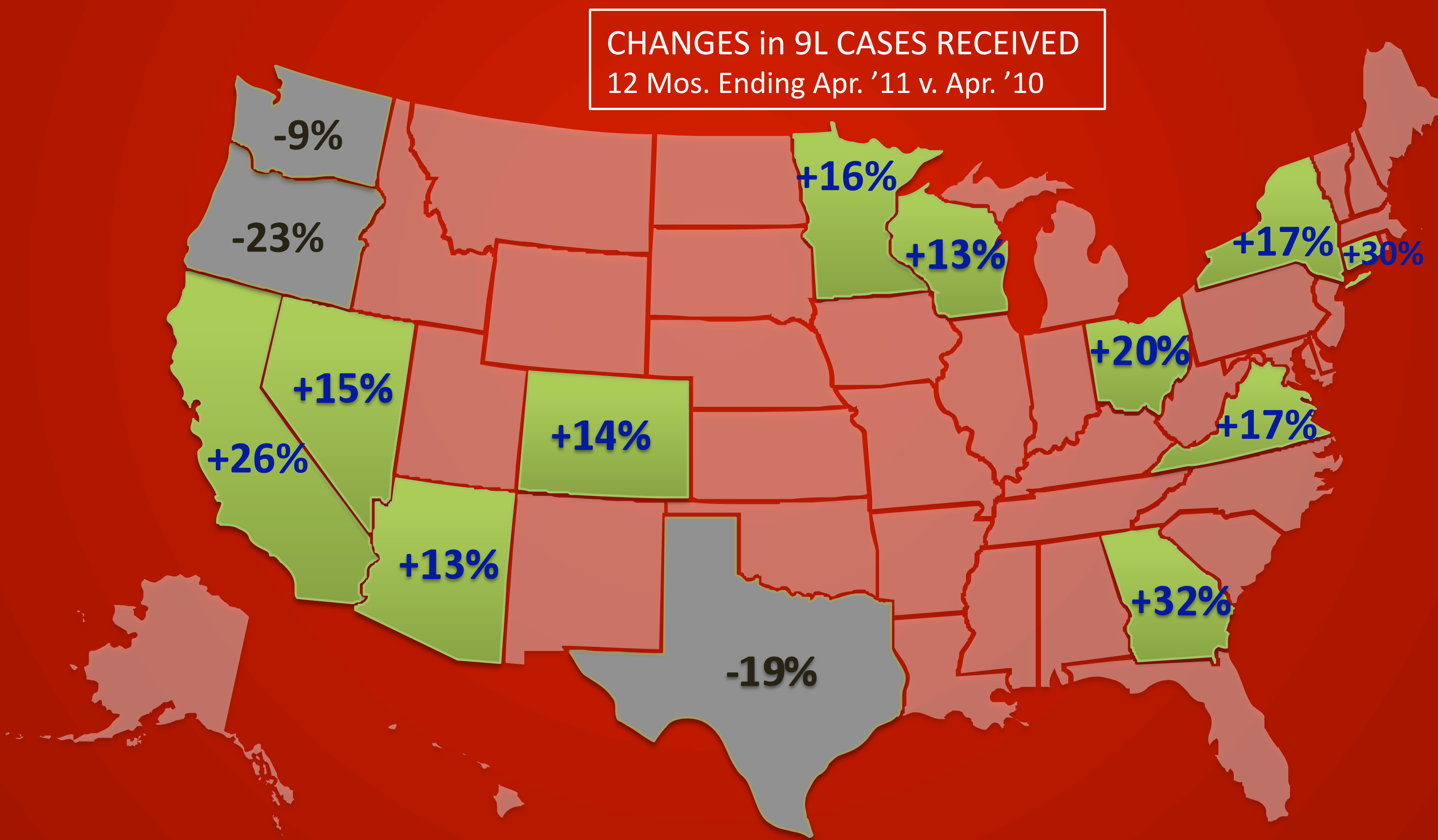
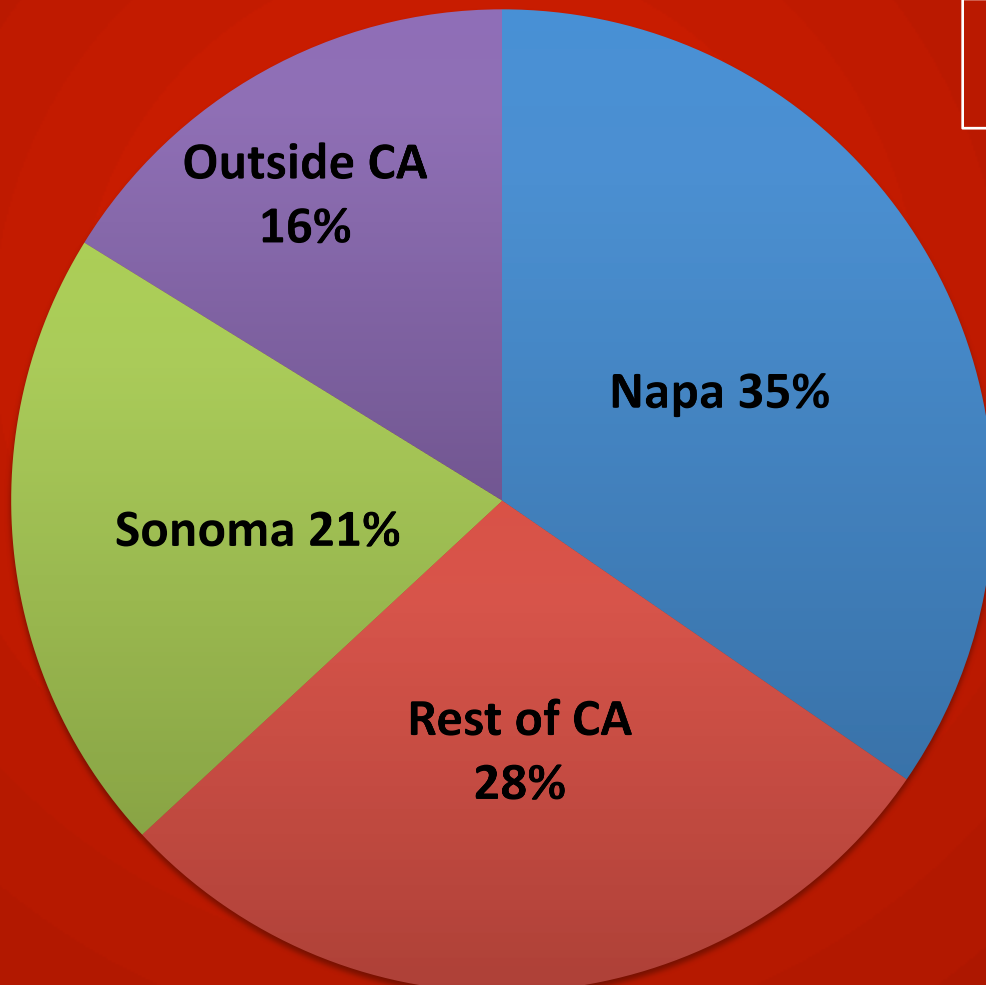
Georgians, Nutmeggers, Californians Increasing Thirst for Direct; Slowdown in Texas & Pacific NW



Spotlight: CALIFORNIA WINERIES

California Wineries Account for 5 of Every 6 DtC Shipments

SHARE OF 9L CASES
12 Mos. Ending Apr. '11



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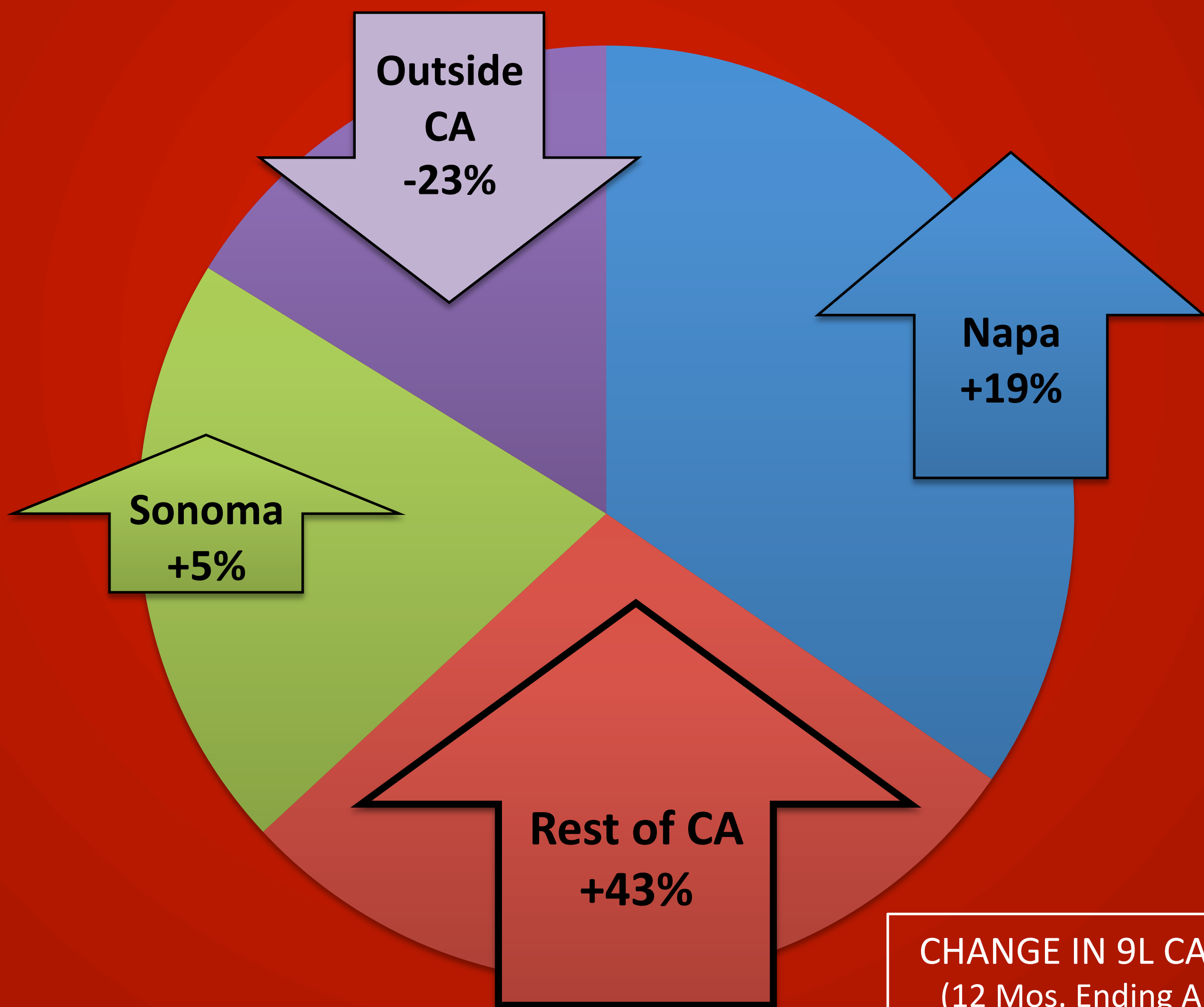
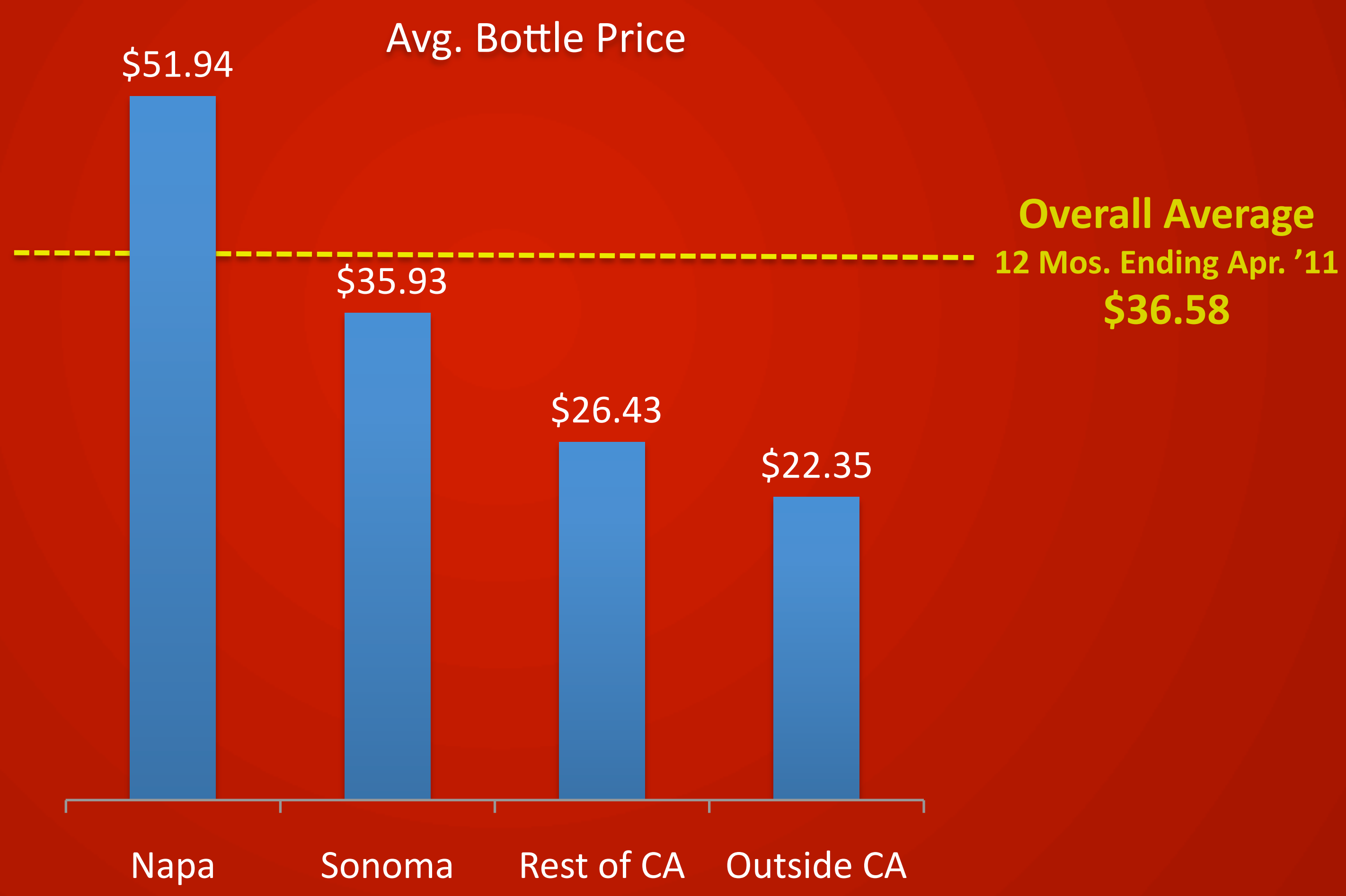
Consumers Increasingly Buying California Wines Beyond Just Napa and Sonoma



CHANGE IN 9L CASE SHIPMENTS
(12 Mos. Ending Apr. '11 v. Apr. '10)

Napa Shipments Are By Far the Most Expensive



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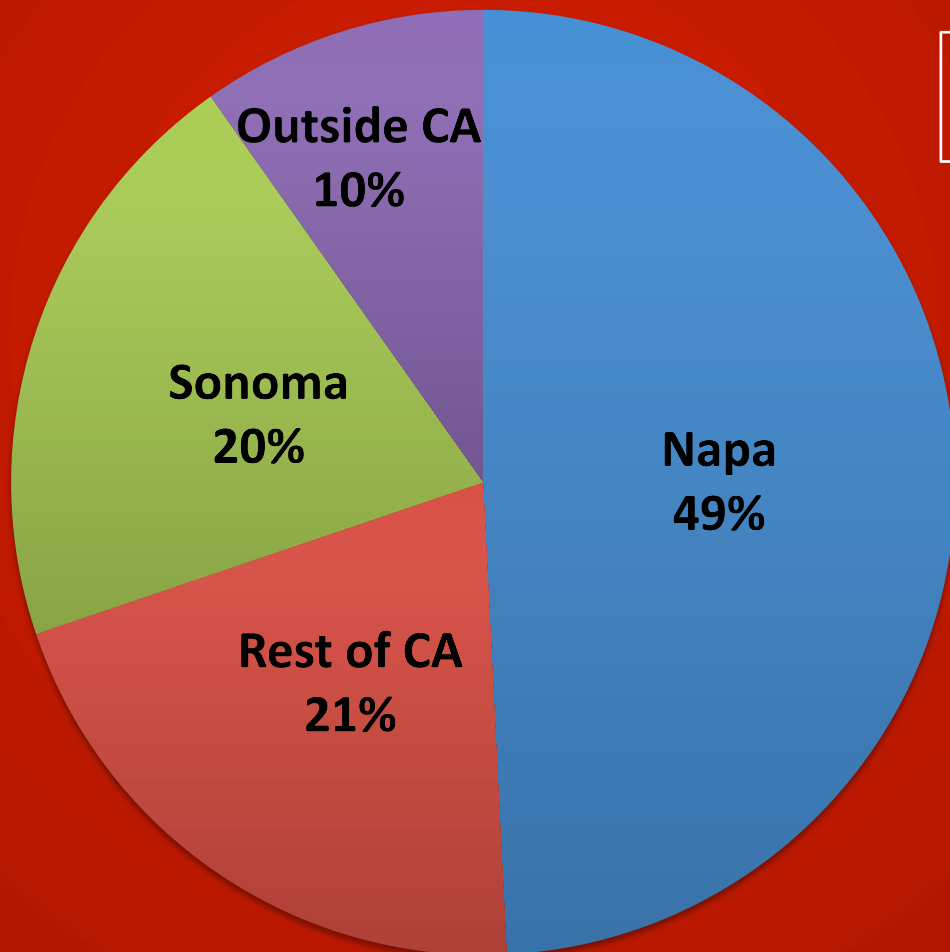
California Wineries Account for $90 of every $100 in DtC Shipments



Share of Value
12 Mos. Ending Apr. ‘11

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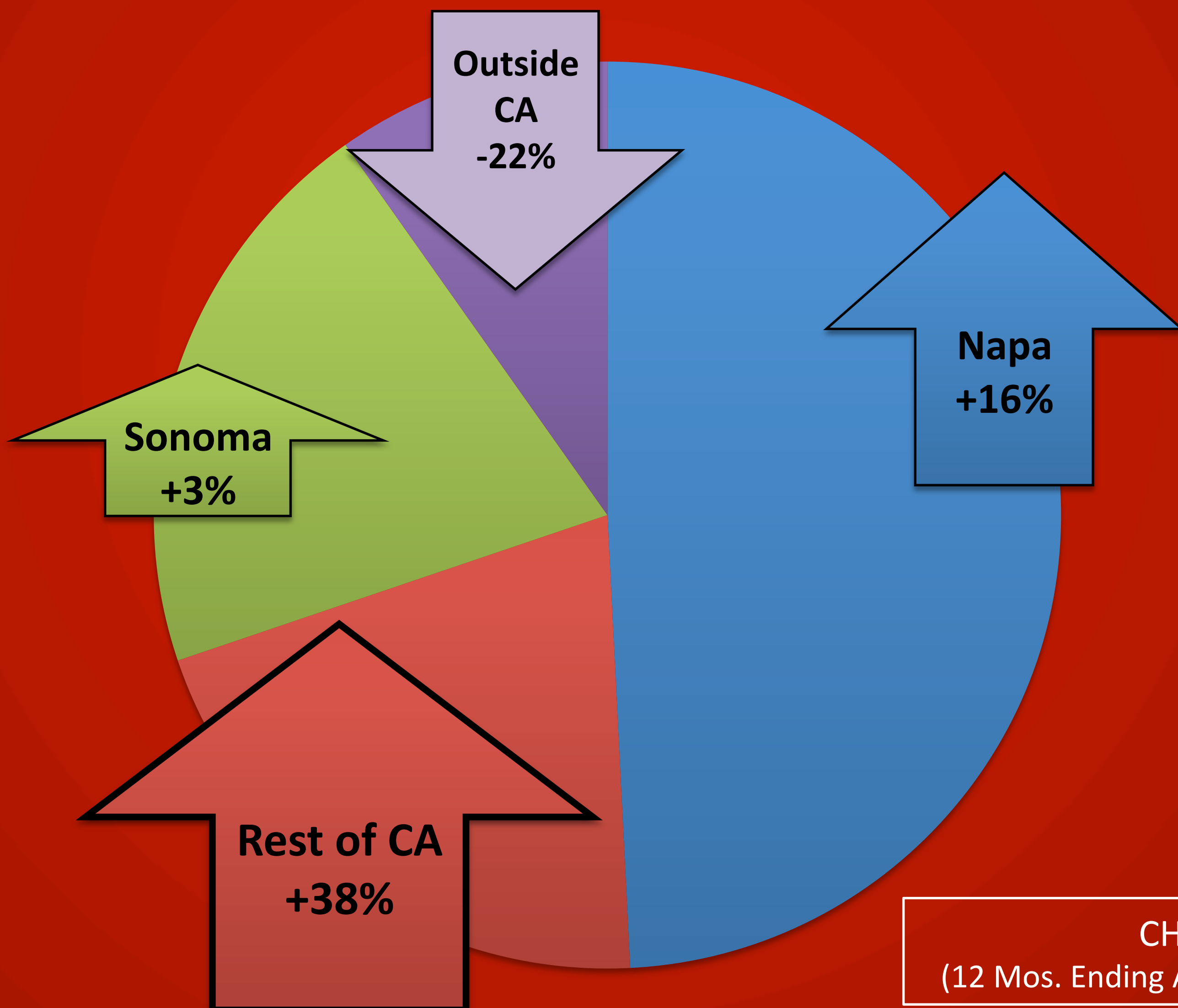
More Direct Shipment Dollars Going to Wineries Beyond Just Napa and Sonoma



CHANGE IN VALUE
(12 Mos. Ending Apr. ’11 v. Apr. ‘10)

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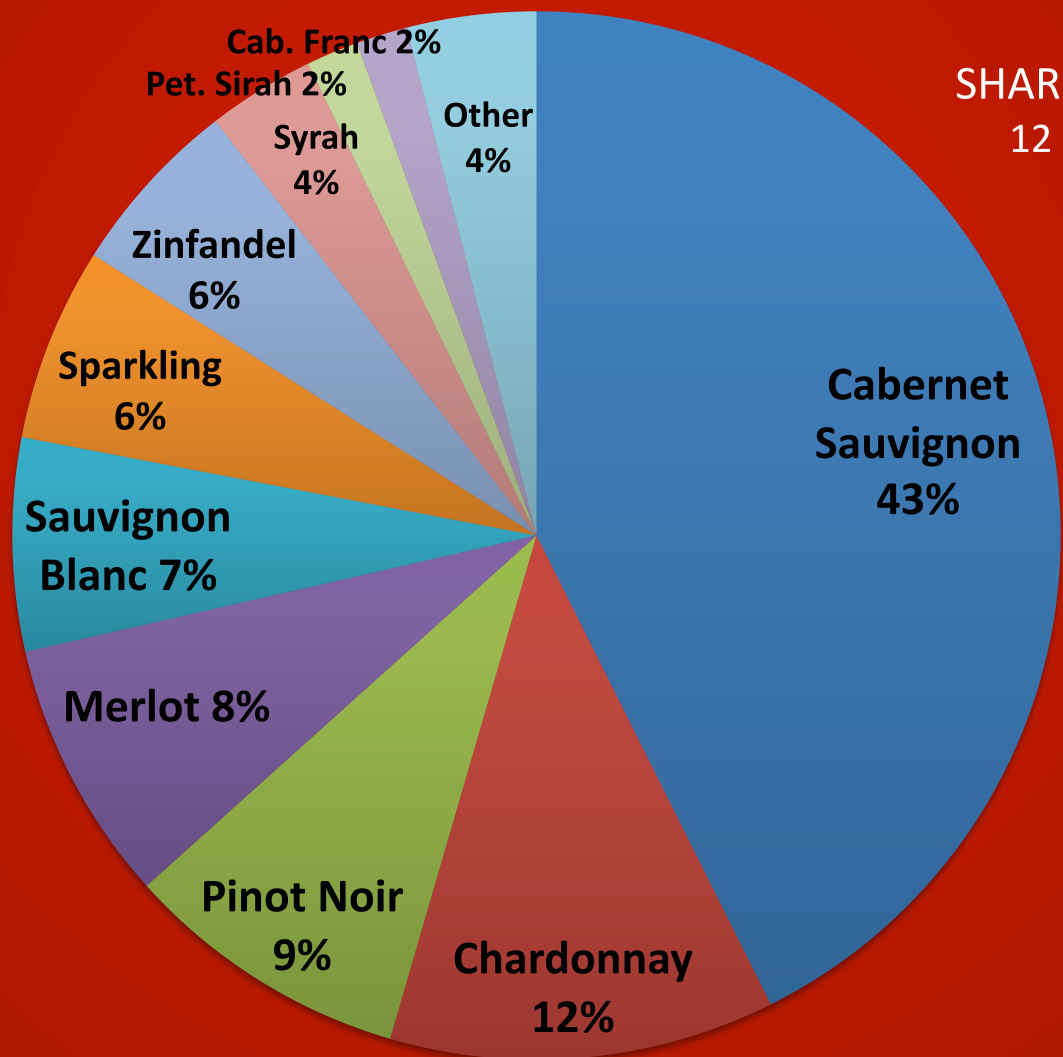
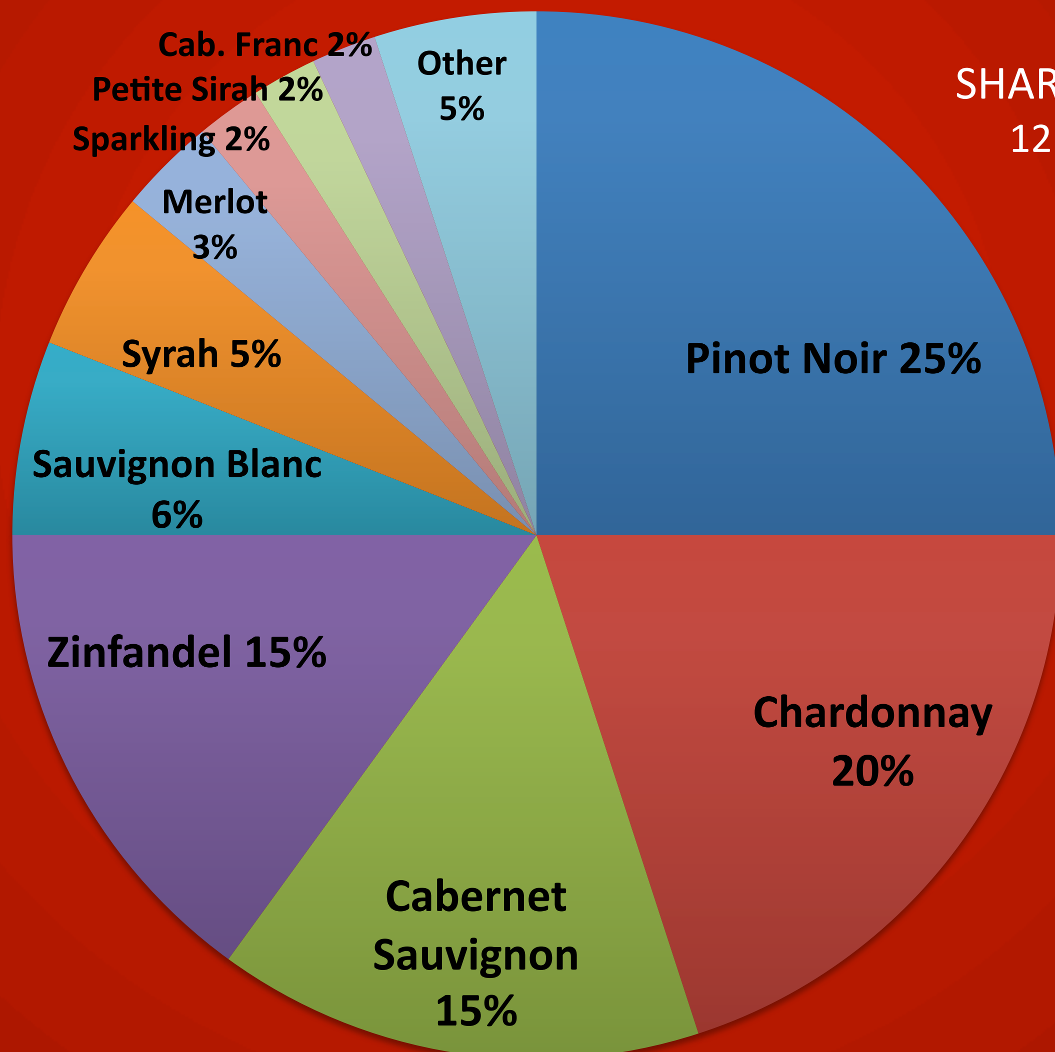
Top DtC Shipments from NAPA: Cab is King



Pinot and Chard Top Sonoma DtC Shipments



SHARE OF DtC SHIPMENTS
12 Mos. Ending Apr. '11

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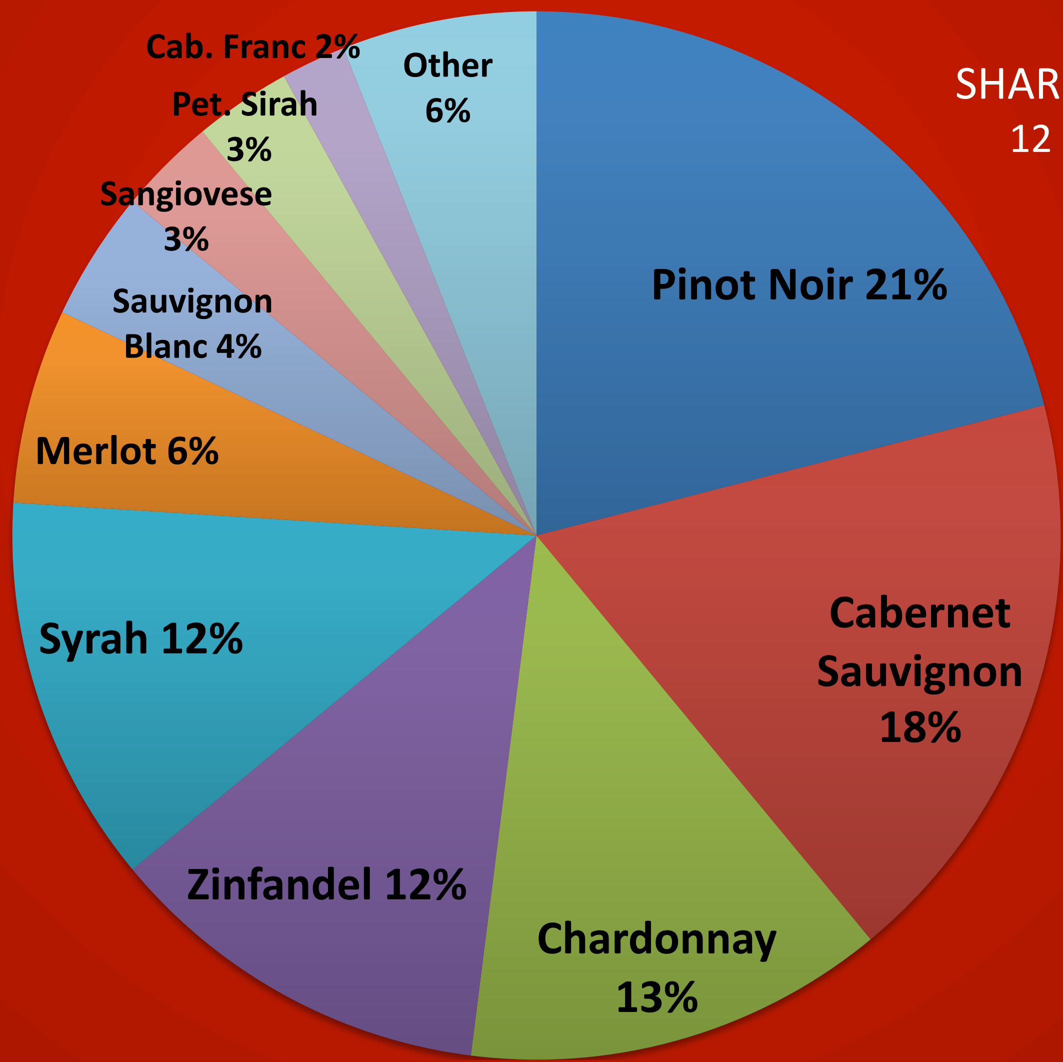
Highest Demand from the Rest of CA is for Pinot & Cab



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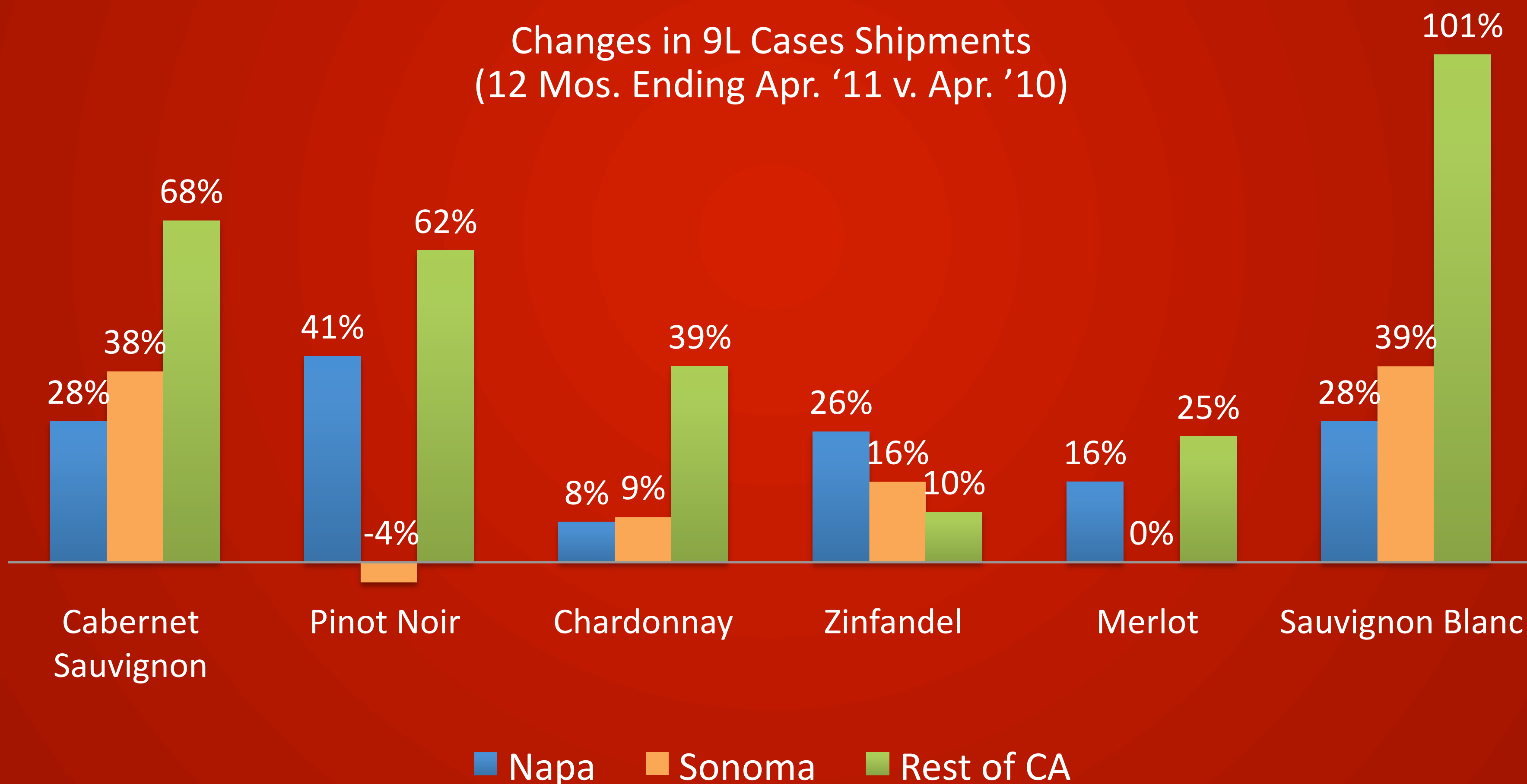
Growth in Rest of the State Outpaces Napa & Sonoma on Most Key Varietals



Thank you.

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