

YEAR IN REVIEW

Highlights of 2016 and a look ahead



Economic Impact of California Wine

California is the nation's number one wine state and the source of 85 percent of U.S. wine production. California wine makes a significant contribution to the nation and all 50 states by providing quality jobs, bolstering economies through tourism and taxes and enhancing communities through environmental stewardship and charitable giving.

Economic Impact of California Wine on the U.S. Economy	Economic Impact of California Wine on the California Economy
Employs 786,000 Americans	Employs 325,000 Californians
Generates \$114 billion in annual economic activity	Generates \$57.6 billion in annual economic activity
Pays \$15.2 billion in taxes (Annual state and federal business, excise & personal taxes)	Pays \$7.6 billion in taxes (Annual local, state and federal business, excise & personal taxes)
Pays \$34.9 billion in wages annually	

View Impact by State >

California Wine Economic Impact Map

California wine impacts the economies of all fifty states. Scroll over states on the map below to see economic highlights of California wine for each state. Click on the link at the bottom of the pop-up box to download reports. Click here for report

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BOARD & COMMITTEES

80-member board includes small, medium and large vintners from every region in California. No winery has more than two votes. All are invited to attend quarterly board meetings and join membership committees on Public Policy (includes Technical Advisory Committee), Communications and International Public Policy.

MEMBERS

950+ California winery and associate members represent 85% of U.S. wine production. 70% produce under 5,000 cases/year. Membership is open to all bonded California wineries.



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INTERNATIONAL EXPORT PROGRAM

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NOTE FROM THE PRESIDENT



Wine Institute President & CEO Bobby Koch (right) with Congressman Greg Walden (R-OR), Chair of the House Energy and Commerce Committee.

HIGHLIGHTS OF 2016 AND A LOOK AHEAD

It is my pleasure to share with you some of the successes from our work in 2016. I am very proud of what our team accomplished on your behalf and confident that we will build on this record in the year ahead.

Here are just a few of our accomplishments:

- Passed legislation opening up direct-to-consumer shipments in Pennsylvania and expanded them in Arizona for wineries over 20,000 gallons.
- Defeated wine excise tax and fee increase proposals in 24 states.
- Passed legislation in CA that bans winery funded instant redeemable coupons by retailers. Preserved mail-in coupons to wineries and retailer funded instant redeemable coupons.
- Led the effort in Congress for comprehensive excise tax reform which will simplify and reduce the taxes paid by all wineries — a majority of the House and Senate now support the legislation.
- CA wine exports reached record sales as the International team hosted hundreds of trade and media groups in CA and led vintner tours around the world
- The California Sustainable Winegrowing Alliance's work was recognized by Drinks Business with its 2016 Green Award for leadership in sustainability as participation in our program by wineries and growers continues to increase.
- A new, comprehensive Economic Impact Report (EIR) for the CA wine community was commissioned and released — a valuable tool in local, state and federal advocacy efforts (see infographic at right).

A handwritten signature in black ink that reads "Bob Koch" with a checkmark at the end.

ROBERT P. KOCH
President & CEO

STATE AND NATIONAL ECONOMIC IMPACT

ECONOMIC IMPACT OF CALIFORNIA WINE ON THE CALIFORNIA ECONOMY



Employs
325,000 Californians



Generates \$57.6 billion
in annual economic activity



Pays \$7.6 billion in taxes
Annual local, state and federal business, excise & personal taxes

ECONOMIC IMPACT OF CALIFORNIA WINE ON THE U.S. ECONOMY



Employs
786,000 Americans



Generates \$114 billion
in annual economic activity



Pays \$15.2 billion in taxes
Annual local, state and federal business, excise & personal taxes

**VISIT WWW.WINE-ECONOMY.COM
FOR MORE INFORMATION.**

Source: 2015 Economic Impact Report on Wine prepared by John Dunham & Associates, New York

GOVERNMENT RELATIONS



OUR MISSION

To initiate and advocate public policy that enhances the ability to responsibly produce, promote and enjoy California wine.

Wine Institute is the only organization in the U.S. representing the interests of wine at the state, federal and international levels.



CALIFORNIA

Wine Institute is spearheading a coalition of winegrowing associations in Napa, Sonoma and Carneros to help ensure that vineyard sediment rules adopted by the SF Bay Regional Water Board are reasonable and manageable.

CALIFORNIA WINE BY THE NUMBERS

1

CALIFORNIA IS AMERICA'S TOP WINE PRODUCER, MAKING 85% OF ALL U.S. WINE

4

CALIFORNIA IS THE WORLD'S FOURTH LARGEST WINE PRODUCER AFTER ITALY, FRANCE AND SPAIN

49

NUMBER OF CALIFORNIA'S 58 COUNTIES WHERE WINEGRAPES ARE GROWN

HIGHLIGHTS

WINERY FUNDED INSTANT REDEEMABLE COUPONS

BANNED: Wine Institute-sponsored SB 1032 (Galgiani) was signed into law by Governor Brown on August 25th. The new law, passed by the Legislature with only a single “no” vote, bans winery-funded, instant redeemable coupons in off-sale retail establishments. Passage of this measure eliminates retailers’ ability to demand that wineries fund these types of coupons and creates a more level-playing field for price negotiations.

BILL TO MAKE BUSINESS WATER USE PUBLIC

DEFEATED: Wine Institute worked with a coalition to defeat AB 1520 (Stone). This bill would have made water usage data of businesses publicly accessible. Such data would serve no public purpose without providing context for the water use.

WINE YEAST TAX EXEMPTION FINAL: Wineries benefit from Wine Institute-sponsored action by the Board of Equalization (BOE) to provide a sales and use tax exemption on winery yeast. Procedures for the exemption became final in

August and the BOE is investigating if other wine ingredients could receive the same tax treatment.

NORTH COAST WASTE DISCHARGE RULES

IMPROVED: The North Coast Regional Water Board adopted a new General Order for wastewater discharges for wineries, breweries and food processors in the North Coast Region. Wine Institute negotiated to obtain improvements to the rules, including doubling the size of wineries eligible for a waiver, forestalling mandatory groundwater monitoring wells and instituting more reasonable sampling procedures. The North Coast Region encompasses most of the wine growing regions of Sonoma County and all of Mendocino County.

OPPOSING UNREASONABLE WASTE DISCHARGE

RULES: The Region 3 Water Quality Control Board, which covers the Central Coast winegrowing regions, proposed an update to its winery waste discharge rules. The proposal has several issues of concern: it brings many smaller wineries into

the rule, proposes difficult regulatory thresholds for pH and nitrogen, and fails to establish the manner in which third-party programs, such as Certified California Sustainable Winegrowing, may participate in the program. As a result of comments submitted by Wine Institute and other stakeholders, the Board decided to substantially delay the adoption date of the new rules, initially proposed for January 27, 2017. The new target adoption date has not been announced.

WORKING TO ENSURE MANAGEABLE SEDIMENT

RULES: The San Francisco Bay Regional Water Board has proposed new requirements for growers with at least 5 acres of vineyards on their contiguous property with the goal of reducing sedimentation in the Napa River and Sonoma Creek. The proposed rules could impose significant new costs on vineyard owners. Wine Institute spearheaded a coalition of winegrowing associations in the impacted regions and provided comments to the Board to ensure that the final rules adopted are manageable.



800

MILES OF COASTLINE THAT BRING COOL OCEAN AIR TO OUR VINEYARDS AND CREATE OUR FAMOUS FOG



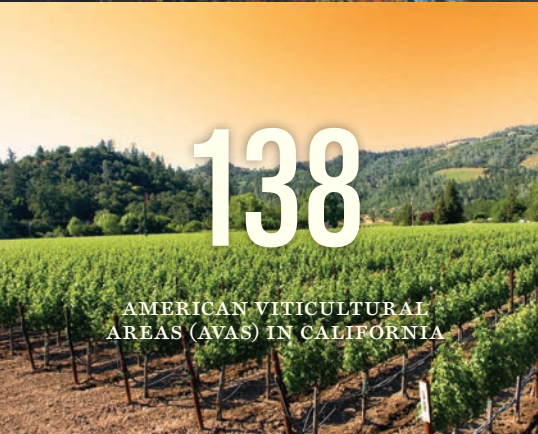
4,600

NUMBER OF WINERIES, NEARLY ALL FAMILY OWNED



615,000

ACRES UNDER VINE, COVERING LESS THAN 1% OF ALL LAND IN THE GOLDEN STATE



138

AMERICAN VITICULTURAL AREAS (AVAS) IN CALIFORNIA



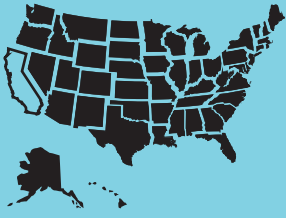
2,818

NUMBER OF DIFFERENT SOIL TYPES IN CALIFORNIA



5,900

NUMBER OF WINEGRAPE GROWERS



STATE RELATIONS

Bills expanding direct-to-consumer (DTC) wine shipping were passed in Arizona and Pennsylvania, bringing DTC shipping to 95% of the U.S. population in 44 states and Washington, D.C.

PENNSYLVANIA UPDATE



DTC shipping passed in PA, the 12th largest U.S. wine market, in 2016



700+ licenses issued to wineries in the first five months



Wineries may ship 36 cases per individual annually



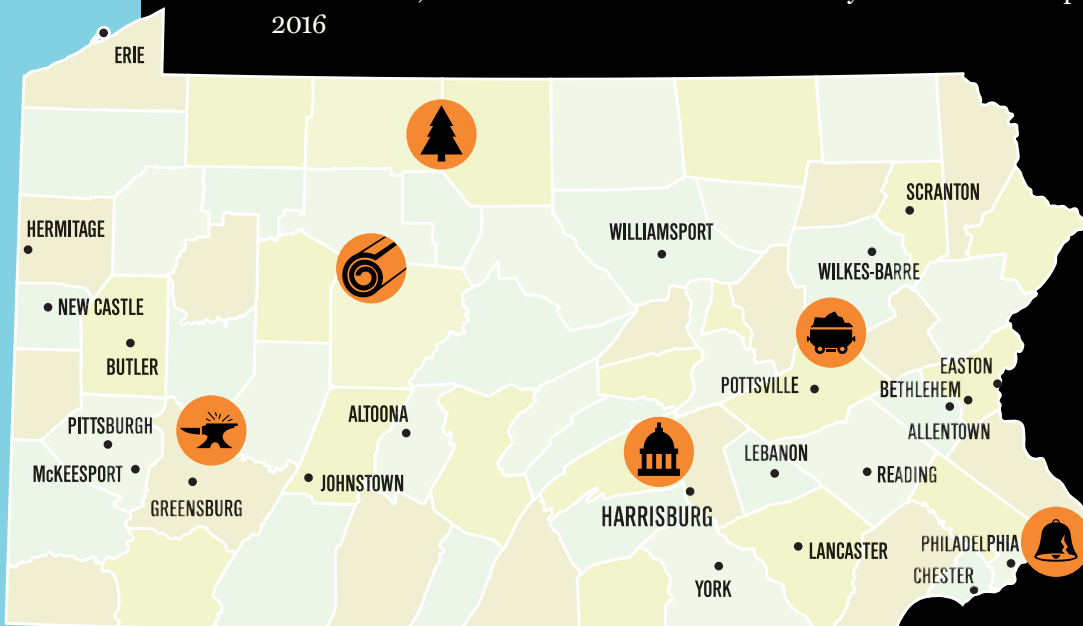
Negotiated a more reasonable tax structure than proposed



Sunday sales now allowed in all PCLB stores



New "Wine Expanded Permit" now allows wine sales in new locations such as food stores with delis. Four bottles per customer per visit.



When complex legislative packages are being negotiated, like the one in Pennsylvania, Wine Institute always works to ensure that provisions favorable to wine are included.



The state relations field team and state lobbyists met in November to share information and prepare for the coming year.

HIGHLIGHTS

EXCISE TAX AND FEE INCREASES DEFEATED:

Wine Institute's State Relations team was successful in fighting tax and fee increases in 24 of the 26 states where they were proposed in 2016. Only Louisiana increased its excise tax rate from the lowest rate in the country to just under the national average. Illinois increased license fees across the board to fund more regulatory enforcement. In the other 24 states, significant efforts to pass higher taxes were defeated through work with local hospitality industry coalitions. The most significant wins last year were stopping efforts to double the excise tax in Alaska, from \$2.50 to \$5.00 per gallon, and defeating a bill in New Mexico granting alcohol taxing authority to local counties.

SIGNIFICANT DIRECT-TO-CONSUMER SHIPPING

WINS IN 2016: Bills expanding DTC wine shipping were passed in Arizona and Pennsylvania, bringing DTC shipping to 95% of the U.S. population located in 44 states and Washington, D.C. In AZ, wineries over 20,000 gallons may now obtain a permit to do off-site sales. In PA, which had the largest population of the remaining non-shipping states, DTC shipping of up to 36 cases was legalized as part of a broader "modernization" bill. Equally important in 2016 was Wine Institute success in stopping anti-shipping legislation advanced by local wholesalers that targeted the common carriers. While these efforts appear to be continuing, crucial wins in Illinois and elsewhere prevented onerous provisions from being added to

existing laws which could have caused the carriers to pull out of important shipping states.

WINE IN FOOD STORES EXPANDS: Both Pennsylvania and Colorado began the process of implementing newly-passed laws to allow for limited sales of wine in food stores. Tennessee also began allowing wine sales in "wet" communities on July 1st, making three new states that are expanding wine sales into this important channel. Oklahoma voters passed Question #792 in November which, if it survives a legal challenge, will open food store sales in that state in 2018.

TRADE PRACTICE RULE REVIEWS: Many states continued to focus on reviewing trade practice rules and regulations in 2016. Although trade practices may seem arcane and appear to be "inside baseball", the resulting rules can have profound impact on how wineries can market and sell their products across the country. State Relations regional representatives and lobbyists participated in meetings and hearings, always seeking opportunities to improve existing rules and to avoid rolling back privileges that are important to wineries. Included in these reviews were subjects like consumer tastings, samples for retail licensees, merchandising practices, coupons, volume discounts and advertising rules. Last year, Illinois, Michigan, Iowa, Colorado and New York were among the states that were actively engaged in such processes.

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FEDERAL RELATIONS

Wine Institute is spearheading the Craft Beverage Modernization and Tax Reform Act which would expand and simplify the small producer tax credit, reduce excise taxes for all wineries and allow wineries to innovate with new products.



Senator Dianne Feinstein greets Greg Coleman, Immediate Past Chairman of Wine Institute, during the 2016 Washington trip.



Congressman Mike Thompson, Melanie Rhinehard Van-tassel, Chief of Staff and Wine Institute Chairman Margie Healy at the 2016 Library of Congress Reception.



Wine Institute officers and members met with Senator Pat Roberts (R-KS), Chair of the Senate Agriculture Committee, during the annual Washington D.C. trip in May.

HIGHLIGHTS

MAJORITY OF CONGRESS SUPPORTS FEDERAL EXCISE TAX REFORM: Wine Institute helped lead the effort to build broad, bipartisan support for the first comprehensive reform of federal excise taxes in over 25 years. The Craft Beverage Modernization and Tax Reform Act (S. 1562/H.R. 2903) had 288 sponsors in the House and 52 in the Senate at the close of 2016. This legislation would expand and simplify the small producer tax credit, reduce excise taxes for all wineries, and allow wineries to innovate new products. The bill has the support of all six national producer groups across the wine, beer and spirits sectors. Congress failed to act on this or any other major tax legislation in 2016 so the bill was reintroduced in late January 2017 with plans to build on the progress and momentum achieved to date. Congress is very likely to tackle broader tax reform this year which will present a perfect opportunity to push this legislation across the finish line.

ADDITIONAL FUNDING FOR TTB: Building on the success of last year, Wine Institute has made significant progress towards an additional funding increase for TTB in FY2017. TTB received a \$5 million funding increase for FY2016, but still has significant need for additional

funding to address critical issues. Both the House and Senate Appropriations Committees passed bills last year that included an additional \$5 million increase for TTB in FY2017 (with total funding at \$111.4 million). Although the appropriations process has not been completed, Congress is expected to finalize FY2017 funding early this year with these additional funds for TTB included. TTB used a portion of the new FY2016 funds to hire twenty additional full time staff to reduce wait times for COLA and formula approvals.

GMO LEGISLATION ENACTED: The National Bioengineered Food Disclosure Standard (S.764) was signed into law by President Obama last summer. The legislation mandates the disclosure of GMO ingredients included in food items, but excludes alcohol beverages from this requirement. Most importantly, the legislation includes a pre-emption of any state law trying to mandate GMO labeling. This is critical as it will prevent producers from having to deal with an unworkable patchwork of different state laws. Wine Institute worked successfully with the bill sponsors throughout the process to ensure that there would not be any confusion as to the bill's intent to exempt alcohol.

WINE INSTITUTE POLITICAL ACTION COMMITTEE

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INTERNATIONAL TRADE POLICY

Wine Institute is leading international opposition to the British Columbia (B.C.) government's discriminatory practices which give preferential treatment to B.C. wine in grocery stores and effectively ban imported wines from these stores.



HIGHLIGHTS

TRADE BARRIERS REPORT RELEASED: The 2016-2017 Wine Institute International Trade Barriers Report is an important resource for members and key U.S. government officials who assist the California wine industry on both export promotion and trade policy issues. The 28th annual publication describes U.S. wine export performance in foreign markets and the tariff and non-tariff trade challenges threatening further growth.

OPPOSING CANADIAN GROCERY STORE RESTRICTIONS: Wine Institute continues to lead international opposition to the British Columbia government's discriminatory B.C. wine on grocery shelves program, which effectively bans imported wines from B.C. grocery stores. We are working with other industry organizations and the U.S. and other governments to ensure that all wines, both local and imported, can

equally access grocery store shelves.

Wine Institute is also opposing recent grocery store changes in Quebec and Ontario which provide few, if any, opportunities for imported brands and significantly improving access for grocery store consumers for local wines. The U.S. Trade Representative (USTR) has requested World Trade Organization (WTO) consultations with the Canadian government on the issue.

INTERNATIONAL FORUMS IMPROVE TESTING AND REGULATIONS: Wine Institute organized the Asia Pacific Economic Cooperation Wine Regulatory Forum's 6th annual meeting on "Winemaking Practices and International Trade" in Ottawa, Canada on Oct. 6-7. Representatives from 16 countries (Australia, Canada, Chile, China, Japan, Malaysia, Mexico, New Zealand, Peru, Philippines, Russia, Thailand, U.S., Viet Nam,

Argentina and South Africa) shared Good Regulatory Practices relating to winemaking additives, export certificates, Codex, and regulatory issues surrounding maximum residue limits.

TECHNICAL EXPERTS CONVENED: In May, Wine Institute and the U.S. government brought together 55 wine regulators, and laboratory scientists and wine industry scientists from six of the eight World Wine Trade Group (WWTG) countries and 11 of the 21 Asia Pacific Economic Cooperation (APEC) economies to improve wine laboratory testing at the 7th annual International Wine Technical Summit in San Luis Obispo. Participants discussed current technical issues impacting international trade, testing and methodologies and regulations related to wine. For the first time, the Summit partnered with the APEC Wine Regulatory Forum on a training workshop for Pacific Rim lab managers, covering issues related to quality and methods in laboratories.



U.S. Ambassador to Canada Bruce Heyman toasts the APEC Wine Regulatory Forum at an Ottawa reception sponsored by Wine Institute.

B.C.'s discriminatory "B.C. wines only" program effectively bans imported wines from a significant, new distribution channel.



Wine Institute International Trade Barriers Report is an important resource for members and key U.S. government officials.



INTERNATIONAL MARKETING

U.S. wine exports,
90% from California,
hit an all-time high of
\$1.62 billion in 2016,
despite challenges
from a strong dollar.

*More than 100 California
vintners joined the first wine
trade mission to Cuba.*



HIGHLIGHTS

CALIFORNIA WINE EXPORTS SET \$ RECORD IN 2016: U.S. wine exports, 90% from California, hit an all-time high of \$1.62 billion in 2016 despite challenges from a strong dollar, continuing a trend toward premiumization. This represents a 78% increase from 10 years ago.

CALIFORNIA STYLE! EVENT TAKES HONG KONG BY STORM: Wine Institute presented California STYLE!, a unique wine tasting experience to a sold-out crowd of 200 VIP guests on May 25 during the Vinexpo Hong Kong show. The panel featured four leading women of international wine — Karen MacNeil, Sarah Jane Evans, MW, Debra Meiburg, MW, and moderator Sarah Kemp of Decanter Magazine, with special guest Caroline Beteta, CEO of Visit California.

VINEXPO HONG KONG SHOWCASES 113 CALIFORNIA WINERIES: Sixty-one vintners representing 113 wineries, 30 AVAs and 200-plus brands participated in the Discover California Wines pavilion at the 2016 Vinexpo Hong Kong trade show May 24-26. Vinexpo Hong Kong is Asia's largest wine-only trade show, attracting more than 17,000 visitors from 33 different countries. Trade visitors from China were the largest group of attendees, followed by Hong Kong, Taiwan, South Korea, Japan and Singapore.

CALIFORNIA EXPORT PROGRAM REORGANIZATION: Wine Institute's Export Program announced a reorganization in August to better align program budgets with priorities in the expanding portfolio of countries where the organization has

active trade and marketing programs. Activity in China, Hong Kong, South Korea, Taiwan and Southeast Asia (Singapore, Vietnam, Philippines) will be managed from a newly-created regional Asia headquarters based in Shanghai by California Wine Institute Asia Director Christopher Beros, formerly China Director. Wine Institute also changed its representation in the UK in order to allocate more resources directly to programming. Justin Knock, MW and Damien Jackman are providing trade representation/brand ambassador agency services, and R&R Teamwork is providing public relations agency services.

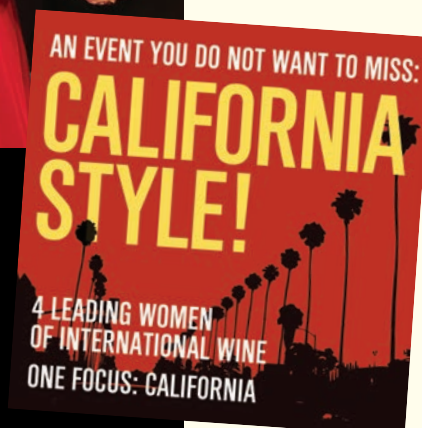
MORE THAN 150 TRADE & MEDIA GUESTS HOSTED IN CALIFORNIA IN 2016: Wine Institute hosted more than 150 leading international trade and media from 18 countries throughout California wine country in 2016 including visitors from Canada, China, Japan, Hong Kong, Taiwan, Mexico, Colombia, the UK, Germany, Netherlands, Belgium, Denmark, Sweden, Norway, Finland, Switzerland, Austria and Poland.

LED VINTNER TOURS TO 14 COUNTRIES: Wine Institute led vintner tours (with media & trade seminars, trade tastings and consumer events) in 14 top and emerging export markets in 2016 including Canada, the UK, Germany, Denmark, Norway, Belgium, Finland, Mexico, Colombia, China, Japan, Korea, Taiwan and, for the first time, the Philippines.



The annual California Wine Fair in Toronto attracted more than 1,000 trade and media attendees last spring.

The California STYLE! event at Vinexpo Hong Kong featured leading international women of wine (l-r) Sarah Kemp, Decanter Magazine, Debra Meiburg, MW, Karen MacNeil and Sarah Jane Evans, MW.



ENVIRONMENTAL



ENVIRONMENTAL AFFAIRS

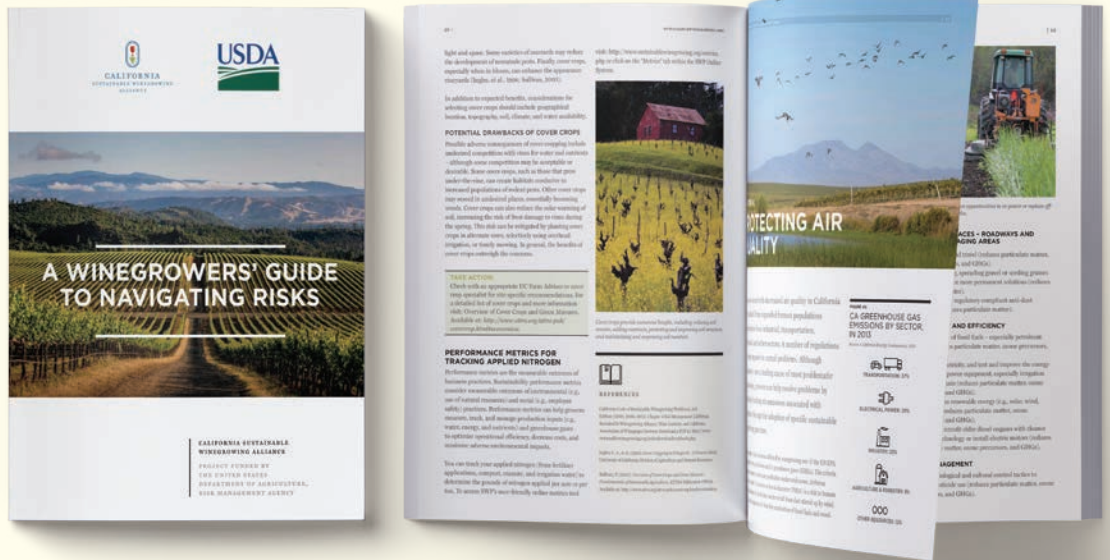
The Drinks Business honored the California Sustainable Winegrowing Alliance (CSWA) with a 2016 Green Award, praising the organization for continuing to make great strides in promoting sustainable winegrowing and winemaking practices throughout California.



Winners of the 2016 California Green Medal Awards with CDEA Secretary Karen Ross (center): (L-R) Lucas Pope, Halter Ranch Vineyard; Katie Jackson, Jackson Family Wines; Jason Haas, Tablas Creek Vineyard; and Dirk Heuvel, McManis Family Vineyards.



CSWA published a 2016 update to the Risk Management Guide.



HIGHLIGHTS

NEW SUSTAINABILITY TOOLS & WORKSHOPS:

CSWA and Wine Institute encourage California vintners and growers to self-assess their operations with the 3rd Edition Code of Sustainable Winegrowing Workbook. CSWA hosts workshops throughout the state — 26 in 2016 — which cover the self-assessment and certification processes, information on CSWA tools and resources and other sustainability topics. With support from grants, CSWA is developing new tools to better understand the costs and benefits of sustainable winegrowing, including an updated Risk Management Guide published in 2016.

CERTIFIED CALIFORNIA SUSTAINABLE WINEGROWING (CERTIFIED SUSTAINABLE) PARTICIPATION GROWS:

In 2016, 106 wineries (representing 64.17% of statewide case production) and 665 vineyards (representing 18.31% of statewide winegrape acreage) are CERTIFIED SUSTAINABLE. CSWA received approval from Wine Institute, CAWG and CSWA boards for updates to the program that will enable use of logo/claims on the wine label, with changes taking effect in January 2017. The updates are intended to ensure that claims are credible in the marketplace and reflect the values and standards of the program.

2ND ANNUAL CALIFORNIA GREEN MEDAL AWARDS PRESENTED:

Wine Institute and CSWA worked with partner organizations (CAWG, Lodi Winegrape Commission, Napa Valley Vintners, Sonoma County Winegrowers and The Vineyard Team) to launch the California Green Medal: Sustainable Winegrowing Leadership Awards to recognize vineyards and wineries in the state who are excelling in sustainability. 2016 Green Medal awards were recognized at a ceremony in Sacramento in April during Down to Earth Month. 2016 Green Medal winners also were featured at a Commonwealth Club event in San Francisco in November.

CSWA RECEIVES GREEN AWARD: The Drinks Business honored CSWA with a 2016 Green Award, praising the organization for continuing to make great strides in promoting sustainable winegrowing and winemaking practices throughout California. Among CSWA's 2015-2016 achievements, the Amorim Sustainability Award for a Generic Organization cited the release of the 2015 California Wine Community Sustainability Report and a dramatic increase in participation in Certified California Sustainable Winegrowing.



CSWA encourages wineries and vineyards to self-assess their operations with the 3rd Edition Code of Sustainable Winegrowing Workbook.



CSWA was recognized with a Drinks Business Green award for the third time.

MEDIA



COMMUNICATIONS

The 12th annual California Wine Month (CWM) proclaimed by Governor Brown featured 65 consumer events around the state, engaged 21 national, regional and local restaurants, retailers and association partners, and generated more than 300 million impressions in media.



KXTL-TV Sacramento segment on Down to Earth Month with Chef Laura Lee.

90 top trade and media attended the California Wines Summit SF in September.



The 2016 California Wine Month poster featured a new map with all 138 state AVAs.

HIGHLIGHTS

ENSURING ACCURATE COVERAGE OF INDUSTRY AND PUBLIC POLICY ISSUES: Wine Institute’s Communications team works with hundreds of editors, reporters and producers each year to ensure fair and accurate coverage of industry issues and to highlight the beauty, diversity and excellence of California wine and wine country. In 2016, 40 news releases and statements and dozens of stories were pitched to media resulting in 400 million consumer impressions in print, online and broadcast. Statewide promotions for California Wine Month in September and Down to Earth Month in April highlighted our annual harvest and leadership in sustainability while the “Road Trips” series shared where to sip, stay and play in wine regions throughout the state. Regular twice-monthly News Briefs newsletters to members, Congressional contacts and select media kept Wine Institute news before these key audiences. Continuous updating of websites kept our broader audience aware of industry news and features at wineinstitute.org and discovercaliforniawines.com.

NEW ECONOMIC IMPACT REPORT FOR ADVOCACY: A 2015 California wine economic impact report was released to media and presented at an August hearing of the California Assembly Committee on Agriculture. Prepared by John Dunham and Associates, the new report commissioned by Wine Institute and CAWG provides information on California wine’s economic impact nationally and, for the first time, by state, California Congressional District and California State Senate and Assembly District, to support advocacy efforts at the local, state and federal level. The 2015 Report is an interactive website at www.wine-economy.com where complete information and customized reports can be viewed and downloaded.

CA WINE MONTH & SF MEDIA/TRADE SUMMIT: The 12th annual California Wine Month (CWM) proclaimed by Governor Brown featured 65 consumer events around the state, engaged 21 national, regional and local restaurants, retailers and association partners, and generated more than 300 million impressions

in media. On September 28, Wine Institute hosted a well-received event, the CA Wines Summit SF 2016, at The Pearl attended by 90 top sommeliers, buyers, retailers and media to explore the latest tastes and trends. Content committee and panel moderators included Raj Parr, Geoff Kruth of GuildSomm, Debbie Zachareas of Ferry Plaza Wine Merchants, Esther Mobley of the San Francisco Chronicle and Luke Sykora of Wine & Spirits magazine.

ROAD TRIPS GRANT COVERS STATE’S REGIONS:

Wine Institute’s 2014 grant “California Wines Road Trips” highlighted the appeal of wine and wine country in more than 15 regions across the state via publicity, social media, video and events and generated media interest and coverage. As part of the grant, a new study on tourism to California regions was commissioned from Destination Analysts to gather new and extensive information into wine traveler awareness, interests, resources and perceptions of the California wine tourism experience and to collect region-specific information. The study was fielded in November and December and its findings will be presented in February.

The new California Wine Economic Impact Report is online at www.wine-economy.com





LEGAL

Wine Institute's FSMA task force presented educational webinars that provided legal guidelines for wineries navigating this new, complex regulation.

HIGHLIGHTS

FOOD SAFETY MODERNIZATION ACT (FSMA): Wine Institute's FSMA task force presented three educational webinars that provided legal guidelines for wineries navigating this new, complex law. In October, the FSMA task force met with FDA's Human and Animal Food Program Director, Joanne Givens, and her team of scientists and inspectors. The task force educated FDA staff on wine chemistry and the processes and controls utilized in winemaking. At this meeting, the FDA reiterated their view that wine is a low risk food and confirmed their willingness to collaborate with industry on FSMA compliance.

FSMA GUIDELINES AND TRAINING SEMINARS PLANNED: Wine Institute engaged Allen Saylor, Senior Director of Food & Cosmetic Consulting, at EAS Consulting Group to assist in drafting FSMA guidance documents and conduct industry training. Mr. Saylor held a leadership role at the FDA for over 16 years and is a FDA certified "Lead Instructor" to conduct FDA trainings. In collaboration with the FSMA Task Force, Mr. Saylor and his team will develop practical guidance documents that will focus on "good manufacturing practices" (GMPs), developing a process flow map, risk assessment strategies and how to handle FDA inspections. In March, Wine Institute will host regional seminars to provide training on these guidance documents and address industry questions.

ADDRESSING BURDENSOME PROP 65 RULES & OTHER ISSUES WITH OEHHHA: Wine Institute worked with OEHHHA (Office of Environmental Health Hazard Assessment) to better define "non-detectable" levels of BPA and "BPA free" products, so wineries with very low or trace levels of BPA would not have to post consumer warnings in tasting rooms and websites in the future. Recently, OEHHHA issued rules which require producers who know that BPA has "intentionally" been added to their packaging to provide product information to an OEHHHA database. Wine Institute will continue to work with members on risk assessment and risk management strategies to ensure industry compliance with this new measure.

MEMBERS-ONLY LEGAL SUB-COMMITTEE FORMED: Wine Institute created a new Legal Sub-Committee which will serve as a legal/compliance "think tank" to provide a confidential forum for thoughtful consideration and strategic planning on emerging issues facing the wine industry.

MEMBERSHIP



BENEFITS

Wine Institute members enjoy exclusive benefits and significant savings through the FedEx Advantage[®] shipping program and last year saved an average of more than \$10,000 each shipping with FedEx. Small and mid-sized wineries especially benefit from this program which offers rates normally provided to high-volume shippers.

Members may post events and winery profiles on the global website www.discovercaliforniawines.com visited by more than 200,000 consumers and trade worldwide.

HIGHLIGHTS

LABEL PRE-APPROVAL SERVICE: Alcohol and Tobacco Tax and Trade Bureau of the U.S. Department of the Treasury (TTB) wine label applications are meticulously reviewed in our Washington, D.C. office. Wine Institute also assists with requests for expedited approvals, formula approvals and trade name searches on the TTB's database and acts as an advocate for members with TTB, requesting second reviews of labels that meet industry standards and negotiating use-up approvals. Careful screening of members' wine labels has resulted in an approval rate of well over 90 percent.

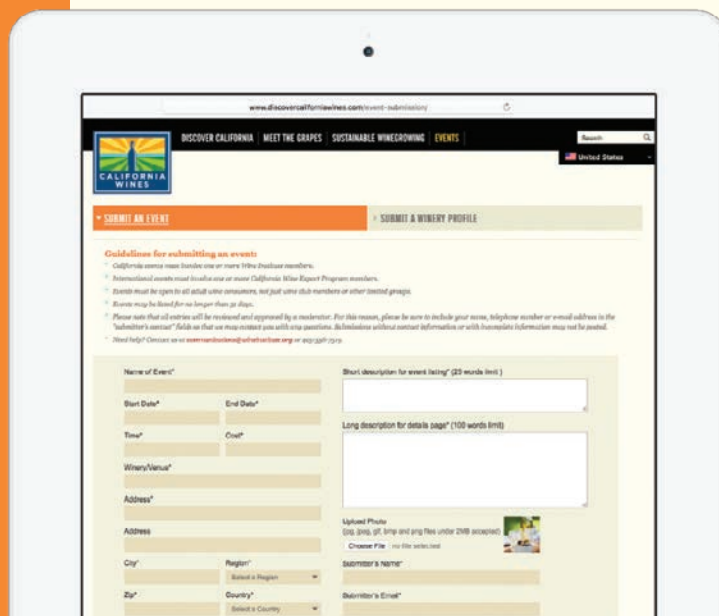
ACCESS TO SPECIALIZED LEGAL RESOURCES: Access to our experienced, full-time legal counsel is available to members. Publications and communications keep members updated on changes in local, state, federal and international laws affecting their businesses.

FEDEx SHIPPING DISCOUNTS: Wine Institute members enjoy exclusive benefits and significant savings through the FedEx Advantage[®] shipping program. Many small winery members find their FedEx savings exceed the cost of Wine Institute dues. Last year, Wine Institute members saved an average of more than \$10,000 each on shipping with FedEx.

PROFILES & EVENTS ON OUR GLOBAL WEBSITE: Wine Institute members may post events and a winery profile on our global consumer website www.discovercaliforniawines.com which reaches more than 200,000 consumers and trade in the U.S. and 10 countries through translated and localized versions.

WEBINARS & WORKSHOPS: Wine Institute offers regular webinars and workshops on topics including compliance with new regulations, direct-to-consumer shipping, export marketing, wine communications and marketing and other topics of interest to members.

PUBLICATIONS: We keep members informed of major developments and events affecting the wine industry through our frequent News Briefs and other special reports that provide background on complex issues.





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HOW TO JOIN

1. Eligibility: To become a member, a business must be a bonded winery licensed in the state of California, or own or lease a bonded winery or a bonded wine cellar in California. In addition, the business must be producing or selling wine in the state.

2. Download the membership application and dues calculation forms. Dues are based on a percentage of sales and/or gallons sold; for more information go to: wineinstitute.org/memberships/join.

3. Contact Member Relations Director Ian Blue at iblue@wineinstitute.org with any questions. Information on becoming an associate member, is available at wineinstitute.org/memberships/associate.