

*What you call Crazy...
We call Passion.*

Chairman's Letter - BOB LAUCLAND



"Even if you are on the right track, you'll get run over if you just sit there" -Will Rodgers

The good news is that it appears that your Winegrape Commission is on the right track.

Though it was a year of transition, I believe that things are back in place within the Lodi region as we continue to see improving winegrape prices, recognition of our products, and an appreciation of all that we do in Lodi. This past year we experienced a change in leadership for the Commission staff. Initially, I was simply hoping to get through the period in between the start of our new Executive Director and his gaining familiarity with his new role without losing traction regarding the efforts which were already in place, generating results for the region. I believe that we exceeded my humble expectation and have thrived. I would like to thank the Commission staff and particularly Stuart Spencer (Program Manager), who helped me stagger forward for six months until

Camron King was installed as the Commission's new Executive Director.

It is my pleasure to report that - from my perspective - we have an effective, thoughtful, cooperative Board of Directors who well-represent the growers of District 11. They have embraced the principles of our Mission Statement, developed a few years ago by our growers, and look to spend resources only when convinced that a greater return is assured to our growers from such expenditures.

As a result of last year's transition, I have worked closely with Commission staff and feel that they are an enthusiastic, professional and creative group and are always anxious to work with growers. No matter who you run into - be it Ed (Tasting Room Associate) describing Lodi wines to a visitor, Matt (Grower Program Coordinator) on a viticulture matter, or Sherri (Event Coordinator) should you choose to help at a Lodi Wine Country event - I know you will be warmly received and pleased with the quality personnel on the front lines promoting Lodi winegrapes. Having said this, I'd like to discuss the ways in which all of you can get more involved in at the Commission.

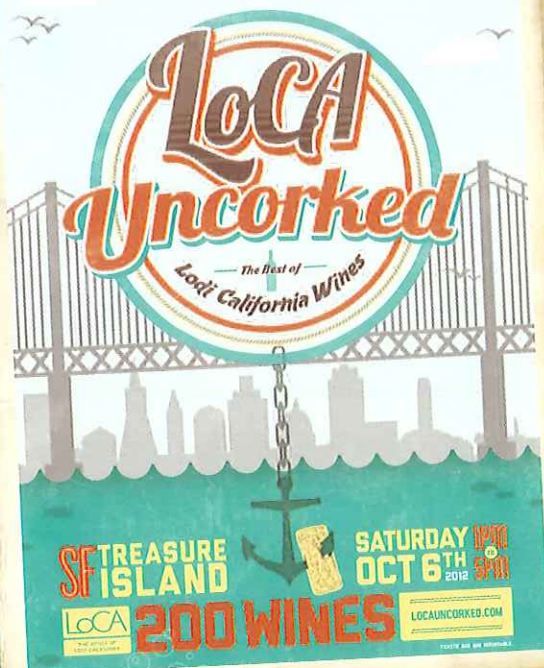
Truly unique to the Lodi region is our cooperative nature. This characteristic is something that doesn't exist in other winegrape regions to the extent that it does here in Lodi.

Our growers have always been quick to work collectively when benefits are perceived to help us all. After all, a rising tide floats all boats. Perhaps it is because there are so many multigenerational farmers who are used to getting results by working together, or maybe the fact that

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LEFT TO RIGHT Jenny Heitman, Matthew Hoffman, Camron King, Molly Bjork, Sherri Cascaden, Stuart Spencer, Renee Chappuis, Jeremy Bowe



a majority of our wineries are endeavors by growers. The Commission has several committees on which our growers have the opportunity to serve by providing discussion, input and recommendations to the board with respect to efforts in marketing, research and communication, sustainability (Lodi Rules) and promotional events. These committees are where the real work between growers and staff is crafted and put in motion and there are always opportunities for new faces to become involved. As contributing members, I believe it is extremely important for every grower to attend either a committee or board meeting whenever possible in order to gain a stronger understanding of what we are doing, why we are doing it, and how you can participate. Interested? Simply check in with Molly (Administrative Assistant) at the Commission offices and we will be happy to find an opportunity for you to become more involved.

I have taken some time this year to travel with wineries and Commission staff to showcase Lodi wines at events in locations where Lodi can gain some ground in terms of recognition. I have joined Lodi wineries as we've poured our wines and talked about our region at the following events: Unified Wine & Grape Symposium, Sacramento; Zinfandel Advocates & Producers (ZAP), San Francisco; LoCA Uncorked - The

Best of Lodi, CA Wines, Treasure Island, San Francisco; Steamboat Springs, Colorado; Beverly Hills and San Diego, California. Some reflections from these events would be:

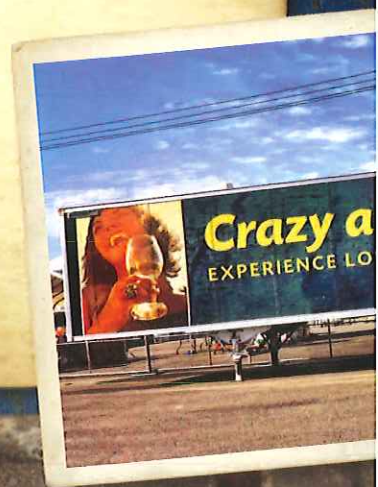
- We are fortunate to have so many great wines available to showcase our region and, more importantly, we need to get them out to emerging consumers who will become Lodi fans.
- Other regions who are working to promote their winegrapes are envious of our accomplishments and are following our lead in a number of areas. Most wish they were able to enjoy the cooperative nature of our grower community.
- There is a lot of territory in which consumers know very little about Lodi. Wine enthusiasts are aware of Lodi Old Vine Zin and have some recognition of LoCA but we still have some ground to cover in terms of regional awareness.
- Bringing our wineries together at events to showcase our region collectively as LoCA - The Wines of Lodi, CA really works and gives our wineries a chance to talk about Lodi and the campaign. Additionally, when growers accompany winery representatives to these tasting events, consumers benefit by receiving additional key insights and knowledge of the region's winegrape growing practices.

This spring we will be measuring the effectiveness of our marketing program - the LoCA Campaign - to consumers by means of a survey. To date, all of the anecdotal evidence - winery sales, internet traffic, etc. - seems to point to an effective campaign. We will continue to reach out to the consumer but will also be ramping up efforts to reach the industry while improving relationships and opportunities for greater sales of Lodi fruit at higher returns for our growers. Moving forward, I truly believe that consumer demand will be the most effective force in moving winegrape prices up for Lodi growers. As a result of increased sales at higher price points for Lodi wines, we will ultimately increase returns to wine producers who are putting Lodi on their labels.

Yes, I believe we are on the right track.

Cheers!

Robert E. Sausland



Grower Marketing Committee

LoCA – The Wines of Lodi, California consumer promotional campaign entered year 2. This fully integrated effort combines traditional advertising, digital advertising, social media, and public relations to reach the hearts and minds of wine enthusiasts across the country. The campaign highlights Lodi's fun, down-to-earth approachable character and elevates the image of the wines and winegrapes crafted by the region's passionate growers.

Year 2 saw the Grower Marketing committee expand the print and digital advertising primarily on the west coast. This fall, the committee contracted with our advertising agency, MeringCarson, to film and produce a series of videos featuring a Lodi grower. The "LoCA Thoughts" series will launch in the coming months as part of the spring campaign.

The committee also kept busy this past year integrating the LoCA theme across all Winegrape Commission activities. A new trade booth and LoCA lounges at our annual events highlighted the effort to drive the message home with visitors.

The committee also partnered with a new public relations firm, Charles Communications Associates, out of San Francisco. They bring a wealth of media contacts and extensive ideas to help elevate the image of Lodi wines among wine and lifestyle writers. This past fall they helped coordinate our first "Lodi Live" online blogger tasting. A set of Lodi wines was mailed out to a dozen bloggers across the country that simultaneously tasted, discussed, and tweeted about the wines. Many more activities are planned in the coming months.

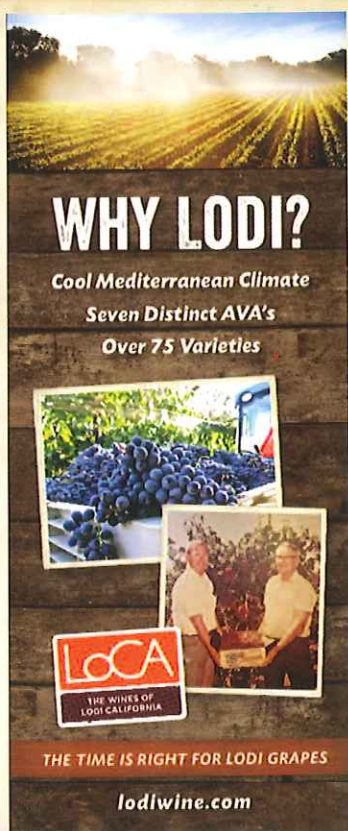
The LoCA campaign has been very well received and is effectively raising awareness and engagement with Lodi wine. Most local wineries are reporting increased visitation and sales, both at the tasting room and out in the market across the country. Lodiwine.com continues to see strong growth in visits, visitors, and total pages read. This fall we saw tremendous growth over last year, which saw tremendous growth from the previous year. The Lodi Blog continues to be a driving force at bringing wine enthusiasts to our website and telling the story of the passionate growers and vintners of Lodi.

The committee is also expanding its grape marketing efforts this coming season and is developing some targeted ads for industry events as well putting together events to bring new buyers to the region, and showcase the incredible potential and quality of Lodi-grown winegrapes.

GROWER MARKETING COMMITTEE MEMBERS: CHAIRMAN RICHARD LAUCHLAND, MATTHEW PERMAN, JON WETMORE, CRAIG LEDBETTER, JOE BERGHOLD, BEN KOLBER, AND KYLE LERNER

LODIWINE.COM WEBSITE STATISTICS

	NOV 2012	NOV 2011	NOV 2010
Unique Visitors	13,257	9,932	4,983
Total Visits	16,593	12,056	6,365
Pages Viewed	46,099	35,248	23,573



Research Education and Communication Committee

The Research, Education & Communication committee had a busy year producing informative seminars and meetings, overseeing research projects and expanding efforts to better communicate about the Commission's programs to Lodi growers. Committee Chair Charlie Starr helped guide the final year of a multi-year potassium research project undertaken by UC Davis professor Dr. Stu Pettygrove. The ultimate goal of this project is to help growers better manage their potassium additions to their vineyards by identifying soils in Lodi that bind potassium and deliver appropriate recommendations. The committee will be working this coming season to deliver useful information on this project to Lodi growers.



The committee also put together a very informative mechanization symposium last spring. The seminar led off with research presentations and followed with a grower panel that addressed in-the-field experiences with mechanized pruning. One key takeaway from the event was that successful mechanization begins with vineyard design. Several growers are experimenting with new production systems designed to increase production and mechanize pruning operations. The committee is looking at hosting several field days with local growers to view these new systems in the coming season.

This past July the committee also hosted a Lodi grower field trip to Foundation Plant Sciences (FPS) at UC Davis. FPS produces, tests, maintains and distributes premium foundation-level virus & disease-tested plant materials to California agriculture. Director Dr. Deborah Golino led a bus load of Lodi growers on the informative tour.

The committee also hosted a grower holiday social this past month at Estate Crush in Downtown Lodi, produced a series of breakfast meetings, made a \$10,000 donation to the National Grape and Wine Initiative to support industry research, and supported the Commission's weather forecasting service.

This coming season the Committee has an ambitious list of projects that it would like to undertake. This effort will be supported by the Commission's new Grower Program Coordinator, Matthew Hoffman, who brings a wealth of enthusiasm, local knowledge, and insight to aid Lodi growers in the coming years. One key project is to develop a grower-oriented website that delivers relevant and timely information to assist growers in managing their business. This site will incorporate past Commission research, weather information, events calendar, and much more.

RESEARCH, EDUCATION & COMMUNICATION COMMITTEE MEMBERS:

CHAIRMAN CHARLIE STARR, JOE VALENTE, BRAD GOEHRING, LEE CATON, AARON LANGE, AMY BLAGG, CHRIS STORM, PAUL VERDEGAAL, FRANK OLAGARARY, LARRY WHITTED, GALEN SCHMIEDT, BEN KOLBER, BILL THOMAS, AND MATT SHINN

Lodi Wine Country Committee

The Lodi Wine Country committee kicked off 2012 with the 15th Annual Lodi Wine & Chocolate Weekend on February 11th & 12th. Always a success with LoCA fans, this year's Wine & Chocolate event was no different. Attendance was up approximately 9% from 2011 with over 4,500 consumers traveling to Lodi from across 14 states. Over the course of two days, consumers had the opportunity to savor wines and meet growers and vintners from 47 participating Lodi wineries. Thirty percent of Wine & Chocolate attendees were first-time visitors to the Lodi region with a resounding 98.7% of attendees indicating that they would return to the Lodi region in the near future.

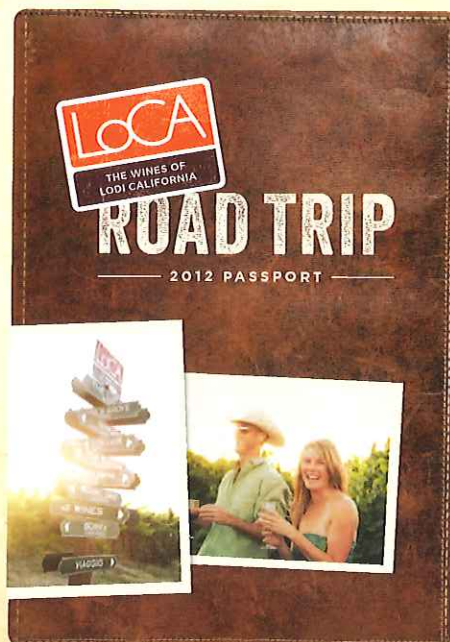
In September, the committee launched the first-ever LoCA Road Trip Passport - a five week celebration of California Wine Month in Lodi. Beginning September 1st through October 6th, consumers had the opportunity to purchase a LoCA Passport - an all-access pass to exclusive discounts toward events, wine, and merchandise from participating wineries. During LoCA Road Trip, over 800 consumers from over 50 cities within California experienced the best of Lodi Wine Country as they embarked on a self-guided tour of the region's wineries. Fifty wineries participated in this opportunity, collectively planning and executing nearly 200 engaging and unique activities during the five week period. Winery activities included vineyard hayrides or bicycle tours, port blending, cooking & cheese-making classes, grape stomps & bottling demonstrations, and winemaker dinners under the stars.

As part of a collaborative effort to create awareness and



support

for the Lodi region, the committee coordinated Lodi winery participation in 11 local, regional and national winery road shows during 2012. Examples of these road shows include Boston Wine Expo, MA (January 21st & 22nd), California Wine Festival, Santa Barbara (July 19th - 21st), and Steamboat WineFest, CO (August 2nd - 5th). In order to maximize regional impact with consumers, the committee arranged for Lodi wineries to be grouped together at each road show. In order to create a consistent brand message, LoCA-branded collateral such as banner ads, flags and newly-designed wine trail maps were displayed at the Lodi winery pouring location during each road show. As an effort to have even more Lodi wineries participate in 2013 road shows and create a greater presence for Lodi wines, the committee is sponsoring 8 festivals this coming year.



LODI COUNTRY COMMITTEE MEMBERS:

CHAIRMAN STEVE FELTEN,
NICK SIKEOTIS, DAVE PHILLIPS,
HELEN ROMMEL, MIKE MCCAY,
CHARLENE LANGE, PAM GRAVIET,
JORJA LERNER, AND VIC METTLER

Lodi Rules Committee

Under the guidance of Committee Chair Stanton Lange, the Lodi Rules committee has been very active at rewriting the Lodi Rules for Sustainable Winegrowing standards. Over the past two years the committee has met 30 times to review and modify the standards originally written in 2004. Committee efforts have focused on making sure all standards are scientifically sound and organized correctly. The committee has also looked at adding additional standards and removing some to make the program more robust and comprehensive.

This fall the standards were sent off for peer-review. The committee is currently responding to the reviews making some additional modifications and will send off the revised standards to Protected Harvest for accreditation by Christmas. This is a key element that separates the Lodi program from all other vineyard certification programs. If all goes well, the new standards will be adopted, and the committee will next reach out to existing and prospective Lodi Rules growers to review the changes made and assist with meeting the certification requirements.



The Lodi Rules program continues to be the standard bearer for sustainable vineyard certifications across the globe. With each passing vintage, participation and interest continues to grow in the program. This past season saw 82 entities and over 100 Lodi growers certify 20,000 acres of Lodi grapes.

An additional 6,000 out-of-district acres were also certified with those growers paying an additional fee to the Lodi Winegrape Commission.

LODI RULES COMMITTEE MEMBERS:

CHAIRMAN STANTON LANGE, BRUCE FRY, WARREN BOGLE, AARON LANGE, CHRIS STORM, LEE CATON, STEVE QUASHNICK, KEVIN PHILLIPS, ART CHAVEZ, CINDY JOHNSON, AND STAN GRANT (TECHNICAL ADVISOR)

California Wine Education Foundation

The California Wine Education Foundation – a 501(c)(3) organization established to help promote and provide education and outreach for the Lodi winegrape and wine community – runs and operates the Lodi Wine & Visitor Center, the LoCA Wine Club and multiple events that provide consumers a way to experience and learn about Lodi vineyards and wines produced from them.

Over the course of the last year the Wine & Visitor Center has been host to over 30,000 visitors providing a great platform for guests to learn about and try Lodi wines, visit the demonstration vineyard and find out more about the people and place that is Lodi. Throughout the course of the year, the wine offerings at the Center change, ultimately resulting in representation of approximately 80 wineries in 2012. The Center only showcases wines that are made from grapes grown in the Lodi region and have Lodi on the label – a true showing that great wines start in our vineyards.

In addition to operating the Wine & Visitor Center, the Foundation also hosted 2 consumer outreach events showcasing Lodi wines including the annual ZinFest – Wine, Food & Fun at Lodi Lake (May) and newly rebranded LoCA Uncorked – The Best of Lodi, CA Wines (formerly Treasure Island Wine Fest, October). These events attracted thousands of attendees to Lodi and Treasure Island in San Francisco, respectively. The venues are a great way for consumers as well as trade and media representatives to taste and experience Lodi and its wines in different venues.

Looking to the future, the Foundation is discussing ways to refresh the educational and visitor experience in the Wine & Visitor Center by providing a fun and interactive way to engage people with the growing of world class grapes and making wine here in the Lodi region. As well, the Board of Trustees is always considering new and innovative ways to keep the consumer outreach fresh and interesting, and 2013 should hold some fun and exciting opportunities.

CWEF BOARD OF TRUSTEES: CHAIRMAN JOHN LEDBETTER, STEVE QUASHNICK, ERIC DAEGLING, JON WETMORE, CHARLENE LANGE, ROBERT PIRIE, AND CAMRON KING

Executive Director's Report - CAMRON KING

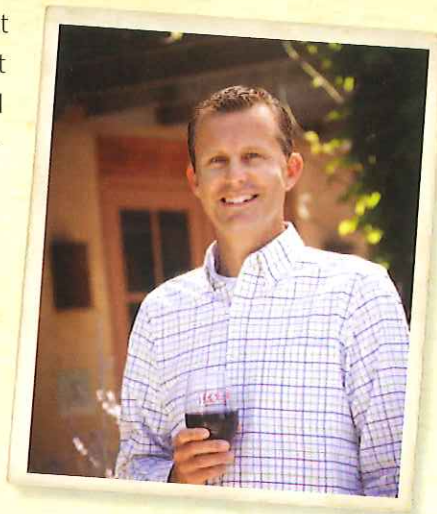
2012 has been a year of changes here at the Commission. For myself, it has meant a new opportunity to work with you all to promote the Vision that the Commission operates from.

Lodi is known as one of the world's finest winegrape regions and a tourist destination that fulfills the unmet demand for Lodi appellation wines and wine grapes thus assuring long-term generational success for our family farms, wineries and community.

The opportunity to learn from you and share my experiences with you to chart a path forward for the region is exciting. Lodi is a cutting edge, innovative piece of the wine industry built on a strong heritage and tradition. With the collaboration of the community and the desire to see the common success of growers, wineries and the community, this region stands head and shoulders above others the world over. This, along with the passion and commitment that is shared amongst everyone I have had the chance to work with, so far, is what drew me to the opportunity to serve and work with you as your Executive Director.

The second half of this year has provided me with a number of opportunities to learn and listen and to begin to further develop a shared vision for the future of the Commission and the region. The efforts that have started here in Lodi, including the bold and consumer targeted LoCA campaign are paying dividends and have even more substantively put Lodi on the map with consumers, but we cannot stop there. The campaign is being seen not only in our primary target markets of the Sacramento metro market and the San Francisco Bay Area, but also across the country and overseas. This heightened visibility has sparked interest in Lodi and is driving traffic to our website and is generating incredible media interest in what is happening in the vineyards and wineries here.

But we cannot simply focus on the consumer. We continue to work with trade and media and have embarked



into the social media sphere in unique ways to generate more interest and action with gatekeepers, writers and wine professionals which is sparking more interest in the quality products being grown and made in Lodi.

Closer to home, we are looking at leveraging grower dollars in new ways to fund research and deepen partnerships that will pay dividends in dealing with challenges in the vineyards. There are educational workshops, tours and visits that have been held and are being planned to ensure that our growers continue to be prepared to deal with issues and continue to grow the quality grapes that Lodi has become known for. As we look to the future of these efforts, I see Lodi continuing to be looked at as a partner and vital part of the industry long into the future. The Commission will continue to work within the community to support important programs and efforts and to work with the state, national and international industries as a source of expertise and partnership that moves us all forward.

I am so honored and pleased to be working for and with you here in Lodi. You should have the utmost confidence in the Board and staff, as well as the other volunteer leaders serving on committees and promoting Lodi. These people are so deeply committed to the success of the Lodi appellation and look to the history of collaboration and foresight that brought the Commission to be and has helped Lodi grow in tremendous ways. The future of the region holds great opportunity and I look forward to working with you in the years ahead to grab ahold of those opportunities and continue to move Lodi forward as a leader in world class grapes and wines.

Cheers!

BOARD OF COMMISSIONERS

The Board of Commissioners and Alternates serves the Commission with oversight and direction, providing strategic input and guidance as well as financial review of the growers' dollars to fund and meet the Vision of the Commission.

COMMISSIONERS FOR 2012-13

BOB LAUCLAND, CHAIR OF THE BOARD
KEVIN DELU, VICE CHAIR
JOHN GRAFFIGNA, TREASURER
CRAIG LEDBETTER, SECRETARY
KRIS GUTIERREZ
BEN KOLBER
PAUL VERDEGAAL
GALEN SCHMIEDT
ED VAN DIEMEN

ALTERNATES FOR 2012-13

RON MCMANIS
JON WETMORE
NICK BOKIDES
TODD WILLIAMS
JOHN ANAGNOS
DAVID SIMPSON
MATT PERMAN

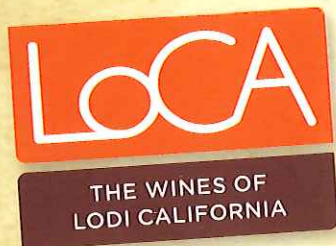
OUTGOING COMMISSIONERS/ALTERNATES

The Board of Commissioners would like to thank the following growers who have served as either Commissioners or Alternate Commissioners and have stepped off the Board in 2012.

RODNEY SCHATZ
RANDY LANGE
DINO MENCARINI
STEVE BORRA
ERNIE DOSIO
BRAD KISSLER
STEVE QUASHNICK
JOE VALENTE
KEVIN PHILLIPS

COMMISSION STAFF

CAMRON KING, Executive Director
MOLLY BJORK, Administrative Assistant
JEREMY BOWE, Tasting Room Manager & Wine Club Director
SHERRI CASCADEN, Event Coordinator
RENEE CHAPPIUS, Accountant
JENNY HEITMAN, Marketing and Communications Coordinator
MATTHEW HOFFMAN, Grower Program Coordinator
STUART SPENCER, Program Manager



LODI WINEGRAPE COMMISSION Crush District 11
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