

Scotch: Take the High Road

In 2010, around 9.1 million 9-liter cases of Scotch were sold in the United States, generating \$1.6 billion in revenues for distillers.

U.S. Scotch Volumes by Price Category (9-Liter Cases, 000, includes blends and single malts)

| Year | Value | Premium | High End Premium | Super Premium | Total |
|----------------|-------|---------|------------------|---------------|-------|
| 2002 | 3,291 | 3,460 | 2,192 | 155 | 9,098 |
| 2003 | 3,241 | 3,574 | 2,268 | 238 | 9,321 |
| 2004 | 3,264 | 3,636 | 2,449 | 272 | 9,621 |
| 2005 | 3,162 | 3,599 | 2,458 | 288 | 9,507 |
| 2006 | 2,976 | 3,558 | 2,657 | 327 | 9,518 |
| 2007 | 2,918 | 3,514 | 2,752 | 376 | 9,561 |
| 2008 | 2,960 | 3,366 | 2,728 | 372 | 9,426 |
| 2009 | 2,800 | 3,304 | 2,566 | 358 | 9,028 |
| 2010 | 2,727 | 3,139 | 2,763 | 426 | 9,056 |
| 09 - 10 Growth | -2.6% | -5.0% | 7.7% | 19.1% | 0.3% |

U.S. Scotch Supplier Revenues Gross Revenues Including FET (millions), includes blends and single malts

| Year | Value | Premium | High End Premium | Super Premium | Total |
|----------------|-------|---------|------------------|---------------|---------|
| 2003 | \$192 | \$510 | \$513 | \$94 | \$1,310 |
| 2004 | \$207 | \$524 | \$574 | \$117 | \$1,423 |
| 2005 | \$201 | \$524 | \$596 | \$117 | \$1,438 |
| 2006 | \$190 | \$525 | \$651 | \$134 | \$1,500 |
| 2007 | \$190 | \$519 | \$671 | \$159 | \$1,539 |
| 2008 | \$201 | \$506 | \$676 | \$161 | \$1,544 |
| 2009 | \$194 | \$522 | \$649 | \$158 | \$1,523 |
| 2010 | \$189 | \$494 | \$720 | \$189 | \$1,591 |
| 09 - 10 Growth | -2.8% | -5.4% | 10.9% | 19.6% | 4.5% |

Scotch has benefited from drinkers' desire to "trade up" from Premium to High-End and Super-Premium products. Super Premium products offer a wider variety of the complex flavors that Scotch is known for. Since many of these higher end products are either aged longer or in special casks they also command higher prices for suppliers and importers. Over half of Scotch revenues are derived from High-End and Super-Premium brands

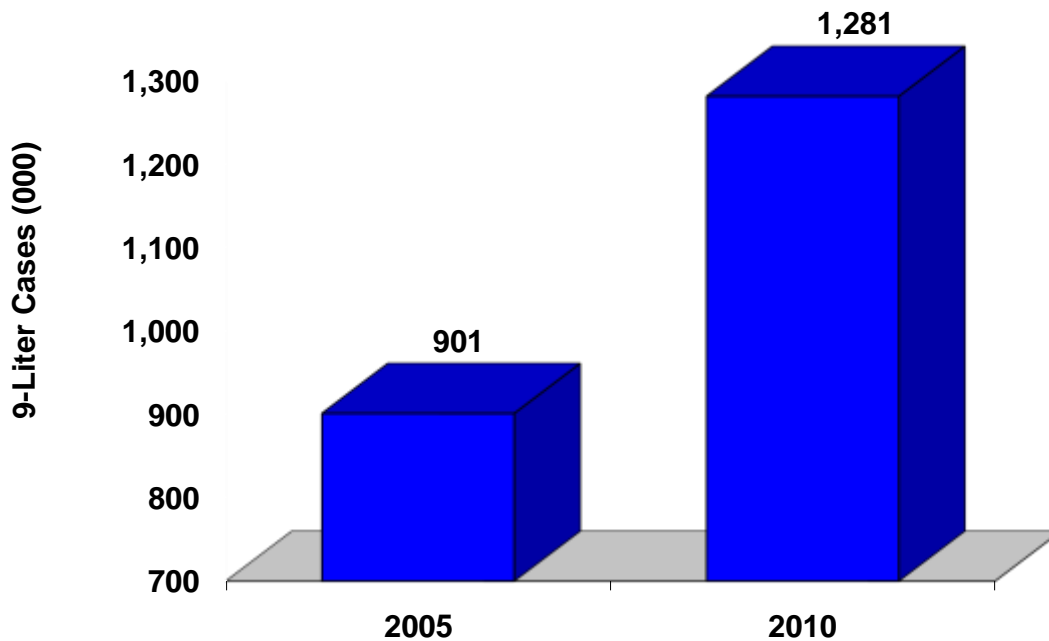


One of the driving factors behind the growth in Super Premium Scotch brands has been American's continuing interest in Single Malt Scotches. As the name implies, Single Malt Scotch is made from the product of a single distillery. Single Malt Scotch volumes have grown by 70% since 2002.

**U.S. Scotch Volumes by Price Category
(9-Liter Cases, 000)**

| Year | Blend | Single Malt | Total |
|----------|-------|-------------|-------|
| 2002 | 8,343 | 755 | 9,098 |
| 2003 | 8,474 | 846 | 9,321 |
| 2004 | 8,701 | 920 | 9,621 |
| 2005 | 8,606 | 901 | 9,507 |
| 2006 | 8,471 | 1,047 | 9,518 |
| 2007 | 8,444 | 1,117 | 9,561 |
| 2008 | 8,307 | 1,119 | 9,426 |
| 2009 | 7,882 | 1,147 | 9,029 |
| 2010 | 7,774 | 1,281 | 9,056 |
| 02 to 10 | -6.8% | 69.7% | -0.5% |

U.S. Single Malt Scotch Volumes, 2005 vs. 2010



Source: The Distilled Spirits Council of the U.S.

Data provided by Distilled Spirits Council's Economic & Strategic Analysis Department.