



September 26, 2011

Brewing Partners,

With hop harvest behind us and a great season of craft beers ahead, Hopunion would like to take the time to address the availability of our most popular IPA hop varieties and discuss how we are moving forward to meet your brewing needs.

As many of you know, cool weather within the Yakima and Willamette Valleys presented hop farmers with a challenging growing season for some specific varieties in 2011. At the same time, creative brewing styles within the craft beer industry continued to grow at unprecedented rates and create vastly increased demand for IPA and Pale Ale hops. In response to these circumstances, Hopunion has been diligently working alongside our growers to provide more brewing options.

Our growers have been furiously working to reallocate their fields and align supply to demand. At an estimated cost of \$5,000 per acre, growers are investing heavily in the expansion of acreage for the proprietary hops that you are asking for, and continue to do so based on contracted needs for future years. Since 2008, varieties such as Simcoe® YCR 14 cv. and Citra® HBC 394 cv. have respectively seen 188% and 119% growth in acreage. Despite these dramatically increased acreage levels, the demand for many proprietary varieties has outpaced our ability to provide the quantities you desire while maintaining the quality standard we require.

While the unique flavors and aromas of our proprietary varieties cannot be duplicated or replaced, we at Hopunion, along with our growers, recognize the need to supply more of the distinct varieties and exceptional aroma characteristics you have become accustomed to. Therefore, Hopunion announced earlier this summer, the creation of ZYTHOS™ – a proprietary hop blend created to embody the powerful tradition and aroma you expect for your finest ales and IPA brews. With targeted brewing values of 11.9% alpha and 5.0% beta, ZYTHOS is an IPA style blend created to optimize and exceed the aroma characteristics you require. ZYTHOS is not a replacement for proprietary varieties, but rather, a premium pellet blend that will compliment your current IPA and Pale Ale brews and extend the timeline of your inventory through these temporary hop shortages. Contracting options are available now with pellet samples and shipments available in late October.

Moving forward, we would like to assure you that Hopunion, and each of our growers, is entirely committed to creating long-term solutions that meet all of your hops/brewing needs.

- Our growers are dedicated to the expansion of our most popular varieties, increasing both the acreage and the number of farmers growing each variety. During this time of transition, it is important to understand that while acreage is increased, yields for baby hops will be reduced by as much as 50% for the first 1-2 years.
- Along with the Alpha Analytics' lab, we are continuously working to refine each of our pellet blends to maximize the brewing values and aroma characteristics that you require in your premium brews.
- We are committed to helping brewers develop hop contracts for all of their essential hop needs. This allows our growers to accurately allocate their fields, ensures brewers the varieties they need, and reduces the cost of production/expansion.
- We have increased our sales staff, including 5 regional sales managers throughout the nation, to offer more personalized service and increased response times.

We appreciate your understanding during this time of transition and look forward to working with you on future brewing solutions.

Live to the Fullest. Brew to the Fullest.

Don Bryant
President & CEO, Hopunion

