



• **BRANDING** •

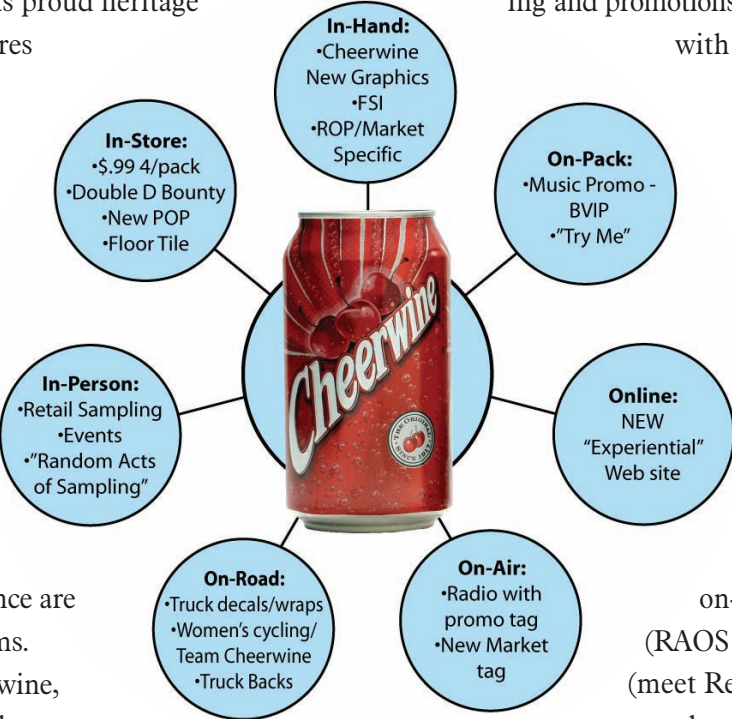
All The Right Ingredients

Everyone knows that Cheerwine is made from an exacting formula that originated nearly 90 years ago, and our “original cherry soda” is still going strong.

Cheerwine is proclaiming its proud heritage with new packaging that features three cherries – emphasizing flavor, and sparkling bubbles – signifying refreshment. A seal of authenticity assures consumers of Cheerwine’s heritage – “The Original Since 1917.”

As we move into an exciting new chapter in Cheerwine’s history, we recognize that the most important ingredients in the total Cheerwine brand experience are bottlers, retailers and their teams. Everyone who touches a Cheerwine, from the bottler through the salesperson to the store clerk, helps assure a happy, loyal consumer.

To support all of these hardworking members of our team, we have added some new and flavorful ingredients. These energizing additives are marketing, advertising and promotions that tell the Cheerwine story with passion and clarity.



We call this all-encompassing experience the “*CW Brand 360*,” which means we are methodically igniting our brand on multiple fronts to envelop the consumer. It’s part of a recipe that includes in-store (New Packaging/ POP), in hand (FSI), on-pack (Music Promotion), online (new cheerwine.com), on-air (radio spots), in person (RAOS Team) and, on-Road (meet Red and Fizzy, new CW wrapped vans) and Truck Decals.

We are devoting this newsletter to the activation of the *CW Brand 360* and everyone who is making it a success.

• PROMOTIONS •

Random Acts of Sampling Takes Off

Consumers throughout the Carolinas are being treated this summer to Cheerwine beverages in locations where they least expect to receive a free cold soft drink, but when they probably need one the most.

Cheerwine has recruited college students for “Random Acts of Sampling,” a non-traditional sampling effort that involves teams driving around the Carolinas in a Cheerwine decorated van and offering free, cold Cheerwine soft drinks wherever they find thirsty consumers.

“Random Acts of Sampling is about as ‘un-marketing’ as you can get – no slick advertising, no pre-planned events, no scripts – just young people in a van, traveling around the Carolinas, having lots of fun, meeting new people and giving away Cheerwine – spontaneous and unexpected,” said Tom Barbita, vice president of marketing for Carolina Beverage Corp.

The Random Acts of Sampling team began its adventure on May 24, leaving from Cheerwine headquarters, packed with coolers, ice, cases of Cheerwine, a map, laptop, mobile phone and a general itinerary, defined only as the Carolinas.

The Cheerwine team includes Sam Wineka of Salisbury, a student at UNC-Chapel Hill; Steve Delvecchio of Long Island, N.Y., also a UNC-Chapel Hill student; Zach Barbita of Greensboro, a student at Appalachian State; Tabitha Solomon of Salisbury, a recent graduate of Catawba College; and Joy Ritchie of Salisbury, a student at UNC-Chapel Hill. The students will deploy in two-person teams.



The Random Acts of Sampling team poised and ready to hit the road.



Even with no pre-planned route, a map comes in handy!

Join the Random Acts of Sampling Crew on Their Travels

The Random Acts of Sampling team is making friends and Cheerwine fans wherever it goes. In fact, many people are following the team on its journey by reading about daily activities posted on the RAOS blog and hosted on the Cheerwine Web site (www.cheerwine.com).

The team has been posting updates, along with photos and hints of where they might be headed next. Cheerwine fans are invited to follow the sampling team throughout the summer, wondering, like everyone else, where the random sampling team will be next.

See where they've been so far. For a direct look at the weblog or blog, go straight to: <http://www.randomactsofsampling.blogspot.com/>

ONE BET YOU CAN COUNT ON

As the Carolina's Hurricanes joyously won the Stanley Cup championship over the Edmonton Oilers 3-1 in Raleigh, more than just the century-old trophy changed hands. A bet is a bet, and Ralph Klein, premier of Alberta, and North Carolina Governor Mike Easley had one of their own.

Since Edmonton lost, Premier Klein will have to dish up Alberta beef, Taber Corn and Nanton spring water. Governor Easley had offered up one pound of Carolina barbecue, a side of coleslaw and some Cheerwine had the Hurricanes not prevailed.

Go Canes! May your cup runneth over with Cheerwine!

BACKSTAGE VIP CAMPAIGN UPDATE

Cheerwine's under the cap music promotion has been incredibly popular. 40,000 codes have been entered, with many people winning free songs and CD downloads by visiting www.cheerwine.com. Most selected among the downloads are Hootie and the Blowfish followed by Blues Traveler, Deana Carter and Dolly Parton.



An Update on Team Cheerwine

By Anne W. Bolyea – Team Director, Cheerwine Cycling

Hello to everyone. I just wanted to let you know what the Cheerwine women have been up to. They are ranked # 5 in the U.S. and continue to prove what a great team they are. The women have a special bond, and are lively, fun and happy. This tells me that we have the capability to move into one of the top three slots in the country before the end of the season.



Sprinter Kelly Benjamin celebrates another victory with a trip to the winner's podium.

We have shared the winners' podiums all year long with our sprinter Kelly Benjamin and our team leader Charm Breon. In fact, Breon has been so strong this season that her picture is all over the cycling media. I want to thank all of you for your generous and continuous support of our team. Please visit our website at www.cheerwinecycling.com.

Across the Midwest

ILLINOIS

R.J. Boar's in Rock Island recently offered free Cheerwine with a meal in order to get their customers to sample the "new" cherry soda. To help promote the event and have fun, they included t-shirts for the crew, signs inside and out, table tents, free products and cans of Cheerwine to take home. For a restaurant that serves more than 2,000 customers each week, that's a lot of Cheerwine and a great effort.



IOWA

The Burlington Steamboat Days Kids' Day is an annual event that children and families in Burlington, IA look forward to all year long. Among favorite activities are games, competitions and a never-ending variety of carnival food. On one hot steamy day of the event this year, children and adults were seen walking around with sweaty heads, hot faces and icy cold Cheerwines.

We are starting to see the results of everyone's efforts to Jack Cheerwine Up to the next level in 2006! Now that we have gotten through the graphics changes and started our new Cherry Different, It's Time to Zag campaign, 2nd Quarter sales are up +6% over prior year with Cheerwine up 8%, Diet Cheerwine even, and Blue Mist up 20%. With the addition of several new markets in the Midwest, we look forward to building on this momentum throughout 2006.

The Backstage VIP promotion is working to drive consumers to Cheerwine.com and we have dramatically stepped up our sampling programs and communications about Cheerwine's Cherry Different flavor. We have many tools available to improve Cheerwine's visibility and are working to get our bold new graphic items posted to the Cheerwine Bottler's Store, so please let us know what you need if you don't find it there. POS and fleet graphics are low cost ways to boost awareness of Cheerwine's Big, Bold flavor that consumers are looking for.

The Double D Bounty sales incentive program has strengthened Cheerwine's visibility and there are many opportunities still out there. Diet Cheerwine is particularly growing in 12 packs and deserves to be included on your displays. A lot of growth can happen simply by keeping Cheerwine and Diet Cheerwine in front of the consumers. The brands always respond to the effort put behind them and reward you with good margins and funding.

Let us support you in your efforts to grow sales and we are confident you will like the results. Thanks for your efforts to Jack Cheerwine Up!

Mark Ritchie, President
Carolina Beverage Corporation

News About Town



The feeling of excitement was in the air, or was it just the scent of cherries?

With new packaging and a new tagline, the opportunity to have some fun was irresistible. Everyone with Team Cheerwine knew the thinking behind the tagline: while colas represent a “zig,” Cheerwine is an opportunity to “zag” or do something unexpected. Select North Carolina markets, however, didn’t know that fact, at least not at first.

Teased by the idea of ziggling and zagging, consumers in Charlotte, Greensboro, Spartanburg, Asheville, Hickory, Winston-Salem,

Greensboro, Raleigh and Fayetteville/Wilmington saw mobile billboards dashing around town, posing one question:

“why zig?” The next day, the mobile billboard signs changed to “it’s time to zag,” along with a Cheerwine logo.

By day three, with the marketplace wondering what was going on, the secret was revealed in a big way in Charlotte. On a beautiful spring day, Cheerwine staged its first sampling event for the new packaging and told everyone why they should zag. Staged during the lunch hour in and around Founder’s Hall, a busy uptown business hub in Charlotte, people were treated to icy cold Cheerwines and a smile.

Many who approached Founder’s Hall from the street found the Cheerwine wrapped van, affectionately known as “Red,” parked outside with Cheerwine team members handing out their favorite soft drink. The effort was a huge success with Team Cheerwine sharing the great cherry taste and the colorful cherry packaging with enthusiastic loyalists as well as new converts.

Most often heard comment of the day: “The new packaging looks great, there’s no doubt that I know what it will taste like.”



Backstage VIP Kick-off. Edwin McCain poses after his concert at the Colfax/Greensboro Wal-Mart with the local team: Danny Epperson, Edwin McCain, Rick Garner, Justin Mane and Scott Holbrook (left to right.)



Meet Hercules, the Cheerwine loving cockatiel. Who knows? Does his strength come from his name ... or his favorite cherry soft drink?

Thriller on the Griller; It’s not summer without it

Once again, Cheerwine has joined Food Lion for its annual Thriller on the Griller tour around Carolina beaches. This annual event raises money for the Children’s Miracle Network, a nonprofit organization that raises funds and awareness for 170 children’s hospitals.

The Thriller on the Griller team is visiting Pawleys Island, Myrtle Beach, Murrells Inlet and Sunset Beach, wrapping up on July 4. Other partners in this fundraiser include Johnsonville Brats, Flowers Bakery, Frito-Lay, Keebler, Kelloggs, Hawaiian Tropic, Miller Beer and Budweiser.

LET US KNOW

Cheerletter is interested in hearing from you. If you have items of interest – new accounts, special events or any item related to Cheerwine – please fax the information to Cheerletter at 704/633-7491. Please include your name, daytime phone number and fax number.

Cheerwine[®]

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