



C H E E R W I N E . . . S P R I N G 2 0 0 6

CHEERWINE NEWSWATCH

It was great to see so many of our partners at our Bottlers' Meeting in February. Thanks to everyone for the terrific Cheerwine and Diet Cheerwine sales success in 2005! We ended the year with a 5% overall increase in an industry that was down 3%. Also, thanks to your efforts, Blue Mist continued its forward momentum and ended at +5%.

With our overall annual growth trend of +9% during the past 10 years, we are now ready to launch our most aggressive push ever to double our sales in the next 5 years. A new strategic plan backed by extensive research and experienced marketing insights is ready to re-introduce Cheerwine as The Original Cherry Soft Drink and claim title to this rapidly growing category. We like to say that Cheerwine is 89 years young but we treat it like a new brand every day. Everything but Cheerwine's unique flavor will be new in 2006 as we change not only our graphics, but also our

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• PRODUCTS •

New Look For Icon Brand



Cheerwine's new packaging hits shelves in March.

We are thrilled to launch our new packaging design for Cheerwine and Diet Cheerwine this spring. Created to help define the unique and delicious flavor of Cheerwine, the new packaging will serve as the ideal launching platform for the brand during 2006. Three bold red

cherries depict the intense cherry flavor, with bubbles showing the refreshment that comes with every sip.

The new look was tested extensively with consumers who told us that they see the new packaging as exciting with a definite "wow factor." Many believe that it's bold new look will capture better positioning on store

shelves, not only connecting with loyalists but also encouraging first time users to give Cheerwine a try

Nick Patella, our in-house graphic designer, in conjunction with a national design shop, worked endless hours creating this next step in Cheerwine history.

• PROMOTIONS •

Sweet Sounds of Cheerwine

We promise an exciting year with Cheerwine as we align with some of today's rising music stars in our Backstage VIP promotion.

Cheerwine fans will enjoy the music of:

- Multi-platinum rock icons Hootie and the Blowfish and Blues Traveler
- Acoustic rockers Edwin McCain and Shawn Mullins
- Multi-platinum country sensation Deana Carter
- Country legend Dolly Parton
- Exciting newcomers Mindy Smith, Reckless Kelly, Scott Miller, the Duhks, Garrison Starr and Carbon Leaf

Cheerwine consumers will find unique alpha-numeric codes under bottle caps and inside cartons of specially marked packages. A visit to Cheerwine.com will let them know if they are among the lucky winners.

Artists will be featured on Cheerwine packages as shown.



Quarterly Grand Prizes – Each quarter, one entry will be selected from all registered entries for a free trip to a concert of one of the named artists. The lucky winner will receive VIP treatment, including backstage access to meet the artists.

Secondary Prizes – Four lucky winners will receive guitars personally autographed by the featured performers. There will be one winner each quarter.

Instant winners – In addition, there will be instant winners; prizes include 350,000 free song downloads and 10,000 CDs of winner's choice from the listed artists.



NEWSWATCH (CONT.)

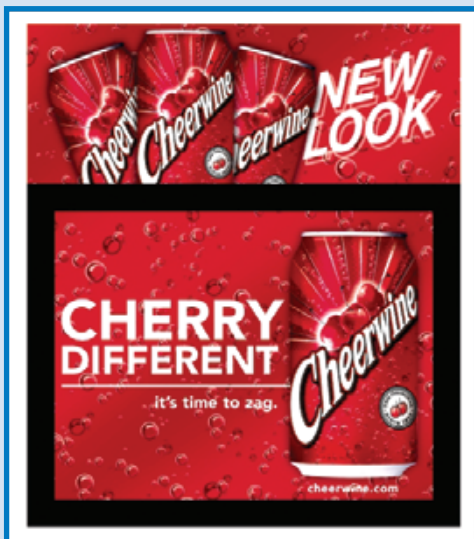
marketing campaign and materials. The Backstage VIP promotion will help elevate Cheerwine's image as a leading brand. With your help, we will have a terrific year as we build momentum around this new direction.

We are happy to welcome our two newest Cheerwine partners, WP Beverages in Madison, WI and Rockford, IL and LinPepCo in Lincoln, NE, South Sioux City, NE and Topeka, KS who will all introduce Cheerwine and Diet Cheerwine with the new packaging starting in late March. We are committed to each of our partners to bring you the best long-term opportunity in the beverage industry. We look forward to the excitement throughout the year as your commitment will Jack It Up in 2006!

Mark Ritchie, President
Carolina Beverage Corp.

• ADVERTISING •

Marketing Theme: It's Time to Zag



Our new campaign declares Cheerwine as the unexpected cherry soda.

You will see great sales and marketing support for Cheerwine over the coming months. Our new campaign will launch the phrase: "Cherry Different – It's Time to Zag." The thinking behind this line is that while colas represent a "zig," Cheerwine is an opportunity to "zag" – that is, do something unexpected.

"There is so much cherry flavored momentum in the marketplace right now that it's time for Cheerwine to claim what is rightfully ours as the original cherry soda," said Mark Ritchie. "We want soda drinkers to see Cheerwine as the cherry leader and their change of pace beverage."

KEEP YOUR EARS OPEN

You will be hearing five new Cheerwine radio spots starting this spring, with three promoting Cheerwine via Backstage VIP. Darius Rucker of Hootie and the Blowfish, Deana Carter and Edwin McCain are lending their well-known voices for the campaign.

The other two spots are tongue-in-cheek plays on prescription advertising. Based on someone suffering from "Taste Bud Deprivation" and another needing "Mouth to Can Resuscitation," Cheerwine is recommended as the only solution.

These spots will run from April to September in major Cheerwine markets.

• DISTRIBUTORS •

Wrap It Up With Cheerwine

Just picture the attention your drivers will get as they drive around town with the brand new graphics on their trucks. Don't miss this opportunity to help get the word out. To help you get started, your first truck decal is free!

Contact your district manager today to order the new decal for your trucks and show off Cheerwine's new look.

Truck decals roll out
Cheerwine packaging



Enjoy "Double D Bounty"

With so much momentum from our new packaging and Backstage VIP program, we are well poised to improve our distribution and off-shelf display opportunities through our new Double D Bounty program.

Every month starting in April, we will focus on a different package, starting with the 12 pack. Prizes will be awarded monthly to the highest case sales increase over prior year along with meeting the display objective.



New sales program offers monthly loot!

The grand prize winner will celebrate with a "Cheeseburger in Paradise" beach weekend. Other prizes include a variety of "Big Boy Toys," with monthly themes, including Tee Time, Around the Yard and High Tide.

• IN THE NEWS •

Cheerwine Cycling On The Road

Comprised of an elite team of professionals and a local team, Cheerwine Cycling is one of the leading women's teams in the nation. These dedicated cyclists, who are from all over the U.S., plus Europe, spend the majority of the year training and racing.

Check out the schedule for the season on their new web site at www.cheerwinecycling.com, which also includes team bios and photos.

Cheerwine is proud to continue our relationship with these superb athletes. Look for them wearing the new Cheerwine graphics on their jerseys as they roll into 2006.

BRANDING WITH BARBITTA

As Tom Barbitta, Cheerwine's new vice president of marketing, sees it, the branding opportunity with Cheerwine is crystal clear.

"There are people out there trying to do what we already own in the cherry category," he said during the recent Bottlers' Meeting. "Cheerwine is the original cherry soft drink. We own authenticity. Our goal is simple – to allow consumers to try this delicious soft drink, many for the first time."

Barbitta brings a wealth of brand building experience to Cheerwine. His background includes marketing responsibilities for brands such as Miller Brewing Company, Thomas J. Lipton, Nabisco and Oberto Beef Jerky, as well as his key role with the Chesapeake Corporation, a leader of in-store merchandising and display innovation.

Since joining Cheerwine, Barbitta has immersed himself in the Cheerwine culture, talking with loyal fans and exploring new ideas with the Cheerwine sales team and with bottlers. He brings a deep respect for Cheerwine's 89-year heritage, combined with a passion for how the brand can continue to evolve and attract more consumers.

"We will continue to reward consumers and increase our dialogue with them," he said. "We will remain true to what our current consumers expect from us, but we also plan to move the offering more deeply into the culture, thereby attracting new fans who may otherwise not take notice," he added.

"While some soft drinks are a 'mile wide' Cheerwine's opportunity is to go deep, a mile deep, firmly establishing itself in the culture!"

• BOTTLERS' MEETING •

Jack it Up!

The 2006 Bottlers' Meeting, our largest ever, was held Jan. 31 and Feb. 1 in Charlotte, with the two-day event themed "Jack it Up!" Among our speakers were two bottlers who both shared how they make Cheerwine successful.

Mike Bartel, president of Refreshments Services Inc., stressed taking the long view in building soft drink brands. "It takes time, patience and commitment, but we are investing in Cheerwine via heavy sampling and core brand pricing. We are confident that Cheerwine will continue to pay us dividends for years to come."

Sam Robinson, vice president of marketing with Choice Beverage USA, explained that their key to Cheerwine success has been that everyone in the company is committed to Cheerwine. He urged bottlers to "expect more opportunities and look for things to happen, such as special events and



The line was long, but well worth the wait, as you can see on Cliff Ritchie's face as he meets country music star Deana Carter. Cliff is President and CEO of Cheerwine Bottling Company.

media remotes." He explained that they are always looking for new space, "wherever it may be!"

A dramatic close to the meeting included Mark Ritchie unveiling the new packaging graphics and a mesmerizing surprise concert from multi-platinum star, Deana Carter. Deana shared several songs from her new album, the Story of My Life, and was gracious enough to meet and be photographed with each lucky audience member.

The Cheerwine Honor Roll is recognized for outstanding sales.



Tom Barbitta, VP of Marketing, unveils the new brand.



(Left) Sam Robinson, Choice Beverage, USA, spoke about commitment to the Cheerwine brand.



(Right) Mike Bartel, Refreshments Services Inc., stressed investing in the brand over time.



Country star Deana Carter treats the crowd to an impromptu concert.



A TASTE OF HOME

Mike Dover from North Carolina has been in Iraq for 18 months. When asked about some of the things he misses most, he replied "Cheerwine!" His friend, Gina Carter of Frankfort, KY reports he was thrilled to receive her care package of Cheerwine, which he carries in his gun cooler.

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.

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