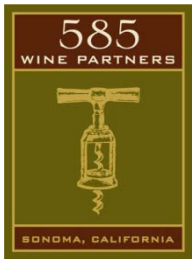


585 Wine Partners



“What’s Working, Anyway?”

September, 2009

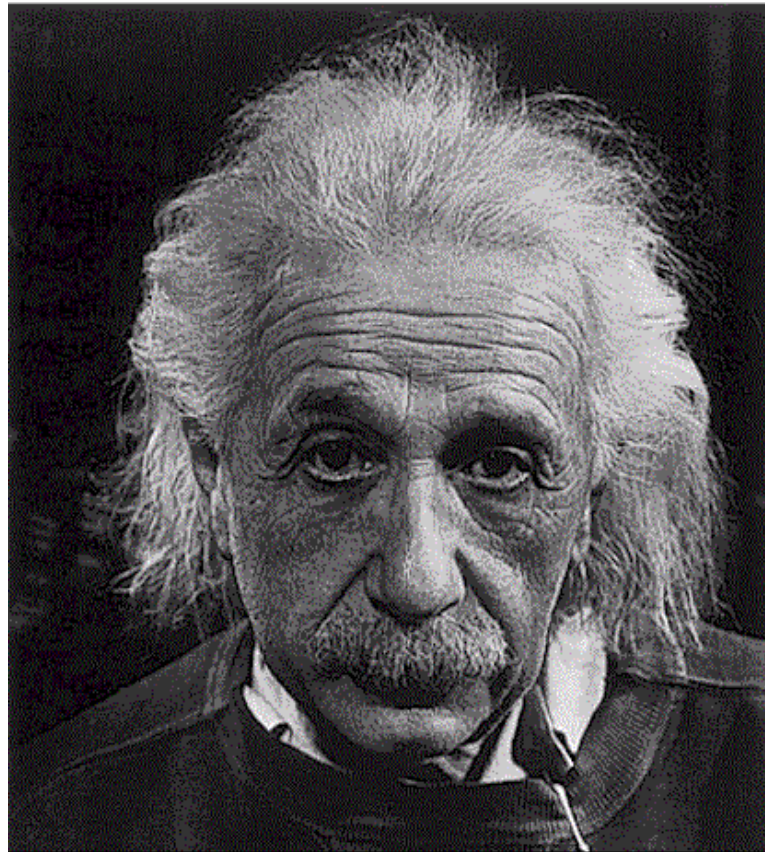


Funny Thing Happened on the Way to Achieving Our Plan...

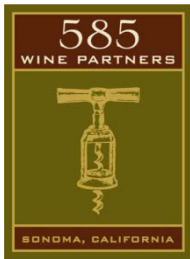
- Consolidating distributors – Southern/Glazer's, Southern/Odom, Republic/National, Martignetti/Commonwealth.
- Supplier consolidation – Robert Mondavi, Chalone, Barefoot, Vincor, Martini, Mirassou, Raymond, Click.
- Record high oil prices.
- US housing, credit, and stock market collapse.
- Toughest economy since the 1930's.

What's a wine company to do?!

What Not to Do



Insanity: doing the same thing over
and over again and expecting
different results.



What's a Wine Company to Do?



Circle One

1. When a wine company is faced with an unprecedented economy and industry dynamics, it should:
 - A. Disrupt the Marketplace
 - B. Seize Unmet Opportunities/Underserved Categories
 - C. Play by Own Rules
 - D. Clean House/Simplify
 - E. All of the Above

Disrupt the Marketplace – 3L Mini-Barrel by Red Truck

WHAT WE'RE DOING

Mini-Barrel by Red Truck! Mini-Barrel overcomes BIB's down-market image with a patent-pending barrel design and high quality wine, making it superior to both BIB and glass. We use the same Scholle 3L bag technology inside.

RATIONALE

- 3Ls are 1% of wine sold and +30% in last 2 yrs.
- Few brands relative to other categories.
- High ring at \$29.99 SRP and environmental story appealing to retailers and consumers.

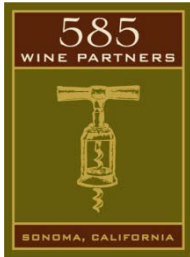
RESULTS

- Contributing great brand growth.
- Retailer excitement: 7-11, Sam's, Meijer, Kroger.

OTHER MARKET EXAMPLES

- BIB, Tetra Packs, PETs, screw caps, 187mls..





Seize Unmet Opportunities/Underserved Categories



WHAT WE'RE DOING

Capitalizing on attractive categories like organic wine that are underdeveloped yet unappealing to Giant Wine Co.

RATIONALE

- Concerns over health and the environment are driving burgeoning category.
- Organic wine sales have been +30% for years.
- Organic wine's high avg. price point has retailer appeal.
- Few commercially viable organic brands prior to 2007.

RESULTS

- Organics are now 20% of our portfolio.
- Whole Foods now a Top 585 customer.
- Organics create a portfolio halo.

OTHER MARKET EXAMPLES

- Pine Ridge Chenin Blanc, Black Box, Bogle Petite Sirah, Malbec, 187mls, 1.5Ls, 3Ls.



Green Truck Organic Sauvignon Blanc



Green Truck Organic Petite Sirah

Play by Own Rules – Custom Brands

WHAT WE'RE DOING

Bypassing years of low ACV by developing custom brands for retailers who mandate their distribution system-wide.

RATIONALE

- Easier route-to-market worth the significant upfront development time and investment.
- Consumer brand loyalty for wine is low - or his/her drive for discovery is high - so custom labels can be successful. Probably not so for spirits.

RESULTS

- Significant strategic customer hits.
- Simpler route-to-market.

OTHER MARKET EXAMPLES

- Cameron Hughes, Canopy Management, Foghead (DFV), Origin (Winery Exchange), Michael Pozzan and many others.



Heliotrope
Pinot Gris



Heliotrope
Pinot Noir

Clean House/Simplify

WHAT WE'RE DOING

Looking under the seat cushions for money. This means putting existing business out to bid, asking vendors for ideas to cut costs by 10% or more, eliminating inefficiencies and waste, making sure product costs appropriate to price point.

RATIONALE

- In a tough economy, vendors are highly motivated to keep your business.
- Small changes can often yield significant savings.

RESULTS

- Simple changes save \$0.20/shipper. Retailers love the change, consider materials to be greener.
- Saved 30% from major vendor just by going through a competitive bidding process.

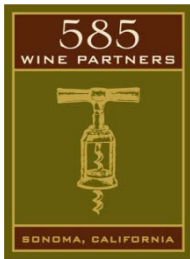
OTHER MARKET EXAMPLES

- Ravenswood short capsule, Fetzer lightweight glass.

© Cartoonbank.com



"Something is definitely going on. We're back to eating dog food."



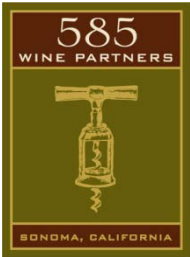
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Answer: E. All of the Above.



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