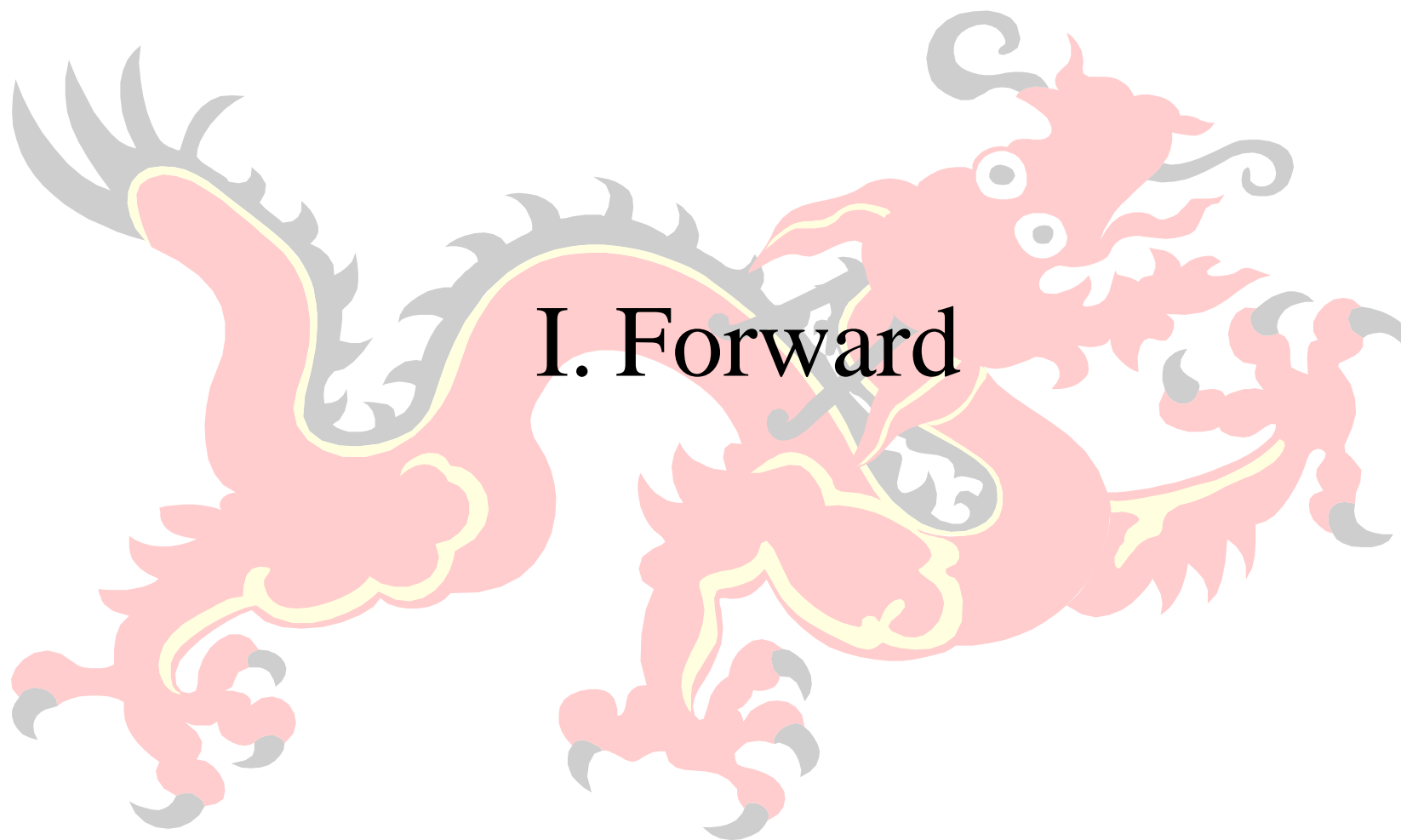




BUSINESS STRATEGIES

THE ART OF ENERGY



I. Forward

At *SunTzu*, our number one priority is building profits for *SunTzu* and our Distributors.

SunTzu Offers:

- Preferred Brands
- Market Support
- Service/Commitment

Profit

The Profitability in *SunTzu* bottle and can, as well as, fountain operations is maximized by properly managing each function within the category to increase revenues and increase profits.

Opportunities, which help to jointly achieve these goals, are:

- Sales of product to Accounts
- Culturally grounding the Brand
- Maximum pour of *SunTzu* products
- Tie in with events/concerts

Sun Tzu Commitment

The *Sun Tzu* system is made up of local Distributors who...

- Own the rights to the bottle & can, as well as, fountain syrup distribution in their area.
- Have equity in their markets, which means a vested interest in growth of their business.
- Are responsive to local needs.

SunTzu Can't Be Matched

The *SunTzu* Distributor offers an alternative source for energy beverage needs for local Accounts at a very competitive price point.

SunTzu Can Offer The Distributor:

- Complete product sales and support
- Complete equipment installation
- Complete service/repair/parts options
- Quality assurance
- Equipment
- Local marketing and community affairs strategies

SunTzu Support System

SunTzu Support System is designed to offer:

- Reliable experts whose only business is energy beverages and whose only goal is to service the Distributors needs and increase their profits.
- A Single source for products and services.
- Dedicated service teams familiar with operations and needs of the Distributor.
- Work along with the Distributor to maximize their volume and facilitate a vested interest in helping customers.

Summary

The Key to having a successful bottle & can, as well as, fountain business is based on effective management in:

- Sales
- Delivery
- Service
- Customer Service
- Financial Profitability

To succeed in all of these areas, *Sun Tzu* will work closely with Distributors to achieve success.

II. What is Bottle and Can?



SunTzu and the Energy Beverage Segment

The Energy Beverage Segment is expected to reach 1 billion dollars in case sales in the United States by 2005.

- *SunTzu* is uniquely positioned to become a market leader.
- *SunTzu* is designed to appeal.
- *SunTzu* is fortified.
- *SunTzu* is distinctive images and vibrant colors.
- *SunTzu* is cutting edge graphics.

The *SunTzu* Bottle and Can Objectives

- To drive sales for our Distributors
- To develop the highest quality products available
- To support the Brand in the market
- Offer the most unique product
- Create profits

Advantages of *SunTzu*

- *SunTzu* is available in bottles & cans, as well as, fountain to meet all the needs of the Account.
- *SunTzu* places its own equipment, clearly marked as *SunTzu*, to stop the Account from being accused of misrepresenting the product.
- *SunTzu* is constantly running promotions in the marketplace.
- *SunTzu* is designed to appeal to the flavor profile that consumers already enjoy.



III. What is Fountain?

The Importance of the Fountain Segment

American consumers drink in excess of 14 billion gallons of soft drinks per year. Of those, 14 billion approximately 25% were purchased at the fountain. Therefore, fountain sales play a large role in the development of the *SunTzu* Brand. Fountain sales gives *SunTzu* a marketing advantage, as well as, provides additional profits.

Given the Energy beverage category will hit 1 billion dollars in sales and given the probability that Energy beverage sales will follow the same trend as the soft drink market, we conclude that 25% of 1 billion dollars in sales will be purchased at the fountain.

We will show you the potential of being involved in the *SunTzu* marketing strategy, and the profits to be generated.

The *SunTzu* Fountain Objectives

To increase the sales volume of our Distributors and market penetration,

While

Offering more cash flow potential

And

Providing the highest quality of product, delivery, and service.

The Post-Mix System

Post-mix is syrup mixed with water and CO₂ at the customer account, through a Post-mix dispenser. CO₂ gas carbonates the water, which then flows to the dispenser. A separate line flows from the syrup supply to the dispenser. The carbonated water and syrup are mixed at the dispensing valve.

What is Bag-in-Box?

Bag-in-Box: a one-way container for the Post-mix syrup, consisting of a specially formulated plastic bag inside a corrugated paper box.

Advantages of the Bag-in-Box

- Square boxes are stackable and easy to handle
- Take up less room
- Save storage space
- Boxes are disposable
- Hook up is simple, quick, and clean
- No deposits are necessary for boxes, freeing up capital
- Preserves flavor integrity of *SunTzu* products
- Maximum yield for account with no waste or clutter

One *SunTzu* Bag-in-Box (3gallon) makes 9.52 cases of 8.4oz finished product servings. Therefore, the space saved by a *SunTzu* dispenser can be put to use for the Account.

The Pre-Mix System

Pre-mix is finished soft drink product, identical to bottled or canned soda products, supplied in tanks for the use in fountain dispensers (including bar guns). Since Pre-Mix is fully finished product which is most generally used for special events held at facilities where an outside flow of water is not readily available or where a low volume of *SunTzu* energy drink is needed.

What is Pre-Mix?

Below the bar a Pre-Mix tank is connected to the carbon dioxide (CO₂) tank. The CO₂ gas pushes the Pre-Mix through refrigerated coils where the *SunTzu* energy drink is chilled. Cold product is dispensed when the dispenser handle is pulled.

Advantages of Pre-Mix

- Requires low equipment investment
- Simple system has fewer parts to service, clean, and breakdown
- Gives good return on assets
- Ideal for low volume sales
- Quick installation saves on service time
- Maximum yield for account with no waste or clutter
- Ideal for accounts with a bad water supply

One *SunTzu* Pre-Mix tank (5 gal.) makes 3.17 cases of 8.4oz finished product servings. Therefore, the space saved by a *SunTzu* dispenser can be put to use for the Account.

IV. Competitors





List of Competitors

| PRODUCT | 8.4oz +/- | 16oz | FNTN | AREA | PRODUCT | 8.4oz +/- | 16oz | FNTN | AREA |
|----------------------|------------|------|------|-----------|--------------|--------------|------|------|------------|
| 180 (Anheuser-Busch) | X | | | National | Energade | 23.4oz Can | | | Regional |
| Red Bull | x | | | National | Energy Bomb | 12.3oz Glass | | | Regional |
| Roaring Lion | | x | x | Regional | Essn | x | | | Regional |
| 4Kick 4 | x | | | Regional | Extreme | x | | | Regional |
| Airborne | | x | | Regional | G-Up | X | | | Regional |
| American Bull | x | | | Regional | Gay Energy | x | | | Regional |
| Amp | x | | | National | Generator | x | | | Regional |
| Atomic | 6.7 PET | | | Regional | Get up | x | | | Regional |
| Bacchus | x | | | Regional | Go Fast | x | | | Regional |
| Bally Blast | x | | | Regional | Hansens | x | x | | Regional |
| Base | x | | | Regional | Hemp | 12oz Can | | | Rgnl&Erpe |
| Battery | 11.2oz Can | | | Regional | Herben Love | x | | | Regional |
| Billy Boy | x | | | Germany | High Voltage | x | | | Regional |
| Blaa | 12oz Glass | | | Europe | Hype | x | | | Regional |
| Blue Sky | x | | | Regional | Impulse | x | | | Regional |
| Blue Ox | x | | | Regional | Invegor8 | x | | | Regional |
| Blue Pig | x | | | Europe | Jolt Essprso | x | | | Regional |
| BPM | | x | | Europe | Whoop Ass | x | | | Regional |
| Brute Force | x | | | Regional | Jugular | x | | | Regional |
| Bull Dog | x | | | Regional | Kaboom | 12.3oz Glass | | | Regional |
| Ciclon | x | | | Regional | KMX | x | | | National |
| Crunk | x | | | Regional | Knetic | 9.3oz Glass | | | Regional |
| Cult Division | x | | | Europe | Lipovitan B3 | x | | | Regional |
| Dark Dog | x | | | Rgnl&Erpe | Liquid Ice | x | | | Regional |
| Defcon3 | 12oz Can | | | Regional | Lost Energy | | x | | Regional |
| Dickins | x | | | Regional | Mad Croc | x | | | 7-11's USA |
| Dr. Enuf | 12oz Glass | | | Regional | MC2 | x | | | Regional |
| Dynamite | x | | | Rgnl&Erpe | Merlin | x | | | Regional |
| ElectraX | x | | | Regional | Monster | | x | | Regional |

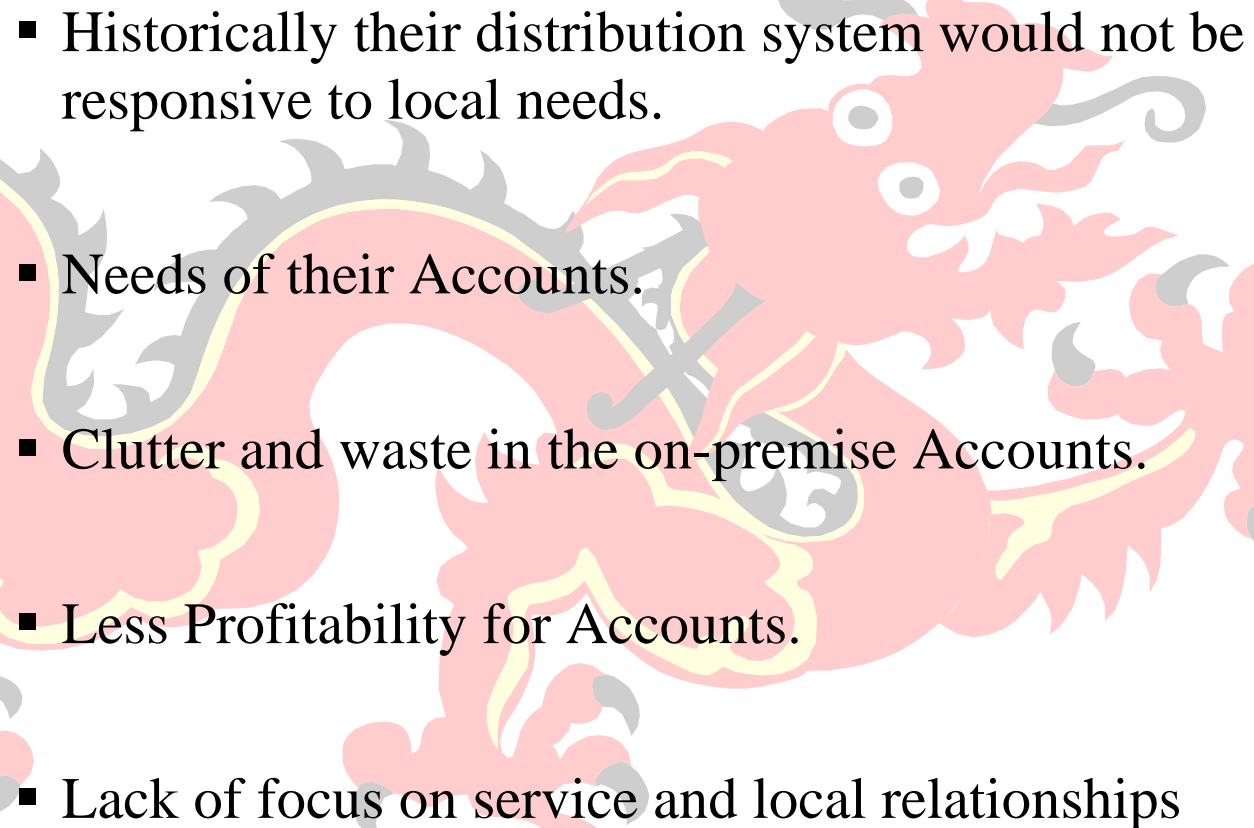
| PRODUCT | 8.4oz +/- | 16oz | FNTN | AREA |
|----------------------|--------------|------|------|-----------|
| Nestle Milo | x | | | Regional |
| New York Minute | x | | | Regional |
| Nice | x | | | Regional |
| Nitro 2 Go | x | | | Regional |
| NRG | x | | | Rgnl&Erpe |
| Overdrive | 11oz Plastic | | | Regional |
| Peep One | x | | | Regional |
| Pimp Juice | x | | | Regional |
| Pink Energy | x | | | Regional |
| Piranha | x | | | Regional |
| Pit Bull | x | | | Regional |
| Power Horse | x | | | Regional |
| Pure Power | 12oz Can | | | Regional |
| Raw Dawg | x | | | Regional |
| Red Devil | x | | | Regional |
| Red Dragon | x | | | Regional |
| Red Rave | x | | | Regional |
| Red Rooster | x | | | Europe |
| Red Stallion | 12oz Glass | | | Regional |
| Red Tiger | x | | | Regional |
| RESQ | x | | | Regional |
| Rockstar | | x | | National |
| Rox | x | | | Rgnl&Erpe |
| Rush | x | | | Regional |
| Shark | x | | | Regional |
| Silverback | x | | | Regional |
| Sobe Adrenaline Rush | x | | | National |
| Source Burn | x | | | Regional |
| Sum Poosie | 12oz Glass | | | Regional |

| PRODUCT | 8.4oz +/- | 16oz | FNTN | AREA |
|----------------|------------|------|------|-----------|
| Think | x | | | Regional |
| Tiger Shot | x | | | Rgnl&Erpe |
| Tribeca Fuel | x | | | Regional |
| Tunnel | x | | | Germany |
| US Energy | | x | | Regional |
| Vamp | x | | | Regional |
| Vegas | x | | | Regional |
| Venom | x | | | National |
| Viaqua | x | | | Regional |
| Virgin | | x | | Europe |
| Viva Toro | x | | | Regional |
| XES | x | | | Regional |
| XL Energy | x | | | Europe |
| XO Energy | 12oz Glass | | | Regional |
| XS | x | | | Regional |
| Xtreme | x | | | Regional |
| YET | x | | | Regional |
| Yohimbe Energy | x | | | Regional |

SunTzu Marketing Strategy

- *SunTzu* to become a market leader.
- *SunTzu* maximizes the profit of one's venture.
- *SunTzu* goes beyond that of our competitors by offering more options for dispensing of the *SunTzu* products in the marketplace through bottles & cans, as well as, fountain.
- *SunTzu* provides a support mechanism that all other competitors will not achieve.

Targets for the Weakness of our competitors

- 
- Historically their distribution system would not be responsive to local needs.
 - Needs of their Accounts.
 - Clutter and waste in the on-premise Accounts.
 - Less Profitability for Accounts.
 - Lack of focus on service and local relationships



V. What is *SunTzu* and How to Sell It?

SunTzu will help train your Personnel to...

- Open New Accounts
- Maintain Customer Relations with All Accounts
- Establish Contract Terms (i.e. Price, Discounts, etc.)
- Determine Proper Equipment for the Account
- Increase Volume through Marketing Programs
- Drive Profits through Brand Recognition



Securing New Accounts

The Sales persons function is gaining new Accounts. Standard procedures involved in securing those Accounts include:

Define a local strategy by....

- Gathering market data
- Determining penetration share and sales volume within the market of competitors

So *SunTzu* can....

- Set targets for securing new Accounts
- Help sales persons to sell to those target Accounts

Market Data

From the Market Data, *Sun Tzu* will be able to determine:

- Our Competitors Market Penetration.
- Our Competitors Market Share.
- Our Competitors Sales Volume.

By understanding the market, Sales targets and strategies can easily be formed.

Methods for Gathering Marketing Data Include...

- Settlement Records
- Volume & Billing Reports From Our Competitors
- Marketing Services
- Business Directories
- Commercial & Industrial Directories
- Telephone Directories
- And Any Other Resourceful Method

From Our Market Data We Will Set Targets

Sales targets are formulated on:

- Average Volume Per Outlet
- Local Priority
- Location
- Number of Pieces of Equipment In Accounts
- Number of Potential New Accounts

After Setting Sales Targets

Sales Persons are given the responsibility of securing new Accounts. To go after these Accounts they are each assigned:

- A set target number of cold calls per week.
- A target number of new Accounts or margins to achieve.

As an incentive, a compensation system will be in place from *SunTzu* for meeting targeted goals.

Target Accounts for *SunTzu*

| Target Accounts | Bottle/Cans | Fountain |
|--------------------------|-------------|----------|
| Gas & Convenient Stores | X | X |
| Bars | X | X |
| Clubs | X | X |
| Food Stores | X | |
| Carts | X | |
| Cafes | X | X |
| Cinemas/Theaters | | X |
| Fast Food Restaurants | X | X |
| Full Service Restaurants | X | X |
| Government Services | X | X |
| Hospitals | X | X |
| Mobile Restaurants | X | |

Sun Tzu Objectives

- Volume of Product
- Distributor profits
- Gain new Accounts to sell all products
- Increase the income within existing Accounts
- Develop emerging channels
- Develop local marketing plans

SunTzu Relation with Distributors

SunTzu ...

- Sells product to the Distributor
- Acts as a consultant to the Distributor, helping them to:
 - Develop local Accounts
 - Improve local account profitability
 - Handle equipment agreements
 - Install and service equipment
 - Research and plan to improve existing Accounts and develop technologically sophisticated equipment and packaging.

Distributor...

- Sell and deliver *SunTzu* products to Accounts
- Report all successes and deficiencies in the market



VI. Marketing/Promotions

Why Use Promotions?

- Promotions influence consumer selection approximately 10% of the time. Potentially boosting the customer base by 10%.
- Promotions influence 50% of the consumers' order choices. A large opportunity exists to influence awareness and choice of patrons.
- Promotions can excite consumers and enhance the image of *SunTzu*.

Promotion/Marketing Fund

SunTzu has developed a promotion/marketing fund designed to drive our brand in the local market place.

This fund is accrued for every eligible *SunTzu* product purchased by the Distributor. This fund is \$0.25/gallon of Fountain product sold by the Distributor and \$0.75/case.

The Promotion Fund accumulates this fund for every *SunTzu* product sold.

The Promotion Fund is controlled jointly with the Distributor. This is to help build our brand in the target market.

Analysis of Promotions

- The most attractive promotions are easy to understand and convenient to use.
- We have developed several promotions that are the most effective. Specifically, buy-one-get-one-free promotions.
- Promotions have the greatest opportunity to increase spontaneous sales.
- Charity donation programs can also drive traffic.

Local Account Promotions

There are three types of promotions that can be run in any local account:

- 
- a. **Promotions to increase traffic:** more people coming into the account (i.e. games, contests, and coupons, donations to charities with purchase of drink).
 - b. **Promotions to increase *Sun Tzu* incidence:** the number of customers who buy *Sun Tzu* (i.e. soft drink merchandising).
 - c. **Promotions to increase *Sun Tzu* sales:** (i.e. drink deals).

Promotion Fund Allowance Structure

The Distributor will have flexibility to receive all the Promotion Fund allowance in their marketplace:

- Every six months via notification letter. We will notify you of unused balance.
- Off-invoice (special circumstances)
- Advance (special circumstances)
- You may use the unused balance for % cash back

Involving the Customer

SunTzu seeks to involve the customer and consumers in solving problems and implementing improved customer/consumer relations by...

- Determining perceptions of *SunTzu*'s local Distributor sales, delivery, and service functions.
- Analyzing feed back to determine corrective actions.
- Taking action to correct problem areas and ensure consumer and customer satisfaction.

Involving the Customer

One of the most effective ways of finding out how the local Distributor can best serve their customers/consumers and keep them satisfied is to conduct annual customer/consumer surveys that will...

- Provide feedback on performance in the sales, delivery, and service functions.
- Track consumer and customer satisfaction.
- Show *SunTzu*'s continued interest in keeping our customer/consumer satisfied.
- Be used to increase sales.

Customer/Consumer Contact

Customer/Consumer contact enables us to determine whether:

- Service is satisfactory or inadequate.
- Equipment or systems in place to serve soft drinks are meeting the customers'/consumers' needs.
- Call frequency needs to be increased/decreased.

Sun Tzu and the Distributor has the 'the edge' over our competitors. We can move quickly and effectively in our ever changing world.

Customer Complaint Follow-Up

Complaints are a valuable source of information about performance and quality levels and can be recorded in a Complaint File kept by the local Distributor to ensure follow-up.

Sun Tzu and the Distributor can use the Complaint File to provide an overview efficiency by showing:

- Trends in types of complaints.
- Correlation with respective function within the market.
- Impact of corrective actions and changes in procedures.

Overview of Training

Sun Tzu also offers a *Sun Tzu* training class for Distributors and Sales personnel affiliated with *Sun Tzu*.

These classes are held in Amsterdam, NY and are recommended to anyone who is new in sales. The class lasts for between 1 and 2 hours and walks through all of the different aspects of *Sun Tzu* and the philosophy, their functions and the paper work that accompanies them.

These classes can be arranged through *Sun Tzu*.