

Snow Beverages, Inc.



Nature makes Snow pure, we add the vitamins.

A. Business Concept – “The Next Step in the Evolution of Carbonated Soft Drinks”:

Carbonated Soft Drink's is a \$65 Billion business. After 100 years of growth sales of CSD's flattened in 2001. Since 2005, Sales of Traditional CSD's Have Declined, While Alternative, Gourmet, or “New Age” CSDs Have Grown Substantially. Consumers are looking for three things:

1. Popular flavors like cola and lemon-lime
2. Healthier (“natural”) alternatives.
3. “Functional” alternatives.

Snow's new Naturally Flavored Vitamin Soda provides all three!

In a nationwide survey taken on June 4, 2008, we asked 300 participants (+/- 6%): “How interested would you be in trying a natural soft drink that tastes great, is naturally sweetened, contains nothing artificial, is loaded with vitamins & antioxidants and has less calories than leading non-diet sodas?”

The result was startling: Interested: 62%, Somewhat Interested: 26% - for a “Top Two Box” Result” of 88%.

B. Management and Achievements To Date:

Stu Strumwasser - President & CEO, Chairman: 15 years of investment management and sales experience. Stu was a VP-Investments for three different Wall Street firms from 1990-2005 (as well as a professional musician) until he formed Snow Beverages LLC. Founder, President & CEO of Snow Beverages since January, 2005.

Robert W. Koon – COO/Executive VP, Sales and Distribution: 30 years of beverage industry experience. Bob has held the positions of National Sales Manager- New Zealand and National Director of Sales and Marketing-Poland for the second largest Coca-Cola Bottler in the World. Bob also served as Regional Vice President and Vice President of Retail Sales, for the Dr Pepper/Seven Up Companies. Subsequent to that, Bob served as the COO for a startup—Hydrade Beverage Company—which attempted to take on Gatorade and Powerade from 1999-2004.

* Snow management has built an incredible brand (we own the trademark for the commercialization of the name “Snow” in relevant categories.)

* Developed and manufactured a breakthrough beverage line.

* Management has already proven that we can garner meaningful top-level wholesale and retail distribution on both a regional and national level.

* Management has successfully raised over \$2MM in angel financing as well as developed excellent relationships and a reputation with some of the institutional investors in this space.

C. Sales & Marketing Strategy

With sales and distribution led by a veteran in the beverage industry, Snow will use a very targeted sales strategy. There will be a phased rollout of the new product line to selected high-potential retailers, which will then lead to full DSD introduction in certain key markets.

Step 1 of Naturally Flavored Vitamin Soda Launch - DONE:

Introduce the line with 3 major east-coast retailers. In October of 2008 we introduced our new line with three major east coast grocery retailers (about 400 stores). Our goal is to generate substantial trial through the implementation of in-store activity primarily relying on Catalina Marketing's

distribution of high-value coupons. Concurrently, we will be presenting the line to several key retailers and distributors who we have relationships with for proposed phase II launches.

Step 2 of the Naturally Flavored Vitamin Soda Launch:

Once the new product line has proven to be a success with consumers we will quickly expand distribution into several additional major chains.

Step 3 of the Naturally Flavored Vitamin Soda Launch:

When the new product line's viability has been demonstrated we are confident that Snow will secure institutional financing with which to scale up the business, launch via DS distributors into several major markets and also roll out grass roots and guerilla marketing campaigns to support brand awareness and growth (in conjunction with the on-going in-store activity).

D. Financial Projections

Financials	2005 (6mo)	2006	2007	Year 1 (2008)	Year 2	Year 3	Year 4	Year 5
Revenue	\$41K	\$93K	\$144K	\$1MM	\$4MM	\$10.3MM	\$23MM	\$43.8MM
Gross Profit	\$18K	\$42K	\$72K	\$422K	\$1.7MM	\$4.3MM	\$9.7MM	\$18.3MM
SG&A	\$242K	\$773K	\$570K	\$695K	\$2.1MM	\$4.3MM	\$7MM	\$10.2MM
EBITDA	Loss (\$224K)	Loss (\$731K)	Loss (\$498K)	Loss (\$273K)	Loss (\$437K)	\$83K	\$2.7MM	\$8.2MM

Note: Projections are Pro-Forma, with year one beginning with the launch of Naturally Flavored Vitamin Soda in late 2008.

E. Capitalization To Date:

- * Seed Investment By Founder: \$117K
- * Friends and Family Seed Investments: \$220K.
- * Total of Angel Round 1: \$1.875MM.
- * A "bridge loan" of \$250K was closed in September of 2008. That loan is being converted to equity as part of this current angel round.

F. Investment Sought:

- * \$1 million is being raised in Angel Round 2.

G. Exit Strategy

Snow Beverages' business model will create an attractive niche acquisition target as early as year 3 or 4 of its business plan. Recent beverage acquisitions have been at 2-3 times revenue and boutique brands, like SNOW, at 3-5 times revenue. M&A activity in this space has picked up substantially in recent years.

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